

COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT			Clerk of the Board Use Only Meeting Date Held Until / / / / Agenda Item No: Agenda Item No: _____	
Department: General Services			() 4/5 Vote Required	
Contact: Rob Kambak	Phone: (707) 565-3211	Board Date: 7/21/09	Deadline for Board Action:	
AGENDA SHORT TITLE: COMPREHENSIVE ENERGY PROJECT PHASE 2				
REQUESTED BOARD ACTION: Authorize the Chair of the Board to execute a service agreement with Kenwood Energy to provide third-party peer review consulting services for the Comprehensive Energy Project (CEP), on an hourly basis not to exceed \$33,047.				
CURRENT FISCAL YEAR FINANCIAL IMPACT				
<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD</u>		
Estimated Cost	\$33,047	Contingencies	\$	
		(Fund Name:)		
Amount Budgeted	\$33,047	Unanticipated Revenue	\$	
		(Source:)		
Other Avail Approp.		Other Transfer(s)	\$	
(Explain below)		(Source:)		
Additional Requested:		Add'l Funds Requested:	\$	
Explanation (if required):				
Prior Board Action(s):				
<ul style="list-style-type: none"> • 09/12/06 - Climate Protection Action Plan (CPAP) – Approve the CPAP concept and recommendations; and approve a budgetary adjustment for start up and first year program costs. • 09/19/06 - Approval of the concept of a Comprehensive Energy Project (CEP) and the use of an energy services company (ESCO) to be selected through a Request for Proposal process. • 03/18/08 - Authorize the Chair to execute a contract with Aircon Energy, in the amount of \$189,500, for the Sonoma County Comprehensive Energy Project. • 09/23/08 - Climate Protection Action Plan Update – Energy and Sustainability Division. • 12/16/08 – Approve CEP Phase 2 and adopt resolutions required to implement project • 03/24/09 - Authorize the Chair to execute a contract with Aircon Energy, in the amount of \$16,070,254, a contract with FuelCell Energy Inc. for related services, and execute financing for the project up to \$25,000,000. 				
Alternatives - Results of Non-Approval:				
County's ability to verify the performance of Aircon Energy in completing the CEP and achieving the objectives of Greenhouse Gas Reduction will be compromised and the County might not realize the benefits of reduced energy usage, utility costs, and pollution.				

Background: (Four copies of Consulting Services Agreement are on file with the Clerk of the Board)

Project Description

The Comprehensive Energy Project (CEP) is a component of the Climate Protection Action Plan (CPAP) the Board approved on September 12, 2006. The CPAP is intended to reduce County generated greenhouse gas (GHG) emissions to 20% below what they were in 2000 by 2010. The primary objective of the CEP is to address the building-related GHG reduction goals of the CPAP. The reduction target for buildings is 6,348 tons of GHG per year. The project is also meant to pay for itself through energy and water cost savings and, to the extent possible, replace worn-out infrastructure that has reached the end of its service life. The CEP is one of several energy and sustainability initiatives that have been and continue to be undertaken by the General Services Department.

The CEP is being implemented as a design/build project under the authority of Government Code Section 4217.10 *et. seq.*, which allows public agencies to award energy saving projects to Energy Services Companies (ESCO) on the basis of experience, type of technology employed, cost, or other relevant considerations.

On December 16, 2008, the Board approved the scope of work and approach for the Comprehensive Energy Project (CEP) Phase 2, and took several actions necessary to implement it. Project financing was finalized in April of 2009 and a contract with the energy services company, Aircon Energy, was executed. The Notice to Proceed was issued to Aircon Energy June 16, 2009. The purpose of this Board action is to request approval of a consulting services agreement with Kenwood Energy for third-party peer review of the work of the energy services company to ensure that the system will deliver actual savings consistent with the County's initial assumptions and economic forecast.

Projected Energy Cost Savings

The improvements being made by this project are expected to have a life of 25 years. These improvements include:

- Lighting retrofits at 20 buildings
- Replacement or reconstruction of heating, ventilating, and air-conditioning equipment in four buildings

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Attachments:

On File With Clerk: Four copies of Consulting Services Agreement

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

Background: (Continued)

- Replacement of chillers and other measures at the Central Mechanical Plant (CMP)
- Water reduction retrofit in the Main Adult Detention Facility (MADF), the Juvenile Justice Center (JJC), and other buildings
- Installation of a 1.4 mega-watt fuel cell power generation plant with heat recovery at the CMP

The CEP is projected to save an estimated \$80.6 million in energy costs over its 25-year life. When compared to the total estimated lease payments (\$30 million) and the added maintenance cost for the fuel cell plant (\$13.9 million), the savings outpace the costs, resulting in a projected net savings to the County of approximately \$36.7 million. To ensure that the contractor is performing work and using the technology that will yield the energy cost savings a number of methods will be used to confirm the actual energy and water cost reductions, including the use of third-party peer review. If the third-party review entity determines that the energy reductions do not meet or exceed the estimates during the one-year warranty period, Aircon Energy, the installation contractor, is contractually obligated to make changes to meet estimated targets. Therefore having a well qualified and experienced third party entity is critical to the success of the project.

Third-party peer review

As noted above review of the work by a third-party peer consultant is a key component of the work plan to monitor and confirm the energy and cost savings. Peer review has already been used to validate and confirm the energy savings, assumptions and strategies used for the economic evaluation during Phase 1 of the CEP. Continued involvement of a peer review consultant will be necessary to help monitor and confirm that the actual savings realized by the County are consistent with the County's initial assumptions and economic forecast.

Consultant Selection

Kenwood Energy was selected as our consultant for the Climate Protection Action Plan (CPAP) developed in 2006, through an RFP and consultant selection process. Because of their familiarity with the project they were hired to consult with the County for a third-party review of the investment grade energy audit performed by Aircon Energy in 2008 to establish the energy efficiency measures to be included in the CEP. This included comparing the proposed CEP project to the goals of the CPAP and verifying the proposed energy saving strategies. Retaining Kenwood Energy as our consultant during implementation of the CEP allows for consistency and continuity in how the contractors work and strategies are evaluated during the implementation stage of the project. It also provides for more effective and efficient use of the consultant resources by taking advantage of their knowledge of the project and their assistance in the prior phases of CEP project development.

Consultant Scope of Work

Kenwood Energy will provide third-party verification of the projected energy savings achieved by the project. The objective of the verification is to maximize the County's confidence in the energy, cost, and greenhouse gas (GHG) savings that result from the CEP.

Background: (Continued)

To achieve this Kenwood Energy will review the installation of energy efficiency measures, assess any deviation in scope, methodologies or equipment that may impact the energy reductions to be attained, provide independent calculations of actual energy savings based on data collected during and after installation, and will review and validate similar calculations provided by Aircon.

Project Funding

Project funding was secured through a lease purchase agreement with the appropriation made in the Capital Project Budget (Index #109857). The cost of the proposed contract is included in the approved project budget and was included in the project Performa assessment.

Schedule

Notice to Proceed was issued to Aircon Energy on June 16, 2009. The duration of the construction project is 18 months, and is anticipated to be complete in December 2010. Another year of measurement and verification follows. This consulting contract covers the full duration of both construction and verification phases.

Requested Board Action

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