

**Meeting Date: 8/27/2013**

**Report Type:** Consent

**Report ID:** 2013-00643

**Title: Energy Efficiency Upgrades for City Facilities (Two-Thirds Vote Required)**

**Location:** Citywide

**Issue:** The City currently pays over \$14 million each year for electricity and natural gas. The recommendation in this report will enable the City to assess, finance, and construct energy efficiency measures to reduce the City's energy costs while improving its carbon footprint.

**Recommendation:** Pass a Resolution suspending competitive bidding in the best interests of the City to authorize the use of a competitive request-for-proposals (RFP) process to solicit firms to provide energy efficiency upgrades and related services for City facilities.

**Contact:** Brian Reilly, Senior Engineer, (916) 808-8427; Yadi Kavakebi, Facilities & Real Property Superintendent, (916) 808-8432, Department of General Services

**Presenter:** None

**Department:** General Services

**Division:** Architecture & Engineering

**Dept ID:** 13001541

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Resolution

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**City Attorney Review**

Approved as to Form  
Kourtney Burdick  
8/19/2013 1:18:28 PM

**City Treasurer Review**

Reviewed for Impact on Cash and Debt  
Russell Fehr  
8/2/2013 9:54:10 AM

**Approvals/Acknowledgements**

Department Director or Designee: Reina Schwartz - 8/15/2013 9:07:33 AM

## Description/Analysis

**Issue Detail:** The City currently pays over \$14 million each year for electricity and natural gas. Energy infrastructure costs will continue to rise as facilities age and as utility rates increase. New cost-effective technologies are now available to reduce energy consumption and cost for City facilities which, for the purposes of this project, include buildings, libraries, streetlights, and swimming pool systems. The recommendation in this report will enable the City to solicit firms to identify, assess, finance, and construct energy efficiency measures to reduce the City's energy costs while improving its carbon footprint. The Request for Proposals (RFP) process may result in one or more firms being recommended for City energy efficiency projects.

**Policy Considerations:** The recommendation in this report is in accordance with City Code Chapter 3.60 related to the procurement of public projects.

**Economic Impacts:** None

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** No environmental review is necessary because the recommendation in this report involves the administrative activity of contracting for public projects, and is not considered to be a project in accordance with Section 15378(b)(2) of the CEQA Guidelines. Once the potential improvements have been identified, staff will proceed with the appropriate CEQA review.

**Sustainability:** The recommendation in this report will aid the City in reaching its goal of reducing energy use in municipal operations down to 1990 levels by 2020. This supports the City's General Plan Vision and Guiding Principles by encouraging sustainable levels of energy and resource consumption through efficient building design, construction techniques and other infrastructure systems. It also reduces the adverse impacts of climate change by reducing greenhouse gas emissions as required by Assembly Bill 32 (AB32), the California Global Warming Solutions Act of 2006.

**Commission/Committee Action:** None

**Rationale for Recommendation:** The Department of General Services has successfully used the RFP process and other alternative competitive bid processes, such as the design-build process, to secure firms for turnkey project delivery. The recommendation in this report requires no upfront funding from the City. The firm(s) recommended through the RFP process will finance the energy efficiency upgrades based on utility incentives and future utility bill savings from reduced energy costs. Energy efficiency upgrades resulting from this RFP will advance the City's goals of reducing energy consumption and greenhouse gas emissions to develop a sustainable future for Sacramento. Suspending competitive bidding is required because the use of a RFP process is an alternative to the typical process in

which contractors are selected on the basis of lowest responsive and responsible bid.

**Financial Considerations:** The recommendation in this report does not result in any financial impact to the City. The firm(s) recommended through the RFP process will finance the energy-efficiency upgrades through utility incentives and future utility bill savings from reduced energy costs. Upon approval of this recommendation, staff will proceed with the RFP selection process and return to City Council with a recommendation for contract award(s).

**Emerging Small Business Development (ESBD):** At this time no goods or services are being purchased as a result of this report.

## Background

The City owns, operates and maintains approximately 450 facilities throughout the 99 square mile City limit plus Camp Sacramento near Kyburz, California. The City pays the Sacramento Municipal Utilities District (SMUD) and Pacific Gas & Electric (PG&E) approximately \$14 million each year for electricity and natural gas. The RFP process recommended in this report will be used to solicit firms to identify and construct energy efficiency upgrades for streetlights (12.5 percent of current annual energy cost), buildings/facilities (37 percent of current annual energy cost), and swimming pools. Energy conservation opportunities have been identified at the following buildings/facilities via a previous audit and will be considered for implementation as part of the recommended RFP process:

- Convention Center and Memorial Auditorium, 14<sup>th</sup> and J Streets
- South Area Corporation Yard, 5730 24<sup>th</sup> Street
- City Hall Complex, 915 I Street
- Central Library, 828 I Street
- Public Safety Building, 5770 Freeport Blvd.
- Meadowview City Service Complex, 2820 Meadowview Road
- Samuel Pannell Community Center, 2400 Meadowview Road
- Information Technology, 1000 I Street
- North Area Corporation Yard, 918 Del Paso Road
- 300 Richards Blvd.
- 911 Call Center, 7399 San Joaquin Road

Waste management operations, traffic signals, and parking garages are not intended to be included in this project.

In addition to conventional energy efficiency measures, the City is interested in the following:

- Cost-effective emerging technologies, including light emitting diode (LED) lighting
- Programming of buildings served by Energy Management and Control Systems (EMCS) to include demand response functionality through:
  - Building kilowatt (kW) feedback
  - Manual or one-button-automatic initiation by City staff
  - Automatic initiation by SMUD
- Methods to provide remote scheduling and demand response to buildings that do not have an EMCS installed, such as cellular-based internet programmable thermostats
- Installation of variable-speed drives on swimming pool circulation pumps
- Use of existing City-owned EnergyCap software for verification of savings that may result from this agreement
- Installation of solar pool heating systems at Samuel Pannell Community Center and solar domestic hot water heating systems at some fire stations
- Data Room Hot Aisle/Cold Aisle configuration technology

## **RESOLUTION NO. 2013-**

August 20, 2013

Adopted by the Sacramento City Council

### **SUSPENDING COMPETITIVE BIDDING AND AUTHORIZING THE USE OF A REQUEST FOR PROPOSALS PROCESS FOR ENERGY EFFICIENCY UPGRADES FOR CITY FACILITIES**

#### **BACKGROUND**

- A. The City currently pays over \$14 million each year for electricity and natural gas. Energy infrastructure costs will continue to rise as facilities age and as utility rates increase. New cost-effective technologies are now available to reduce energy consumption and cost for City facilities which, for the purposes of this project, include buildings, libraries, streetlights, and swimming pool systems. This project will enable the City to identify, assess, finance, and construct energy efficiency measures to reduce the City's energy costs while improving its carbon footprint.
- B. The City Code authorizes the City Council to suspend competitive bidding when, upon a two-thirds vote, the City Council determines it is in the best interests of the City to do so. Suspending competitive bidding is required because the use of a Request for Proposals process is an alternative to the typical process in which contractors are selected on the basis of lowest responsive and responsible bid.
- C. It is in the best interest of the City to suspend competitive bidding because doing so will allow the City to engage in an alternative, competitive selection process that will permit the City to consider all components of a bidder's proposal, not just price. This will allow the City to procure a contractor or contractors that can manage all aspects of the project, including the professional services of identifying and assessing proposed energy-efficiency upgrades as well constructing those improvements.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. In the best interests of the City, competitive bidding is suspended and the use of a competitive Request for Proposal process to solicit firms to provide energy efficiency upgrades and related services for City facilities is authorized.