



January 17, 2024

**ITEM TITLE: RESOLUTION 2024-003 AUTHORIZE CITY MANAGER TO ENTER INTO A CONTRACT WITH WILLDAN ENERGY SOLUTIONS TO COMPLETE SERVICES FOR ENERGY MODERNIZATION EFFORTS AT CITY FACILITIES. (0230-20 & 0910-90)**

**ORIGINATING DEPARTMENT:**

Environmental & Natural Resources

**EXECUTIVE SUMMARY:**

State law empowers local agencies to engage energy services consultants to oversee the entire lifecycle of energy efficiency and generation projects, from design and engineering to procurement, construction, and installation, provided they yield operational cost savings. This proposed contract will allow the City to initiate work with an energy services consultant.

The City advertised a Request for Qualifications (“RFQ”) on December 12, 2023 to obtain a consultant. The RFQ’s objective was to seek a highly qualified firm with the ability and experience to provide assessment and turnkey design-build energy services.

The City sought to partner with an entity that has demonstrated experience and capabilities to provide holistic, turnkey savings projects, renewable generation and energy storage projects, and ability to arrange for and/or self-finance projects. The City received two proposals from qualified energy services consultants. After reviewing the proposals and interviewing the applicants, staff recommends that the City proceed with Willdan Energy Solutions to provide services for the development of energy efficiency and generation related projects at city facilities.

The first step in this work is to complete what is called an investment grade audit of potential projects to identify costs, scope of work, and cost savings associated with each energy related project. The potential projects include: a solar system for City Hall, solar system for Sports Park, new electric vehicle charging at various public facilities, and LED replacement of ballfield lighting at Sports Park. It will take approximately 6 months to complete an investment grade audit for these projects, at which time the City in its sole and absolute discretion will review the results and decide if it wishes to move forward with the implementation of any of the proposed projects.

**RECOMMENDATION:**

Staff is recommending that the City Council approve Resolution 2024-003 authorizing the City Manager or designee to enter into a professional services agreement with Willdan Energy Solutions to complete services for energy modernization efforts at city facilities.

**OPTIONS:**

- Approve Resolution No. 2024-003 to authorize the City Manager or designee to enter into a contract with Willdan Energy Solutions;
- Request additional information from staff; or
- Reject Resolution No. 2024-003 and hold off on implementation of energy efficiency and energy generation projects at this time

**BACKGROUND/ANALYSIS:**

The City of Imperial Beach has worked with various energy service consultants over the years to evaluate energy use and cost saving measures at City facilities, including the installation of solar panels. While the City has successfully completed several small maintenance-related energy efficiency projects, such as LED lighting upgrades and HVAC unit improvements, larger capital projects have remained unaddressed due to financial constraints and competing priorities within the Public Works Department. However, with the City's recent adoption of a Climate Action Plan and the availability of state and federal incentive programs, there is an opportunity to reconsider large-scale energy efficiency and generation projects within the City.

Federal funding provided through the Inflation Reduction Act and the potential for matching state grant funds offer promising prospects for capitalizing on energy-related projects. State law (Government Code sections 4217.10- 4217.18) also presents a unique contracting method, allowing local municipalities to collaborate directly with energy services consultants, streamlining project development and procurement processes, which can expedite the implementation of energy efficiency and energy generation projects while ensuring operational cost savings. The primary objective of these contracts is to accelerate the execution of projects aimed at reducing carbon emissions.

Recognizing the need for specialized assistance in the City to develop energy efficiency and electrification projects aligned with Climate Action Plan goals, several initiatives are currently under consideration. These include potentially implementing a solar system for City Hall, installing a solar system at the Sports Park, introducing new electric vehicle charging stations at various public facilities, and replacing ballfield lighting at the Sports Park with LED fixtures. To identify the most suitable partner for these projects, the City issued a Request for Qualifications on December 12, 2023, and received two proposals from qualified Energy Services consultants. After thorough evaluation of the proposals and interviews with the applicants, staff recommends Willdan Energy Solutions to assist the City in developing energy efficiency and generation-related projects at its facilities.

The next step to get these projects moving is to start a formal contract with Willdan to conduct an investment grade audit to identify costs, scope of work, and cost savings associated with each energy-related project. During this process Willdan will also help the City identify and help apply for state and federal funding programs that support implementation of projects. If the audit and assessment conclude that the cost to implement energy efficiency improvements can be entirely paid through energy cost savings, the City could enter into a single source contract with Willdan to implement improvements determined and approved by the City to be viable on both a short and long-term basis. Under this scenario, the City would negotiate an energy services contract with Willdan. With approval and authorization from the City Council, Willdan will prepare design plans and specifications, identify financing options, bid the project and hire contractors to construct energy improvements for the City. All project design, construction administration, and profit would be built into the total project costs to the City and paid for through energy cost savings.

The following project phases are anticipated:

1. Facility Building Audits: Willdan will conduct an investment-grade audit, identify cost-saving measures and define the project scope, cost, savings, and cash flow over the financing term. A project proposal aggregating measures for guaranteed savings financing will be presented.
2. Project Development: This stage involves an engineering assessment, design, project budgeting, financial options exploration, City Council consideration for project selection and financing instruments, and the establishment of performance guarantees through an Energy Savings Performance Contract.
3. Project Implementation: If projects are approved by the City, this phase encompasses procurement, construction, commissioning, and construction management.
4. Ongoing Operation & Maintenance: If projects are approved by the City, Willdan will identify management strategy options for ongoing operations, maintenance, and performance guarantees

**ENVIRONMENTAL DETERMINATION:**

Not a project as defined by CEQA.

**FISCAL IMPACT:**

The contract will be structured such that the costs for Willdan's services to perform the investment grade audit (\$25,000) will only be charged to the City if the City decides not to proceed with the implementation of any of the potential projects. Otherwise, if the City does eventually enter into a performance contract for the energy services project implementation, then the investment grade audit fee will be incorporated into the future performance contract costs.

**ATTACHMENTS:**

1. Resolution No. 2024-003