

..Number

080398

..Version

PROPOSED SUBSTITUTE A

..Reference

..Sponsor

Ald. Hines

..Title

Substitute Resolution to execute a Guaranteed Energy Savings Performance Contract with Johnson Controls, Inc. for energy system upgrades to the Milwaukee Safety Academy Building controls and equipment, and upgrade of traffic control signals to utilize Light Emitting Diode (LED) indications.

..Analysis

Pursuant to Common Council File 070855, Johnson Controls, Inc. has completed an energy audit of building systems and equipment at the Milwaukee Safety Academy, an audit of Light Emitting Diode (LED) signal indications on a portion of the City's signal system, and has determined a scope of improvement work and financial terms for a guaranteed energy savings performance contract. Upon review of these findings, the proposed scope of services, guarantees and financial terms have been found to be consistent with requirements of Section 66.0133 of Wisconsin State Statutes which allow the Common Council of the City of Milwaukee to award a guaranteed energy savings performance contract for the proposed energy savings improvements. This resolution authorizes the award of a guaranteed energy savings performance contract by the Common Council of the City of Milwaukee to Johnson Controls, Inc. for improvements to the Milwaukee Safety Academy and the City's traffic signal system. **This resolution also authorizes the Comptroller to transfer funds for this project from Departmental accounts, until further approval by the Common Council for Contingent Fund appropriation is obtained.**

..Body

Whereas, Section 66.0133 of Wisconsin State Statutes permits local governments to enter into a performance contract with a qualified provider to reduce energy or operating costs if the amount spent on the energy conservation and system improvement measures are not likely to exceed the amount to be saved in energy and operating costs over a specified period of time; and

Whereas, As directed under Common Council File Number 070855 adopted on October 23, 2007, Johnson Controls, Inc. has completed a first phase energy audit of building systems and equipment at the Milwaukee Safety Academy and a selected portion of the City's traffic signal system consistent with requirements established in Section 66.0133 of Wisconsin State Statutes; and

Whereas, Pursuant to the requirements of Section 66.0133 of Wisconsin State Statutes, this first phase energy audit has: 1.) defined a series of improvement measures to be implemented to achieve energy savings; 2.) defined and produced an estimate of all costs associated with the design, installation, operation, repairs, maintenance and financing of recommended energy conservation and improvement measures where anticipated implementation costs for the City are not likely to exceed the amount to be saved in energy and operation costs over the remaining useful life of the facilities to which these improvements are made; and 3.) has determined a minimum guaranteed amount by which energy or operating costs will be reduced through implementation of the recommended energy conservation and improvement measures as required; and

Whereas, Energy saving improvements proposed under the first phase energy audit for the Milwaukee Safety Academy facility include the installation of high efficiency boilers, HVAC system and control improvements, water conservation improvements, and high efficiency lighting retrofits; and

Whereas, Energy saving improvements proposed under the first phase energy audit for the City's traffic control signal system include the replacement of incandescent lamps in traffic signals at 198 intersections in the City of Milwaukee with energy saving Light Emitting Diode (LED) signal indications; and

Whereas, The total cost of implementation of the defined energy savings improvements at the Milwaukee Safety Academy is \$724,869 and for the City's traffic signal system is \$1,611,453, or a total cost of \$2,336,322 for project implementation; and

Whereas; The fee for Measurement and Verification Services to be performed by Johnson Controls, Inc. under this contract is \$140,357 for work to be performed in conjunction with improvements implemented at the Milwaukee Safety Academy and \$28,421 for work performed in conjunction with signal system improvements, which services are cancelable at any time during the term of this contract; and

Whereas, The total cost of the project on this basis would be \$2,505,100; and

Whereas, The proposed project appears to be eligible for grant funds provided by Focus On Energy for implementation of energy saving projects in the amount of \$154,707, application for which is to be made by Johnson Controls and will be applied to the City costs noted above for these improvements upon approval of this Grant, thereby reducing the total project cost to \$2,350,393; and

Whereas, The total savings anticipated to be achieved in energy, operating and utility costs under this project for the period from 2008 through 2019 at the Milwaukee Safety Academy is \$1,022,875, and for the City's traffic signal system is \$3,559,294, or a total savings of \$4,582,169 estimated to be achieved through project implementation; and

Whereas, Johnson Controls guarantees that the City will achieve \$1,280,923 in Total Guarantee Project Benefits over the three year term of the energy savings performance contract; and

Whereas, A Review Committee appointed by the President of the Common Council has reviewed the first phase energy audit prepared by Johnson Controls, Inc. for the proposed energy savings project and has found the project to be consistent with the requirements established for the award of energy savings performance contracts under Section 66.0133 of Wisconsin State Statutes; and

Whereas, An energy savings performance contract has been negotiated for implementation and financing of recommended energy conservation and improvement measures; and

Whereas, Final award of this Energy Savings Performance Contract can be made by the Common Council of the City of Milwaukee in accordance and consistent with all requirements of Section 66.0133 of Wisconsin State Statutes; and

Whereas, the Department of Public Works desires to use currently available funds to execute the contract until a contingent fund appropriation and borrowing for the project are subsequently approved by the Common Council; and

Whereas; Capital Improvement Purpose Funds are available in the interim for this purpose in Facilities Systems Account BU11091200 for improvements to be implemented at the Milwaukee Safety Academy, and in the Infrastructure Services Division's 2008 Capital Purpose Project Account Number ST320080000 for traffic signal improvements; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, That the proposed energy system upgrades to the Milwaukee Safety Academy Building controls and equipment, and upgrade of traffic control signals to utilize Light Emitting Diode (LED) indications, has been determined to meet all requirements established for award of an energy savings performance contract under Section 66.0133 of Wisconsin State Statutes; and, be it

Further Resolved, That the Energy Savings Performance Contract for implementation of these energy savings improvements, a copy of which is attached to this file and incorporated as though set forth in full, be awarded to Johnson Controls, Inc.; and, be it

Further Resolved, That the Commissioner of Public Works and Comptroller are hereby authorized to execute the Energy Savings Performance Contract with Johnson Controls on behalf of the Common Council; and, be it

Further Resolved, That the Department of Public Works prepare and submit a report to the Common Council following completion of project implementation assessing actual performance under the contract, to include: 1.) how the vendor performed in terms of on time, on budget, project completion; 2.) updated expectations regarding energy savings from the improvements included in the project compared to the anticipated savings; 3.) what changes, if any, would have likely increased vendor incentives to perform and be held accountable; 4.) whether a performance contract approach should be considered for implementing eligible improvements in the future; and 5.) recommendation as to if a performance contract approach is justified, and for what types of projects should performance contracting be expected to provide significant economic value over competitive bidding, and be it

Further Resolved, that upon approval of this contract, the City Comptroller is hereby authorized to create the appropriate Project Chartfield Value for this project, and transfer to these accounts the amount required under the agreement and City Accounting Policy, but not to exceed a ten percent increase of total amounts reserved or \$5,000, whichever is greater as follows:

Guaranteed Energy Saving Performance Contract

Milwaukee Safety Academy
Project Number BU11091200
Estimated Costs

Facility Improvement Costs - \$724,869
Measurement and Verification Costs - \$140,357
Total Costs – \$865,226

Traffic Signal System Improvements
Project Number ST320080000
Estimated Costs
Signal Improvement Costs - \$1,611,453
Measurement and Verification Costs - \$28,421
Total Costs – \$1,639,874

Total Project Cost - \$2,505,100

..Requestor

Department of Public works

..Drafter

Infrastructure Services Division

RWB

July 25, 2008