



**STAFF REPORT**  
**7/26/2023**

**TO:** Honorable Mayor and City Council Members

**FROM:** Dr. Gabriel D. Martin, City Manager

**SUBJECT: MAKING FINDINGS ON AN ENERGY SERVICES CONTRACT AND FACILITY FINANCING FOR AN ENERGY EFFICIENCY PROJECT REQUIRED UNDER CALIFORNIA GOVERNMENT CODE SECTION 4217.10 ET SEQ. AND AUTHORIZING AN ENERGY SERVICES CONTRACT**

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**STAFF RECOMMENDATION:**

Staff recommends that the City Council for the City of Coachella (“City”) adopt the following two resolutions that will do the following:

- Adopt the Resolution No. 2023-53 attached hereto as **Attachment 2** (“Findings & Energy Contract Resolution”) that will:
  - Make the required findings under Government Code section 4217.10, *et seq.* enabling the City to enter into an energy services contract with Alliance Building Solutions, Inc. (“ABS”); and
  - Authorize the City Manager to execute the Contract for Design and Construction of Energy Conservation Measures in the form attached as **Exhibit C** to the Findings & Energy Contract Resolution (“Energy Services Contract”) with ABS in the amount of **\$15,429,458** for the City-wide design and construction of certain energy conservation facilities and measures, subject to revisions recommended and approved by the City Attorney, and contingent on finalizing and obtaining financing for the project.

**BACKGROUND:**

The City has identified various capital improvement projects and facility needs that involve energy efficiency upgrades and improvements throughout various City facilities, including water and wastewater infrastructure upgrades at related sites, as further described in **Attachment 1** (“Energy Improvements”).

With the City facing future utility rates increases and 10% of the budget currently spent on energy costs, a proactive approach towards reducing City-wide energy consumption is needed. City staff

engaged with multiple firms to walk facilities, complete audits, develop a scope of work, and provide a proposal for various energy efficiency projects.

ABS is a licensed contractor capable of constructing the Energy Improvements. ABS completed a comprehensive City-wide audit to provide a preliminary list of energy conservation measures and energy conservation facilities that the City could install at several City sites to conserve energy and reduce the City's energy costs, that included the following: LED lighting upgrades, street lighting retrofits, controls upgrades, HVAC upgrades, solar photovoltaic ("PV") installation, water/wastewater infrastructure upgrades, and indoor air quality measures.

ABS provided an energy savings analysis attached to the Findings & Energy Contract Resolution as **Exhibit B** ("Energy Analysis") demonstrating the energy savings of **\$37,248,749** the City would generate from the installation of the Energy Improvements. ABS agreed to design and construct the Energy Improvements for an amount not-to-exceed **\$15,429,458** and City staff worked with the City Attorney to negotiate the Energy Services Contract.

The Energy Improvements will provide significant savings to the City from reduced energy costs. Implementing LED lighting retrofits offers energy savings, and improved visual quality, while reducing maintenance costs. HVAC upgrades will realize energy savings, improve facility occupancy comfort, and reduce maintenance and repair costs. PV systems serve as an effective energy solution for offsetting utility costs. The water/wastewater upgrades will heavily increase system efficiency and overall operational effectiveness within the City's water treatment process. Lastly the indoor air quality scope will provide an effective virus mitigation dynamic for any current and/or future related risks. Future costs that would have been applied to upgrades in this project, can now be allocated to other budgetary obligations.

City staff worked with the City Attorney's office to structure the procurement of the Energy Services Contract to satisfy Government Code section 4217.10, *et seq.* After working with the City Attorney, staff now desire to authorize the execution of the Energy Services Contract, subject to revisions recommended by the City Attorney's office, and conditioned on the City obtaining financing for the project.

### **DISCUSSION:**

Government Code section 4217.10, *et seq.* permits the City to enter into agreements to finance, design, and construct energy conservation facilities and/or energy conservation measures without any competitive solicitation or bidding process.

Government Code section 4217.12 ("Section 4217.12") permits the City to enter directly into an energy services contract to design and construct energy conservation facilities, if the City Council finds at a regularly scheduled public hearing noticed at least two weeks in advance that "the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases."

ABS provided the Energy Analysis that reasonably demonstrates that the City will achieve savings in an amount sufficient to satisfy the required finding under Section 4217.12 through the construction of the Energy Improvements under the Energy Services Contract.

As a result, City staff requests that the City Council make the required findings under Section 4217.12 enabling the City to enter into the Energy Services Contract, and authorize the City Manager to enter into the contract on the conditions set forth in the resolution.

**ALTERNATIVES:**

1. Not approve this item and direct Staff to conduct a Request for Qualifications/Proposals (RFQ/RFP) to solicit other energy saving firms.
2. Continue the item and provide staff with direction
3. Take no action

**FISCAL IMPACT:**

The total estimated project cost is **\$15,429,458**, plus any costs associated with financing the project. The City's total cumulative gross savings through this project are estimated at **\$37,248,749**.

**ATTACHMENTS(S):**

Attachment 1 (Energy Improvements)

Attachment 2 (Resolution No. 2023-53) - Findings & Energy Contract Resolution

## ATTACHMENT 1

### ENERGY IMPROVEMENTS

Site	Address	Energy Improvements
Bagdouma Park (“ <b>Site 1</b> ”)	51251 Douma Street Coachella, CA 92236	Interior Lighting Exterior Lighting Pumps
Rancho Las Flores Park (“ <b>Site 2</b> ”)	48400 Van Buren Street Coachella, CA 92236	Exterior Lighting
Public Works Building (“ <b>Site 3</b> ”)	53462 Enterprise Way Coachella, CA 92236	Interior Lighting Exterior Lighting HVAC Controls
Wastewater Treatment Plant (“ <b>Site 4</b> ”)	87075 Avenue 54 Coachella, CA 92236	Solar – 516.8 kW Process Optimization
Civic Center (“ <b>Site 5</b> ”)	53990 Enterprise Way Coachella, CA 92236	HVAC HVAC Controls Solar – 72.2 kW 2x2 – Charging Stations (4 cars)
City-Wide (“ <b>Site 6</b> ”)		Street Lights 130 units of Protect 900 Decorative Lights
Bagdouma Park Community Center (“ <b>Site 7</b> ”)	51251 Douma Street Coachella, CA 92236	Interior HVAC Controls

**ATTACHMENT 2**

**RESOLUTION NO. 2023-53: FINDING & ENERGY CONTRACT**

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