CITY OF Cooper City Someplace Special

CITY COMMISSION ORDINANCE/RESOLUTION

TITLE: **Resolution 26-42 (Finance)**

DATE: **August 25, 2026**

DESCRIPTION: A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF COOPER CITY, FLORIDA, APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDMENT TO THE PROJECT DEVELOPMENT AGREEMENT BETWEEN THE CITY OF COOPER CITY AND ENERGY SYSTEMS GROUP, LLC, TO EXTEND THE PROJECT DEVELOPMENT PHASE FROM ONE HUNDRED TWENTY (120) DAYS TO TWO HUNDRED FIVE (205) DAYS, ATTACHED HERETO AS EXHIBIT "A;" AUTHORIZING AND DIRECTING THE APPROPRIATE CITY OFFICIALS TO TAKE ANY AND ALL ACTIONS NECESSARY TO EFFECTUATE THE INTENT OF THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

SUBMITTED BY: DocuSigned by: Irwin Williams 6BB51C3CA4C94AA...

CITY MANAGER RECOMMENDATION:

The City Manager recommends that the City Commission approve and authorize an amendment to the existing Project Development Agreement (PDA) between the City of Cooper City and Energy Systems Group, LLC ("ESG"), a Florida Limited Liability Company, to extend the project development phase from 120 to 205 days.

The extension allows ESG to complete the Investment Grade Audit (IGA) now underway. ESG presented its 30% Milestone findings to City staff on July 17, 2026, identifying eighteen (18) candidate energy conservation measures (ECMs) across ten (10) City facilities and the City-owned street lighting system. Additional time is required to complete the remaining audit milestones, finalize scopes and pricing, and return to the Commission with a fully priced, guaranteed-savings project for consideration.

BACKGROUND OF ITEM:

On June 17, 2022, Cooper City entered into a Project Development Agreement with ESG to explore energy-saving performance services. Per Section 3.1 of the original agreement, ESG was required to complete the project development phase within 120 days, by October 15, 2022. This deadline was not met.

Despite the delay, the City remains interested in pursuing efficiency opportunities with ESG. Under the terms of the new agreement (Exhibit A), the City is not obligated to accept any proposed projects or make any payments unless the projects submitted within 205 days of signing demonstrate a cost-recovery period of less than 20 years. This timeframe is being extended from 120 days to 205 days to give ESG additional time to evaluate all identified potential projects.

Project development is actively underway. Following the project kickoff, ESG completed initial site surveys, operator interviews, utility data collection, and an ASHRAE Level 1 audit of City facilities. ESG presented the results at the 30% Milestone Meeting held with City staff on July 17, 2026. That presentation established the City's energy and water baseline, identified and screened candidate ECMs, and provided preliminary savings estimates for the City's prioritization. The requested extension provides the time needed to advance through the remaining 60%, 90%, and 100% milestones, at which point a firm-fixed price and guaranteed savings figure will be presented to the Commission.

ANALYSIS:
ESG's Role and Services

ESG specializes in Performance-Based Projects, offering:

- **Capital Improvements via Energy:** Turning deferred maintenance into funded upgrades.
- **Guaranteed Savings:** Using Energy Performance Contracts (EPCs) to ensure cost reductions without upfront capital.

Benefits to Cooper City

- **Facility Upgrades:** Modernizing HVAC, lighting, and water systems
- **Sustainability Goals:** Supporting renewable energy and resiliency initiatives
- **Financial Flexibility:** Lowering operating costs to free up budget for other priorities

Investment Grade Audit — Status

The IGA is a five-stage process. The City has completed the kickoff and the 30% milestone, at which ESG established the City's utility baseline and identified candidate measures. The 60%, 90%, and 100% milestones remain, during which the City down-selects measures, ESG obtains subcontractor pricing, and a firm-fixed price with guaranteed savings is presented for Commission consideration. The 205-day window accommodates the remaining milestones.

The audit established a combined annual utility baseline of approximately $1.22 million ($1,112,993 electric and $109,418 water for the period May 2025 through April 2026). Energy Use Intensity benchmarking identified the two sports complexes, Flamingo West Park, the Pool & Tennis Center, and the Police Station as consuming well above comparable facilities; these sites account for the majority of the measures identified.

Summary of Projects Identified at the 30% Milestone

ESG audited eighteen (18) candidate measures and eliminated those that were not cost-effective for Cooper City. The measures below are the significant opportunities carried forward, each with preliminary annual savings of $14,000 or greater. Smaller measures were also identified and may be bundled into the final scope where doing so is cost-effective.

Measure	Location(s)	Est. Annual Savings
LED Sports Lighting	Bill Lips and Suellen H. Fardelmann Sports Complexes	$71,000
Solar PV Canopy + Battery Storage (BESS)	Suellen H. Fardelmann Sports Complex	$55,000
City-Owned Street Lighting LED Conversion	Citywide — 331 City-maintained fixtures	$44,000
Solar PV Canopy + Battery Storage (BESS)	Bill Lips Sports Complex	$44,000
Solar PV Canopy + Battery Storage (BESS)	Flamingo West Park	$20,000
Solar PV Canopy + Battery Storage (BESS)	City Hall	$17,000
Net Zero Transition for Fleet Management	Fleet Maintenance Building	$14,000
Total Estimated Annual Savings		**$265,000**

Measure Requiring Additional Analysis — Manhole Rehabilitation

ESG also identified rehabilitation of the City's sanitary sewer manholes to reduce inflow and infiltration, which drives avoidable wastewater treatment costs. Preliminary estimates place the annual cost avoidance between $120,000 and $525,000 depending on the number of structures addressed, with implementation costs ranging from approximately $2 million to $12 million.

Given the scale of the potential investment and the range in the preliminary figures, staff has directed that this measure receive additional analysis, including a condition assessment of individual structures, before it is advanced. It is therefore not included in the savings totals above.

Preliminary Long-Term Savings

For the three highest-value measures, ESG projects the following cumulative savings, escalated 3% annually to account for utility rate increases:

Measure	Year 1 Savings	Cumulative Yr 15	Cumulative Yr 20
LED Sports Lighting	$71,000	$1,320,523	$1,970,797
Suellen H. Fardelmann Solar PV + BESS	$55,000	$1,022,940	$1,477,871
LED Street Lighting	$44,000	$818,352	$1,182,296
Total Estimated Savings	**$170,000**	**$3,161,815**	**$4,567,964**

These figures are preliminary, based on historical utility data, industry metrics, and information provided by City staff. They do not yet reflect subcontractor pricing and are subject to refinement at the 60% and 90% milestones, at which point ESG will present paybacks and ROI within +/- 10%.

FISCAL IMPACT:

There is no direct cost to the City associated with approving this amendment. The extension of the project development phase does not obligate the City to fund, construct, or accept any project.

Preliminary Savings Potential

- The measures identified carry approximately $265,000 in combined preliminary annual savings, against a current combined utility baseline of roughly $1.22 million annually.
- The three highest-value measures alone represent approximately $170,000 in Year 1 savings, growing to an estimated $4.57 million over a 20-year term.

Time-Sensitive Incentive

The solar PV canopy and battery storage measures are eligible for federal Investment Tax Credits of up to 34% if the project commences in 2026 and the systems are operational by the end of 2027. Extending the project development phase now preserves the City's ability to capture this incentive; further delay may place it out of reach and materially weaken the economics of four of the seven measures identified.

Financial Consideration and Risks

- **Project Selection Criteria:**
    - The City is not obliged to accept projects unless they meet specific financial thresholds such as a cost recovery period under 20 years, as noted in the agreement. This protects the City from investing in projects with weak ROI.
- **Initial Evaluation Costs:**
    - While ESG covers preliminary assessments, internal costs will be incurred for staff time, legal review, or third-party validation.
- **Long-Term Commitment:**
    - ESPCs typically span 10 – 20 years. The City must ensure it is comfortable with the duration and terms of the agreement.
- **Supply Chain and Labor Factors:**
    - Delays or cost fluctuations can still affect project economics.
- **Preliminary Nature of Estimates:**
    - All savings figures presented are 30% milestone estimates developed prior to subcontractor pricing. Final guaranteed savings will be established at the 100% milestone.

NEXT STEPS:

1. Staff to finalize the selection of measures, allowing ESG to complete savings calculations, scopes of work, and the Measurement and Verification plan.
2. ESG to build a cashflow-positive financial model against a target implementation timeline of 18 to 24 months.
3. 60% Milestone Meeting to be scheduled, at which pricing, paybacks, and ROI are reviewed within +/- 10%.

ALTERNATIVES:

The Commission may decline to extend the project development phase. Doing so would end the Investment Grade Audit at the 30% milestone and require the City to fund the identified infrastructure needs through the capital improvement program rather than through guaranteed energy savings.

ATTACHMENTS:

1. Resolution 26-42
2. ESG Project Development Agreement
3. ESG Amendment Project Development Agreement
4. ESG Cooper City IGA – 30% Milestone Meeting Presentation – July 17, 2026

Workflow History

User	Task	Action	Date/Time
Allen, Tedra	NEW ITEM: Not Yet Routed	*COMPLETE: Forward to City Attorney	08/13/26 11:41 AM
Horowitz, Jacob	Assigned to Attorney	COMPLETE: Forward to City Manager	08/13/26 11:46 AM
Rey, Alex	Assigned to City Manager	COMPLETE: Forward to City Clerk	08/14/26 10:55 AM
Allen, Tedra	Assigned to City Clerk	APPROVE ITEM: End Workflow	08/19/26 10:32 AM
Allen, Tedra	END WORKFLOW - APPROVED		08/19/26 01:37 PM