

AGENDA STAFF REPORT



MEETING NAME: REGULAR BOARD MEETINGS

MEETING DATE(S): SEPTEMBER 14 & 18, 2023

FROM: DANNY FRIEND – DIRECTOR OF OPERATIONS

FOR: ACTION X DIRECTION _____ INFORMATION _____

PUBLIC HEARING ~ RESOLUTION 2023-21 - ENERGY SERVICE CONTRACT WITH ENGIE SERVICES U.S.

STAFF RECOMMENDATION

Conduct a public hearing and authorize the Interim General Manager to enter into an Energy Services Contract (ESC) with Engie to design, build, and perform operations and maintenance services on the Comprehensive Energy and Sustainability Upgrades project.

SUMMARY

The Comprehensive Energy and Sustainability Upgrades project includes the installation of solar photovoltaic cells which will produce 4,167 kW across seven MSWD Sites (Horton WWTP, Wright Recycled Water Reclamation Facility, New Regional Plant, Well 24, Well, 27, Well 29, Well 32, Well 33/RES-BCT). The project includes applications with Southern California Edison for net energy metering program (NEM 2.0) and renewable energy self-generation bill credit transfer (RES-BCT), grant incentives through the Inflation Reduction Act, and financing of approximately \$19,317,057 through Bank of America.

ANALYSIS

This project will result in projected energy, operations, and maintenance savings of approximately \$200,000 annually beginning in FY 2024. Factoring in the estimated debt service payment for the project, MSWD would save \$5 million over 20 years.

FISCAL IMPACT AND STRATEGIC PLAN IMPLEMENTATION

The cost to design and build the project will be financed through the issuance of revenue bonds. Staff intends to bring all associated bond documents to the next available Board Meeting on October 16, 2023. If the Board does not approve bond documents and financing is not secured within 45 days of the ESC approval, then the termination provisions of the ESC will be activated, and the contract will be canceled. The environmental review and staff time to support the construction project is estimated to be \$50,000 for FY2024 and FY2025. The maintenance and repair services will be budgeted and paid for as part of the annual operating budget. The total project cost will be offset by electrical cost savings.

FINANCIAL DATA		
Cost Associated with this action:	\$19,417,057	
Current FY cost:	\$19,367,057	
Future FY cost:	\$50,000	
Is it covered in current year budget:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Budget adjustment needed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If yes, year needed:	FY2024	
All previous contracts including dates, amounts and board approvals are attached or have been made available.		
FUNDING SOURCES		
Source of funds:	201/301	
BID/Job#	N/A	
Current BID/Job balance	\$0	
Balance remaining if approved:	\$0	

ATTACHMENTS

Attachment A - Resolution 2023-21 with ENGIE ESC
 Attachment B – Engie Statement of Qualifications