



REQUEST FOR COUNCIL ACTION

Title: Ameresco Audit Services Agreement for LED Streetlight Conversion and Sole Source Resolution

Preferred Agenda: November 8, 2022

Submitted By: Blair Larsen, Community & Economic Development Director

Reviewed By: Kelcey Young, City Manager

Type of Action: Resolution X Motion Roll Call Other

Relevant Code/Policy: SHMC Chapter 2.08 Local Contract Review Board

Towards Council Goal: Aspiration IV: Viable and Sustainable Essential Services, Goal 2.6: Effective and Efficient Government, Employ sound technology to maximize efficiency

Attachments: Ameresco Sweet Home Streetlight LED Conversion Feasibility Presentation
 Ameresco Audit Services Agreement
 Resolution No. 33 for 2022: Ameresco Sole Source Procurement Findings

Purpose of this RCA:

The purpose of this RCA is to present a proposed streetlight audit services agreement with Ameresco, the first step in converting the City’s streetlights to more efficient LED technology, financed through an energy-as-a-service (EaaS) arrangement. Also included in this RCA is a proposed resolution adopting sole-source procurement findings for an EaaS arrangement with Ameresco.

Background/Context:

The City of Sweet Home currently pays the electricity costs for about 900 streetlights within the City. These streetlights are owned and maintained by Pacific Power. Pacific Power only upgrades lights to more efficient LED fixtures when those lights reach the end of their life. In the meantime, the City is left with the bill for the additional electricity required by these older, less efficient streetlights.

The City Council is the Local Contract Review Board and has the authority to engage in sole-source procurements if the goods or services are only available from one source (see ORS 279B.075). Ameresco is the only company authorized by Pacific Power for this type of work and financing. In addition, the streetlights in question are owned not by the City, but by Pacific Power.

In March, 2021, Ameresco gave a presentation to the City Council on their streetlight LED conversion services. If the City moves forward with an agreement, Ameresco would pay to

upgrade the streetlights to LED, which would change the rates to Pacific Power to a lower rate, thus saving the City significant money on an annual basis. Ameresco would be paid out of a portion of the resulting savings for a period of time, after which the City would enjoy the full savings. At the March, 2021 Council meeting, the consensus of the Council was to direct staff to bring a contract with Ameresco to the Council for approval at a future meeting.

The first step in this project is for Ameresco to conduct an energy savings audit of the streetlights. A contract for this work is included in this packet. At the same time, the City would need to adopt a resolution approving sole source procurement of LED streetlight conversion services.

The Challenge/Problem:

Should the City approve an agreement with Ameresco for streetlight energy audit services, and adopt a resolution approving sole source procurement of LED streetlight conversion services?

Stakeholders:

- Sweet Home Residents – Citizens deserve both well-lit streets and for their tax dollars to be used efficiently.
- Sweet Home City Council – The City Council is charged with authorizing contracts for services, and ensuring that City funds are used efficiently and effectively.
- Ameresco – Energy services companies earn money by helping their customers make efficiency improvements—they are paid out of the resulting savings.

Issues and Financial Impacts:

If an agreement is made with Ameresco, the City could reduce energy costs for streetlights by an estimated \$73,000 annually. The audit services agreement with Ameresco would cost \$26,866, however this fee would only be paid if the City chose not to continue with the project. If the project moves forward, that fee would be wrapped into the overall project, and would be paid for out of the energy savings.

Elements of a Stable Solution:

A stable solution is one that saves money by converting City streetlights to LED fixtures without requiring capital funding from the City.

Options:

1. Do nothing – Make no agreement with Ameresco or any effort to convert streetlights to LED fixtures.
2. Adopt Resolution No. 33 for 2022 and Authorize the City Manager to sign the audit services agreement with Ameresco as proposed.
3. Adopt Resolution No. 33 for 2022 and Authorize the City Manager to sign the audit services agreement with Ameresco with specified changes.
4. Direct Staff to research other options to accomplish the same goal.

Recommendation:

Staff recommends option 2: Adopt Resolution No. 33 for 2022 and Authorize the City Manager to sign the audit services agreement with Ameresco as proposed.