



REQUEST FOR COUNCIL ACTION

Title: Contract with AMERESCO for energy services

Preferred Agenda: March 23, 2021

Submitted By: Brandon Neish, Finance Director & Blair Larsen, CED Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion ____ Roll Call ____ Other __X__

Relevant Code/Policy: SHMC 2.08 Local Contract Review Board, 3.12 Purchasing System

Towards Council Goal: Goal 2.5: Implement Financial Best Practices
Goal 2.6: Implement sound technology to maximize efficiency

Attachments: Summary for Council-City of Sweet Home-Ameresco
Smart LED Street Lighting Solution Sheet
Contract Review Board Rules of Procedure

Purpose of this RCA:

The purpose of this RCA is to present information to the Council regarding an opportunity to convert existing streetlights to LED lights by entering into an agreement with an energy services company.

Background/Context:

The City was recently approached by AMERESCO, an energy services company, with a proposal to review the City's streetlights and determine whether there would be any cost savings by converting the existing infrastructure to LED lights. An initial evaluation completed by AMERESCO using City electricity bills highlighted the potential for \$73,000 in annual cost savings by converting the existing streetlights. Energy Services companies, such as AMERESCO, enter into contracts with organizations to use energy savings to finance efficiency improvements. In this case, the City and AMERESCO would enter into a contract for AMERESCO to convert the City's streetlights to LEDs, in exchange for a portion of the savings for a specified period of time. Staff met with AMERESCO on multiple occasions to flesh out the proposal and ultimately agreed that moving forward would be in the best interest of the City.

AMERESCO has compiled a summary document and PowerPoint which will be presented to the City Council during the March 23, 2021 meeting. The purpose of this presentation is to provide the Council with all of the facts regarding the project and inform the Council of the intent to move ahead with an agreement with AMERESCO, in line with the City's purchasing policies, to complete the transition to LEDs. The City has two options available regarding a contract with AMERESCO. Exemptions included in the Local Contract Review Board Rules of Procedure allow for staff to engage with AMERESCO without obtaining additional quotes for

the work on the basis that AMERESCO is the only provider able to complete this type of work and, an existing contract with the City of Medford allows the City to utilize the “piggy-back” exemption. Both of these exemptions and their application to the current scenario are below.

Throughout the informational sessions with AMERESCO, City staff was informed that AMERESCO is the only contractor with specific agreements with Pacific Power to complete the required work. The City’s streetlights are owned and operated by Pacific Power. The only involvement from the City regarding the lights is the payment of the monthly electricity bill. If a light needs to be replaced, the City notifies Pacific Power but the responsibility to replace bulbs or light posts rests solely with Pacific Power. This is where AMERESCO comes in. Pacific Power does not replace the light fixtures until the light no longer functions. Since AMERESCO is the only group that can perform this work, section 3.6 of the Local Contract Review Board (LCRB) Rules of Procedure applies. Section 3.6 states that an exemption to the state’s purchasing rules exists for “contracts for purchase where there is only one seller.”

The other LCRB exemption that would apply to the selection of AMERESCO is section 3.23. Section 3.23 states that an exemption exists for “contracts for the procurement of goods and services utilizing an existing solicitation or current requirement contract (“the original contract”) for which” a multitude of conditions must be met. The City of Medford, Oregon completed a Request for Proposal process where multiple organizations were able to submit proposals to be evaluated by the City. As part of the procurement process, Medford included a provision that the selected contractor must be willing to partner with other cities using their contractual terms. Per the Medford RFP, “this offer shall be extended to any authorized public agency.”

The Challenge/Problem:

How does the City upgrade streetlights in a cost-effective manner?

Stakeholders:

- Sweet Home Residents – Citizens deserve both well-lighted streets and for their tax dollars to be used efficiently.
- Sweet Home City Council – The Council deserve to be notified of options that can help the City use its funding more efficiently.
- AMERESCO – Energy Services companies make money by helping their customers make efficiency improvements—they are paid out of the resulting savings.

Issues and Financial Impacts:

If a contract is pursued, the City could reduce energy costs for streetlights by an estimated \$73,000 annually at the end of the contract. During the contract, the City would still enjoy a decrease in energy costs.

Elements of a Stable Solution:

A stable solution would result in the City converting streetlights to LED lamps without an initial capital investment.

Options:

1. Do nothing – Instruct staff to refrain from entering into this or similar contracts, and leave streetlights as they are. This would result in the same energy costs that the City currently experiences.
2. Instruct Staff by Council Consensus to enter into a contract with AMERESCO – Under public contracting rules, Staff does not need approval of a contract, so a Consensus of the Council is sufficient to move this project forward.
3. Instruct Staff to research other ways and/or other firms to accomplish the same goal

Recommendation:

Staff recommends option 2: Instruct Staff by Council Consensus to enter into a contract with AMERESCO