

RESOLUTION NO. 2016-25

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WAPATO,
WASHINGTON, AUTHORIZING THE MAYOR TO SIGN THE INTERAGENCY
AGREEMENT AMENDMENT WITH THE STATE OF WASHINGTON DEPARTMENT
OF ENTRPRISE SERVICES FOR ENERGY CONSERVATION PROJECT
MANAGEMENT AND MONITORING SERVICES.**

WHEREAS, the City of Wapato has submitted an Energy Efficiency Grant application to the State of Washington Department of Commerce (DOC); and,

WHEREAS, the City of Wapato has been awarded an Energy Efficiency Grant for energy conservation improvements to the eight buildings owned by the City of Wapato; and,

WHEREAS, the City of Wapato entered into an Interagency Agreement with the State of Washington Department of Enterprise Services (DES) for the energy conservation project management and monitoring on February 21, 2014; and,

WHEREAS, the city Council of the City of Wapato finds that it is in the best interests of the residents of the City to amend the original Interagency Agreement with DES to provide for the approval of specific energy projects, and extend the period of performance to December 31, 2021,

Now, therefore, **THE CITY COUNCIL OF THE CITY OF WAPATO,
WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

- 1: The City Council authorizes the Mayor to sign the interagency Agreement Amendment with DES. A copy of the original Interagency Agreement and its Amendment are attached hereto for reference as Exhibit "1."
- 2: That this resolution shall be in full force and effect upon passage and signature.

PASSED AND APPROVED this 20 day of June, 2016

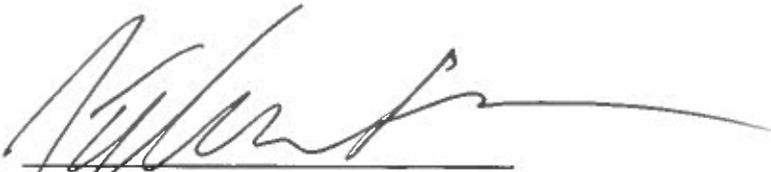

Tony Guzmán, Mayor

ATTEST:



Gloria Acosta, Deputy City Clerk-Treasurer

Approved as to form:



Kellen Holgate, City Attorney

1st Touch Date: 6/20/14

2nd Touch Date: 6/20/14



COUNCIL AGENDA ITEM

Meeting Date: June 20, 2016
Subject: DES Interagency Agreement Amendment
Prepared By: Menglou Wang, PW Director
Approved By: Tony Guzman, Mayor

BACKGROUND:

The City submitted a grant application to the State of Washington Department of Commerce in March 2016 to request funding to improve eight (8) city buildings for energy conservation. The grant application was prepared by Sunset Air Inc. in Olympia.

The project cost is approximately \$510,000. DOC has awarded the City a grant of \$313,797. The project costs and funding availability are shown below.

<u>Project Cost</u>		<u>Funding Available</u>	
Engineering & Design	\$ 31,336	DOC Grant	\$312,977
Construction	\$330,579	Energy Incentive	\$ 15,491
Construction Admin	\$ 72,100	Local Match	\$180,950
Subtotal	\$434,015	Total	\$509,418
DES Management	\$ 29,000		
DES Monitoring	\$ 4,000		
TERO	\$ 8,935		
Taxes	\$ 34,287		
Total Project Cost	\$510,237		

SUMMARY:

In 2014 the City entered into an Interagency Agreement (IAA) with DES for project management and monitoring. It has been more than two years and needs update. DES has drafted an amendment for the City Council approval. The City Attorney has reviewed the original IAA and its Amendment and recommended approval. DOC requires that the City and DES sign the IAA amendment before the DOC and the City enters into a grant agreement.

ALTERNATIVES:

- Require further information
- Not to approve

FISCAL IMPACTS:

The City will pay DES \$29,000 for project management and \$4,000 for monitoring. The total contract is \$33,000, which has been included in the project budget.

RECOMMENDATION AND MOTION:

Council is asked to make it an action item today if possible.

INTERAGENCY Amendment

Department of Enterprise Services

Date: June 6, 2016
Agreement No: K2685
Project No.: 2014-945
Amendment No: 1

**Interagency Agreement Between the
State of Washington
Department of Enterprise Services
and
City of Wapato**

The parties to this Agreement, the Department of Enterprise Services, Engineering & Architectural Services, hereinafter referred to as "DES", and City of Wapato, hereinafter referred to as the "CLIENT AGENCY", hereby amend the Agreement as follows:

1. Statement of Work

DES shall furnish the necessary personnel and services and otherwise do all things necessary for or incidental to the performance of the work set forth in Attachment "A-1" and Attachment "C-1", attached hereto and incorporated herein by reference. Unless otherwise specified, DES shall be responsible for performing all fiscal and program responsibilities as set forth in Attachment "A-1" and Attachment "C-1".

Energy/Utility Conservation projects shall be authorized by Amendment to this Agreement.

- 1.1 Energy Projects – Various Facilities outlined in the Sunset Air, Inc. Energy Project Energy Services Proposal dated March 3, 2016.**
- 1.2 Review of Measurement and Verification reports for the Energy Projects – Various Facilities outlined in the Sunset Air, Inc. Energy Project Energy Services Proposal dated March 3, 2016.**

Attachment "A" Scope of Work Energy/Utility Conservation Projects Management Services is revised to Attachment "A-1" and Attachment "C" Scope of Work Energy/Utility Conservation Projects Monitoring Services is revised to Attachment "C-1" to update the Statewide Energy Performance Contracting Program Master Energy Services Agreement number from Agreement No. 2013-133 to Agreement No. 2015-181, attached hereto and incorporated herein by reference.

3. Period of Performance

Subject to its other provisions, the period of performance of this Agreement shall commence on February 21, 2014, and be completed on **December 31, 2021** unless altered or amended as provided herein.

4. Consideration

Compensation under this Agreement shall be by Amendment to this Agreement for each authorized project. Each Amendment will include a payment schedule for the specific project.

For Project Management Services provided by DES under Attachment "A-1" of this Agreement, the CLIENT AGENCY will pay DES a Project Management Fee for services based on the total project value per Project Management Fees Schedule set forth in Attachment "B-1".

If the CLIENT AGENCY decides not to proceed with an Energy/Utility Conservation project that meets the CLIENT AGENCY's cost effective criteria, then the CLIENT AGENCY will be charged a Termination Fee per Attachment "B-1". The Termination Fee will be based on the estimated Total Project Value outlined in the Energy Audit and Energy Services Proposal prepared by the Energy Services Company (ESCO).

If measurement and verification services are requested by the CLIENT AGENCY and provided by DES under Attachment "C-1" of this Agreement, the CLIENT AGENCY will pay DES \$2,000.00 annually for each year of monitoring and verification services requested.

Compensation for services provided by the ESCO shall be paid directly to the ESCO by the CLIENT AGENCY, after DES has reviewed, approved and sent the invoices to the CLIENT AGENCY for payment.

4.1 Energy Project Management Fee for the work described in Section 1.1 is \$29,000.000. Anticipated billing date for this Amendment is November 1 2017.

4.2 Measurement and Verification Fee for the work described in Section 1.2 is \$4,000.00. Anticipated billing dates for this Amendment are November 1, 2019 and 2020.

The new total Agreement value is \$33,000.00.

This Amendment also revises the Interagency Reimbursement Costs outlined in Attachment "B" of the Agreement to reflect the current DES project management fees. A new Attachment "B-1" is included with this Amendment.

5. Billing Procedure

DES shall submit a single invoice to the CLIENT AGENCY upon substantial completion of each authorized project, unless a project specified a Special Billing Condition in the Amendment. Substantial completion of the project will include the delivery and acceptance of closeout documents and commencement of energy savings notification. Each invoice will

clearly indicate that it is for the services rendered in performance under this Agreement and shall reflect this Agreement and Amendment number.

DES shall invoice the CLIENT AGENCY for any remaining services within 60 days of the termination of this Agreement.

Special Billing Condition: Section 1.2 in the Statement of Work. DES shall submit invoice to the CLIENT AGENCY annually for \$2,000.00 on or before November 1 each year, beginning in 2019 and ending in 2020, unless terminated earlier.

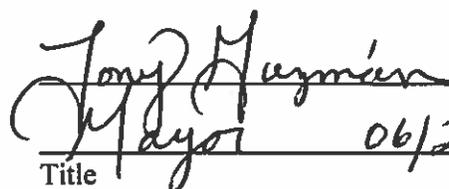
All sections above have been fully amended and are shown in their entirety.

All other terms and conditions of this Agreement remain in full force and effect. The requirements of RCW 39.34.030 are satisfied by the underlying Agreement and are incorporated by reference herein.

Each party signatory hereto, having first had the opportunity to read this Amendment and discuss the same with independent legal counsel, in execution of this document hereby mutually agree to all terms and conditions contained herein, and as incorporated by reference in the original Agreement.

City of Wapato

Department of Enterprise Services
Engineering & Architectural Services



Title Mayor Date 06/20/2016

William J. Frare, P.E.
Assistant Director

Title Date

K2685am1em

ATTACHMENT A-1

Scope of Work Energy/Utility Conservation Projects Management Services

Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

DES will provide the following project management services for each specific project for the CLIENT AGENCY. Each individual project shall be authorized by Amendment to this Agreement.

1. Assist the CLIENT AGENCY in the selection of an Energy Service Company (ESCO) consistent with the requirements of RCW 39.35A for local governments; or 39.35C for state agencies and school districts.
2. Assist in identifying potential energy/utility conservation measures and estimated cost savings.
3. Negotiate scope of work and fee for ESCO audit of the facility(s).
4. Assist in identifying appropriate project funding sources and assist with obtaining project funding.
5. Assist in negotiating the technical, financial and legal issues associated with the ESCO's Energy Services Proposal.
6. Review and recommend approval of ESCO energy/utility audits and Energy Services Proposals.
7. Provide assistance during the design, construction and commissioning processes.
8. Review and approve the ESCO invoice vouchers for payment.
9. Assist with final project acceptance.
10. Provide other services as required to complete a successful energy performance contract.

ATTACHMENT B-1

Fee Schedule

2015-17 Interagency Reimbursement Costs for Project Management Fees to Administer Energy/Utility Conservation Projects

<u>TOTAL PROJECT VALUE</u>	<u>PROJECT MANAGEMENT FEE</u>	<u>TERMINATION</u>
5,000,001.....6,000,000.....	\$66,000.....	25,700
4,000,001.....5,000,000.....	65,000.....	25,400
3,000,001.....4,000,000.....	64,000.....	25,000
2,000,001.....3,000,000.....	60,000.....	23,400
1,500,001.....2,000,000.....	56,000.....	21,800
1,000,001.....1,500,000.....	49,500.....	19,300
900,001.....1,000,000.....	42,000.....	16,400
800,001.....900,000.....	39,600.....	15,400
700,001.....800,000.....	36,800.....	14,400
600,001.....700,000.....	35,000.....	13,700
500,001.....600,000.....	32,400.....	12,600
400,001.....500,000.....	29,000.....	11,300
300,001.....400,000.....	24,800.....	9,700
200,001.....300,000.....	19,800.....	7,700
100,001.....200,000.....	13,800.....	5,400
50,001.....100,000.....	7,500.....	3,500
20,001.....50,000.....	4,000.....	2,000
0.....20,000.....	2,000.....	1,000

The project management fee on projects over \$6,000,000 is 1.1% of the project cost. The maximum DES termination fee is \$25,700.

1. These fees cover project management services for energy/utility conservation projects managed by DES's Energy Program.
2. Termination fees cover the selection and project management costs associated with managing the ESCO's investment grade audit and proposal that identifies cost effective conservation measures if the CLIENT AGENCY decides not to proceed with the project through DES.
3. If the project meets the CLIENT AGENCY's cost effectiveness criteria and the CLIENT AGENCY decides not to move forward with a project, then the CLIENT AGENCY will be invoiced per Attachment B Termination or \$25,700.00 whichever is less. If the CLIENT AGENCY decides to proceed with the project then the Agreement will be amended per Attachment B for Project Management Fee.
4. If the audit fails to produce a project that meets the CLIENT AGENCY's established Cost Effectiveness Criteria, then there is no cost to the CLIENT AGENCY and no further obligation by the CLIENT AGENCY.

ATTACHMENT C-1

Scope of Work Energy/Utility Conservation Projects Monitoring Services

Statewide Energy Performance Contracting Program Master Energy Services Agreement No. 2015-181

If requested DES will provide the following monitoring services for each specific project for the CLIENT AGENCY.

1. Monitor actual energy use and dollar costs, compare with the ESCO's annual Measurement and Verification (M&V) report and any ESCO guarantee, resolve differences, if needed, and approve any vouchers for payment.
2. Monitor facility operations including any changes in operating hours, changes in square footage, additional energy consuming equipment and negotiate changes in baseline energy use which may impact energy savings.
3. Provide annual letter report describing the ESCO's performance, equipment performance and operation, energy savings and additional opportunities, if any, to reduce energy costs.