



DEPARTMENT OF PUBLIC WORKS

Environmental Sustainability Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin and City Council Members
FROM: William R. Gray, Public Works Director
Scott R. Tess, Environmental Sustainability Manager
DATE: February 12, 2018
SUBJECT: Guaranteed Energy Savings Project

Background

On March 20, 2017, the City of Urbana published a Request for Proposal (RFP) for a Guaranteed Energy Savings Project. The purpose of the RFP was to select an energy services company to engage in a design/build project that will catch up on a backlog of deferred maintenance thereby avoiding emergency equipment replacement, consolidate multiple design and build procurements, increase energy efficiency, and create utility bill savings. On August 17, 2017, the City selected CTS to conduct an investment grade audit (IGA) of the City's facilities and street lights. CTS has conducted the IGA at their risk without any payment from the City.

Results

The IGA resulted in a \$3 million bundle of facilities improvements that would be paid for with a loan and which could pay for themselves with utility bill and operational savings on a twenty year time line. However, the initial 9 years of the 20 year timeline results in annual cash flow deficits as utility bill and operational savings do not cover all annual debt servicing until later years. No funding source has been identified to cover the initial cash flow deficits. Therefore, the vendor has been notified not to proceed at this time. Staff may re-evaluate a guaranteed energy savings project at some future date when funding becomes available.