



Cotati City Council Agenda Staff Report

Item type: REGULAR AGENDA (ACTION)
To: City Council
Subject: **AWARD ENERGY SERVICES AGREEMENT FOR
MICROGRID, EV FLEET INFRASTRUCTURE**
Date: October 22, 2024
Written by: Damien O'Bid, City Manager

Recommendation

It is recommended that the City Council adopt a resolution awarding an energy services agreement to Schneider Electric for a preliminary assessment and authorize the City Manager to execute said agreement and take other necessary actions.

Background

On July 17, 2024, the City posted a request for proposals (RFP) for energy services firms, which is attached to this staff report for reference. The announcement for the RFP was distributed to the entire list of Qualified Energy Services Firms published by the Department of Energy, as well as other interested parties, which amounted to about 120 recipients of the announcement. Proposals were due on August 22, 2024 and the City received a total of 4 proposals. The firms that submitted proposals were ENGIE, Schneider Electric, Centrica and EcoGreen, all of which are available for review on the City Council web agenda. Each of the proposals were reviewed by a review team consisting of internal and external reviewers.

History of Energy Efficiency Upgrades

In 2005, the City completed construction of the new Police Station as part of the City Hall Complex. This facility was LEED certified at that time and includes a variety of energy saving systems. A photovoltaic panel (PV) array was installed on the adjacent Community Center and Cotati Room roofs to partially offset power usage at the Police Station. This PV system was recently decommissioned and largely removed as it was approaching end of life and needed removal for a roof replacement project.

In 2014, the City performed a variety of energy improvements through a Performance Contract, including replacing all customer water meters with remote read meters, converting all city owned high-pressure sodium streetlights to light emitting diode (LED) lights, and retrofitted City

building lights with compact fluorescent lights, LED lights, and other lower energy use fixtures. Some spaces received “smart” thermostats, but there were no general heating, ventilation, air conditioning (HVAC) improvements.

Over the past 5 years, the City has been transitioning the vehicle fleet to battery-electric. The City has a total of six (6) level 2 chargers for fleet use in the City Hall complex, including two at City Hall and four in the Police Station parking lot. These serve two electric vehicles for City Hall and five electric vehicles for the Police Department. There are currently no electric vehicles at the Public Works Corporation Yard. The electrical capacity in the existing panels at City Hall and the Police Building is full, preventing additional electric vehicle fleet expansion. The City relies on electric vehicles to provide a variety of public safety and emergency services. Therefore, a related consideration is the ability to feed backup power to some portion of the installed electric vehicle chargers, which is considered part of the critical load.

Portions of City Hall have also been recently remodeled, including the Community Development and Engineering offices, which received new insulation and energy efficient fixtures to meet current CalGreen building codes. Additionally, older single paned windows have been replaced with new double pane windows on the West Sierra Avenue side of City Hall as well as throughout the Community Center. The East School Street side of City Hall still contains all single paned windows and doors.

As previously mentioned, an old PV system was removed from the roof of the Community Center (which served the Police Department), with the inactive remnants of this system still on the roof of the Cotati Room. The Community Center roof was replaced with a standing seam metal roof with the intent to mount PV panels at some point in the future.

The City Hall complex (including the Police Building) share a backup diesel generator which serves the general electrical uses at these facilities, including supporting a 911 Public Safety Answering Point (PSAP) and the City’s Emergency Operations Center. The Public Works Corporation Yard currently has no installed backup power source, but is a secondary control point and the only broadcast point for the City’s water and wastewater Supervisory Control and Data Acquisition (SCADA) system.

In 2020, an Energy Resiliency Feasibility Assessment was performed by TerraVerde Energy, which was attached to the RFP.

In 2024, the City completed a micro-project to replace older hot water heaters with heat pump water heaters at the Cotati Room in the City Hall Complex, the Train Depot, and at the Public Works Corporation Yard.

The City purchases all of it’s electricity from Sonoma Clean Power, a local Community Choice Aggregator, using 100% renewable power (“EverGreen”).

Analysis/Discussion

The intent of the RFP is to work on implementing the next phase of energy efficiency and resiliency work, consistent with the City Council’s strategic planning goals and objectives,

including Long-Term Vitality, Climate Change, and Best in Class Services.

Specifically, a major focus of the proposed work was energy efficiency upgrades to lower emissions while simultaneously also stabilizing future energy costs; expanding the electric vehicle fleet infrastructure to continue with fleet electrification; and exploring the feasibility of a microgrid to support public safety and other critical emergency operations at the City Hall complex as well as photovoltaic solar (PV) with battery backup to support disaster operations at the Corporation Yard. The intent of the City Hall complex microgrid is to power it primarily through PV with battery storage for operational peak shaving and backup during emergencies, while retaining the existing diesel generator for extreme situations only. If feasible, this would effectively idle it in most scenarios. It is expected that various other low cost/high efficiency measures will be identified, along with available rebates, to balance the project and ideally achieve a positive reduction in annual City operational costs and also lower the amount of energy needed from the PV-battery systems during emergencies.

Based on the feedback from the review committee, as well as calls to references, Schneider Electric was selected as the top proposer. Most of the teams reviewed could accomplish the proposed work, but the Schneider team had more locally relevant projects and the references contacted consistently reported that they adhered to their commitments (even if it cost them money) and they used them again for new projects (repeat business). Additionally, while initially viewed as a potential negative, only the Schneider team required a financial commitment from the city to conduct the preliminary evaluation and investment grade audit. This fee would be rolled into the construction cost if the City proceeded with any project. In conversation with Schneider Electric, the intent of the fee is to recover some of their costs so that there is a fair evaluation of the project feasibility and costs. A no-cost evaluation can result in a negative incentive to "find" a project or artificially lower project costs then increase them later to get a Public Agency to agree to a Construction project so the ESCO can recover the costs spent on the PE/IGA.

Financial Considerations

As described above, if the City Council authorizes the City to proceed with the assessment with Schneider Electric, the preliminary evaluation could cost \$8,000 if the City chooses not to proceed further with an investment grade audit (IGA). If the City then moves to an IGA, which is needed to guarantee the performance of the energy improvements, the IGA could cost between \$75,000-\$110,000, subject to negotiation at that time. If the City moves forward with any identified project, this cost would be rolled into the project costs. If the City declines to move forward, the City would be required to pay for the IGA. However, if the initial work is authorized by the City Council, staff would return to the City Council after the preliminary audit to discuss which projects appear to be viable and getting further authorization before proceeding to the IGA phase.

The adopted City budget includes a reserve of \$75,000 for this work, so no appropriation is required at this time. Ultimately, the City is looking for a mix of projects that reduce our operational costs and do not require an initial outlay of capital. If feasible, this would most likely come from a combination of grants, rebates, lending and measures that improve efficiency and

reduce energy costs. Some of the energy savings would then be available to fund a portion of the proposed work.

Environmental Issues

This action is found to qualify for a Class 1 Categorical Exemption under CEQA Section 15301 in that the project consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of the existing or former use.