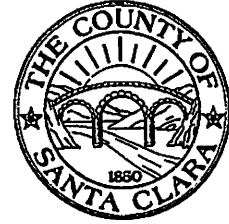




## County of Santa Clara

General Services Agency  
Administration

701 Miller Street  
San Jose, California 95110  
(408) 993-4700 FAX 993-4777



Finance and Government Operations Committee

May 23, 2003

Agenda Item # 21

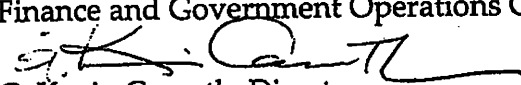
Prepared by: Cindy Fosi, Project  
Control Specialist

Reviewed by: Steve Black, Manager  
Building Operations Division

Larry Jenkins  
Director, Facilities Department

Date: May 23, 2003

To: Supervisor Pete McHugh, Chairperson  
Supervisor Jim T. Beall, Jr., Vice-Chairperson  
Finance and Government Operations Committee

From:   
G. Kevin Carruth, Director  
General Services Agency

Subject: ENERGY SERVICE CONTRACT WITH CHEVRON ENERGY  
SOLUTIONS

### RECOMMENDED ACTION

It is recommended that the Finance and Government Operations Committee (FGOC) recommend that the Board of Supervisors, following a public hearing as required by California Government Code section 4217.13, take the following actions:

1. Adopt Resolution No. \_\_\_\_ relating to the proposed Energy Service Contract with Chevron Energy Solutions Company, a Division of Chevron U.S.A., Inc. (Chevron), Attachment D, with findings as required by California Government Code sections 4217.10 – 4217.18.
2. Approve and authorize the Chairperson to execute the proposed Energy Service Contract with Chevron to design and construct energy conservation measures (ECM) identified during Chevron's energy audits of County owned facilities, following the approval of the Contract by County Counsel as to form and legality, in the amount of \$463,658 for Energy Conservation Projects as indicated in the "Energy Conservation Measures – Groups One and Two", Attachment A.
3. Approve an additional encumbrance of \$46,366 as Supplemental Work Allowance (SWA) for a total encumbered amount of \$510,024.
4. Approve delegation of authority to the General Services Agency (GSA) Building Operations Manager or designee to execute time extensions and Change Orders, as necessary, against the SWA.
5. Authorize GSA Building Operations to roll over FY03 Energy Funds into FY04 Energy Funds in the amount of \$324,508 for use in future Energy Audit ECM's for remaining Groups three through six.
6. Approve extension of the Energy Audit Contract with Chevron Energy Solutions, L.P., a subsidiary of Chevron U.S.A., Inc. (Trans-ID GSA04-110601 approved November 6, 2001) from June 30, 2003 to December 31, 2003 with no change in compensation.
7. Direct GSA to prepare a transmittal to take recommendations to a June Board of Supervisors meeting.

### **FISCAL IMPLICATIONS**

There is no impact to the General Fund as a result of this action. Funds identified and appropriated for energy conservation projects are available in Capital Fund 50, Index 2412, ESBJ 2329, FABC 303.

### **CONTRACT HISTORY**

On November 6, 2001, the Board delegated authority to the GSA Director (Transmittal ID GSA04-110601 – Chevron Energy Contract) to enter into a contract with Chevron for the performance of energy audits of County owned facilities. The energy audit contract

commenced on February 27, 2002 and is scheduled for completion by June 30, 2003. A contract extension to December 31, 2003 to ensure completion of the energy audits is included within this transmittal. The energy audit contract has a compensation limit not to exceed \$335,000. The Energy Contract for the audits is the first of a two-phase process; the Energy Service Contract for project implementation is the second phase, recommended in this transmittal. This contract covers Groups One and Two (of six groups) that will be presented to the Board of Supervisors for approval.

### **REASONS FOR RECOMMENDATION**

As a direct result of the Board's Emergency Energy Task Force (EETF), under the leadership of Supervisors Pete McHugh and Liz Kniss, the Board directed that GSA Building Operations negotiate the Energy Service Contract. The purpose of this action is to implement energy conservation measures resulting from the Chevron audits. A list of recommended ECMs are identified in the Energy Conservation Measures – Groups One and Two, Attachment A.

This Contract will allow the County to expedite implementation of the self-funding energy conservation measures, to take full advantage of the possibility of earning various available rebates and incentives, and to reduce overall energy consumption and costs. This Board action and the terms of the Contract comply with the requirements of California Government Code sections 4217.10 through 4217.18. Pursuant to the California Government Code section 4217.13, before awarding the Contract the Board must make certain findings (set forth in the attached Resolutions). A public hearing will be noticed (two week notice must be provided to the public) and conducted before the Board can take the recommended actions.

During the process of establishing the contract to perform and implement energy audits, the County identified a particular statutory process set forth in the California Government Code sections 4217.10 - 4217.18 which enables the County to expedite contracting for energy audits of County owned facilities and implementation of energy conservation measures. California Government Code sections 4217.10 - 4217.18 provide checks and balances that ensure the County will be the decision maker and receive value for the ECMs designed and installed pursuant to this approach. The California Government Code also authorizes the County to arrange for third party financing for the purposes of funding and implementing ECMs. The County initiated an RFP process to select one firm to conduct audits, as well as, design and implement ECMs. After evaluating several firms in response to an RFP, the County selected Chevron.

California Government Code sections 4217.10 - 4217.18 were enacted in 1984 as a result of an energy crisis to assist public agencies in expediting and financing energy conservation measures. This statutory procedure eliminates the necessity to separately contract for the

design and construction phases of a project, as well as eliminates the public bidding process. Chevron will use a competitive selection process to choose its subcontractors ensuring that the anticipated cost to the County for thermal or electrical energy or conservation services provided by the energy conservation facility improvements pursuant to the Contract will be less than the anticipated marginal costs to the County for thermal, electrical, or other energy that would be consumed by the County in the absence of those improvements

It is estimated that the one time rebates will be in excess of \$50,000. GSA will report received rebates to the Board after the work is completed.

### **BACKGROUND**

The EETF directed GSA to conduct energy audits of County owned facilities to identify potential ECM's. On November 6, 2001 the Board of Supervisors delegated authority to the GSA Director to execute the Energy Audit Agreement between the County and Chevron. The Energy Audit Agreement is the first of a two-phase program outlined by GSA Building Operations to identify and implement energy conservation measures. The Scope of Phase One is to perform energy audits and identify energy conservation measures. These audits are being conducted in six groups with contract completion date of June 30, 2003. A contract extension to December 31, 2003 to ensure completion of the energy audits is included within this transmittal. The Scope of Phase Two is to implement recommended ECM's.

Phase One generates two key reports that result from the energy audits:

1. Preliminary Audit Report. This report lists all of the measures identified by Chevron during the initial audit assessment. It provides a high-level feasibility analysis of each identified energy conservation measure. GSA Building Operations selects the ECMs that are deemed practical and economically plausible as well as self-funding and refers them back to Chevron to conduct a detailed audit. Preliminary Audit Reports have been completed and received for audit Groups One and Two; and are being prepared for audit Groups Three through Six.
2. Detailed Audit Report. This report provides a more in depth analysis of each identified ECM that was selected by GSA Building Operations. Included in this detailed report are ECM implementation costs, calculated savings, return on investments, and rebate incentives offered by the various utility agencies. It also includes the Scope of Work and the estimated energy savings for each ECM. The Detailed Audit Reports for audit Groups One and Two have been completed, and Attachment A lists the EMCs identified for implementation for these two groups.

Phase two, which addresses the implementation of the identified ECM's, will commence upon Board approval of the attached Resolutions and Energy Service Contract for Groups One and Two. Future Resolutions and Energy Service Contracts for Groups Three through Six will be presented to the Board for approval once detailed audit reports are finalized and reviewed by Building Operations.

### **CONSEQUENCES OF NEGATIVE ACTION**

Without this Contract, GSA will not implement the Chevron recommendations that will result in energy savings.

### **ATTACHMENTS**

**Attachment A. Energy Conservation Measures -Groups One and Two**

**Attachment B. Energy Service Contract**

**Attachment C. California Government Code sections 4217.10-4217.18**

**Attachment D. Resolution No. \_\_\_\_\_, Energy Services Contract with Chevron Energy Solutions Company**

# **ATTACHMENT A** **ENERGY CONSERVATION MEASURES – GROUPS ONE AND TWO**

Identified Energy Conservation Measures meeting criteria as reviewed and recommended by GSA Building Operations staff following Chevron energy audits:

	Projected Costs	Projected Annual Savings	Projected Rebates	Projected Payback
Juvenile Hall – Gymnasium				
Lighting Retrofit	\$26,476	\$3,866	\$1,652	6.4
Sheriff Department/EOC -				
First Floor Isolation	\$76,526	\$18,214	\$16,486	3.3
CCOB – West Wing -				
Chiller VFD	\$149,038	\$18,699	\$22,375	6.8
Parking Garage - Lighting				
Replacement	\$197,127	\$29,212	\$11,794	6.3
Project Management	\$14,491			
<b>TOTAL</b>	<b>\$463,658</b>	<b>\$69,991</b>	<b>\$52,307</b>	<b>5.9</b>

Audited Buildings - Groups 1 and Group 2:

Main Jail North  
 Main Jail South  
 Hall of Justice  
 San Jose Court  
 Juvenile Probation  
 Juvenile Detention – New  
 Juvenile Hall – Gymnasium  
 Juvenile Hall – Kitchen/Shop  
 Sheriff Department/EOC  
 CCOB – East Wing  
 CCOB – West Wing  
 Parking Garage

**County of Santa Clara**  
**General Services Agency**  
Facilities Department  
Building Operations Division



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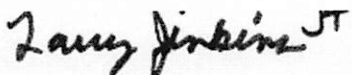
GSA03 050404

Prepared by: Cindy Fosi  
Project Control Specialist

Reviewed by: Bert Hildebrand  
Acting Administrative  
Services Manager III

DATE: May 4, 2004

TO: Board of Supervisors

FROM:   
Larry Jenkins  
Acting Director General Services Agency

SUBJECT: Acceptance of Work and Notice of Completion of the Energy Conservation Measures performed pursuant to the Energy Service Contract and the First Amendment to the Energy Service Contract with Chevron Energy Solutions.

**RECOMMENDED ACTION**

Accept the Energy Conservation Measures (ECMs) as complete and authorize the Clerk of the Board to execute Notice of Completion and Acceptance of Work for Groups One and Two, and Group 4, Project Number 263-BL03132, and Elmwood Conservation Measures M4 & M5, Project Number 263-BL03133.

## **FISCAL IMPLICATIONS**

There is no net impact to the General Fund as a result of this action. Funds for the Energy Conservation Projects were allocated through Capital Fund 50, Superior Fund Center 0263, Cost Center 2516, GL Account 5530200, Project Number 263-BL03132 and Capital Fund 50, Superior Fund Center 0263, Cost Center 2516, GL Account 5530200, Project Number 263-BL03133.

Per County Policy, the balance of unspent funds of \$63,746.00 will be transferred to the GSA Energy BIP Holding Account (263-ENHOLD) for future use as directed by the Board of Supervisors.

## **CONTRACT HISTORY**

On June 24, 2003, the Board of Supervisors approved the Energy Service Contract with Chevron Energy Solutions for Energy Conservation Measures – Groups One and Two in the sum of \$463,658. An additional \$46,366 was encumbered as a supplemental work allowance (SWA) for a total encumbered sum of \$510,024.

The approved ECM included the Juvenile Hall Gymnasium Lighting Retrofit; the Sheriff Department/EOC First Floor Isolation; the CCOB–West Wing Chiller VFD; the Civic Center Parking Garage Lighting Replacement; and project management. Deductive Change Order No. 1 reduced base costs by <\$5,145>. Deductive Change Order No. 2 reduced base costs by an additional <\$12,235>.

On December 16, 2004, the Board of Supervisors approved the First Amendment to the Energy Service Contract with Chevron Energy Solutions to increase the fixed fee compensation from \$463,658 to \$788,166 and revise the Scope of Work to add Energy Conservation Measure Group 4 Elmwood Conservation Measures M4 & M5. The supplemental work allowance (SWA) in the sum of \$46,366 remained unspent from the original contract award and was available for the cost of the First Amendment Scope of Work, if necessary. The total contract appropriation was amended to \$834,532 based on this Board action.



Original Contract (Groups One and Two):

1. Base contract amount: \$463,658
2. SWA encumbrance: \$46,366
- A. Total encumbrance: \$510,024

Amended Contract (First Amendment):

1. Base contract amount: \$788,166
2. SWA encumbrance: \$46,366
- B. Total encumbrance: \$834,532

Final Contract (Deductive Change Orders No. 1 and No. 2):

1. Base contract amount: \$770,786
2. SWA encumbrance: \$0
- C. Total encumbrance: \$770,786

Encumbrance balance (B-C) \$63,746 (includes unspent SWA and deductive change order).

**REASONS FOR RECOMMENDATION**

All work has been completed for the ECMs within the scope of the Energy Service Contract and the First Amendment.

**BACKGROUND**

On June 24, 2003, the Board of Supervisors approved the Energy Service Contract with Chevron Energy Solutions and the first four energy conservation measures (ECM) identified from the Energy Audits were performed by Chevron Energy Solutions.

The first four projects consisted of the following:

- ECM 1 – Juvenile Hall Gymnasium Lighting Replacement: The scope of this ECM was to replace the existing thirty-five 400 watt metal halide fixtures with new fluorescent fixtures on a one for one replacement basis.
-

ECM 2– Sheriff Department/EOC First Floor HVAC Isolation: The scope of this ECM was to include the modification of the existing Andover control system to shut the VAV boxes serving the upper floors of the building during unoccupied hours.

- ECM 3 – CCOB West Wing Chiller VFD: The scope of this ECM was to install a variable frequency drive (VFD) and any necessary modifications to an existing Trane Centravac chiller.
- ECM 4 – West Hedding Parking Garage Lighting Replacement: The scope of this ECM was to replace the existing 461 (four hundred sixty one) 150-watt high pressure lighting fixtures with new fluorescent fixtures on a one for one replacement basis.

Final inspection of these projects was held on February 25, 2004. There were no items left to be corrected. The contract requires a one-year warranty, which begins with the Board's Acceptance of these ECMs as complete.

On December 16, 2003, the Board of Supervisors approved the First Amendment to the Energy Service Contract with Chevron Energy Solutions. When completed, the ECM identified in the First Amendment would reduce water use from three hundred and eighty-four (384) toilets and thirty-two (32) showers in Barracks M4 and M5 at Elmwood Correctional Facility by replacing the existing flush valves and showerheads with low flow versions.

Final inspection of this project was held on March 15, 2004. There were no items left to be corrected. The contract requires a one-year warranty, which begins with the Board's Acceptance of these ECMs as complete.

The Energy Service Contract term expires on June 24, 2006, three years after it commenced. Staff recommends that no action be taken to terminate this Contract at this time. By allowing the Contract to remain in effect, the County maintains the procedural option for future ECMs. Since the bonds were issued based on the specific Scopes of Work (ECMs), should new projects be authorized by the Board through subsequent Contract amendments, new bonds will be provided by Chevron.

## **CONSEQUENCES OF NEGATIVE ACTION**

Without acceptance of this work as complete and the recording of the Notice of Completion and Acceptance of Work by the Office of the County Recorder, the County cannot release the 10% contract retention of funds due to Chevron Energy Solutions. Also, the one-year warranty period cannot begin without the Board's Acceptance of these ECMs as complete.

## **STEPS FOLLOWING APPROVAL**

Upon Board approval, the Clerk of the Board shall:

1. Send one executed copy of the Notice of Completion of Contract and Acceptance of Work to the Office of the County Recorder for recording within ten (10) days from the Board action date in order to comply with contract law.
2. Send one executed copy of the Notice of Completion of Contract and Acceptance of Work to Chevron Energy Solutions, Attn: Legal Department, 345 California Street, 32nd Floor, San Francisco, CA 94104.

## **ATTACHMENTS**

- (Transmittal submitted on Apr 22, 2004 8:34:22 AM – PDF Version)
- NOTICE OF COMPLETION OF CONTRACT AND ACCEPTANCE OF WORK  
(Miscellaneous)
- FORM OF WARRANTY/GUARANTEE (Miscellaneous)