

AN ORDINANCE TO AUTHORIZE A GUARANTEED ENERGY PERFORMANCE CONTRACT WITH HONEYWELL AND AUTHORIZE HONEYWELL'S CONSTRUCTION OF PHASE 1 ENERGY CONSERVATION MEASURES

WHEREAS, pursuant to Section 2-308 and Section 8-200 of the Charter, the City of Wilmington is authorized to enter into contracts for the supply of property or the rendering of services for more than a period of one year if approved by City Council by ordinance; and

WHEREAS, in July 2008 the city selected Honeywell Building Solutions SES ("Honeywell") through a competitive request for proposal process and entered into a Contract for Technical Energy Audit & Project Development ("Development Contract") with Honeywell in August 2008; and

WHEREAS, based on the results of the Development Contract the city now desires to enter into a Guaranteed Energy Performance Contract ("GEPC Contract") with Honeywell for construction of energy conservation measures ("ECMs") at city facilities; and

WHEREAS, pursuant to the terms of the GEPC Contract, the City desires to approve Phase 1 ECMs whereby Honeywell will construct Phase 1 ECMs over eighteen (18) months at a cost of \$14.5 million, and Honeywell will grant the Phase 1 Energy Savings Guarantee whereby the Phase 1 ECMs are guaranteed to result in energy and operational savings that will meet or exceed the cost of constructing the ECMs, including debt service and the cost of the annual maintenance and verification services that Honeywell provides at an annual average cost of \$197,000 per year, and Phase 1 ECMS are expected to result in an average net annual savings of over \$600,000 per year for 20 years; and

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Sponsors:**Council
President
Griffiths****Council
Member
Freel**

WHEREAS, a separate contract is required with Enstrat Analytics, LLC for electricity procurement services, the price of which is included in the cost calculations of Phase 1 ECMs; and

WHEREAS, various grants and low or no interest loans are available to cover portions of the cost of installing Phase 1 ECMs including, but not limited to, State of Delaware Renewable Energy Credits, State Revolving Loan Fund, Clean Renewable Energy Bonds, and Energy Efficiency Community Block Development Grants; and

WHEREAS, additional phases of ECMs may be presented to Council for approval in the future to be performed pursuant to the terms of the GEPC Contract; and

WHEREAS, the City, as a signatory to the US Conference of Mayors Climate Protection Agreement, is committed to significant reductions in its carbon emissions and Phase I ECMs will reduce the city's carbon emissions through a combination of energy use reduction and energy supply from renewable sources; and

WHEREAS, it is the recommendation of the Department of Public Works that the city enter into the GEPC Contract and also approve Phase 1 ECMs including the Enstrat contract, copies of which, in substantial form, are attached hereto and incorporated by reference, further it is the recommendation of Public Works that the city apply for all available grants and low or no interest loans to offset the costs of the construction of GEPC ECMs.

THE COUNCIL OF THE CITY OF WILMINGTON HEREBY ORDAINS:

SECTION 1. The GEPC Contract between the city and Honeywell, is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute as many copies of said GEPC Contract, as well as all additional undertakings related thereto, as may be necessary.

SECTION 2. Honeywell's construction of Phase 1 ECMs is hereby approved and the Commissioner of Public Works is hereby authorized and directed to execute as many copies, as well as all additional undertakings related thereto, as may be necessary, including, but not limited to, execution of a contract for renewable energy credits.

SECTION 3. Enstrat Analytics contract associated with the Phase 1 ECMs is hereby approved and the Commissioner of Public Works is hereby authorized and directed to execute as many copies, as well as all additional undertakings related thereto, as may be necessary.

SECTION 4. The Commissioner of Public Works is hereby given permission and authority to submit applications for, and accept, grants and low or no interest loans that may offset the costs of ECM construction or maintenance.

This ordinance shall be deemed effective upon its date of passage by City Council and approval of the Mayor.

First Reading. May 21, 2009
Second Reading. May 21, 2009
Third Reading. June 4, 2009

Passed by City Council, June 4, 2009

Norman D. Griffiths
President of City Council

ATTEST: Celeste K. Tate
Deputy City Clerk

Approved as to form this
15th day of May, 2009

[Signature]
Senior Assistant City Solicitor
Kara S. Coats

Approved this 9th day of June, 2009

[Signature]
Mayor

SYNOPSIS: This ordinance authorizes the city to enter into a Guaranteed Energy Performance Contract ("GEPC Contract") with Honeywell and approves construction of Phase 1 Energy Conservation Measures ("ECMs") whereby Honeywell will construct Phase 1 ECMs at city facilities over an 18 month period for \$14.5 million and will provide a Phase 1 Energy Savings Guarantee guaranteeing the Phase 1 ECM energy and operational savings will meet or exceed the cost of installing the Phase 1 ECMs and Honeywell will also provide maintenance and verification services for the Phase 1 ECMs at an average cost of approximately \$197,000 per year. Phase 1 ECMs will result in an annual positive cash flow to the City of an average of over \$600,000 a year for twenty years. This ordinance also authorizes Public Works to apply for grants and low or no interest loans to offset construction costs for ECMs. In addition, Phase 1 ECMs will reduce the city's carbon emissions helping the city to meet its carbon footprint reduction goals as a signatory to the US Conference of Mayors Climate Protection Agreement.

IMPACT STATEMENT: The Phase 1 ECMs installed by Honeywell during an eighteen month construction period for \$14.5 million will result in energy savings, operational savings, and generated income from renewable energy credits that, when combined, should meet or exceed the cost of construction, including debt service, and maintenance and verification services as outlined in the Phase 1 Energy Savings Guarantee resulting in an annual positive cash flow of approximately \$600,000 per year for twenty years.

Guaranteed Energy Performance Contract

The Guaranteed Energy Performance Contract and the Schedules detailing the Phase I Energy Conservation Measures are in excess of 70 pages long. These documents are still being finalized.

In an effort to conserve paper, a draft is not provided at this time. The final documents will be provided to City Council in advance of the June 1 Finance Committee meeting for review.