



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 20-843, **Version:** 1

- a. Approve the Program Services Agreement with Mynt Systems Services US Inc (Mynt)
- b. Authorize the County Administrative Officer, or his designee, to sign the Program Services Agreement with Mynt to undertake an Energy Assessment at both the Natividad Jail Complex and Schilling Place.
- c. Provide other direction to staff as appropriate.

RECOMMENDATION:

It is recommended that the Board of Supervisors

- a) Approve the Program Services Agreement with Mynt Systems Services US Inc (Mynt)
- b) Authorize the County Administrative Officer, or his designee, to sign the Program Services Agreement with Mynt to undertake an Energy Assessment at both the Natividad Jail Complex and Schilling Place.
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SUMMARY:

On April 21, 2020, staff presented a potential project to the Board of Supervisors regarding a Net Zero pilot project to be implemented at the County Corrections facility or another facility. As part of the project's execution, staff requested and was approved to apply for Self-Generation Incentive Program (SGIP) funding for a battery storage system on May 5, 2020. Applications to the SGIP was submitted on May 12. Due to oversubscription to the program, the County's applications have been placed on the waitlist. On May 29, 2020, staff presented the terms and conditions of the Program Services Agreement (PSA) with Mynt to the Alternative Energy and Environment Committee. The Committee moved to support entering into the agreement with the consent of the full Board. Staff also presented to the Budget Committee on Wednesday July 29. This Committee also moved to support this project with the consent of the full board. In addition, a memo was sent to the Capital Improvements Committee in lieu of presenting due to a meeting cancellation. To further this project, staff recommends the Board authorize the County Administrative Officer, or his designee, to sign the PSA, which will authorize an Investment Grade Audit of our Natividad Jail. If the Board authorizes this project today, the audit will begin immediately, and the County may be able to secure the 2020 Investment Tax Credit (ITC) for this project which is currently 26% and decreases by 4% at the end of this year. The 2020 ITC will make the project economics more attractive, however the 2021 step down still allows for favorable project economics.

DISCUSSION:

To undertake a budget-neutral or cash-flow-positive Net Zero Pilot Project, staff has proposed that the County use an energy service company which can design, construct, and finance the entire project through an energy services contract. There are several steps to entering an energy services contract, the first of which is to execute a PSA, which authorizes the vendor to conduct an initial feasibility assessment at our Natividad Jail facility, including an investment grade audit.

California state law allows jurisdictions to enter into energy services contracts via a sole source agreement to reduce the cost of conducting multiple Investment Grade Audits, which are necessary to price a project. In performing a search for an appropriate energy services company, staff found that Mynt was one of only 7 other vendors registered with PG&E to compete for SGIP funding that could meet all criteria necessary to complete

the net zero project. Out of those vendors, Mynt was the only developer that could act on the SGIP application for the County and that also had a proven ability to execute a Net Zero project at a critical 24/7 facility, namely the San Benito Health foundation. Staff has reached out to other government agencies that have worked with Mynt and found that their experience with Mynt has been extremely positive. Consequently, staff recommends the County work with Mynt to execute this project.

If the Board agrees to enter the PSA, Mynt will perform an integrated energy assessment including an Investment Grade Energy Audit of the requested County of Monterey facilities, to identify potential energy conservation measures. From this assessment, Mynt will develop recommendations and identify renewable energy and energy efficiency improvements that can be implemented at County facilities. Staff recommends the audit take place at the jail complex on Natividad Road with Schilling Place as a potential back up should logistics become too difficult due to COVID-19 or if SGIP funds are awarded to Schilling Place. Both sites are big energy users and have sufficient parking lot space for solar arrays, providing for favorable project economics.

The assessment will include, but not be limited to, the following:

- Perform detailed review of County-wide utility invoices, drawings for sites being assessed, energy management system and HVAC equipment schedules, set points, and sequence of operations.
- Perform an energy inspection to identify energy conservation measures and opportunities for distributed and renewable generation technologies.
- Survey major energy-using equipment, including interior and exterior lighting, HVAC equipment, controls and automation, pumps, compressors, boilers, heat exchangers, and fan coil units.
- Perform utility analysis and solar PV production analysis.
- Modeling solar PV and Energy Storage Systems (ESS) performance, and their integrated operation, against utility rate structures, Time of Use periods, tariffs, and onsite consumption profiles to optimize for the maximum value of generated and stored energy.
- Identify potential locations and type of application for solar PV and other energy conservation measures.
- Analyze potential streetlight conversion.
- Investigate federal, state, and local financial incentives.
- Prepare a financial analysis and recommended financing options.
- Prepare a proposed “Project Cost” and a list of “Services to be Provided”.
- Ensure any proposed energy efficiency upgrades, PV installation, battery power, and electric vehicle charging station installations support the County’s Municipal Climate Action goals.

The outcome of the Program Services Agreement will be a defined scope of work with a comprehensive economic value analysis that provides the County with a cost-neutral or better budgetary impact for the individual Project Orders. The project will aim to achieve “net zero emissions” through the installation of energy efficiency measures, solar PV, potential battery storage, and electrification, while lowering overall energy costs.

The assessment will include an engineering and financial analysis along with a financing plan for recommended improvements. If the work Mynt performs leads it to conclude that the cost to implement the energy efficiency and renewable energy improvements cannot be paid entirely through energy cost savings, the County may choose not to enter into an Energy Services Contract and will not be assessed any fees. If, as is anticipated, Mynt concludes that the cost to implement energy efficiency and renewable energy improvements

can be entirely paid through energy cost savings the County will have two choices:

1. The County may observe the provisions of Government Code section 4217, including holding a public hearing, to enter into a single-source contract with Mynt to implement improvements determined and approved by the County to be viable on both a short- and long-term basis. Under this scenario, the County would negotiate an Energy Services Contract in accordance with Government Code section 4217.12 with Mynt.
2. The County may choose not to implement any of these projects using Mynt at this time, however, this would result in an assessment fee equal to the cost of the work performed, but not greater than \$25,000 per site.

When the recommendations are received, staff will return to the Board to seek approval to implement those recommendations and execute the Energy Services Contract.

With County approval and authorization (via the forthcoming Energy Services Contract), Mynt will prepare design plans and specifications, identify financing options, bid the project, and hire contractors to construct energy improvements for the County. All project design, construction, construction administration, and profit are built into the total project costs to the County and paid for through energy cost savings. Mynt provides a performance guarantee that energy efficiency improvements will generate energy cost savings equal to or greater than project costs. They will measure and verify the actual energy savings and if the actual energy savings are not realized as estimated, Mynt must reimburse the shortfall amount to the County. In addition, staff and Mynt are working closely with KNN Public Finance to fully assess all financial options and will present those options to the Board along with the recommendations.

Project goals include:

1. Achieving Net Zero Carbon emissions through renewable energy production, energy efficiency, and electrification of thermal load of the building
2. Reducing energy consumption and utility costs associated with energy consumption
3. Replacing or upgrading old and inefficient systems to help reduce energy consumption and energy and maintenance costs
4. Identifying investments that generate electricity to offset energy consumption costs, such as solar generation installations and back-up battery power

OTHER AGENCY INVOLVEMENT:

RMA, County Counsel, Purchasing, Finance, Sheriff's Department

FINANCING:

A \$25,000 Assessment Fee per site would be charged should the County move forward with an Investment Grade Audit (IGA) but choose not to implement the energy conservation measures through the Energy Service Contract. However, if the IGA does not result in cost savings for the County, in the form of lowered price per kWh for energy, the County is not required to enter an Energy Service Contract or pay an assessment fee. Early assessments and models show that this project is expected to cut the bill for the jail complex in half, potentially saving \$240,000 annually. Project management staff time from RMA for the associated IGA is expected to be approximately 40 hours total and is billed at \$250/hr for a total of about \$10,000. If the County is required to pay the fee, funds could be allocated from the Fund 478 Building Replacement and Improvement Fund, or if any energy savings fund exists by this time, the funds could also be paid from there. A similar interagency transfer could be conducted for any future staff costs associated with implementing the energy conservation measures recommended, although these are expected to be minimal. Executing this project through an outside

Energy Services Company is expected to drastically minimize county staff time and resources as opposed to conducting and managing this work in house and will help to mitigate construction cost overruns. Mynt would act as the project manager and, in this case, as the general contractor, and oversee the associated costs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Achieving Net Zero carbon emissions at the County facilities will assist the County in reaching the goals of the 2030 municipal climate action plan.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Ashley Paulsworth, CAO Sustainability Program Manager

Reviewed by: Lindsay Lerable, RMA Chief of Facilities

Approved by: Carl Holm, RMA Director and
Nick Chiulos, Assistant County Administrative Officer

Attachments:

Board Report

Program Services Agreement

Net Zero Presentation