



County of Monterey

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

Board Report

File #: BC 20-087, **Version:** 1

- a. Consider undertaking Investment Grade Audit for the Net Zero Pilot Project at the Jail Complex and Schilling Place; and
- b. Provide direction to staff, including whether this project should be undertaken.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Consider undertaking Investment Grade Audit for the Net Zero Pilot Project at the Jail Complex and Schilling Place; and
- b. Provide direction to staff, including whether this project should be undertaken.

SUMMARY:

County is considering entering into an energy services contract to achieve net zero carbon emissions at a County facility. The energy services contract requires an Investment Grade Audit (IGA) as a first step. Staff is seeking input from the Budget Committee on whether the County should perform this audit at two facilities, Jail Complex and Schilling Place complex, as part of the Net Zero pilot project. Once the County initiates the audit, a \$25,000 Assessment Fee per site is required if the County is provided with a lowered price per kWh through the project measures and still determines not to move forward with the project or cannot move forward with the project. This fee is incorporated into the project if the audit determines a lower kWh rate can be achieved *and* the County moves forward with a project. If the County is required to pay the \$25,000 Assessment Fee, funds could be allocated from Fund 478 the Building Replacement and Improvement Fund.

The intent of this audit is to define a scope of work with a comprehensive economic value analysis which would provide 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.

Project goals include:

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

The Capital Improvements Committee will review this project in the fall when the audit is complete and detailed recommendations for energy savings measures will be available.

DISCUSSION:

On April 21, 2020 Staff presented to the Board of Supervisors regarding a Net Zero pilot project to be implemented at the County Corrections facility or an alternative facility. As part of the project’s execution, staff requested and was approved to apply for Self-Generation Incentive Program funding for a battery storage

system. An application to the SGIP was submitted on May 12, 2020 and due to oversubscription to the program, the County's applications have been placed on the waitlist.

On May 28, 2020, staff presented on this project to the Alternative Energy and Environment Committee for discussion and review where the committee made the recommendation to take the project to the board for approval. Staff proposes that the County enter an Energy Services Contract with Mynt Systems to undertake a budget neutral or cash flow positive Net Zero Pilot Project at the Jail Complex or Schilling Place. Amongst all vendors registered with PG&E to complete SGIP funding, Mynt Systems was one of only 7 other vendors who could meet all criteria necessary to complete the net zero project. Out of those vendors, Mynt was the only developer who could act on the SGIP application for the County and who also had a proven ability to execute Net Zero at a critical 24/7 facility, namely the San Benito Health foundation.

There are several steps in the process of entering into an energy services contract, the first of which is to authorize the vendor to conduct an initial feasibility assessment including an IGA of requested County of Monterey facilities, currently the jail complex at Natividad Road and Schilling Place, to identify potential energy conservation measures. From this assessment, Mynt Systems Services will develop recommendations and identify renewable energy and energy efficiency improvements that can be implemented at County facilities.

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, 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 audit will include an engineering and financial analysis along with a financing plan for recommended improvements. If the work performed concludes 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 execute the project orders and will not be assessed any fees. If, as is anticipated, the work performed 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 utilize the provisions of Government Code Section 4217 to enter into a single-source

contract with Mynt Systems Services 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 Systems Services US Inc.

2. The County may choose not to implement any of these projects using Mynt Systems at this time, however, this would result in an assessment fee of \$25,000 per site.

With County approval and authorization (via the Energy Services Contract), Mynt Systems Services 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 Systems Services 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 Systems must reimburse the shortfall amount to the County.

OTHER AGENCY INVOLVEMENT:

RMA, County Counsel, Purchasing, Finance, Sherriff's department

FINANCING:

A \$25,000 Assessment Fee is required per site in the event the County should move forward with an Investment Grade Audit (IGA) but choose not to implement the energy cost savings measures. If the IGA does not result in cost savings for the County, in the form of lowered price per kWh for energy, then the County is not required to pay an assessment fee. The assessment fee is only payable if the County is provided with a lowered price per kWh through the project measures and still determines not to move forward with the project or cannot move forward with the project. If the County is required to pay the fee, funds could be allocated from the Fund 478 Building Replacement and Improvement Fund.

RMA staff time is needed for this project and has been estimated as \$12,500 for the audit phase. Staff will accrue their time and will include their costs in the project scope once the audit is completed. Funding is not required at this time.

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: Lindsay Lerable, RMA Chief of Facilities and
Ashley Paulsworth, CAO Sustainability Program Manager
Reviewed by: Shawne Ellerbee, Deputy Director of Administrative Services

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

Attachments:
Staff time breakdown