



Interoffice Memorandum
City of Green
Public Service Department

To: City Council
Cc: Mayor Neugebauer, Lisa Carey Dean, Steve Schmidt
From: Valerie Wax Carr, Director of Public Service *MC*
Date: June 14, 2021
Subject: **Energy Efficiency Upgrades and Building Ionization**

The Administration has reflected upon the Energy Efficiency Upgrades and the Building Ionization Plan that was considered as part of 2020-R86. The legislation failed 3-3 in Jan. 2021. Over the past few months, we have taken some time to review the projects once again. In addition, we have provided some resources to City Council members that were still interested in the concepts. I want to take this opportunity to recap some of those items as we are preparing to bring the legislation back with modifications.

History of Energy Audit Process

As a way of history, the Gardiner Company has monitored the software and controls of the HVAC systems Central Administration Building since its construction and the Gardiner Company has been engaged with the city to provide energy consultation over the years.

The Gardiner Company assists communities with energy solutions utilizing the original Ohio HB 420 passed in the 1990s to assist cities to make energy improvements to their facilities. The improvements are paid through energy savings that result from the energy improvements. This is also a tenant of the Living Green Task Force (LGTF) goals.

Earlier in 2019, Gardiner performed a preliminary review of energy conservation measures and potential savings to provide a comprehensive approach. In April 2019, Gardiner provided the city with preliminary data indicating that we have several viable projects that would provide costs savings to pay for themselves under the HB 420 plan. That preliminary data was also shared with the LGTF, and it was recommended we advance to the next steps of developing a plan.

Why Gardiner?

Not only have we had an ongoing relationship with Gardiner over the years, but they are also a selected vendor for the national cooperative, Equalis (formerly Sourcing Alliance).

In July 2019, the city signed a Letter of Intent (see attached) to stay engaged with Gardiner to now provide an Investment Grade Audit (IGA) to develop a final proposal. The cost to perform the audit of \$24,127.00. The fee becomes part of the total project if we move forward with a contract. If the audit does not produce a savings of at least that amount, we have no obligation to pay or move forward. The IGA does show significant savings, so if we do not move forward with a project, we will just pay the cost of the audit. We still have a PO on the books to do so if needed.

Gardiner provided the city with the results of the IGA, and we have reviewed the recommendations. We have narrowed the scope of work to provide the most sensible approach to the energy measures and improvements which allows us to achieve an overall project payback in approximately 10 years.

More on Cooperative Purchasing

In March 2020, the Equalis Group conducted a TEAMS meeting with us to review the authorization and value that cooperative purchasing can provide a community. Equalis also shared the methods that are used to procure competitive pricing. I received feedback from the 4 of the 7 council members that participated that the session was helpful in better understanding the use of cooperative purchasing and the value to this project and others. I am happy to provide the emailed handouts from Equalis again if that is helpful. We would want to utilize the cooperative purchasing for the Energy and Ionization project.

How will the project be funded?

The previous legislation requested that City Council give us authorization to finance the energy improvements. This was mainly due to the extremely low interest rates, allowing time for savings to incur ahead of payment, and the ability to not make a first payment until approximately 18 months after installation of the equipment. We understand that some on City Council were uncomfortable with this approach. The American Rescue Plan allows for funds to be used for a variety of projects. In reviewing with Finance Director, Steve Schmidt, this project would fit under eligible criteria. However, we are still recommending financing the energy portion of this project \$982,304 since the interest rates are still low, it allows the city to have all the work complete, build up energy savings at the minimum of a year after the project. I have attached the Cash Flow charts for a 15-year payback and 10-year payback.

No matter our payment method, Gardiner guarantees the energy savings.

Ionization portion of the project

COVID has resulted in us looking at other measures to heighten the ability to purify our air through our HVAC systems to increase the health and safety of our employees and visitors to our buildings. A process known as ionization has also been priced to be included with the installation of our energy measures. Essentially, a mechanism is installed on our HVAC systems to purify

the air and reduce air-borne viruses such as COVID-19. Although, this technology has been around for about 5 years, it is obviously has been an important choice to consider while in a pandemic situation. Also, the State of Ohio guidance regarding **building ventilation** states that “buildings accessible to the public shall strive to maximize ventilation, including opening doors and windows. Indoor facilities are expected to employ filtration of MERV 13 or higher at soon as practicably possible.” The ionization process would provide the most up to date ventilation for our buildings for under \$200,000. The actual total cost is \$157,987 and our intention would be to pay from the American Rescue Plan funds, when they become available. The ionization portion has no energy savings, so removing it from the financed piece of the project also helps our overall cash flow.

Final Project Selection

I have attached the spreadsheet of the selected energy measures, non-energy improvements, and ionization for your review. I will note that we did review what projects we could do in house. In reviewing the work and our internal resources we could potentially perform the installation for projects. In pricing the materials and labor, we found that the materials are still less expensive through Gardiner. We evaluated performing the labor on the following lighting projects and we can save the following amounts – Project 9-01 (Boettler Park) deduct \$3,563; 9-02 (Greensburg) \$3,846; 9-04 (East Liberty) deduct \$212; 9-05 (Spring Hill) deduct \$2,412; 9-06 (Ariss) deduct \$1,287; 9-09 (Steese & Shriver) deduct \$9,894. These projects labor savings would be \$21,214. An additional savings we reviewed was project 9-10 (Lauby) for a deduct of \$36,637, although we are not recommending doing Lauby Road in house. We do have reservations on doing Lauby due to safety measures and equipment we would need to rent. These projects would be fit in among other work so it would take a longer time to accomplish than keeping as part of the whole contract. We evaluated these projects as potentially doing in house. However, the materials pricing is better through Gardiner and the labor savings is difficult to justify in comparison to other work we will have to delay. Therefore, these projects are reflected on the spreadsheet to be accomplished by Gardiner.

In conclusion, we hope the City Council will reconsider the value of this project and working with Gardiner who has been a valuable partner over the years and has its Akron headquarters right here in Green. I also would like to thank Dave France for his continued interest in the project and his willingness to be a co-sponsor of the legislation. Please take some time to review this important project again. I plan to introduce the related legislation in the June 22 packet. If you have any questions or concerns, please do not hesitate to contact me.