



Memorandum

Date: 4/15/2025
Meeting of: City Council

File No. AM No. 25-057
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

| | | |
|--------------|-----------------|--------------|
| Public Works | Aaron Bert | 425-556-2786 |
| Executive | Lisa Maher | 425-556-2427 |
| Parks | Loreen Hamilton | 425-556-2336 |

DEPARTMENT STAFF:

| | | |
|--------------|------------------|-------------------------------------------------|
| Public Works | Amy Kim | Engineer |
| Public Works | Eric Dawson | Engineering Supervisor |
| Parks | Quinn Kuhnhausen | Parks Manager |
| Parks | David Tucheck | Parks Deputy Director |
| Executive | Jenny Lybeck | Environmental Sustainability Program Manager |
| Public Works | Steve Gibbs | Capital Projects Division Manager |
| Public Works | Vangie Garcia | Deputy Public Works Director |

TITLE:

Approval of a Supplemental Construction Agreement with Integrity Energy Services (IES), for the Sustainability LED Lighting Retrofit Project, in the Amount of \$764,062

OVERVIEW STATEMENT:

Public Works requests approval of a supplemental contract with Integrity Energy Services (IES) for \$764,062 to complete the design and construction of the Sustainability LED Lighting Retrofit Project for City Hall -the next step in the Energy Savings Performance Contract (ESPC) process.

Since initiating all ESPC projects in August 2024, we have completed an Investment Grade Audit (IGA) evaluating lighting replacement options at City Hall. After assessing cost-effectiveness, energy savings, and scope alignment, staff recommends LED Troffer Kits with local lighting control upgrades. Details of the audit findings and proposed options are available in Attachment B and Attachment C.

Additionally, Public Works requests a budget increase from \$741,187 to \$781,187 to incorporate lighting controls, aligning with previous Council and functional area discussions. This ensures compatibility, avoids future replacement costs, and maximizes PSE rebates, making it both a strategic and cost-effective investment.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ Receive Information ☐ Provide Direction ☒ Approve

REQUEST RATIONALE:

- **Relevant Plans/Policies:**

Community Strategic Plan - Objective #1: Invest in infrastructure preservation and replacement across the City to maintain the current level of service, the reliability of capital assets, and provide timely and cost-effective replacement.

2020 Environmental Sustainability Action Plan - Strategy B2: Advance Green Building within City Facilities, and Action B2.2: Energy and Water Retrofits for City Facilities.

Capital Facilities Plan 2025-30, 2021 City Operations Zero Carbon Strategy, Climate Emergency Declaration

- **Required:**

Council approval is required to award a Public Works contract that exceeds \$300,000 (2018 City Resolution 1503

- **Council Request:**

N/A

- **Other Key Facts:**

Clean Buildings Performance Standard (CBPS)

The Washington Clean Buildings Performance Standard (CBPS) (HB 1257 Chapter 285 Laws of 2019) was signed into law in 2019 and requires Tier 1 commercial buildings that are 50,000 SF or greater to meet the established average energy use intensity target (EUI) or perform an energy audit and implement all cost-effective efficiency measures (a.k.a. investment criteria pathway). CBPS non-compliance penalties can start at \$5,000 plus \$1 per gross square foot for every year of non-compliance.

City Hall Building is a Tier 1 building (107,000 SF) with a compliance date of June 1, 2027. Implementing this project will help meet the Washington State-mandated law.

Energy Service Performance Contracting (ESPC)

Energy Service Performance Contracting is an alternative to the traditional Design-Bid-Build (DBB) process.

Administered by the Washington State Department of Enterprise Services (DES), ESPC aims to improve energy efficiency in existing facilities. Local governments can join the program by signing an Interagency Agreement (IAA) with DES and collaborating with pre-qualified Energy Service Companies (ESCOs). On May 7, 2024, Council authorized the Mayor to sign an IAA, which was subsequently signed on May 17, 2024. IES is a pre-qualified ESCO and was selected to complete the Sustainability LED Lighting Retrofit Project.

ESPC offers unique opportunities for energy efficiency projects that are not typically feasible under the DBB process. The ESCO takes on both the construction and performance risks, guaranteeing the maximum construction cost and ensuring energy savings and equipment performance. This approach integrates commissioning as a key component, ensuring the ESCO meets its guarantees.

In ESPC, the ESCO handles everything from the initial audit to design, construction, and commissioning, acting as the single point of accountability. Unlike the DBB process, ESCOs do not have to publicly advertise for bids and can procure equipment through bidding, negotiation, or self-performance. While subcontracted work is

expected to be competitively bid to ensure cost-effectiveness, the ESCO is not obligated to select the lowest bidder if it negatively impacts the project's performance.

OUTCOMES:

- The Washington Clean Buildings Performance Standard (CBPS) (HB 1257 Chapter 285 Laws of 2019) was signed into law in 2019 and requires Tier 1 commercial buildings that are 50,000 SF or greater to meet the established average energy use intensity target (EUI_t) or perform an energy audit and implement all cost-effective efficiency measures (a.k.a. investment criteria pathway). CBPS non-compliance penalties can start at \$5,000 plus \$1 per gross square foot for every year of non-compliance. City Hall Building is a Tier 1 building (107,000 SF) with a compliance date of June 1, 2027. Implementing this project will help meet the Washington State-mandated law.
- Gain financial benefits through reduced utility expenses and decreased maintenance costs associated with frequent bulb replacement.
- Decreased emissions from buildings by reducing overall energy consumption.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

The Mayor's Weekly internal newsletter, *Our Stories*, previously informed City Hall occupants about the lighting audit scheduled in September 2024. In collaboration with the Communications Department, another edition will be released closer to the start of construction to provide further updates.

The project team is aware of evening meetings that occur in the building and will plan the work to avoid interfering with them.

- **Outreach Methods and Results:**

During the audit, several occupants inquired about the team's activities, and outreach efforts prompted additional email inquiries. Questions were addressed promptly.

- **Feedback Summary:**

We've learned that occupants are excited about the upgrade and curious about the process. To keep them informed, we'll send another internal newsletter and may include an educational component on the Clean Buildings Performance Standard. We also plan to highlight the project's broader impact, including significant CO₂ reductions. The final message will be coordinated with the communications department.

BUDGET IMPACT:

Total Cost:
\$764,062

Approved in current biennial budget: ☒ **Yes** ☐ **No** ☐ **N/A**

Budget Offer Number:
CIP

Budget Priority:

Healthy and Sustainable

Other budget impacts or additional costs: ☒ Yes ☐ No ☐ N/A

If yes, explain:

Public Works is requesting an additional \$40,000 to complete the project.

Funding source(s):

General Fund

General Gov't CIP

Budget/Funding Constraints:

N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

| Date | Meeting | Requested Action |
|----------|----------------------------------------------------|-------------------|
| 4/1/2025 | Committee of the Whole - Planning and Public Works | Provide Direction |

Proposed Upcoming Contact(s)

| Date | Meeting | Requested Action |
|------|----------------------------|------------------|
| N/A | None proposed at this time | N/A |

Time Constraints:

This CBPS compliance deadline of June 1, 2027, requires a minimum of 1 year of measurement and verification of the building's energy use. Therefore, considering the commissioning period of the lights, the construction must be completed at least 15 months before the published deadline. In summary, this project must be completed by Q1 2026, and construction should start no later than Q4 2025.

ANTICIPATED RESULT IF NOT APPROVED:

If the agreement is not approved, staff would pursue a design-bid-build process which would extend the project schedule. This could lead to a potential violation of State law, CBPS. Failure to submit appropriate documentation by the scheduled reporting date will result in progressive penalties by legal notice.

ATTACHMENTS:

Attachment A - Project Information Sheet

Attachment B - Additional Project Information

Attachment C - Investment Grade Audit Report

Attachment D - Energy Service Proposal

Attachment E - Interagency Agreement

Attachment F - DES Contract Template
Attachment G - Interagency Agreement Amendment No.1
Attachment H - DES Funding Authorization Form