



# County of Santa Cruz

## GENERAL SERVICES DEPARTMENT

701 OCEAN STREET, SUITE 330, SANTA CRUZ, CA 95060-4073

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GERALD L. DUNBAR, DIRECTOR

March 7, 2006

Agenda: March 28, 2006

Board of Supervisors  
county of santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### Status Report: Energy Services Letter of Intent

Dear Members of the Board:

On December 6, 2005, General Services informed your Board of our plans to seek the services of a qualified energy services consulting firm (ESCO) to undertake an energy efficiencies project at the Government Center Complex. The project is envisioned to undertake the repair and replacement of aging facility systems to achieve maximum energy savings and tenant suitability, including the HVAC, fire alarm, electrical, elevator and other associated infrastructure.

Following the RFQ process that was previously reviewed by your Board, staff met with the first ranked firm, Aircon Energy Services, to discuss the strategy for defining the project and attendant work elements. This scoping process, which includes a comprehensive evaluative assessment of the facility infrastructure, records database and operational and construction plans review, must occur prior to entering into a contract for the actual conduct of the work. At this time, in order to proceed, we are seeking to enter into a letter of intent with the consultant that will allow them the opportunity to perform the necessary pre-contract research and investigative work. The letter of intent authorizes this work with the understanding that if the County selects not to pursue the project once the scope is determined, then the consultant will be compensated for their work and time, which is estimated at \$90,000. If the County chooses to go forward with the energy efficiencies project based on the data and strategic scope received from Aircon, then the costs of the pre-contract work will then become part of the overall contract. County Counsel has reviewed the letter of intent and does not see any legal issues. Funds for the work are available in the Plant Budget 191050, Sub object 6610, User Code 10075 through funding previously approved for the study of a scope of work for the Government Center HVAC.

It is therefore RECOMMENDED that your Board:

1. Authorize the General Services Director to sign the letter of intent with Aircon Energy Services in the interests of scoping the energy efficiencies project at the Government Center Complex at a not to exceed cost of \$90,000; and

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2. Return to your board with a further report on or before August ,2006 with an update on the project's status.

Very truly yours,

RECOMMENDED:

  
\_\_\_\_\_  
Gerald L. Dunbar  
General Services Director

  
\_\_\_\_\_  
SUSANA A. MAURIELLO  
County Administrative Officer

GLD:NCG

Attachment: Letter of Intent, Aircon Energy Services



## Aircon Energy Letter of Intent

This Letter of Intent is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Aircon Energy. (Hereinafter "Aircon") and the County of Santa Cruz, (hereinafter "Owner"), for the performance by Aircon to develop a comprehensive facility improvement and energy solution retrofit project to determine the energy consumption and facility operating characteristics of the Premises and to identify the equipment, procedures, costs and other services that could be provided by Aircon in order to reduce Owner's energy, facility and total operational expenditures while maintaining or improving comfort in the Premises and providing facility improvements. It is the intent of both parties to enter into a contractual agreement for the implementation of a project should Aircon develop a project that meets the requirements of the County as outlined in the following.

**1) Final Proposal and Audit and Project Development.**

Aircon will undertake a detailed evaluation of the Premises. Owner will provide its complete cooperation in connection with preparation of the evaluation. Aircon will present a Final proposal and Audit report and an oral presentation to the Owner's key decision makers within one hundred twenty (120) days after execution of this agreement. The Final Proposal and Audit report will set forth at least the following information:

- (i) A list of the Energy Conservation and facility improvement Measures and Operational Cost Control Measures which Aircon proposes to install or provide and a description of operating and maintenance procedures that will reduce energy consumption, and operational costs.
- (ii) an estimate of the amount of energy and operational costs that will be saved annually by the equipment, procedures and services recommended by the Preliminary Proposal and Audit report with capital requirements.
- (iii) a financial model that shows anticipated facility costs related to this project for a 20-year period.

**2) Project Requirements.**

Aircon and the Owner will authorize a contractual agreement document if conditions (requirements) are met for the following categorizes.

- (i) **Comfort**, The project will meet or exceed existing systems capabilities to provide occupant comfort.
- (ii) **Operational efficiency**, Operational efficiencies must be clearly demonstrated by Aircon and their benefit agreed to by Owner.
- (iii) **Financial**, The project must result in savings and be in the best interest of the County as outlined in CA government code 4217. The evaluated will be made using the following:

- **Energy savings**, Comparing proposed future cost of usage to a mutually agreed upon adjusted historical baseline.

- **Operational savings**, evaluating future cost that will be avoided such as equipment repair parts and labor.
- **Productivity**, Savings associated to a mutually agreed upon improvements in system up time and performance.
- **Capital cost avoidance**, Identified and mutually agreed to savings related to the elimination of pending capital expenditure as a result of the project.

**3) Preparation of Aircon Energy Agreement,**

Aircon will prepare and submit to Owner an Aircon Energy Contractual Agreement to reduce energy and operational expenditures at the premises. Owner and Aircon shall thereafter negotiate in good faith the final scope of work and terms of the Contract.

**4) Compensation to Aircon.**

**OWNER WILL HAVE NO PAYMENT OBLIGATIONS UNDER THIS AGREEMENT IN THE EVENT:**

- (i) Aircon and Customer execute an Aircon Energy Contract within sixty (60) days after the initial submission of said Contract to Owner, -or-
- (ii) The Aircon Energy Agreement fails to meet the requirements defined in section (2) of this agreement.

In the event that the Aircon Final Proposal and Audit meets the requirements stated above, and the Owner does not proceed with the Aircon Energy Contract, the Owner will compensate Aircon for preparing the facility study and final proposal by payment of Aircon time and material costs reasonably incurred in connection therewith, at a rate of \$.40 per square foot of building space evaluated. In the event that the Aircon final proposal meets the requirements stated above, and the Owner executes the Aircon contract, the cost of the facility study and final proposal will be rolled into the total project cost.

Owner shall pay the payment owed to Aircon pursuant to this Section 4, if any, within sixty (60) days after submission of the Contract to Owner.

AIRCON ENERGY PROJECT DEVELOPMENT AGREEMENT			
Aircon Energy		Customer	
By _____		By _____	
signature		Signature	
Title	Date	Title	Date