

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Streets and Maintenance Department
AGENDA DATE: March 17, 2020
CONTACT PERSON/PHONE: Richard Bristol, Streets and Maintenance Director (915)212-0151
DISTRICT(S) AFFECTED: All
STRATEGIC GOAL: 7 Enhance and Sustain El Paso's Infrastructure Network

SUBJECT:

A resolution that City Council authorizes the City Manager to sign the Contract Cancellation agreements for the Original Professional Services and Amendments 1, 2, 3 and 4, with Johnson Controls, Inc. effective March 1, 2020 and is authorized to exercise any right or obligation conferred therein that does not affect the City's approved budget.

BACKGROUND / DISCUSSION:

As part of City-wide energy and operational efficiency initiatives, Council awarded a contract to Johnson Controls, Inc. (JCI) in 2008. Council amended this contract ten times to implement facility improvement measures at multiple City of El Paso facilities. In addition to the physical upgrades, a Measurement and Verification (M&V) program was also included for the original contract and the amendments. Since then operational changes at those locations have affected the energy usage model and pattern causing the M&V program to no longer benefit the City. Accordingly, the City of El Paso and JCI have agreed to terminate the Original Contract and Amendments #1, #2, #3, and #4, with no further services performed in relation to facilities improvement measures.

PRIOR COUNCIL ACTION:

The Original Performance Contract was approved by City Council on July 30, 2008, for facility upgrades including HV AC equipment, Control upgrades, lighting and mechanical equipment, indoor pool solar heating and traffic, pedestrian and flasher upgrades.

The Energy Services Company (ESCO) contract with Johnson Controls, Inc. was approved by Council on May 25, 2010 to act as the City's ESCO for the next 5 years. The original award amount totaled \$350,000 under Solicitation Number 2010-085R for Advanced Engineering and grant application support.

The First Amendment to the ESCO contract was approved by City Council on January 6, 2011 in the amount of \$3,626,770 for facility upgrades including lighting improvements, solar photovoltaic (PV) power generation panels, and HV AC equipment and control upgrades at 44 separate City facilities.

The Second Amendment was approved on October 25, 2011 in the amount of in the amount of \$2,824,000 for the conversion of 2,600 streetlights to energy-efficient light-emitting diode standards.

The Third Amendment was approved on October 25, 2011 in the amount of \$5 million for the conversion of 4,700 streetlights to energy-efficient light-emitting diode standards.

The Fourth Amendment was approved on January 10, 2012 in the amount of \$1,080,000 for the installation of solar PV power generation panels at the Municipal Service Center funded through a stimulus grant received from the State Energy Conservation Office (\$900,000 SECO, \$180,000 local cash match).

The Fifth Amendment was approved January 22, 2013 in the amount of \$5,649,993 for additional facility improvement measures on eleven El Paso International airport buildings, as well as for maintenance, measurement, and verification services over a 10-year period, funded with Airport Enterprise Funds.

The Sixth Amendment was approved January 22, 2013 in the amount of \$247,300 to perform expanded measurement and verification services over a three-year term, funded with General Services Department Operating Funds.

The Seventh Amendment was approved on December 10, 2013 in the amount of \$7,500,000 utilizing for the conversion of 10,600 streetlights to energy-efficient light-emitting diode standards.

The Eighth Amendment was approved on December 10, 2013 in the amount of \$1,500,000 for the conversion of 920 streetlights to energy-efficient light-emitting diode standards.

The Ninth Amendment was approved on January 28 10, 2014 in the amount of \$89,500 for maintenance of LED lights that transitioned to an "energy-only" rate with El Paso Electric.

The Tenth Amendment was approved on November 11, 2014 in the amount of \$269,500 to maintain additional LED streetlights/fixtures installed under Amendment #7 that transitioned to an "energy-only" rate with El Paso Electric.

The Fifth Amendment was terminated on December 12, 2017 as the City and JCI concluded that it was in their respective best interest to terminate the services and not exercise the option to implement M&V services under Amendment #5.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

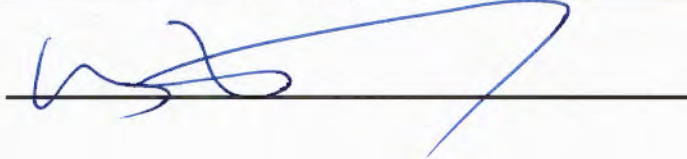
N/A

CITY CLERK DEPT
2020 MAR 11 PM3:30

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ FINANCE: (if required) _____

DEPARTMENT HEAD:



RESOLUTION

WHEREAS, on July 30, 2008, the City entered into the Original Performance Contract, Phase I with Johnson Controls, Inc. (“JCI”) for facility upgrades, including HVAC Equipment, Control Upgrades, lighting and mechanical equipment, indoor pool solar heating and traffic/pedestrian and flasher upgrades;

WHEREAS, on May 17, 2010, the City entered into a Professional Services Contract with JCI to act as the City’s Energy Services Company for a City-wide Energy Operational Savings Program (“Project”);

WHEREAS, on February 11, 2011 the City entered into the First Amendment, Phase II, for facility upgrades including lighting improvements, solar photovoltaic (PV) power generation panels, and HV AC equipment and control upgrades at 44 separate City facilities;

WHEREAS, on October 25, 2011 the City entered into the Second Amendment, Phase IIIA, for the conversion of 2,600 streetlights to energy-efficient light-emitting diode standards;

WHEREAS, on October 25, 2011 the City entered into the Third Amendment, Phase IIIB for the conversion of 4,700 streetlights to energy-efficient light-emitting diode standards;

WHEREAS, on January 10, 2012 the City entered into the Fourth Amendment, Phase IV, for the installation of solar PV power generation panels at the Municipal Service Center funded through a stimulus grant received from the State Energy Conservation Office;

WHEREAS, from January 22, 2013 the City entered into the Fifth Amendment for additional facility improvement measures on eleven El Paso International airport buildings, and terminated this amendment on December 12, 2017 as the City and JCI concluded that it was in their respective best interest to terminate the services and not exercise the option to implement M&V services;

WHEREAS, from January 22, 2013 to November 11, 2014, the City entered into the Sixth through Tenth Amendments, all obligations of which have been completed; and

WHEREAS, the City has determined that the goals of the Project have been met or exceeded and that any services remaining on the original Contract and Amendments 1 through 4 are not necessary, and parties have concluded that it is in their respective best interests to terminate all remaining services and obligations under all remaining contracts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Council terminates the Original Professional Services Contract, and Amendments 1, 2, 3, and 4 with Johnson Controls, Inc. effective March 1, 2020, and that the City Manager is authorized to sign the Contract Cancellation agreements for the Original Professional

Services and Amendments 1, 2, 3 and 4, and is authorized to exercise any right or obligation conferred therein that does not affect the City's approved budget.

PASSED AND APPROVED this _____ day of _____, 2020.


THE CITY OF EL PASO

Dee Margo
Mayor

ATTEST:

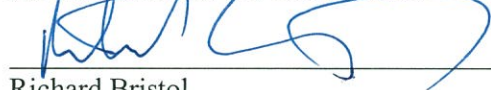
Laura D. Prine
Municipal Clerk

APPROVED AS TO FORM:



Kristen Hamilton-Karam
Assistant City Attorney

APPROVED AS TO CONTENT:



Richard Bristol
Director of Streets and Maintenance



March 6, 2020

City of El Paso
300 N. Campbell
El Paso, TX 79901

Mr. Tomás González
City Manager

Subject: Contract Cancellation, Phase IIIA (Amendment #2)

Dear Mr. González,

Johnson Controls, Inc. ("JCI") currently has a contract with City of El Paso (COEP) for the COEP Performance Contract Phase IIIA (also known as Amendment #2) which was executed on October 25, 2011 to provide M&V services and reports on the COEP Performance Contract Phase IIIA (Amendment #2).

We have enjoyed building a relationship with the City of El Paso and are proud of the results, as savings have exceeded the guarantee for Years One through Seven of the Performance Contract. It is our understanding that you would like to terminate the M&V services provided by JCI.

Therefore, JCI hereby agrees to terminate this contract with no obligations for payment of future services. Pending customer signature, this contract cancellation will be effective as of March 1, 2020 at which time all annual savings guarantees will also be null and void.

JCI has met all savings reconciliation obligations since savings were exceeded for the last full year of Guaranteed Savings, which ranged from May 1, 2018 to April 30, 2019.

JOHNSON CONTROLS, INC.:

CITY OF EL PASO:

Adolfo Gallardo – Johnson Controls

Mr. Tomás González
City Manager

APPROVED AS TO FORM:

Kristen Hamilton-Karam
Assistant City Attorney

APPROVED AS TO CONTENT:

Richard Bristol
Director of Streets and Maintenance

Cc: Myron Cook – Johnson Controls



March 6, 2020

City of El Paso
300 N. Campbell
El Paso, TX 79901

Mr. Tomás González
City Manager

Subject: Contract Cancellation, Phase II (Amendment #1)

Dear Mr. González,

Johnson Controls, Inc. ("JCI") currently has a contract with City of El Paso (COEP) for the COEP Performance Contract Phase II (also known as Amendment #1) which was executed on February 11, 2011 to provide M&V services and reports on the COEP Performance Contract Phase II (Amendment #1).

We have enjoyed building a relationship with the City of El Paso and are proud of the results, as savings have exceeded the guarantee for Years One through Eight of the Performance Contract. It is our understanding that you would like to terminate the M&V services provided by JCI.

Therefore, JCI hereby agrees to terminate this contract with no obligations for payment of future services. Pending customer signature, this contract cancellation will be effective as of March 1, 2020 at which time all annual savings guarantees will also be null and void. The City of El Paso is obligated to pay JCI for all services performed prior to March 1, 2020.

JCI has met all savings reconciliation obligations since savings were exceeded for the last full year of Guaranteed Savings, which ranged from March 1, 2019 to February 29, 2020.

JOHNSON CONTROLS, INC.:

CITY OF EL PASO:

Adolfo Gallardo – Johnson Controls

Mr. Tomás González
City Manager

APPROVED AS TO FORM:

Kristen Hamilton-Karam
Assistant City Attorney

APPROVED AS TO CONTENT:

Richard Bristol
Director of Streets and Maintenance

Cc: Myron Cook – Johnson Controls



March 6, 2020

City of El Paso
300 N. Campbell
El Paso, TX 79901

Mr. Tomás González
City Manager

Subject: Contract Cancellation, Phase IIIA (Amendment #2)

Dear Mr. González,

Johnson Controls, Inc. ("JCI") currently has a contract with City of El Paso (COEP) for the COEP Performance Contract Phase IIIA (also known as Amendment #2) which was executed on October 25, 2011 to provide M&V services and reports on the COEP Performance Contract Phase IIIA (Amendment #2).

We have enjoyed building a relationship with the City of El Paso and are proud of the results, as savings have exceeded the guarantee for Years One through Seven of the Performance Contract. It is our understanding that you would like to terminate the M&V services provided by JCI.

Therefore, JCI hereby agrees to terminate this contract with no obligations for payment of future services. Pending customer signature, this contract cancellation will be effective as of March 1, 2020 at which time all annual savings guarantees will also be null and void.

JCI has met all savings reconciliation obligations since savings were exceeded for the last full year of Guaranteed Savings, which ranged from May 1, 2018 to April 30, 2019.

JOHNSON CONTROLS, INC.:

CITY OF EL PASO:

Adolfo Gallardo – Johnson Controls

Mr. Tomás González
City Manager

APPROVED AS TO FORM:

Kristen Hamilton-Karam
Assistant City Attorney

APPROVED AS TO CONTENT:

Richard Bristol
Director of Streets and Maintenance

Cc: Myron Cook – Johnson Controls



March 6, 2020

City of El Paso
300 N. Campbell
El Paso, TX 79901

Mr. Tomás González
City Manager

Subject: Contract Cancellation, Phase IIIB (Amendment #3)

Dear Mr. González,

Johnson Controls, Inc. ("JCI") currently has a contract with City of El Paso (COEP) for the COEP Performance Contract Phase IIIB (also known as Amendment #3) which was executed on October 25, 2011 to provide M&V services and reports on the COEP Performance Contract Phase IIIB (Amendment #3).

We have enjoyed building a relationship with the City of El Paso and are proud of the results, as savings have exceeded the guarantee for Years One through Seven of the Performance Contract. It is our understanding that you would like to terminate the M&V services provided by JCI.

Therefore, JCI hereby agrees to terminate this contract with no obligations for payment of future services. Pending customer signature, this contract cancellation will be effective as of March 1, 2020 at which time all annual savings guarantees will also be null and void. The City of El Paso is obligated to pay JCI for all services performed prior to March 1, 2020.

JCI has met all savings reconciliation obligations since savings were exceeded for the last full year of Guaranteed Savings, which ranged from March 1, 2019 to February 29, 2020.

JOHNSON CONTROLS, INC.:

CITY OF EL PASO:

Adolfo Gallardo – Johnson Controls

Mr. Tomás González
City Manager

APPROVED AS TO FORM:

Kristen Hamilton-Karam
Assistant City Attorney

APPROVED AS TO CONTENT:

Richard Bristol
Director of Streets and Maintenance

Cc: Myron Cook – Johnson Controls



March 6, 2020

City of El Paso
300 N. Campbell
El Paso, TX 79901

Mr. Tomás González
City Manager

Subject: Contract Cancellation, Phase IV (Amendment #4)

Dear Mr. González,

Johnson Controls, Inc. ("JCI") currently has a contract with City of El Paso (COEP) for the COEP Performance Contract Phase IV (also known as Amendment #4) which was executed on January 10, 2012 to provide M&V services and reports on the COEP Performance Contract Phase IV (Amendment #4).

We have enjoyed building a relationship with the City of El Paso and are proud of the results, as savings have exceeded the guarantee for Years One through Seven of the Performance Contract. It is our understanding that you would like to terminate the M&V services provided by JCI.

Therefore, JCI hereby agrees to terminate this contract with no obligations for payment of future services. Pending customer signature, this contract cancellation will be effective as of March 1, 2020 at which time all annual savings guarantees will also be null and void.

JCI has met all savings reconciliation obligations since savings were exceeded for the last full year of Guaranteed Savings, which ranged from July 1, 2018 to June 29, 2019.

JOHNSON CONTROLS, INC.:

Adolfo Gallardo – Johnson Controls

APPROVED AS TO FORM:

Kristen Hamilton-Karam
Kristen Hamilton-Karam
Assistant City Attorney

CITY OF EL PASO:

Mr. Tomás González
City Manager

APPROVED AS TO CONTENT:

Richard Bristol
Richard Bristol
Director of Streets and Maintenance

Cc: Myron Cook – Johnson Controls



Termination of M&V contracts

03/17/2020



Strategic Goals

- **Goal 6- Set the standard for sound governance and fiscal management**

- 6.6 – Ensure financial stability and accountability through sound financial management, budgeting and reporting

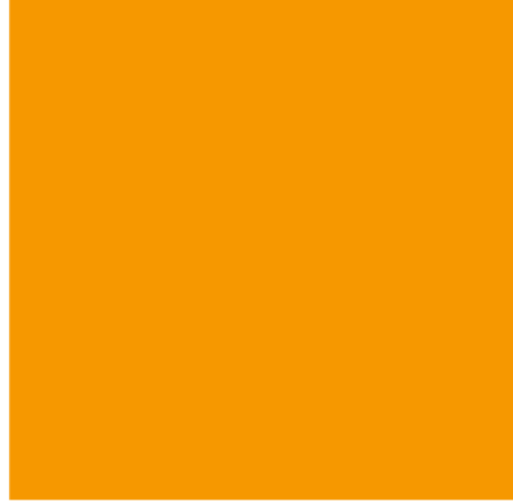
- **Goal 7- Enhance and sustain El Paso's infrastructure network**

- 7.4 – Continue the strategic investment in city facilities and technology
Create and implement a comprehensive facility and fleet investment plan (25 by 25).

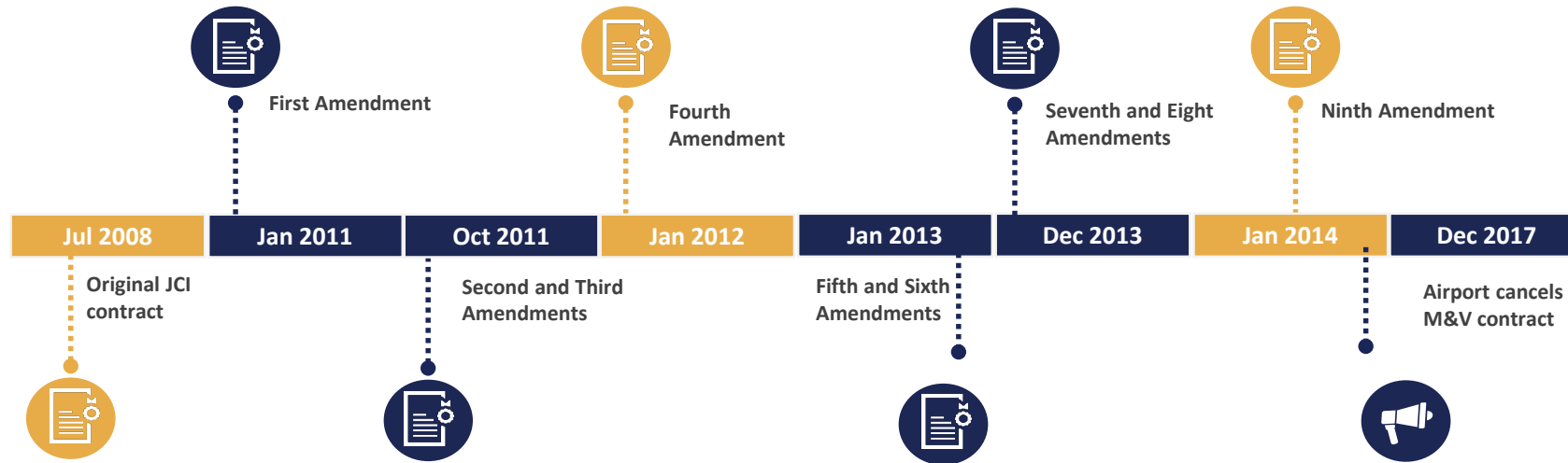
- **Goal 8- Nurture and promote a healthy, sustainable community**

- 8.4 – Reduce operational energy consumption

Create and implement the Urban Energy Plan and identify state and federal legislative and funding opportunities(25 by 25).



Chronology



- **What do contracts do?** Measurement and Verification (M&V) program linked to the contracts awarded to Johnson Controls, Inc. (JCI) to implement energy-related facility improvements (2008-2014).
- **Current status:** Five M&V contracts in place.
- **Precedent:** Airport cancelled its M&V contract in 2017.
- **Under consideration today:** i) Approve cancellation of five M&V contracts.
- **Future phasing and benefit for the City:** in-house benchmarking and M&V program.

Outcome

SAVINGS

\$487,471

**In-house M&V and
benchmarking
program**

Urban Energy Plan (25 by 25)



Mission

Deliver exceptional services to support a high quality of life and place for our community

Values

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople

Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government

