

STAFF REPORT

DEPARTMENT

Report of the Acting Director of Public Works

DESCRIPTION

Re: ESCO Facilities Retrofit Project

RECOMMENDATION

THAT the report from the Acting Director of Public Works be received;

AND THAT staff be directed to prepare an RFP for the procurement of an energy service company consulting services with the intent of retrofitting the City's buildings and facilities in order to reduce energy costs

BACKGROUND

Energy Service Companies (ESCOs) are companies that assist clients in developing, designing, building, and arranging financing for projects that seek to reduce facilities energy costs, carbon emissions, as well as operations and maintenance costs.

Johnson Controls' Sustainable Infrastructure Division acts as an ESCO, and approached city staff in September 2022 to discuss the possibility of working together to lower Elliot Lake's facilities energy use.

Staff has been working with Johnson Controls to do high-level energy use assessments on the buildings owned by the City of Elliott Lake throughout the fall of 2022. Johnson Controls was able to provide staff with benchmarking results and a preliminary estimate the opportunity for savings on utility costs in late November 2022.

Based on that discussion, Staff felt that it would be appropriate for Johnson Controls to present directly to the Public Services Committee to best articulate this opportunity to save energy costs and to clarify its service offerings.

As a resource to this discussion, Ashley Jones of Johnson Controls will be attending the January 16 Public Services Standing Committee meeting via Zoom to present Elliot Lake's energy benchmarking results, to articulate how municipalities can work in partnership with an ESCO to save energy costs, and to detail how municipalities can leverage those saved operational funds to improve their facilities infrastructure.

ANALYSIS

The energy benchmarking process undertaken with Johnson Controls assistance this fall has revealed that there is opportunity to decrease energy use in the cities buildings and facilities, and that doing so would likely have a significant impact on operational costs for the city.

Moving forward, there would be a considerable amount of design and analysis required to determine exactly what modifications to the buildings and facilities would be required in order to do so, and determined the specific outcomes of performing those modifications including the impact on the City's bottom line.

Staff has learned that Johnson Controls as well as other competing ESCOs have business models that involve performing this design and analysis on a margin basis, charging for their services as a percentage of total project cost.

What makes this model interesting is that some ESCOs including, Johnson Controls, guarantee the results of their energy analysis and designs in terms of operational costs saved, allowing municipalities to approach financiers and funders knowing that they have the ability to service debt financing for the energy retrofit projects without increasing tax levies.

Staff recommends that the city prepare a RFP for competing ESCOs to review and offer their terms on which they would engage the municipality in preparing a comprehensive plan and associated design work to save energy and costs on facilities operations.

FINANCIAL IMPACT

Engaging in this RFP process would not have appreciable financial impact on the cities operations, aside from staff time, which Staff believes would be a good investment for this venture.

It is anticipated that any associated expenses for engaging the market with this RFP could be dealt with that at the operational level. Any deviation from this could otherwise be incorporated into the 2023 budget process.

LINKS TO STRATEGIC PLAN

This project directly relates to the following key section of the strategic plan:

- Continued investment into infrastructure
- Development of strong partnerships
- Environmental stewardship
- Strong financial foundation for the municipality

SUMMARY

Staff believes that there is an opportunity to realize energy cost savings through retrofitting the buildings and facilities of the city, and recommends that the public services standing committee directs staff to prepare an RFP to find an ESCO partner to provide design and consulting work to realize these savings.