

## AGENDA

AGENDA OF THE WORK SESSIONS OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, STATE OF ARIZONA, TO BE HELD ON TUESDAY, OCTOBER 2, 2018, AT 6:00PM IN THE COCHISE COUNTY BOARD OF SUPERVISORS HEARING ROOM, 1415 MELODY LANE, BUILDING G, BISBEE, ARIZONA.

THE MEETING WAS CALLED TO ORDER BY \_\_\_\_\_ AT \_\_\_\_\_ PM.

### ROLL CALL

#### **COUNCIL**

Councilmember Anna Cline, Ward III  
Councilmember Joan Hansen, Ward II  
Councilmember Frank Davis, Ward I  
Mayor David M. Smith  
Councilmember Bill Higgins, Ward I  
Councilmember Douglas Dunn, Ward II , Mayor Pro Tempore  
Councilmember Gabe Lindstrom, Ward III

#### **STAFF**

Robert E. Smith, City Manager  
Ashlee Coronado, City Clerk  
Keri Bagley, Finance Director  
Dan Duchon, Personnel Director  
Dwayne Wallace, Interim Operations Manager  
Albert Echave, Police Chief  
George Castillo, Fire Chief

#### **CITY ATTORNEY**

Britt Hanson

THE FOLLOWING ITEM WILL BE DISCUSSED AND/OR CONSIDERED AT THESE MEETINGS:

1. Discussion Regarding an Engagement Letter with SIEMENS for an ARS Title 34 Performance Contracting Project, Improving Infrastructures and Operational Efficiencies  
Robert E. Smith, City Manager

### ADJOURNMENT

Individuals with hearing disabilities can contact the City Clerk's Office (520) 432-6012 to request an Assisted Listening Device, at least 24 hours before the meeting.

Anyone needing special accommodation to attend this meeting should contact Ashlee Coronado at (520) 432-6012 at least twenty-four hours before the meeting.

Public documents referred to herein may be viewed during regular business hours at the City Clerk's Office at 1415 Melody Lane Bldg. G., Bisbee.

Pursuant to A.R.S. § 38-431.03(A) (3), the Council may vote to enter executive session at any point during this meeting for discussion or consultation for legal advice with its attorney(s), who may appear telephonically.



AGENDA ITEM NUMBER \_\_\_\_\_

# MAYOR & COUNCIL WORK SESSION FOR October 6, 2018

**DATE ACTION SUBMITTED:** September 25, 2018

**DISCUSSION/PRESENTATION ONLY**

**SUBJECT: DISCUSSION REGARDING AN ENGAGEMENT LETTER WITH SIEMENS FOR AN ARS TITLE 34 PERFORMANCE CONTRACTING PROJECT, IMPROVING INFRASTRUCTURES AND OPERATIONAL EFFECIENCIES.**

**FROM:** Robert E. Smith, City Manager

**RECOMMENDATION:** DISCUSSION ONLY

**PROPOSED MOTION:** WORK SESSION ONLY


**DISCUSSION:**

SEE THE ATTACHED

**FISCAL IMPACT:** TBD

**DEPARTMENT LINE ITEM ACCOUNT:** VARIOUS

**BALANCE IN LINE ITEM IF APPROVED:** TBD

**Prepared by:**   
 Robert E. Smith,  
 City Manager

**Reviewed by:**   
 David M. Smith, Mayor

9/25/18

To: Council;

Fr: Robert E Smith

Re: Siemens ARS Title 34 project proposal and Engagement Letter

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Mayor & Council –

### Summary:

Siemens Building Technologies Division provides performance contracting services to improve infrastructures and operational efficiencies for local governments in AZ, through ARS Title 34 legislation. A unique requirement in this legislation is that the proposed project must save the local government enough in reduced energy consumption to at least offset the cost of the project, or the contracted company is responsible for the difference.

Mr. Matt Vaccaro (Siemens) and City Staff have worked closely together to identify infrastructure and efficiency elements that should be evaluated for consideration as a project. We are poised to create an investment grade audit of same to define an effective set of improvements that would offset project costs through a significant decrease in energy consumption.

### Details –

In order to conduct such audit and create an improvement project, the City needs to engage Mr. Vaccaro (through the attached letter) to perform the audit, assemble relevant data, coordinate with the City and it's contractual engineers, and assemble an effective and efficient project.

Once engaged, Mr. Vaccaro can perform the analysis, define the improvement project and roll the cost of the audit/analysis work into the improvement project. The City would competitively seek financing to pay for the project, and energy consumption savings would offset the cost of the project. This approach (under ARS Title 34) guarantees that the City will break even on the work or better, with Siemens bearing the risk.

Through several months of coordination and discussion, staff and Mr. Vaccaro have identified the following preliminary items for analysis and consideration in the project:

1. Conversion of City Streetlights to LED, installation of Dark Sky fixtures, modification of some fixtures color temperature or wattage, and installation adjustable shields where needed, to better control how bright lights are and where the light is focused. Additionally, negotiation w APS and transfer of ownership/control of City Streetlights and poles to the City of Bisbee. Negotiation with an ISP for limited wifi services in Old Bisbee.
2. Pursuit of some waste water treatment plant (wwtp) equipment installations as outlined/recommended in Pace Engineering Preliminary Engineering Report (April 2015) – possibly updated by Pace Engineering, with consultation from staff and Jacobs Engineering. Such installations might include: (a) conversion of lift station pumps to variable speed pumps,

- (b) installation of filtration equipment in the process flow prior to the UV Chamber, (c) installation, expansion or updating of solar field controls and panels at the wwtp, (d) installation of fine bubble diffusers/aeration enhancements, (e) revision/redirection of process side flows to return to waste streams to better locations.
3. Evaluation and upgrade/installation of older building HVAC units and controls at the library, police department and other locations in the City's physical plant.
  4. Evaluation and upgrade/installation of interior and exterior lighting (to LED) at the library, police station, museum and other locations in the City's physical plant, as well as areas in Old Bisbee, San Jose and Warren.

Obtaining control of the poles and streetlights in the City will position the City to begin consolidation efforts to remove extraneous poles that litter the landscape. In some locations as many as 3 poles exist, where one would serve. Eventually by controlling all poles in the City, some management and control of wireless communications infrastructure installations/deployments may be possible (despite recent state legislation), especially in historic districts where viewsheds and visual impacts are critical.

The City's WWTP design was value engineered to a lower number as financial resources for construction were limited. Equipment and process controls that were engineered out of the facility were proposed to be part of a Capital Improvement Program to be pursued in the future, and eventually get the plant to the efficiency and functionality that was originally contemplated with the original design. This CIP program was never created or implemented, and high priority items within it are needed at the plant. Using this approach, critical, first priority elements can be constructed to establish a better basis for efficiency and consistency in operation.

The City's physical plant contains some environmental controls and HVAC units which are well over a decade old. New generations of equipment and controls present significant efficiency and cost containment which could be deployed to better control interior environments while also saving the City of Bisbee operational and O&M dollars.

Some areas of Bisbee are in desperate need of improved lighting – both interior and exterior. The installation of LED systems would significantly reduce O&M costs, as well as energy consumption costs. Having the right amount of light in the right places also increases security and safety across the physical plant.

Together the above improvements can be installed, reduce consumption costs, reduce O&M costs, and provide better operations and control of the City's infrastructure and physical plant. This can be done with Siemens guaranteeing that project costs will be offset by electrical consumption savings and using local contractors to do the work where possible. By including important operational infrastructure as well as gaining control of streetlighting and securing future dark skies, the City achieves multiple important objectives simultaneously with minimal risk.

**Objectives Met with this Work –**  
Significant Reduction in Energy Consumption

Significant Reduction of O & M costs

Elimination of deferred maintenance on older equipment  
Enhanced consistent and effective operation of the wwtp  
Pursuit of the original CIP that was created with the wwtp

Transfer of control of streetlighting and poles from APS to the City  
Elimination of lease/maintenance pole agreement with APS  
City's direct control of lighting as well as dark sky implementation

Sourcing work from local contractors where possible

**Steps in the Process**

1. Council Engagement of Siemens (tonight)
2. Audit, field work and technical analysis
3. Project scope/definition and financial model
4. Design Reviews
5. Securing financing
6. Council review/authorization of project
7. Project implementation

September 2018

Siemens Industry, Inc.  
Building Technologies Division  
Energy & Environmental Solutions  
Attention: Matt Vaccaro  
4025 E. Cotton Center Boulevard  
Phoenix, AZ 85040

Re: Project Development Letter and Approval to Proceed with Investment Grade Audit

Dear Mr. Vaccaro:

The City of Bisbee ("City") intends to contract with the Building Technologies Division of Siemens Industry, Inc. ("Siemens") to implement a performance contracting project to improve its infrastructure and operational efficiencies ("Project"). The Project will be comprised of a variety of facility improvement measures ("FIMs") to be assessed through an investment grade audit ("Audit").

The Audit will be performed at the following location(s):

- Wastewater Treatment Plant
- Municipal Street lights
- City of Bisbee facilities

The Audit will evaluate the following systems: Water Treatment plant efficiency improvements, Street light upgrades, Solar power additions, Heating, Ventilation and Air Conditioning; Building Automation and Controls; Building Lighting; Building Envelope; Water Fixtures;

The purpose of the Audit will be to identify opportunities to: Reduce operating and utility costs; replace or upgrade existing equipment; improve facility infrastructure; and reduce the City's carbon footprint.

In order to accomplish the Audit, City shall provide Siemens the following data (if not already provided): Three-year history of utility bills (electric, gas, water, etc.); maintenance and operational costs for addressed systems; access to facilities and design drawings; audited financial statements for the past three years; and a point of contact for the Audit team.

The objectives of the Project to be assessed during the Audit (Objectives) are as follows:  
Siemens will provide a written guarantee of projected utility savings and reduced operational costs in compliance with Arizona Revised Statute Title 34

City and Siemens will cooperate to finalize the technical, legal and financial components of the Project, and City will pursue financing for the Project, possibly with assistance from Siemens. City also will prioritize the FIMs to be implemented, and Siemens will use the results of the Audit as the basis for a draft Performance Contracting Agreement ("Agreement").

Siemens and City jointly commit to provide the necessary resources and information in order to meet the following Project development schedule:

Milestone	Target Completion Date
Council Authorization	September 2018
Detailed Audit field surveys	October 2018
Scope of work development and initial engineering design	October 2018
50% Design review with City	November 2018
Final scope of work and engineering design	December 2018
City selects Financial Provider	January / February 2019
Legal Agreement negotiation	January / February 2019
90% Design review with City	January 2019
Council approval	March 2019
Begin Project Implementation	April 2019

If Siemens is unable to produce an Agreement that meets the above Objectives, then it shall receive no payment for its efforts to develop the Project. However, if Siemens presents an Agreement that meets the above Objectives, and the parties do not execute it within thirty (30) days thereafter, then City agrees to pay Siemens a termination fee of **\$\$58,000.00** (fifty eight thousand dollars and no cents) within thirty (30) days of invoice. Alternatively, if Siemens provides an Agreement which meets the Objectives defined above, and the parties execute the Agreement, then the costs associated with the Audit will be incorporated into the price of the Agreement.

On behalf of City of Bisbee, this Project Development Letter is approved as of the date above.

Sincerely,

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Print

\_\_\_\_\_  
Title