



Agenda Report

Fullerton City Council

MEETING DATE: SEPTEMBER 21, 2021

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: STEVE DANLEY, ACTING CITY MANAGER

SUBJECT: ALLIE BRIDGE ENERGY SOLUTIONS, INC.
PROFESSIONAL SERVICES AGREEMENT AMENDMENT

SUMMARY

Request City Council approval of amendment to Allie Bridge Energy Solutions, Inc. Professional Services Agreement for consultant services related to the Energy Services Performance (Investment Grade Audit) project.

RECOMMENDATIONS

1. Approve amendment revising the Allie Bridge Energy Solutions, Inc. Professional Services Agreement fee structure.
2. Authorize City Manager to execute amendment by and between the City of Fullerton and Allie Bridge Energy Solutions, Inc.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

This contract amendment will reduce the fee structure to the Allie Bridge agreement and result in cost savings to the City should City Council choose to implement energy savings projects recommended by the Investment Grade Audit.

DISCUSSION

Over the past few years, the City has considered engaging an Energy Services Company (ESCO) to conduct an audit of the City's energy-using equipment for its potential replacement and/or upgrade to reduce the City's energy consumption. In October 2020, the City Manager's Office hired an independent consultant firm named Allie Bridge Energy

Solutions, Inc. (AB) to assist the City in its effort to hire and work with an ESCo to conduct a reasonably priced and effective Investment Grade Audit (IGA).

The essential fee terms of the current AB contract are:

- A 2 percent success fee paid to AB based on the total cost of the energy projects selected by City Council through the IGA. For example, if City Council chooses to implement \$8.5 million worth of energy projects, AB's fee would total \$170,000. There is no maximum cap to the fee.
- If City Council determines not to pursue any energy projects recommended by the IGA, AB will only receive a "guaranteed" \$29,900 flat fee for any services performed.

The City, with the assistance of AB, released a Request for Proposal (RFP) for an ESCo to perform an IGA. In March 2021, the City Council selected Noresco to perform the City's IGA. The City and AB have since collaborated with Noresco to complete the IGA study which staff will also present for City Council's consideration at the September 21, 2021 meeting.

During this process, staff reexamined the AB contract and identified potential modifications which staff now proposes through this agenda item. Those modifications are:

- If City Council approves the implementation of energy savings projects, the fee paid to AB will likely exceed the City Manager's \$100,000 contract authority threshold. Therefore, this amendment to the AB contract requires City Council approval.
- The current 2 percent success fee has no cap. If City Council approved a greater amount of energy projects, the success fee could become an unwarranted amount. Staff recommends amending the agreement to include a not-to-exceed \$150,000 payment cap to address this issue.
- Increase the guaranteed fee amount paid to AB if the City chooses no energy projects from \$29,900 to \$80,000 to recognize the over 1,300 hours of work put into project.
- Lower the success fee percentage from 2 percent of total energy projects selected to 0.75 percent of total energy costs selected. The City would pay the 0.75 percent success fee in addition to the \$80,000 guaranteed amount. For example, if City Council approved \$8.5 million on energy projects, AB would receive \$143,750 (\$80,000 guaranteed + \$63,750 success fee).

The IGA reports recommends that City Council consider approving approximately \$8.5 million of energy projects. Under the current contract, an \$8.5 million energy project package would result in a total fee paid to AB of \$170,000. Under the contract amendment proposed by this agenda report, the total fee paid to AB would total \$143,750.

Attachments:

- Attachment 1 - Current Allie Bridge Energy Solutions, Inc. Agreement
- Attachment 2 - Proposed amendment to Allie Bridge Energy Solutions, Inc. Agreement