



**MEMORANDUM**

**TO:** Timothy J. Baroody, City Manager  
**FROM:** Mark Whitley, Assistant City Manager  
**RE:** Update on Energy Performance Contract Process  
**DATE:** August 5, 2021 (for August 10, 2021 Meeting)

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**ISSUE**

This is a report to City Council on the current process of the City and the Fredericksburg City Public Schools to engage in an energy performance contract to upgrade the energy efficiency of City and School buildings.

**RECOMMENDATION**

This report is a transmittal only, and no Council action is requested at this time. Once the investment grade audit is completed, City Council will be fully briefed and requested to authorize the resulting contract for the actual improvements.

**BACKGROUND**

The City and the Fredericksburg City Public Schools issued a joint request for proposal for an energy services project. The Commonwealth of Virginia’s Department of Mines, Minerals, and Energy has a process outlined that local governments and school divisions may follow. Staff of the Department have been very helpful to us throughout this process.

The process for the RFP involves evaluation by pre-qualified energy performance companies of a small number of select facilities, called a “back-of-the-envelope” evaluation, which is then included in a proposal for the City and the Schools to evaluate. The “back-of-the-envelope” is a very preliminary evaluation, and only two City facilities were involved – the Police Headquarters building and the Dorothy Hart Community Center. The City and Schools received proposals from four highly qualified firms, and selected ABM Building Services, LLC, as the contractor we wished to utilize for the work.

The next step is to finalize an agreement with ABM and move forward with what is called an investment-grade audit. At this stage, the City and the Schools are able to add facilities to the evaluation process. The contractor will perform the evaluation and present potential improvements for us to consider. The City and the Schools will be able to use the savings on avoided energy costs to finance the capital costs of equipment or building improvements. The City and the Schools may also choose to add projects or pay for the costs of projects up-front as an alternative to strictly using projected energy savings.

The FCPS was briefed at their August 2, 2021 meeting and authorized their staff to continue this work. Staff would like to continue working with the FCPS through the investment grade audit process and the finalization of a contract for improvements.

The investment grade audit should take around three or four months to complete. The City is considering the following facilities: the Police Department, the Library, the Bass Ellison building, the City Shop, City Hall, the Wastewater Treatment Plant, and the Dixon Maintenance building and parks lighting.

**FISCAL IMPACT**

The energy performance contract should result in significant energy improvements – be it equipment upgrades or installation of renewable energy facilities such as solar energy. The potential cost of the investment grade audit is approximately \$50,000 for the City's share, and funds are available in the FY 2022 capital budget to pay for that cost up front.

cc: Dr. Matthew Eberhardt, FCPS