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191955

Ordinance

Authorize an exemption from competitive bidding requirements and authorize use of the alternative contracting method to award an Energy Savings Performance Contract and solar assessment for Water Bureau facilities and additional solar generation sites

Passed

The City of Portland ordains.

Section 1. The Council finds:

1. The Portland Water Bureau promotes health, livability, and economic vitality through the effective management of the City's water system.
2. The Portland Water Bureau seeks to reduce greenhouse gas emissions and improve the energy efficiency of its system and facilities for the purposes of reducing system costs for ratepayers, helping meet City of Portland climate goals, and contributing to a just and equitable future in which Portland community members have the opportunity to thrive.
3. The City of Portland's water infrastructure and facilities have finite life spans and require ongoing investment to remain functional, efficient, and resilient.
4. The Portland Water Bureau seeks Council's authorization for Procurement Services to issue a competitive solicitation for an Energy Savings Performance Contract (ESPC) for existing buildings and structures owned and managed by the Portland Water Bureau, as well as for additional locations where the bureau has permission to pursue solar development.
5. An ESPC will replace the conventional three-step approach to design and construction procurement with a single request for proposal that will cover all aspects of the project with the selected energy service company (ESCO).
6. The selected ESCO will be responsible for designing, installing, commissioning, and monitoring the improvements using a team of consultants and subcontractors to accomplish the goals of the Portland Water Bureau.
7. The ESPC Project (Project) will be implemented in a four-phase approach. The first phase will require the ESCO to perform a technical

Introduced by

[Mayor Ted Wheeler](#)

City department

[Water](#)

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Requested Agenda Type

Consent

Date and Time Information

Requested Council Date

November 13, 2024

energy audit to include facility condition assessments, solar assessments, and fuel switching opportunities. Phase two will include drafting of energy conservation measures, preparing the preliminary design plans and specifications, and preparing a guaranteed maximum price for the work to be performed. Phase three will require the ESCO to coordinate the construction and implementation of the energy savings measures. Phase four will require the ESCO to measure and verify the guaranteed energy savings.

8. Funding for phase one of the Project, the technical audit and solar assessment, was provided by the Portland Clean Energy Community Benefits Fund (PCEF) and is included in the Portland Water Bureau FY 2024–25 Budget. Future funding for implementation of identified energy conservation measures will be allocated through the Portland Water Bureau capital improvement program and/or the Bureau's operating expenses, depending on the type of work.

NOW, THEREFORE, the Council directs:

- A. Portland Water Bureau's Energy Savings Performance Project for Bureau facilities and additional solar generation sites is exempt from the competitive bidding requirements under ORS 279C.335 pursuant to the alternative procurement rules adopted for energy savings performance contracts set forth in City Code 5.34.880.
- B. The Chief Procurement Officer is authorized to conduct a solicitation process in order to award an Energy Savings Performance Contract to the most qualified and resourceful ESCO proposer(s) and is authorized to execute a personal services contract for the Technical Energy Audit and Project Development Plan, provided the contract has been approved as to form by the City Attorney.
- C. Upon Council's acceptance of the Chief Procurement Officer's report recommending the acceptance of the GMP from the ESCO for the Project, the Chief Procurement Officer is authorized to execute a Design Build contract for construction of the Project, provided that the contract has been approved as to form by the City Attorney.
- D. The Mayor and Auditor are hereby authorized to draw and deliver checks chargeable to the Water Fund when demand is presented and approved by the proper authorities.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
November 13, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance will authorize a competitive solicitation for an Energy Savings Performance Contract (ESPC) with the goal of making existing Portland Water Bureau infrastructure and facilities more energy efficient and identifying solar generation opportunities at bureau-owned and other feasible sites.

The Portland Water Bureau seeks to improve the energy efficiency of its system and facilities to reduce system costs for ratepayers, reduce greenhouse gas emissions, and contribute to a just and equitable future in which Portland community members have the opportunity to thrive.

Energy Savings Performance Contracts (ESPC) are a well-established mechanism that allow organizations, such as the Portland Water Bureau, to identify opportunities for energy efficiency, renewable energy, and emissions reductions improvements and implement chosen opportunities under a performance guarantee. The ESPC mechanism is enshrined in section 5.34.880 of the City Code, entitled Energy Savings Performance Contracts. Energy Savings Performance Contracts can only be awarded to a limited set of state-approved energy service companies, or ESCOs.

ESPC projects are typically implemented in a four-phase approach. The first phase will require the ESCO to perform a technical energy audit to include facility condition assessments, solar assessments, and clean fuel switching opportunities. Phase two will include drafting energy conservation measures, preparing the preliminary design plans and specifications, and preparing a guaranteed maximum price for the work to be performed. Phase three will require the ESCO to coordinate the construction and implementation of the energy savings measures. Phase four will require the ESCO to measure and verify the guaranteed energy savings.

Financial and Budgetary Impacts

The Portland Clean Energy Community Benefits Fund (PCEF) granted the Portland Water Bureau \$200,000 for the ESPC Phase 1 Technical Audit and \$75,000 for a solar assessment which will also be included in the audit.

Funding of \$275,000 for the ESPC audit has been included in the Portland Water Bureau's fiscal year 2024-25 Budget. Future funding for implementation of identified energy conservation measures will be allocated through the Portland Water Bureau capital improvement program and/or the bureau's operating expenses, depending on the type of work.

After the technical audit is complete, Portland Water Bureau will decide which energy conservation and solar generation measures to implement. Energy Savings Performance Contracts offer guaranteed savings, meaning that if a Project fails to achieve the savings that the ESCO indicated, the ESCO will have to pay the difference out of pocket. Depending which energy

conservation measures the bureau adopts, facility improvements can be budget neutral.

Economic and Real Estate Development Impacts

The Energy Savings Performance Contract project will not have any anticipated adverse impacts to local business, real estate, housing, cost of goods, or employment markets. The primary impacts of the work are improved energy efficiencies and reduced greenhouse gas emissions on City-owned properties. There may be some small opportunities for positive business impacts through purchase of energy efficient infrastructure from local manufacturers, hiring of COBID contractors, and evaluation of solar generation with local business partners. The project has been reviewed and funded by the Portland Clean Energy and Community Benefits Fund committee who are tasked with ensuring PCEF funded projects achieve the goals laid out in the PCEF Climate Investment Plan.

Community Impacts and Community Involvement

Reducing energy use, increasing renewable energy, and eliminating the use of natural gas are all key strategies in the Portland Water Bureau's net-zero strategy to achieve net-zero greenhouse gas emissions by 2050. This strategy will help the Portland Water Bureau to meet City of Portland climate goals and contribute to a just and sustainable future for Portlanders. Energy efficiency improvements benefit ratepayers through cost savings, improved operational efficiencies, and increased resilience of water system infrastructure.

The identification of energy conservation, solar generation and clean fuel switching measures through the technical energy audit will result in opportunities for future contracting work. As part of the contract with the chosen ESCO, the City of Portland will require the ESCO to maximize working with State of Oregon-certified disadvantaged, minority, women, and emerging small business subcontractors, material suppliers, and manufacturers to promote their economic growth and to increase competition on City construction contracts.

100% Renewable Goal

Energy Savings Performance Contracts aim to decrease total energy use and may additionally identify renewable energy opportunities and clean fuel switching opportunities. Implementing an Energy Savings Performance Contract is a key element of the Portland Water Bureau's net-zero strategy to achieve net-zero emissions by 2050 and to help meet the City's climate goals.

Financial and Budget Analysis

Funding for phase one of this contract is currently funded with one-time PCEF resources. This includes a technical audit and solar assessment. After this work is completed, the bureau will decide which energy conservation and solar generation measures to implement. Future project funding will be included in the bureau's CIP, with the potential to be budget neutral given the nature of energy savings performance contracts, which can offer guaranteed savings.

Document History

Item 940 Consent Agenda in [October 30-31, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/10/30)
(<https://www.portland.gov/council/agenda/2024/10/30>)

City Council

Passed to second reading

Passed to second reading November 13, 2024 at 9:30 a.m.

Item 978 Consent Agenda in [November 13, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/11/13)
(<https://www.portland.gov/council/agenda/2024/11/13>)

City Council

Passed

Aye (4): Carmen Rubio, Dan Ryan, Rene Gonzalez, Ted Wheeler

Absent (1): Mingus Mapps