

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as:
NORTH CLACKAMAS PARKS AND RECREATION DISTRICT BOARD OF DIRECTORS

Study Session Worksheet

Presentation Date: 3/27/12 **Approximate Start Time:** 1:30 pm **Approximate Length:** 15 min

Presentation Title: Aquatic Park Energy Retrofit and Upgrades

Department: Business and Community Services (BCS) /North Clackamas Parks and Recreation District (NCPRD)

Presenters: Dave Miletich and Laura Zentner

Other Invitees: Lane Miller, Purchasing

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval to move forward with a contract with Abacus Resource Management Company, for the energy retrofit and upgrade work on the mechanical systems and lighting at the North Clackamas Aquatic Park.

EXECUTIVE SUMMARY:

The Aquatic Park opened in 1994. In 2010 Abacus Resource Management Company (ARMco) was hired to do an energy study of the facility. The results of that study showed that the original mechanical systems are inefficient and have reached the end of their useful life. The facility is currently powered by one large inefficient boiler. If it fails, we will have to shut down the facility and buy an off the shelf boiler, which would be far less efficient than our plan to buy two high efficiency boilers, as part of the retrofit and energy savings plan.

The upgrades to the mechanical systems and lighting will save utility costs, improve the facility and are partially funded by energy incentives and tax credits. There will also be substantial avoided cost because the current equipment is near the end of its useful life and will need to be replaced soon in any case. If we wait until the equipment fails we will not be eligible for the energy incentives and tax credits. That would be considered a maintenance expense and we would pay 100 percent of the cost out of our general fund budget.

In follow-up to the energy study, NCPRD hired Abacus in July 2011 to complete the design work, as part of a design/build contract. That work has now been completed and Abacus is ready to proceed with ordering equipment for a September installation during the annual shutdown of the Aquatic Park. It is necessary to order the equipment in April 2012 to have it delivered in time for the September installation. If we were to miss that window of opportunity we would be delayed until September 2013 during the next facility shutdown. This project addresses the NCPRD Strategic Plan by addressing the need to take care of the assets we currently own. The project also addresses the County's Strategic Plan sustainability goals by significantly reducing energy consumption.

FINANCIAL IMPLICATIONS:

The total budget for this project is \$846,098, which is the guaranteed maximum price. The budget for fiscal year 11/12 is \$582,648. An additional \$263,450 will be appropriated in the fiscal year 12/13 budget for a total FY 12/13 budget appropriation of \$846,098. The expected annual energy savings are \$56,000 per year. Abacus will guarantee a minimum annual savings after the project has been completed. Recent swimming pool projects completed by Abacus have exceeded the initial projected annual savings. This project is projected to have a payback in the range of 10 to 13 years. The simple payback analysis is based on a conservative energy savings estimate and doesn't consider rising energy prices.

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

The NCPRD District Advisory Board (DAB) has been involved with this project from the beginning. The first meeting with the DAB was in the fall of 2010 regarding the energy audit. The DAB was kept abreast of the project for the past 18 months and a final presentation with the DAB was held on March 14, 2012. Although there was no formal vote, there was unanimous support for moving forward with the project.

OPTIONS:

1. Approve Going Forward – Pros: Make needed upgrades to improve the energy efficiency of the Aquatic Park mechanical and lighting systems. Annual energy savings conservatively estimated to be \$56,000. Cons: Capital cost of \$846,098, with a net cost in the range of \$565,000 to \$725,000, after energy incentives and tax credits. The actual savings won't be known until we find out how much we receive in tax credits, this is a competitive process and that information won't be available for several months. It is also important to move forward with this project now, so the work can be completed during the Aquatic Park's annual shutdown in September. If we miss this window of opportunity, we would have to wait until September 2013 to complete the work.
2. Cease Efforts – Pros: NCPRD would avoid capital cost of \$846,098, with a net cost savings in the range of \$565,000 - \$725,000, at least until existing systems fail. Cons: Not making the upgrades will only delay the need for the work by a few years at best, the work will cost more, the impact on the facility users will be significant if we have an emergency facility shutdown due to boiler failure, and we will not be eligible for energy incentives or tax credits if we have to replace failed equipment. Annual savings of \$56,000 (at today's utility rates) will be lost. The savings not realized will also be worth more in the future as utility rates increase.

RECOMMENDATION:

Staff respectfully recommends that the Board authorize staff to move forward with finalizing a contract with Abacus Resource Management Company, to complete the Aquatic Park retrofit and upgrades for mechanical systems and lighting.

ATTACHMENTS:

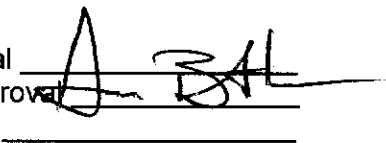
N/A

SUBMITTED BY:

Division Director/Head Approval

Department Director/Head Approval

County Administrator Approval

A handwritten signature in black ink, appearing to be 'A. BAL', is written over the signature lines for the Division Director, Department Director, and County Administrator.

For information on this issue or copies of attachments, please contact Dave Mitetch @ 503-742-4361