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OFFICE OF THE COUNTY AUDITOR INTEROFFICE MEMORANDUM

TO: All Council Members
FROM: Lauren M. Smelkinson, County Auditor *LMS*
DATE: October 31, 2016
SUBJECT: Addendum to Council Meeting Notes

Please find attached an addendum (FM-5) to the Council Meeting Notes issued October 27, 2016. This item will be discussed at the November 1, 2016 work session for the November 7, 2016 Council meeting.

Attachment

cc: notes distribution list

FM-5 (Contract Amendment)

Council District(s) All

Office of Budget and Finance

Upgrade Software Services, Additional Tracking Site – Jefferson Building

The Administration is requesting a second amendment to a contract with EnerNOC, Inc. to provide a reconfigured mix of energy consulting services. Under the proposed amendment, the contractor will use its new software (Energy Intelligence Software (EIS)) to continue tracking energy usage at six County sites and to begin tracking energy usage at the Jefferson Building to help the County maximize energy cost savings. The amendment increases the estimated total compensation by \$61,680, from \$573,225 to \$634,905, for the entire 10-year term, including the renewal periods. Compensation for EIS tracking services may not exceed \$42,000 annually, plus a one-time “enablement” fee of \$3,000 for the Jefferson Building. The original contract commenced November 7, 2011. See Exhibit A.

Fiscal Summary

Funding Source	Contract Amendment	Current Total Compensation	Amended Total Compensation
County ⁽¹⁾	\$ 61,680	\$ 573,225	\$ 634,905
State	--	--	--
Federal	--	--	--
Other	--	--	--
Total	\$ 61,680 ⁽²⁾	\$ 573,225	\$ 634,905 ⁽³⁾

⁽¹⁾ General Fund Operating Budget (for General Government costs); other entities (e.g., component units) may provide reimbursements to cover their respective costs.

⁽²⁾ Additional maximum compensation.

⁽³⁾ Estimated maximum compensation for the entire 10-year term of the contract, including the renewal periods.

Analysis

On November 7, 2011, the Council approved the original 10-year agreement with estimated compensation totaling \$319,597 to provide consulting services related to the procurement of electricity and natural gas, including energy procurement strategy development and implementation; identification of risk profiles, time frames, and cost targets; procurement of retail suppliers to purchase electricity and natural gas on the wholesale markets, including data collection, supplier identification, contracting, and implementation; contract performance monitoring; and monthly reports, budget projections, and other energy-related reporting on an as-needed basis. The contractor was to work closely with the County's suppliers of electricity and natural gas, directing both hedge purchases and purchases on the daily markets.

On October 21, 2013, the Council approved an amendment to the contract increasing the estimated compensation by \$243,601, from \$329,624 to \$573,225, to include energy usage tracking services at seven County locations (County Office Building, County Courts Building, Historic Courthouse, Public Safety Building, Detention Center, Drumcastle Government Center, and North Point Government Center) chosen for monitoring because of their high energy usage and high potential savings. The contractor installed "pulse meters" at the selected sites to collect and report real-time data, allowing the County to view real-time energy use through a web-based application and to run reports to identify trends. Tracking services were to include a dedicated energy advisor for monthly conference calls to discuss trends and abnormalities in energy use in the seven buildings. Compensation for the tracking service was not to exceed \$30,264 per year, plus a one-time "enablement" fee of \$1,489 for all seven County locations. The Office advised that tracking services at the North Point Government Center ended in December 2015.

Under the proposed second amendment, the Office advised that the contractor will replace its original, yet now-obsolete EfficiencySMART Insight software with its new EIS software. The Office advised that the upgraded software will provide enhanced services and additional features for tracking, analyzing, and verifying energy savings. The amendment stipulates that compensation for the additional services may not exceed \$42,000 per year (\$3,500 per month), as follows:

<u>Location</u>	<u>Current Monthly Fee</u>	<u>Proposed Subscription</u>	<u>Proposed Monthly Fee</u>
Historic Courthouse	\$388	EIS - Basic	\$250
County Office Building	388	EIS – Basic	250
Detention Center	582	EIS – Basic	250
Jefferson Building	--	EIS – Basic	250
Public Safety Building	388	EIS – Standard	500
County Courts Building	388	EIS – Professional	1,000
Drumcastle Government Center	194	EIS – Professional	1,000
North Point Government Center	194	--	--
Total Monthly Fee	\$2,522		\$3,500

In addition, the County must remit a one-time \$3,000 “enablement” fee for the Jefferson Building.

The amendment increases the total estimated maximum compensation of the contract by \$61,680, from \$573,225 to \$634,905, for the entire 10-year term, including the renewal periods. The County may terminate the agreement by providing 30 days prior written notice. As of October 27, 2016, expenditures and encumbrances under this contract totaled \$260,019 (\$190,436 for consulting services and \$69,583 for tracking energy usage), and the Office advised that it does not track associated energy savings.

The original contract was awarded through a competitive procurement process based on best value from five proposals received. The Purchasing Division advised that the original solicitation was a Baltimore Regional Cooperative Purchasing Committee (BRCPC) effort with 22 other participating entities in the Baltimore region; participating entities entered into their own service agreements with the contractor.

On December 1, 2011, the County Administrative Officer entered into a separate 5½-year agreement with EnerNOC (at no cost to the County) to participate in the Emergency Load Response/Demand Response Program (DRP), a revenue-generating agreement in which the County receives payments based on a fee-per-kilowatt hour in return for agreeing to reduce electricity consumption at the County locations mentioned above. The agreement expired on May 31, 2016. On May 24, 2016, the County Administrative Officer approved an amendment to extend the original term of the DRP agreement by 5 years, from May 31, 2016 to May 31, 2021.

The amendment also changed program terms and conditions, and added the Jefferson Building as a program site. The Office advised that as of May 2016, revenues generated through the DRP totaled \$14,652.

County Charter, Section 715, requires that “any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than \$25,000 per year....”



COUNCIL ACTION REQUEST FORM EXECUTIVE SUMMARY

In order to collect electricity data, EnerNoc installed "pulse meters" at each of the seven buildings. These meters collect and report real-time data to EnerNoc's software program, *EfficiencySMART Insight*. The *EfficiencySMART Insight* program allows the County to view real time energy use through a web-based application and run reports to identify trends.

As an additional part of their services, EnerNoc provides a dedicated energy advisor for monthly conference calls to discuss trends and abnormalities in energy use in the seven buildings. Collectively, these services have directly led to reduced energy costs and have helped educate County personnel about energy management in buildings not currently tracked by EnerNoc.

As part of EnerNoc's efforts to improve their services, they have developed a new software, *Energy Intelligence Software Solutions ("EIS")*, to replace the original, yet now obsolete *EfficiencySMART Insight* software. The new software, *EIS*, provides enhanced services and additional features for tracking, analyzing, and verifying energy savings. For instance, there are over 20 modifiable reports that help analyze each buildings energy use patterns, with a more user-friendly website.

The County wishes to continue its agreement with EnerNoc to identify and analyze electricity trends in its buildings and to continue to realize energy savings. Without agreeing to upgrade to the new *EIS* software, the County will have to issue a new request for proposal for energy tracking services, which will not only be time consuming, but will also delay energy savings.

The County would like to begin to track the energy use in the Jefferson Building. There is a one-time enablement fee of \$3,000 to add the meter equipment to the Jefferson Building. There is also a monthly fee of \$3,500 to continue to track energy use in seven buildings, equating to an annual contractual cost of \$42,000.