



City of Avondale

PROJECT DEVELOPMENT

AGREEMENT SIEMENS INDUSTRY

May 15, 2017



Background

- 2003 – Council awarded a contract and authorized lease agreement for \$2.1M for construction and financing of central chiller plant
- Lease paid off in 10 years
- Maintenance agreement for 20 years from \$41,000 to \$130,000
- Library added in 2007 with separate maintenance agreement \$34,000 to \$42,000



ARS 34-105

- Provides for communities to enter into guaranteed energy costs savings contract
 - Provided amount spent on energy cost saving measure does not exceed cost savings
 - Term of 25 years or less
 - Vendor to provide written guarantee of cost savings and reimburse any shortfalls



Objectives

- Audit of infrastructure and potential efficiencies
- If feasible enter into performance contracting agreement



Outcomes

- Replacement of aging infrastructure approaching the end of useful life
- Efficiencies (energy and maintenance) help to offset replacement costs
- Audit determines project not feasible - \$0
- Audit determines project feasible and city proceeds with Siemens - \$0 (costs of audit will be recovered in cost savings)
- Audit determines project feasible and City does not enter into contract with Siemens - \$80,000



Recommendation

- Staff recommends Council approve the project development agreement with Siemens to perform an Investment Grade Audit on the City's chiller plant