



Diane Nichols Tradd
Assistant City Manager/DPD Director

Craig Thomas
DPD Deputy Director

MEMORANDUM

TO: Eileen M. Donoghue, City Manager

EMD

FROM: Katherine Moses, Energy Manager

DATE: January 16, 2019

SUBJECT: MOTION OF 12/4/18 BY COUNCILOR KENNEDY
REQUEST CITY MANAGER CONSIDER ENTERING AN ENERGY SAVINGS
PERFORMANCE AGREEMENT AIMED AT REDUCING ENERGY COSTS IN ALL
SCHOOL AND MUNICIPAL BUILDINGS AND USING THOSE SAVINGS TO PAY
FOR CAPITAL IMPROVMENTS AND REPAIRS

The City of Lowell has made significant investments in energy efficiency upgrades to its facilities. In 2010, the City signed an Energy Savings Performance Contract (ESPC) with Ameresco to complete over \$21 million in energy efficiency upgrades. The final project included 28 different Energy Conservation Measures (ECM's) across 29 different school buildings and 19 different municipal buildings. This project is in Year 4 of the guaranteed savings period. According to the annual Measurement and Verification report, the investments have resulted in over \$7.1 million in savings since its inception. The savings have generally been utilized to pay back the City bond for the project, as well as reduce overall utility budgets.

There are complications, however, in entering into an additional ESPC for the same facilities due to provisions in Massachusetts General Law Chapter 25A. As part of this law, a company selected for the ESPC must provide guaranteed savings, which must be measured and verified on an annual basis. It would be problematic to determine savings attributions if there were updates at the same facilities included in Ameresco's contract. Unless the City would like to amend Ameresco's contract, it would not be possible to do another large-scale ESPC.

However, under MGL Chapter 44, Section 53E 1/2, communities can set up a revolving fund for the purpose of energy efficient capital improvements and repairs. This fund could utilize seed money from net metering credit revenues, utility rebates, and appropriation for a portion of utility bill savings in order to continue to invest in energy-saving initiatives. If the City Council determines that this is a direction it can support, the Department of Planning and Development will work with Finance, Auditing, and Law Department to amend the ordinance to establish a new revolving fund for these purposes.

KM/ns

cc: Christine P. O'Connor, City Solicitor
Conor Baldwin, Chief Financial Officer/Acting City Treasurer/Collector
Bryan Perry, City Auditor
Diane Tradd, Assistant City Manager/DPD Director
Craig Thomas, Deputy Director
Philip Ferreira, Housing and Energy Programs Manager