

**CITY COUNCIL AGENDA TOPIC**

Ordinance 1) authorizing execution of an interagency agreement “Amendment 4” with the Washington State Department of Enterprise Services and MacDonald-Miller Facility Solutions, LLC and all documents necessary for construction related to energy efficiency and electric vehicle charging stations at the Bellevue Service Center in an amount not to exceed \$9,262,875, plus all applicable taxes; 2) amending the 2023-2024 General CIP Fund to increase the appropriation by \$2,425,980; and 3) amending the 2023-2029 CIP Plan to increase the budget for ESI Energy Efficiency Prjs (CIP Plan No. G-122) by \$6,837,540; decrease the budget for Facility Operations Major Maintenance Plan (CIP Plan No. G-113) by \$3,186,000; decrease the budget for Electric Vehicle Infrastructure (CIP Plan No. G-121) by \$1,376,000; update project title of ESI Energy Efficiency Prjs (CIP Plan No. G-122) to BSC Retrofit; and update BSC Retrofit project scope to reflect the Electrical Systems Replacement and BSC EV Infrastructure originally planned within G-113 and G-121 respectively.

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**EXECUTIVE SUMMARY****ACTION**

This action would approve the consolidation of existing budget appropriation, add new budget appropriation, and authorize the execution of a contract amendment necessary to construct electrical and HVAC upgrades at the Bellevue Service Center. These upgrades are necessary to replace existing, aging infrastructure with more efficient systems and to expand our capability for electric vehicle charging on the property.

**RECOMMENDATION**

Move to adopt Ordinance No. 6794

**BACKGROUND/ANALYSIS**

Since 1989, the City has owned and operated the Bellevue Service Center (BSC), located in Northwest Bellevue. BSC houses staff from Utilities, Transportation, Parks and Finance & Asset Management who perform many critical operational functions throughout the City, ensuring our infrastructure functions efficiently and helping to maintain public health, safety and environmental protection. As a major operating hub for the City and home to our fleet maintenance shop, BSC is also a pivotal location for the installation of electric vehicle charging infrastructure in support of the Sustainable Bellevue Environmental Stewardship Plan’s goal (M.M.2.1) of purchasing electric vehicles and installing charging infrastructure at city-owned facilities.

The BSC, which is approximately 115,000 square feet in size, was constructed in 1981 and has never had a major overhaul of its electrical and HVAC (Heating, Ventilation and Air Conditioning) systems which are now operating beyond their useful life. In addition to its age, the BSC's HVAC infrastructure is inefficient, burns fossil fuels, and is out of compliance with the Washington State Clean Buildings Act (HB 1257, 2019) which will result in penalties (estimated at \$119,199 per year) if the deficiencies are not addressed by 2026.

The approved 2023-2029 CIP Plan includes three separate projects to address the electrical, HVAC and EV charging needs at the BSC. The first project, included within ESI Energy Efficiency Prjcs (CIP Plan No. G-122), involves a building retrofit that will upgrade equipment that is at the end of its useful life to a state-of-the-art heating and cooling system utilizing renewable electricity instead of fossil fuels, as well as the installation of an advanced heat recovery system. This system will provide cooling in the fleet maintenance shop, enhancing productivity during summer heat waves. The second project, included within Electric Vehicle Infrastructure (CIP Plan No. G-121) entails upgrading electrical transformers to support 56 electric vehicle charging stations and the installation of 20 ports for light-duty fleet electrification. The third project, included within Facility Operations Major Maintenance Plan (CIP Plan No. G-113), involves the replacement of the electrical panels and distribution system to support the new rooftop HVAC units, heat recovery system, and the EV charging stations that are contemplated in G-122 and G-121 .

Approval of this action would reallocate project-related funding from the Facility Operations Major Maintenance Plan and the Electric Vehicle Infrastructure project (CIP Plan No. G-113 and CIP Plan No G-121, respectively) to the newly titled BSC Retrofit project (CIP Plan No. G-122). In addition to the reallocation of funding, the BSC Retrofit project's description and scope will be updated to include the comprehensive whole-building retrofit. This action would also allocate additional funding for the combined project. This additional funding is required because the original project budgets were based on planning-level estimates that have more recently been updated to engineering-level estimates through an investment-grade audit. The revised estimates offer a more accurate and detailed assessment of the work required, and include additional costs associated with contractual fees and third-party utility costs for transformers. The audit recommended combining the three separate projects into a comprehensive whole-building retrofit, which expanded the overall project scope and associated costs, but allows for greater efficiency and long-term savings.

As part of the implementation of the Environmental Stewardship Plan, the City of Bellevue signed an interagency agreement (IAA) with Washington State Department of Enterprise Services (DES) in 2021 to contract with pre-qualified companies, including MacDonald-Miller Facility Solutions, LLC (MacDonald-Miller), through the Energy Savings Performance Contracting program (RES 9864). DES requires an amendment to the IAA in order to initiate an audit and/or construction activities. In 2023 the City signed an amendment (number 3) for MacDonald-Miller to perform the investment-grade audit mentioned above and to provide an Energy Savings Proposal to achieve the Clean Buildings energy efficiency standard at BSC. DES requires a separate interagency agreement "Amendment 4" to implement the Energy Services Proposal and perform construction activities.

Approving this action supports the City Council's vision for the City to be a sustainability leader through the implementation of the Environmental Stewardship Plan. It directly relates to action M.E.1.1:

Conduct building tune-ups and implement energy efficiency measures at City-owned buildings and M.M.2.1: Develop long-term plan and policies for purchasing electric vehicles and installing charging infrastructure at City-owned facilities. This project achieves ESI goals reducing greenhouse gas emissions by 71 percent, energy use by 24 percent, and enables 11 percent fleet electrification at BSC. Staff further expect that this project will achieve a total of \$702,419 over a five-year period in grant reimbursements from Washington State and Puget Sound Energy, and it will avoid \$119,199 in annual penalties.

**POLICY & FISCAL IMPACTS**

**Policy Impact**

Washington State law (RCW 35A) and the City of Bellevue’s Comprehensive Finance and Asset Management Policies and Procedures (VI. Budget Adjustment & Amendment Process) state that Council approval is necessary for budget amendments that will cause the existing appropriation level for a fund to change.

City of Bellevue’s Comprehensive Finance and Asset Management Policies and Procedures (XI. Capital Investment Program Plan Policies; P. CIP Plan Updates and Amendments) states Council approval is necessary for changes in project scope.

**Fiscal Impact**

This action reallocates project-related funding from the Facility Operations Major Maintenance project and the Electric Vehicle Infrastructure project (CIP Plan No. G-113 and CIP Plan No. G-121, respectively) to the newly titled BSC Retrofit project (CIP Plan No. G-122). Additionally, this action will advance costs within the BSC Retrofit project. The amended plan also includes an Energy Efficiency and Conservation Block Grant (EECBG) award and anticipated incentive reimbursements totaling \$450,610.

Below is a table providing a summary of the reallocation of funding by project.

CIP Plan	Description	This Action
G-122	BSC Retrofit	\$4,562,000
G-121	EV Infrastructure	(1,376,000)
G-113	Facility Major Maintenance	(3,186,000)

To execute on and obligate the City to the IAA amendment, FAM is also requesting \$2,425,980 in additional expenditure appropriation for the Amended 2023-2029 CIP Plan to meet the total contractual obligation of \$9,262,875. The remaining balance will be covered by existing and planned resources within the General CIP Fund. The projected costs to fully implement the newly named BSC Retrofit project (CIP Plan No. G-122) with its updated scope of work, are estimated to be \$1,394,125 more than the proposed appropriation. To close this funding shortfall, the Finance & Asset Management department (FAM) has requested additional funding within the 2025-2026 budget process.

Further, this action authorizes staff to obligate the City to pay \$9,262,875, plus all applicable taxes to MacDonald-Miller to perform construction activities at the Bellevue Service Center to comply with

Washington State requirements outlined for the Energy Service Performance Contracting (ESPC) program.

## **OPTIONS**

1. Adopt the Ordinance 1) authorizing execution of an interagency agreement “Amendment 4” with the Washington State Department of Enterprise Services and MacDonald-Miller Facility Solutions, LLC and all documents necessary for construction related to energy efficiency and electric vehicle charging stations at the Bellevue Service Center in an amount not to exceed \$9,262,875, plus all applicable taxes; 2) amending the 2023-2024 General CIP Fund to increase the appropriation by \$2,425,980; and 3) amending the 2023-2029 CIP Plan to increase the budget for ESI Energy Efficiency Prjs (CIP Plan No. G-122) by \$6,837,540; decrease the budget for Facility Operations Major Maintenance Plan (CIP Plan No. G-113) by \$3,186,000; decrease the budget for Electric Vehicle Infrastructure (CIP Plan No. G-121) by \$1,376,000; update project title of ESI Energy Efficiency Prjs (CIP Plan No. G-122) to BSC Retrofit; and update BSC Retrofit project scope to reflect the Electrical Systems Replacement and BSC EV Infrastructure originally planned within G-113 and G-121 respectively.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## **ATTACHMENTS**

- A. CIP Project Plan Summary
  - B. CIP Project Description G-122 (Adopted)
  - C. CIP Project Description G-122 (Proposed)
  - D. CIP Project Description G-121
  - E. CIP Project Description G-113
- Proposed Ordinance No. 6794

## **AVAILABLE IN COUNCIL LIBRARY**

Department of Enterprise Services Interagency Agreement “Amendment 4”  
MacDonald-Miller – Energy Services Proposal for Bellevue Service Center