



CITY OF DANBURY
155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810

David W. St. Hilaire
Director of Finance

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MEMORANDUM

TO: Hon. Mark D. Boughton via the City Council
FROM: David W. St. Hilaire, Director of Finance *DWS*
DATE: January 25, 2016

SUBJECT: Reallocation of Capital Funds – Street Light Conversion Study

The Office of Project Excellence is working in conjunction with ESCO (Energy Services Company) to determine the feasibility of developing and implementing a Street Light LED Conversion Program.

The initial phase of this project consists of a comprehensive street light audit for which Esco will submit a report of findings to the City. If the City proceeds with implementation of the program, the cost of the audit will become part of the conversion project. However, if the City decides not to proceed, we will be responsible to make payment to Esco of up to \$50,000 for the initial phase.

The October 1, 2012 Revaluation funding (account 7000.0429) has an unused balance of \$75,140 and is not needed to complete this project. I am requesting that \$50,000 of this be reallocated for this expense. The remaining funding in this account will be used for an upcoming revaluation. New general ledger accounts will be established in our financial system for these two items.

Please place this item on the agenda for the February 2016 City Council meeting. Please contact me should you require any additional information. Thank you.

Attach.
Cc: D. Garrick
S. Nocera
DST/sk

8-1

LETTER OF INTENT

For

Street Light LED Conversion Program

November 10, 2015

Mark D. Boughton, Mayor
City of Danbury
City Hall
155 Deer Hill Avenue
Danbury, CT 06810

Dear Mayor Boughton:

The purpose of this letter agreement ("Letter of Intent") is to express the interest of the City of Danbury CT, (hereinafter "the City") in having ESCO Energy Services Company, (hereinafter "ESCO") perform a study to determine the feasibility of developing and implementing a Street Light LED Conversion Program ("Program") in cooperation with the City.

ESCO plans to perform a comprehensive Street Light Audit and detailed financial, operational and energy analyses of the feasibility for implementation of a Street Light LED Conversion program. Upon completion of our analysis, ESCO will present its findings in a report entitled Street Light Audit Report ("SLA Report") describing existing conditions, projected costs, expected energy and maintenance savings, financing options, and a proposed program implementation plan for the program. The report will also include a draft services agreement which will define the commercial terms of the development and implementation services to be provided by ESCO under the Street Light Conversion Program for the City.

ESCO shall maintain and provide the City with insurance certificates meeting the minimum requirements attached hereto as Schedule A.

The City acknowledges that ESCO is expending significant time and resources on behalf of the City by conducting this SLA and therefore agrees as follows:

- On execution of this letter the Parties agree to work together in good faith for a period of one hundred eighty (180) days (the "Exclusivity Period") to allow ESCO to complete the above-referenced study. During the Exclusivity Period, the City of Danbury agrees to not, without first notifying ESCO, and will cause its affiliates or representatives not to, directly or indirectly, solicit, initiate, or encourage the submission of, or participate in discussions or negotiations with respect to, or consummate, proposals or offers from, or enter into any agreement with, any person, entity or group regarding arrangements or other contracts, which would be in conflict with the rights of ESCO as outlined herein. On notification by the City of Danbury to ESCO of its intent to enter into discussions with other parties ESCO may, in its sole and absolute discretion, immediately terminate its activities with respect to the Street Light Audit without any further liability to either party.
- The City of Danbury will furnish (or cause its suppliers to furnish) to ESCO, upon its request, accurate and complete data concerning the City's street light billing history. ESCO will assist the City obtaining required information from Eversource including street light asset inventory, street light maintenance history, and EVERSOURCE's proposed acquisition costs and valuation of the street light assets for which the City of Danbury is currently being billed. In the event of delays in providing this information, ESCO may request the City to extend the Exclusivity Period by the amount of time required to obtain all required information. The City approval shall not be unreasonably withheld, however the City does have the option of refusing to consent to an extension.
- During the Exclusivity Period, the City of Danbury's public works, finance, facilities, engineering, and public safety departments, as well as, its architects, engineers, contractors, and other vendors and staff shall cooperate with ESCO and assist it in gathering all data required to complete its analysis of the City of Danbury's operational and utility requirements related to street lights.

ESCO will focus on the potential implementation of the Street Light LED Conversion Program and will perform an analysis of the facilities consistent with the City of Danbury's desire to implement said Program.

If the results in the SLA Report indicate that the Street Light LED Conversion Program can deliver adequate utility, maintenance, and operational savings to aide in funding the Program as determined by the City, The City of Danbury agrees to:

1. Commence negotiations exclusively with ESCO in order to execute a Street Light LED Conversion Program Agreement within Sixty (60) days. The scope of services and cost shall be based on the fee proposal submitted by ESCO on March 23, 2015 and subsequent submittals by ESCO for the project.
2. Reimburse ESCO for its cost for the SLA report, street light audit and GIS mapping. ESCO shall be paid at a rate of \$10.00 for each fixture audited and mapped. No additional payments shall be made. All reports, files and data shall be provided to and become the property of the City of Danbury.

If the City following the review of the SLA report determines that it shall not proceed with the project The City shall notify ESCO within sixty (60) days from the date of delivery of the SLA Report of its decision not to proceed with the project. ESCO shall be paid as provided in item 2 above. All documents including the SLA report and GIS information shall be provided to the City at no additional charge.

If during the SLA, ESCO is unable to document the viability of the Street Light LED Conversion Program to achieve the economic criteria outlined above, ESCO and/or the City shall have the option to terminate this Letter of Intent and each party shall have no obligation to the other whatsoever. Similarly, if ESCO is unable to find an economically viable project that can be implemented by ESCO, then ESCO shall not be obligated to prepare a SLA Report.

In addition, during the period that this Letter of Intent is in place, the City of Danbury agrees to work exclusively, and in good faith, with ESCO to develop a Street Light LED Conversion Program Agreement that is mutually acceptable to both parties. By executing this letter, the City of Danbury authorizes ESCO and ESCO agrees to conduct the analyses outlined in this agreement.

If the terms and conditions of this letter are acceptable to you, please sign and return an original counterpart of this letter, no later than December 1, 2015, after which date, if not signed and returned, this letter shall be null and void.

We very much look forward to working with you in this important and exciting effort. Should questions arise please do not hesitate to contact me.

Sincerely,

Mitchel Barrack
President

AGREED & ACCEPTED:

By: _____
Mark D. Boughton
Mayor

Date: _____