



City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance & Personnel **LEGISLATION ITEM #:** 1346-18

AGENDA DATE: January 7, 2019 Finance & Personnel Committee
January 8, 2019 Common Council

DEPARTMENT: Administration

Prepared By: James M. (Jim) Palenick, City Administrator

Reviewed By: Cory Mason, Mayor

SUBJECT: A Request from the City Administrator to waive formal bidding procedures requiring the advertisement and solicitation of bids for professional services exceeding \$25,000 in the case of engaging the requisite consulting services necessary to complete the Public Service Commission “Energy Innovation Grant” project award in the amount of \$78,000.

EXECUTIVE SUMMARY: The City’s procurement policies would normally require that, for engaging professional services in an amount greater than \$25,000 we would advertise for and solicit competitive proposals for such services. In the case of the work to be completed under the \$78,000 Energy Innovation Grant Award, through the Wisconsin Public Service Commission (PSC), we expect to fully complete the work and comply with the grant award by engaging two separate professional services contracts – the first, for \$28,000, with the University of Wisconsin Extension Service (as represented by Sherrie Gruder, the Energy Program Manager & Sustainable Design Specialist); and the second, for \$50,000, with the Madison, WI Office of HGA Engineering (as specifically represented by Svein Morner, PE, PHD, CCP, LEED AP, principal Engineer and sustainable energy practice leader). We are asking that, in this case, for both the UW-Extension and HGA professional service contracts that the Common Council waive the formal bidding requirements and allow for “sole source” procurements because of the unique advantages to be gained in selecting these contractors as described below.

BACKGROUND & ANALYSIS: The Energy Innovation Grant program, through the PSC, is highly competitive and the fact that the City was able to gain success in being awarded \$78,000 to fund a

33 comprehensive energy audit and strategic planning process was aided in large measure by the fact
34 that Sherrie Gruder (UW-Extension) personally assisted us in preparing the grant application package,
35 and brought substantial credibility to our application through her extensive knowledge and past
36 success. The fact that her office (UW-Extension) has not just shepherded through multiple successful
37 and compliant planning grants, but also followed those with successful (greater-funded)
38 implementation grants would bode well for us (Racine) in using her office to actually coordinate the
39 data gathering efforts and the Energy team strategic plan development. Her Office' costs have also
40 proven consistently lower than private sector entities -- because as a University it is mission-driven,
41 and only seeks to recover costs, not to generate profit. Based on these circumstances, we are
42 comfortable in declaring that no other coordinating entity could bring the same "value-add", and a
43 "sole-source" is fully justified.

44 Similarly, with Svein Morner, specifically at HGA Engineering, we are getting one of the entire
45 Country's leading experts in sustainable building operation & design translated to effective energy
46 audits which can inform strategic plans for energy efficiency that then gain success with PSC funding.
47 Again, he and HGA have worked closely with UW-Extension in the past to prepare successful energy
48 audits which, in turn had high success rates in gaining additional implementation funding -- at a cost
49 consistently lower than what might be viewed as competitor engineering firms who didn't have the
50 same confidence or understanding in the PSC grant compliance and award process. Also, Mr. Morner
51 was the actual chairman of ASHRAE's (American Society of heating, refrigeration, and air conditioning
52 engineers) technical committee 6.7 charged with solar utilization and has spent his entire 25+ year
53 career in engineering and design for sustainable and energy efficient buildings and systems. At the
54 \$50,000 contract cost, we get the entire professional services requirements of the project covered by
55 Grant funds, and again can declare with confidence that a "sole source" justification is highly
56 defensible in this case.

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58 **BUDGETARY IMPACT:** The City has been awarded \$78,000 in PSC Energy Innovation Grant Funds, as
59 channeled through the Federal department of Energy. The expected total out-of-pocket costs to
60 complete the grant work will be limited to the \$78,000 award. The City will be providing so-called "in-
61 kind" match funding expected to total \$33,233.17 in City personnel labor costs (part of budgeted
62 personnel costs, but hours dedicated to assisting the grant data gathering and planning efforts).

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64 **OPTIONS/ALTERNATIVES:**

- 65 1.) To approve the waiving of formal bidding processes for each of these professional services
66 contracts, allowing for the award of contract for \$28,000 to UW-Extension; and \$50,000 to
67 HGA Engineering.
- 68 2.) To deny the waiving of formal bidding processes for each of these professional services
69 contracts, requiring each to be competitively advertised for solicitation of proposals.

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71 **RECOMMENDED ACTION:**

72 **To approve the waiving of formal bidding processes for each of the two professional services**
73 **contracts, allowing for the award of contract for \$28,000 to UW-Extension; and \$50,000 to HGA**
74 **Engineering.**

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76 **ATTACHMENT(S): None**