



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

**AGENDA DATE:** Finance & Personnel Committee, July 10<sup>th</sup>, 2023

**SUBJECT:** Communication sponsored by Alder West, on behalf of the Transit & Mobility Director, requesting permission to enter into a Guaranteed Energy Savings Agreement with McKinstry Essention, LLC for the purpose of final design, implementation and measure and verification of a solar array at 1900 Kentucky Street transit facility and energy-savings improvements.

**PREPARED BY:** Trevor Jung, Transit & Mobility Director

**EXECUTIVE SUMMARY:** The City of Racine was awarded \$1,235,000 from the United States Department of Energy through Congressionally Directed Spending for the development of a solar array at 1900 Kentucky Street transit facility and energy-savings investments citywide. Project management and identifying an energy partner is a requirement for this Department of Energy funded project. In order to properly develop a solar array at RYDE Racine’s Bus Storage Garage and implement energy-saving solutions citywide, the City of Racine must enter into a Guaranteed Energy Savings Agreement with a firm that provides expertise of City of Racine assets, Department of Energy requirements, technical knowledge, and a record of project completion.

**BACKGROUND:** The City of Racine operates many public buildings, including the Bus Storage Garage site, City Hall and City Hall Annex, several community centers, public parking ramps, administration buildings, public safety facilities, park buildings and structures, and more. In an effort to reduce utility expenses and advance the City’s sustainability goal achievement of the Paris Climate Accord, the City selected McKinstry to identify City-wide opportunities for energy efficiency, renewable energy/ storage, EV charging and unique/near net zero projects; and, maximize federal, state, local and utility funding sources.

The City partnered with McKinstry taking the following steps to arrive at the City’s Sustainability and Decarbonization project – which was selected by the Federal Government for Congressionally Directed Spending via Senator Tammy Baldwin’s office.

- The City selected McKinstry to conduct a Preliminary Energy Evaluation for Federal Funding which identified opportunities for energy efficiency, renewable energy/ storage, EV charging and unique/near net zero projects across the City. The report was delivered on August 5, 2022.
- The City worked with McKinstry to prepare an application for Congressionally Directed Spending via Senator Tammy Baldwin’s office – focusing on a subset of the Preliminary Energy Evaluation which included solar at the Bus Storage Garage Site and City-wide energy and conservation measures resulting in the “City of Racine Sustainability and Decarbonization Project” which was submitted on May 4, 2022.
- The City received verification that the City of Racine’s Sustainability and Decarbonization Project was included in the FY23 Congressionally Directed Spending list of approved projects as part of the Appropriations Bill in the Energy and Water Development Subcommittee via Wisconsin State Senator Tammy Baldwin. The City’s project award is \$1.235 Million in federal funding for this project.
- The City selected McKinstry on October 7, 2022, to provide an Investment Grade Audit at City’s premises, which was completed in a report dated March 30, 2023. The Investment

Grade Audit detail is required to fill out the Federal Government/ Department of Energy forms required for Congressionally Directed Spending and finalization of the application process. McKinstry has unique experience working with the Department of Energy on Congressionally Directed Spending projects.

- City received its Initial Letter from the Department of Energy titled “FY23 Congressionally Directed Spending project entitled, “City of Racine Storage Garage Site” Pending Award No. DE-EE0010774 on June 8, 2023.
- The City and McKinstry prepared the required summary within the 14-day due date to kick start the City’s process with the Department of Energy to finalize all required forms and protocols to receive funding.

The anticipated outcomes of the Sustainability and Decarbonization Project are significant, providing positive outcomes for the City of Racine, RYDE Racine, the surrounding community, and the State of WI. This project will be the first in the State to offset Electric Transit Bus charging with renewable energy generated on site. Incorporating City-wide energy efficiency solutions will further reduce energy and operational costs, reduce the City’s carbon footprint, create local jobs, and provide public-facing clean energy technologies. Specifically, we anticipate this project to save \$76k /year in energy and operational costs, reduce carbon emissions by 249 metric tonnes/yr., create over 25 local jobs, offset charging of 5 Electric Buses/yr. with renewable energy and act upon the City’s commitment to the Paris Climate Accord – driving towards a zero-carbon future. The experiences and outcomes of this project may be shared with other local governments and transit operations to show best practices in sustainability and decarbonization innovation.

The intention is to fund this project via Congressionally Directed Spending, ARPA funds (per the City’s guidance), and other federal, state, local and utility funding (as available). This will allow the City to implement this project with limited/no capital contributions and save taxpayers utility expenses long term by guaranteed energy and operational savings from the solutions developed as part of the Investment Grade Audit.

McKinstry was selected to perform the Investment Grade Audit for this project when the Common Council approved *Res. 0718-22*. At that time, they were chosen as the City’s *Energy Partner* to carry out the project due to completing both an energy evaluation for federal funding and a detailed engineering study for the City of Racine, which included a storage garage solar PV and battery energy storage feasibility analysis.

**BUDGETARY IMPACT:** Total turnkey project cost amounts to approximately \$2,599,673, which includes previously appropriated Investment Grade Audit, final design, implementation and measure and verification funded through United States Department of Energy and ARPA energy funds. Congressional Directed Spending requires a minimum of 50% in local match. Staff recommends utilizing one-time ARPA energy funds for local match.

- Local Appropriated ARPA Energy Dollars: \$1,364,673
- Congressionally Directed Spending: \$1,235,000

**RECOMMENDED ACTION:** That the Mayor and City Clerk be granted permission to enter into a Guaranteed Energy Savings Agreement with McKinstry Essention, LLC for the purpose of final design, implementation and measure and verification of a solar array at 1900 Kentucky Street transit facility and energy-savings improvements.