



CITY OF KIRKLAND
Department of Public Works
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Donna L. Burris, Internal Services Division Manager
Pam Bissonnette, Interim Public Works Director
Ray Steiger, P.E., Deputy Public Works Director

Date: July 12, 2013

Subject: Department of Commerce Energy Efficiency Grant Award

RECOMMENDATION:

It is recommended that the City Council accept a \$208,000 Washington State Department of Commerce grant and approve the local grant match of \$111,000 from existing lifecycle funds and \$475,711 from the Facilities Sinking Fund Reserves.

BACKGROUND AND DISCUSSION:

The Washington State Department of Commerce energy efficiency grant program is established for projects that result in energy and operational savings. The intent is to stimulate job growth, reduce energy use, and provide operational budget relief to local government by reducing energy and operational costs. The grants are awarded in competitive rounds and provide up to 25% of the total project costs. Statewide applications are ranked based on three criteria:

1. Local leverage ratio: the ratio of non-state funds (utility incentives, capital, and loans) to the grant request, with maximum value for a 3 (local) :1 (grant) ratio;
2. Energy Savings: the higher the energy savings, the higher the ranking; and
3. Expediency: projects that can go into construction sooner are ranked higher.

To be eligible for consideration, applicants must complete an Investment Grade Audit (Audit) of their system prior to applying for the grant, and the preferred contracting method for having the work performed is through the use of an Energy Savings Performance Contract. The City of Kirkland entered into an Interagency Agreement with the Washington State Department of Enterprise Services (DES) in January of 2008 and amended the Interlocal in November of 2012 to provide oversight of the required services for the grant application effort.

On November 27, 2012, Kirkland staff authorized DES to proceed with obtaining the required Investment Grade Energy Audit and an Energy Services Proposal for Kirkland facilities from Ameresco Quantum. Ameresco had been selected, through the State of Washington's Energy Savings Performance Contracting program, to identify, design, and implement operational cost savings improvements at various State facilities. Since November, Ameresco has completed the Investment Grade Audit for the City and assisted the City with its Commerce grant application.

The grant application included the following conservation measures:

- A. City-wide water fixture retrofit: this measure will install water conservation devices including aerators on sinks, flush valves on urinals and toilets, or new reduced flow rate fixtures to save water and sewer fees and energy for water heating.
- B. City-wide exterior and parking lighting replacement and retrofit: existing HID wall packs, path lights, and parking lot fixtures will be replaced with LED lights for reduced energy use, better light quality, and longer lamp life for reduced maintenance costs.
- C. City-wide interior lighting retrofit: all remaining T12 fixtures will be retrofit to T8; selected buildings with T8 32-watt lamps will be re-lamped to 28-watt lamps, and some fixtures will be de-lamped in spaces that are over lit. Incandescent exit signs will be replaced with LED, and dimmable LED lamps will replace existing incandescent fixtures in certain locations of the Kirkland Performance Center.
- D. 505 Market building: existing single pane windows will be replaced with energy efficient double pane windows; existing double pane windows with failed seals shall be repaired and/or replaced; the building envelope will receive new door seals to reduce infiltration energy losses.
- E. Fire Stations 22 and 27: the building envelope will receive new caulking and new door seals to reduce air gaps and energy losses due to infiltration.
- F. Maintenance Center Building A – Admin Building: the existing air handling unit serving the office space has a Variable Frequency Drive (VFD) but currently runs at full speed during occupied hours; this is intentional in order to maintain comfort in a lobby/vestibule area which was converted to cubicle space after the building’s original opening. This measure will allow for the installation of a panel radiator to provide supplemental heat in the lobby areas, and a retro-commissioning to reinstate VFD speed modulation and rectify poor night setback operation.
- G. Maintenance Center Building C – Shop area: the existing “high-bay” areas are heated with small fan coils that are unable to get heat into the occupied zone of the rooms. This measure will install fans to reduce heating system runtime and lower the ceiling average temperature and reduce ceiling heat loss.

The estimated annual energy, water, and sewer savings is \$47,700. Ameresco guarantees the City will receive at least 90% of those savings which equates to 314,000 kWh and 1,005 kW per year of electricity, 2,400 therms of natural gas, and 1,053 CCF of water and sewer savings.

The annual savings will replenish the Facilities Sinking Fund Reserves over a ten year period.

The total cost of the improvements is approximately \$847,000 broken down as follows:

Breakdown of cost	
1. Engineering Audit and Measurement & Verification (Ameresco)	37,011
2. Labor, Construction and Contingency (Ameresco)	532,597
3. Design (Ameresco)	35,037
4. Prof. Svcs (CM, overhead, profit, bonding -- Ameresco)	131,881
5. Washington State Sales Tax	69,225
6. DES Administrative Fee	40,800
Total:	846,551

In order to maximize the local leverage ratio points, the grant application was submitted for \$208,000, putting the local cost share at \$639,000. On March 13, 2013, Kirkland was notified that the grant funding of \$208,000 had been approved.

Local cost share

Due to an estimated incentive payment from Puget Sound Energy of \$51,840 for reduced energy consumption, a net local cost share of \$586,711 remains in order to secure the State grant funds. It is staff's proposal that \$111,000 from current lifecycle projects be incorporated into the overall project budget, and the balance of \$475,711 will come from the Facilities Sinking Fund Reserve.

Proposed Project Funding Sources		
Dept. of Commerce - Energy Efficiency Grants for Local Governments		208,000
Estimated PSE Utility Incentive		51,840
Current Lifecycle Projects to be completed as part of overall project:		
Fleet Bay Lighting	(\$5,000)	
505 Market Window Replacement	(\$50,000)	
KPC Lighting	(\$56,000)	111,000
Facilities Sinking Fund Reserves		475,711
Total:		846,551

As a condition of the grant, Ameresco is responsible for implementing the project including preparing the final design, bidding of sub-contracts, construction management, training, commissioning and close-out. Ameresco will also perform three years of annual measurement and perform verification of the energy savings. Ameresco guarantees that these costs will not exceed this amount.

In addition to building improvements and projected energy savings, there is a significant positive impact on the environment as a result of the project. The efforts support Kirkland's long-standing tradition of environmental stewardship and the commitment of greenhouse gas emissions reduction outlined in the Climate Protection Action Plan adopted April, 2009. The energy savings produced by this project will reduce CO2 emissions by approximately 377,000 lbs. annually which, according to the EPA, is equivalent to carbon sequestered annually by 140 acres of U.S. forests.

If you have any questions, please feel free to contact Donna Burris at 425.587.3931 or dburris@kirklandwa.gov.

- Attachment A - Energy Services Proposal
- Attachment B – Department of Commerce Grant Agreement
- Attachment C - Fiscal Note for use of Facilities Sinking Fund Reserves

EXHIBIT EN- 2013-112 A (1)

ENERGY SERVICES PROPOSAL



For: City of Kirkland
Kirkland, Washington

By: Ameresco Quantum, Inc.
Ameresco Quantum Project Number 138-2012-01

April 8, 2013

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EXHIBIT 2	Bond Form (provided separately & incorporated herein)	
EXHIBIT 3	Energy Services Agreement (provided separately & incorporated herein)	

I. EXECUTIVE SUMMARY

A. SUMMARY & PROPOSED SERVICES

Ameresco Quantum is pleased to present this proposal for the implementation of energy efficiency measures for the City of Kirkland.

This Proposal follows the outline contained in Section 2 of the Energy Services Agreement. It presents the contractual terms under which Ameresco Quantum, the City of Kirkland, and the Department of Enterprise Services Energy Program (DES Energy Program) will work together over the term of the project. This Proposal describes the scope, costs, guarantees, and other aspects of the project.

The services in this Proposal include design, construction, system verification, and Measurement and Verification (M&V) services for the first three years. Although City of Kirkland will operate and maintain the new equipment, Ameresco Quantum will provide important M&V services during the first three years to help insure the predicted savings are achieved. Ongoing M&V services are also offered for an additional cost.

B. PROJECT DESCRIPTION

The project improves comfort for City of Kirkland while saving energy. This project will upgrade lighting in City Hall, two maintenance buildings, five fire stations, North Kirkland Center, Peter Kirk Senior Center and Performing Arts Center and the 505 Market Building. At 505 Market, window replacements at 505 Market and envelope sealing at 505 Market, Fire Stations 22 and 27 will create a closed environment to retain conditioned air. Heating and ventilating equipment at Maintenance Center A will be retro-commissioned and radiators will be added in the foyer to increase occupant comfort and Air Pear fans will be installed in Building C bays to reduce stratification.

C. PROJECT BENEFITS

1. Financial Benefits

Table 1 shows project costs, estimated utility incentives, and savings related to this project. The guaranteed maximum project cost is \$728,685. Including sales tax and DES Energy Program project management fees, the total project cost is \$846,551. The estimated utility incentive for the project is \$51,840.

All construction costs will be open book to the Owner, and any cost savings related to savings on the ESCO's labor and material costs will revert to the Owner at the end of the project.

The project will produce over \$47,736 annually in energy, water and sewer savings. The project produces a positive cash flow as shown on Table 1 Financial Analysis in the first year of operation. This is based on City of Kirkland providing a capital investment of \$110,000.

2. Maintenance Related Benefits

Over \$6,720 in annual lighting maintenance savings is factored into the financial analysis. In addition, heating and control system upgrades will reduce maintenance labor, although, this is not factored into our analysis.

3. Environmental Benefits

In addition to building improvements and energy savings, there is a significant positive impact on the environment as a result of this project. The energy savings produced as a result of this project will directly reduce the amount of power produced by the utilities and reduce CO2 emissions by over 377,251 lbs. annually.

D. GUARANTEES

Ameresco Quantum guarantees that the project cost, related specifically to energy savings and the project scope, will not exceed the maximum price of \$728,685 (project cost before sales tax and DES Energy Program project management fee). Also, Ameresco Quantum is guaranteeing that the project will perform such that electrical savings will not be less than 313,677 kWh and 1,005 kW per year, gas savings will not be less than 2,400 therms per year, and water and sewer savings will not be less than 1,053 CCF per year. This corresponds with 90% of the estimated energy savings.

E. CONCLUSION

This project represents an excellent opportunity for the City of Kirkland to improve their facilities while saving energy. The project provides over \$845,000 in facility improvements. Ameresco Quantum looks forward to working with City of Kirkland and DES Energy Program in making this project a success.

II. FACILITY DESCRIPTION

A. BUILDINGS

Building	Building Description & Notes	Sq. Ft.	Approx Age	Occupancy Schedule	
				Days	Hours
City Hall	Offices, Police, Jail and Council Chambers	70,258	1982, addition 1994	M-F	6:45 am-5:00 pm (Jail is 24/7)
505 Market	Human Resources, Offices, Parks & Recreation Single pane windows	5,950	Remodel 2002	M-F Sat, Sun	5:30 am-5:00 pm Unoccupied
Peter Kirk CC	Senior Center – kitchen, meeting and classrooms. Wood structure.	9,600	1979, additions 1982 & 1998	M-F	8:00 am – 5:00 pm
North Kirkland CC	Indoor playground, offices, meeting and classrooms. Wooden structure with single pane windows with blinds.	12,200	1995	M-F	8:00 am – 5:00 pm
Kirkland Teen UB	Offices, meeting and classrooms.	4,500	1994	Tue-Thu Fri Sat	9:30 am-5:00 pm 3:00 pm-10:00 pm 4:00 pm-10:00 pm
Fire Station 21	Living/sleeping quarters, equipment and three vehicle bays.	5,500	1990	M-Sun	24 hours per day
Fire Station 22	Living/sleeping quarters, equipment and three vehicle bays. Brick walls, low insulation value	9,000	1974	M-Sun	24 hours per day
Fire Station 24	Living/sleeping quarters, equipment and two vehicle bays.	2,500	1994		Closed Jan 1, 2012
Fire Station 25	Living/sleeping quarters, equipment and two vehicle bays. Brick clad exterior.	6,682	1974	M-Sun	24 hours per day

Building	Building Description & Notes	Sq. Ft.	Approx Age	Occupancy Schedule	
				Days	Hours
Fire Station 26	Living/sleeping quarters, equipment and three vehicle bays. Wood building, with peaked roof.	11,000	1994	M-Sun	24 hours per day
Fire Station 27	Living/sleeping quarters, equipment and three vehicle bays. Brick clad walls with low insulation value. New windows and doors installed 2012.	9,000	1974	M-Sun	24 hours per day
Maint. Center Bldg.A	Part of Maintenance Center Needs weather stripping	8,000	1990's	M-F	5:30 am-4:00 pm
Bldg.B	Part of Maintenance Center Fleet Mgmt	10,300	1990's	M-F	5:30 am-4:00 pm
Bldg.C	Part of Maintenance Center Heat stratification issues	20,074	1990's	M-F	5:30 am-4:00 pm
Bldg.D	Part of Maintenance Center Equipment storage – no wall insulation	2,400	1990's	M-F	5:30 am-4:00 pm
Bldg.E	Part of Maintenance Center Lacks adequate insulation in walls and roof.	6,800	1990's	M-F	5:30 am-4:00 pm

B. MECHANICAL SYSTEMS

1. City Hall

The City Hall building has a mix of heating, cooling and ventilation equipment. Eight Carrier rooftop constant volume air handlers with chilled water coils and terminal units with electric reheat serve the “original” portion of the building. Chilled water is provided by a split system chiller, with evaporator unit in the lower level and an air cooled condenser on the roof. The HVAC system is managed by a direct digital control system.

The Council Chambers and the conference room are served by rooftop heat pumps with electric reheat. Zoned demand ventilation controls provide additional outdoor air during periods of high occupancy based on feedback from CO2 sensors. The mechanical system serving these areas is approximately five years old.

For the “new” portion of the building, two Trane Intellipak rooftop A/C units (AHU-1 and 2) provide heating, ventilation and air conditioning via fan-powered variable air volume (VAV) terminal boxes. The jail/police department area runs in continuous occupied mode with 30% outside air for heightened ventilation.

Two 120 gallon 27 kW water heaters provide domestic hot water to showers, sinks and lavatories in this building.

2. 505 Market Building

The lower level of 505 Market is served by a central “split” air conditioning unit and heating is provided with electric zone duct heaters. The upper level is served by two rooftop “gas packs” (air conditioning unit with gas furnace). Programmable thermostats are employed to maintain schedules and temperature setpoints for the air handlers. Wall thermostats control the duct heaters on the lower level. Domestic hot water is heated electrically.

3. Peter Kirk Senior Community Center
The Senior Center underwent an equipment replacement approximately three years ago, converting their electric heat to heat pump systems.

The Performance Center is conditioned by a 20-ton McQuay rooftop forced-draft gas-fired air handler with direct expansion (DX) coil and several smaller gas-fired furnace units serving smaller zones. Heat, cooling and ventilation are controlled by programmable thermostats which are updated weekly with current schedules.
4. North Kirkland Community Center
The North Kirkland Community Center gymnasium is served by a five-ton heat pump and three gas furnaces, two of which are nearing the end of their lives. A small gas furnace heats the office. The downstairs offices are conditioned by a new heat pump and another gas furnace heats the downstairs playroom. Most of the heating and ventilating equipment in this building dates back to 1995.

Hot water for showers, sinks and lavatories is provided by an electric domestic water heater.
5. Kirkland Teen Union Building
The Teen Center is heated by two packaged Lennox rooftop ventilators with electric resistance heat. Heating and ventilation are controlled via programmable thermostats.
6. Fire Station 21
Fire Station 21 is served by a Carrier Weathermaker gas furnace with separate direct expansion (DX) compressor and cooling coil. This furnace is controlled via a programmable thermostat for temperature and scheduling control. The restroom exhaust fan is hardwired to be always running. This puts unnecessary demand on the heating system to replace exhausted heat.

A 125 gallon PVI domestic water heater with 200,000 Btu/h input provides hot water for showers, sinks, lavatories, clothes and dish washers.
7. Fire Station 22
Fire Station 22 is served by three gas-fired furnaces. Two were replaced two years ago. All three are controlled by Honeywell commercial programmable thermostats.

An 80% efficient gas-fired forced air furnace provides heat to the apparatus bay. The thermostat is set to 65 degrees F, continuously. Exhaust fans are operated via wall switch.

A 75 gallon domestic water heater with 125,000 Btu/h input provides hot water for showers, sinks, lavatories, clothes and dish washers.
8. Fire Station 25 is similar in age, construction and HVAC systems to Fire Station 22 with the exception of a smaller apparatus bay.
9. Fire Station 26
This fire station is conditioned by a hydronic variable volume, variable temperature (VVT) system with direct expansion (DX) coils and terminal units controlled by programmable thermostats. The equipment bay is heated by radiant heaters at the ceiling.

Hot water for showers, sinks and lavatories, clothes and dish washers is provided by a Baderus 90% efficient gas-fired domestic water heater.

10. Fire Station 27

Fire Station 27 is heated by the three original gas furnaces in place at the station's opening in 1974. They are controlled by programmable thermostats but are beyond their anticipated lifespan. New windows and doors installed last year help the station retain heating and free cooling from these units.

11. Maintenance Center

12. Building A

The main office portion of Maintenance Center A is served by a Carrier hydronic air handler system with pressure-independent variable air volume terminal units providing individual comfort control. A Barry Blower heat recovery ventilator in the locker room heats the lobby, which has been converted to office space.

The Burnham Series 8B conventional boiler providing heating water for these units runs all day in order to maintain temperature and although the system is on a variable speed drive, the digital control system is overridden to maintain 100% speed in order to keep up with heating demands.

Domestic hot water is provided by a 197,000 Btu/h water heater with 100 gallon tank.

13. Building B

Heating in the Fleet Management Maintenance Building B is provided by a 100% outdoor air gas-fired makeup air unit and radiant heat in the floor slab. The radiant floor heat is provided by heating water from a Burnham 62,000 Btu/h boiler.

14. Building C

Maintenance Building C is served by zone-specific Magic Aire hydronic fan coil units. The Raypack 419,430 Btu/h conventional boiler used to heat the hydronic system was installed in 1997 and has difficulty maintaining heating setpoints in very cold weather.

15. Building D

Maintenance Building D is heated by a Reznor unit heater controlled by a manual wall thermostat, allowing no automation of night setback temperature control or scheduling.

16. Building E

Building E is heated by a gas unit heater and manual wall thermostat, allowing no automation of night setback temperature control or scheduling.

C. WATER SYSTEMS

The plumbing systems consist of a mixture of different brands and styles. The majority of the water closets currently use 3.5 gallons per flush (GPF), with a few that use 1.6 GPF. The urinals currently use more water than necessary for each flush, and many of the sinks have old or missing aerators. Sinks, lavatories and showers are not restricted to current flow rates.

D. LIGHTING SYSTEMS

The lighting systems in most of the buildings has been previously upgraded to include T-8 and compact fluorescent technologies within the occupied spaces. Exterior spaces and parking lots are typically lit by High Pressure Sodium and Metal Halide (High Intensity Discharge – HID) fixtures.

1. Maintenance Center buildings D and E
These buildings use HID fixtures in interior spaces as well as exterior.
2. The Performing Arts Center
The Performing Arts Center has a mix of T-8 and T-12 fluorescents in the interior with HID fixtures on the exterior and parking lot.

E. BUILDING SHELL AND GENERAL

The building shell for most buildings appeared to be adequate for temperature and draft control. A few exceptions were noted.

1. Windows
Windows on the 505 Market building and North Kirkland Community Center are single-pane.
2. Insulation
Fire Stations 22 and 27 and Maintenance Center Building D and E have inadequate insulation values for thermal comfort and energy efficiency.
3. Weather Sealing
505 Market, Fire Station 22 and 27 and Maintenance Center Building A have breaks in the envelope that allow infiltration and exfiltration. The space thermal conditioning is not properly contained.

III. ENERGY CONSERVATION MEASURES (ECM's) TO BE IMPLEMENTED

This project will make multiple improvements to the city's facilities including:

- A. City Wide Water Fixture Retrofit:
This measure will install water conservation devices including aerators on sinks, flush valves on urinals and toilets, or new reduced flow rate fixtures to save water and sewer fees and energy for water heating.
- B. City wide exterior and parking lighting replacement and retrofit:
Existing HID wall packs, path lights and parking lot fixtures shall be replaced with LED lights for reduced energy use, better light quality and longer lamp life for reduced maintenance costs.

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- C. City Wide Interior Lighting Retrofit:
Any remaining T12 fixtures will be retrofit to T8. Select T8 32W buildings will be relamped to 28W lamps and some fixtures will be de-lamped in spaces that are over lit . Incandescent Exit signs will be replace with LED. Dimmable LED lamps shall replace existing Incandescent fixtures in parts of the Kirkland Performance Arts Center.

- D. 505 Market Building
Existing single pane windows will be replaced with energy efficient double pane windows. Existing double pane windows with failed seals shall be repaired and/or replaced. The building envelope shall be sealed, e.g. new door seals, to reduce infiltration energy losses.

- E. Fire Stations 22 and 27
The building envelope shall be sealed, e.g. caulking, new door seals, to reduce air gaps and energy losses due to infiltration.

- F. Maintenance Center Building A
The existing AHU-1 serving the office space has a VFD, but runs full speed during occupied hours. This is intentional to maintain comfort in a lobby/vestibule area that was converted to cubicle space. This measure will install a panel radiator to provide supplemental heat in the comfort complaint areas. The building will also be retro-commissioned after this work to reinstate VFD speed modulation and rectify poor night setback operation.

- G. Maintenance Center Building C
Existing High bay areas are heated by small fan coils which are unable to get heat into the occupied zone of the rooms. This measure will install Air Pear de-stratification fans to reduce heating system runtime and lower the ceiling average temperature which will reduce ceiling heat loss.

IV. ESCO (Energy Services Company) SERVICES

Ameresco Quantum will provide the following services:

1. Energy Audit: The energy audit is complete and is incorporated herein.
2. Design Services: Provide a detailed engineering design as needed to obtain Owner review and approval of the proposed system and to obtain competitive bids. Provide construction support services, start-up, and testing. Provide as-built drawings and relevant O&M manuals.
3. Construction: Provide, or cause to be provided, all material, labor, and equipment, including paying for permits, fees, bonds, and insurance, required for the complete and working installation of the ESCO equipment.
 - a) The ESCO may perform portions of the construction work or may subcontract portions to qualified firms. In either case, the ESCO will share information regarding actual costs of the work with the Owner.
 - b) The lighting retrofit is substantially a maintenance activity. As such, lighting maintenance workers will be used to perform fixture retrofits. These workers

will be paid the applicable Washington State Department of Labor & Industries prevailing wage for the county of the work under a classification of "Electrical Fixture Maintenance Workers" or equivalent.

- c) When the ESCO has completed the installation of the Equipment, including start-up and operation verification and training in accordance with the Proposal, the ESCO will provide to Owner a "Notice of Commencement of Energy Savings" and Owner shall have 10 days within which to accept the Notice.
 - d) At the conclusion of the last phase of the project, the ESCO will submit a "Notice of Substantial Completion" to the Owner.
4. Construction Management: Provide construction management services to coordinate and supervise the work. The Owner is expected to coordinate day-to-day communications with tenants and any scheduling of tenant relocations in and around occupied areas. The ESCO will provide construction superintendence of the work and will coordinate any impact upon building tenants with the Owner.
 5. Operation training: The ESCO will provide on-going training for the building staff during construction.
 6. Performance Maintenance: The ESCO will provide on-going measurement and verification to help ensure the predicted savings are achieved throughout the first three years of the agreement. Specific tasks will include:
 - a) Years One through Three (the first three years following Notice of Commencement of Energy Savings): Post installation Measurement and Verification (M&V) will be performed based on the International Performance Measurement and Verification Protocol (IPMVP) – Option A (Retrofit Isolation-Key Parameter Measurement), and on Section IX – Method of Calculating Energy Savings and Energy Cost Savings, as follows:

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ECM	Conservation Measure	IPMVP Option	Work to be Performed	Years to be Done	Work To Be Performed By
CW-W1	Fixture Retrofit: This measure will install water conservation devices (aerators on sinks, flush valves on urinals and toilets, or new fixtures) to save water and energy for water heating.	NA	• Use manufacturer ratings to confirm that the new water conservation fixtures installed meet or have lower flow rates than those originally proposed.	3	Ameresco Quantum
CW-L1: a-f, h-m	This measure includes work at 505 Building; Maintenance Center Buildings A-E; City Hall; Fire Stations 21, 22, 25, 26, and 27; North Kirkland Center; Peter Kirk Performing Arts Center; and Peter Kirk Senior Center. Lighting Retrofit (interior and exterior): This measure will provide efficient exterior lighting retrofit and replacements. - Retrofit/replace incandescent and fluorescent exit signs with LED technology - Occupancy/Unoccupancy sensor(s) with programmed start ballast fixtures	A	• A sample of fixtures will be measured during the first year for both baseline and as-installed power use (kW). The system's actual total demand will be matched against the Lighting Audit (Exhibit 1).	3	Ameresco Quantum
505-G1	Window Replacement: This measure will replace 21 existing windows with low-e energy efficient models.	NA	• Verify installation as proposed.	3	Ameresco Quantum
505-G2	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	NA	• Verify installation as proposed.	3	Ameresco Quantum
F22-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	NA	• Verify installation as proposed.	3	Ameresco Quantum
F27-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	NA	• Verify installation as proposed.	3	Ameresco Quantum
MA-M3	Radiators and Retrocommission: Install radiator(s) in foyer to increase comfort. - Reprogram AHU-1 VFD to modulate - Place building into deeper night setback to reduce unoccupied heat - Retrocommission building	NA	• Verify installation as proposed.	3	Ameresco Quantum
MC-M4	Install Air Pear Fans to reduce stratification in Bldg C. Bays	NA	• Verify installation as proposed.	3	Ameresco Quantum

b) *The ESCO will attend three annual meetings to review the Measurement & Verification results and reconcile energy savings.*

7. **Equipment Maintenance:** The ESCO will provide no equipment maintenance or repairs after the warranty period. Following the completion of the installation and Owner acceptance of the Equipment, the Owner shall provide all necessary service, repairs, and adjustments to the Equipment so that the Equipment will perform in the manner and to the extent set forth in the Proposal. The ESCO shall have no obligation to service or maintain the Equipment after the warranty period.
8. **Operation and Maintenance Procedures:** None provided for existing equipment. Operation and maintenance manual will be provided for the installed equipment.

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9. Warranty: The ESCO will warrant Equipment for one year following Notice of Substantial Completion.
10. Hazardous Waste: Should the project require removal or disposal of hazardous material, the ESCO may have the hazardous material or substances removed and disposed of at the request of the Owner. The ESCO will not assume ownership of the material, but may act on behalf of the Owner to properly remove and dispose of the material. The Owner shall pay the ESCO for the cost of such work. The Owner agrees and acknowledges that it has not relied on or employed the ESCO to analyze or identify the presence of any hazardous substance on the Owner's premises. The cost of hazardous material abatement and disposal is not included in this proposal with the exception of PCB ballasts.

V. PROJECT COSTS

A. MAXIMUM PROJECT COST

The ESCO guarantees that the Maximum Project Cost will not exceed Seven Hundred Twenty-Eight Thousand, Six Hundred Eighty-Five and no/100 Dollars (\$728,685). This cost does not include sales tax, utility incentives, DES Energy Program project management fees, and continued measurement and verification charges, which are all estimated. With sales tax, DES Energy Program project management fees, and continued measurement and verification (for Years 2 and 3) the Project Cost is Eight Hundred Forty-Six Thousand, Five Hundred Fifty-One and no/100 Dollars (\$846,551). The ESCO does not guarantee the value of sales tax, DES Energy Program project management fees, or the utility incentive.

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B. PROJECT COST TABLE

I. PROJECT COSTS & ENERGY SAVINGS FOR SELECTED OPTIONS			
PROJECT COSTS	Mech, Water, General	Lighting	Total Project costs
Engineering Audit	\$ 29,170	\$ -	\$ 29,170
Estimated Labor and Material Cost	\$ 115,069	\$ 392,167	\$ 507,235
M,W,G Design @ 10.0% of Labor & Material	\$ 11,507		\$ 11,507
Lighting Design @ 6.0% of Labor & Material		\$ 23,530	\$ 23,530
Construction Mgt @ 6.0% of Labor & Material	\$ 6,904	\$ 23,530	\$ 30,434
Bonding @ 2.0% of Labor & Material	\$ 2,301	\$ 7,843	\$ 10,145
ESCO overhead and profit @ 18.0% of Labor & Material	\$ 20,712	\$ 70,590	\$ 91,302
Subtotal:	\$ 185,663	\$ 517,660	\$ 703,323
Construction contingency @ 5.0% of CC	\$ 5,753	\$ 19,608	\$ 25,362
Subtotal - Maximum Project Cost:	\$ 191,417	\$ 537,269	\$ 728,685
Est. Sales Tax @ 9.5% of Maximum Project Cost	\$ 18,185	\$ 51,041	\$ 69,225
Additional 2 Years of M&V - Ameresco (plus sales tax)			\$ 7,841
Additional 2 Years of M&V - DES			\$ 4,000
DES Project Management Fees			\$ 36,800
TOTAL PROJECT PRICE:	\$ 209,601	\$ 588,309	\$ 846,551
Estimated Utility Incentive	\$ -	\$ 51,840	\$ 51,840
Commerce Grant Request			\$ 208,000
Estimated Client Net Cost (excluding add'l years M&V)			\$ 574,870
Client initial cash payment of Non-State Dollars			\$ 110,000
Client initial cash payment of State Dollars			\$ -
Amount to be financed by client:			\$ 464,870
Year 2 Estimated Cash Flow:			\$ 1,294
Year 2 Cash Flow Based on Guaranteed Energy Savings (90%):			\$ (4,233)

C. ITEMS INCLUDED IN MAXIMUM PROJECT COST

1. Maximum project costs include the following:
 - a) Engineering audit, including the cost for preparation of this proposal. This is a fixed fee.
 - b) Engineering design. This is a fixed fee.
 - c) Construction management services. This is a fixed fee.
 - d) Installation of the ESCO Equipment including the following costs:
 - (1) All costs paid by the ESCO for the installation of the ESCO Equipment. This includes costs paid to subcontractors or directly to ESCO personnel when related to installation or system verification of the ESCO Equipment.
 - (2) The portion of reasonable travel, lodging, and meals expenses of the ESCO or of its officers or employees incurred while traveling in discharge of duties connected with the Work.
 - (3) Cost of all equipment, materials, supplies and equipment incorporated in the Work, including costs of transportation thereof.
 - (4) Cost or rental charges, including transportation and maintenance, of all materials, supplies, equipment, temporary facilities, and hand tools not owned by the workers which are consumed in the performance of the Work,

and the cost less salvage value on such items used but not consumed which remain the property of the ESCO.

- (5) Cost of premiums for all bonds and insurance, which the ESCO is required to purchase and maintain.
- (6) Sales, use, or similar taxes related to the Work and for which the ESCO is liable imposed by a governmental authority.
- (7) Permit fees, royalties, and deposits lost for causes other than the ESCO's negligence.
- (8) Losses and expenses not compensated by insurance or otherwise sustained by the ESCO in connection with the Work, provided they have resulted from causes other than the fault or neglect of the ESCO. Such losses shall include settlements made with the written consent and approval of the Owner. If, however, such loss requires reconstruction and the ESCO is placed in charge thereof, the ESCO shall be paid for its services a fee.
- (9) Minor expenses such as copies, long distance telephone calls, telephone service at the site, express mail services, and similar petty cash items.
- (10) Demolition cost and cost of removal of all debris.
- (11) Costs incurred due to an emergency affecting the safety of persons and property.
- (12) Other costs incurred in the performance of the Work if and to the extent approved in advance in writing by the Owner.
- (13) The cost of construction financing including contingency and an allowance for Owner initiated scope improvements only if agreed to by the Owner and DES Energy Program in advance.
- (14) Cost of equipment startup, training, system verification and balancing performed by the ESCO.
- (15) Bonding, Liability Insurance, and Builder's Risk Insurance.
- (16) Overhead and Profit. This includes the ESCO's remuneration for compensation of personnel, expenses, risks related to the project, and profit. This is a fixed fee.
- (17) Metering equipment costs for any permanent metering or monitoring equipment left on site.
- (18) The ESCO shall provide a Schedule of Values at the end of construction bidding. The schedule of values will include all costs related to the installation of the ESCO equipment, excepting fixed fee items.

D. EXCLUSIONS

1. Maximum project costs do not include the following:
 - a) Modifications or upgrades of electrical service or distribution systems.

E. CONSTRUCTION CONTINGENCY

A construction contingency of \$25,362 (not including sales tax) has been established for this project. The contingency is for items necessary to complete the original scope of work upon approval by the Owner and DES Energy Program. Such approval for the use of contingency funds for work in the original scope shall not be unreasonably withheld. The ESCO shall not be allowed to mark-up contingency funds expended for items included in the original scope of this project. The ESCO and Owner will jointly manage any contingency left after the project scope is completed. The ESCO shall be allowed to

mark-up items beyond the original scope and approved by Owner. All unused construction contingency funds shall reduce the overall project cost to the Owner.

F. ONGOING SERVICES

Ongoing measurement and verification for the first three years are included in the project costs. After the end of Year 3, the ESCO will present a proposal to the Owner for ongoing measurement and verification services for future years, at the owner's request. These services will verify energy savings and provide engineering assistance in maintaining the savings as described in Section III. The owner may cancel these services at any time.

G. ACCOUNTING RECORDS

The ESCO shall check all material, equipment, and labor entering into the Work and shall keep such full and detailed accounts as may be necessary for proper financial management under this Agreement. The accounting system shall be satisfactory to the Owner. The Owner shall be afforded access to all the ESCO's records, books, correspondence, instructions, drawings, receipts, vouchers, memoranda, and similar data relating to this Contract, and the Contractor shall preserve all such records for a period of three years, or for such longer period as may be required by law, after the final payment.

H. RECONCILIATION OF LABOR & MATERIAL COSTS

The financed amount is based on an estimate of Labor & Material costs. In recognition that actual Labor & Material costs may vary from the estimate, the following procedures are established to reconcile this difference:

- a) When actual Labor & Material costs exceed the estimated Labor & Material costs (plus contingency), the additional expense will be borne by the ESCO without affecting the Owner's payment.
- b) When actual Labor & Material costs are less than the estimated Labor & Material costs (plus Contingency), the remaining funds will be retained by the Owner.

VI. RECOMMENDATIONS FOR REPLACEMENT OF EXISTING EQUIPMENT

N/A

VII. STANDARDS OF COMFORT SERVICE

A. HVAC COMFORT

- 1. The heating and ventilating (HV) systems provided by the ESCO will provide comfort and indoor air quality in accordance with Exhibit 3. This standard will pertain only to buildings and areas of buildings in which the ESCO is installing new HVAC equipment that has direct control over space comfort conditions. HVAC comfort conditions cannot be guaranteed when operable windows are open. Standards for HVAC comforts are as follows:
 - a) Indoor Occupied Temperatures
 - (1) Winter Minimum – 70 Degrees F.

- (2) Winter Maximum – 75 Degrees F.
- (3) Summer Minimum - 70 Degrees F (where mechanical cooling is employed).
- (4) Summer Maximum - 78 Degrees F (where mechanical cooling is employed).

b) Indoor Unoccupied Temperatures

- (1) Minimum – 55 Degrees F.
- (2) Maximum – 85 Degrees F.

c) Relative Humidity (where humidity control is provided).

- (1) Minimum – 40%
- (2) Maximum – 60%

d) Minimum outside air per occupant shall be in accordance with American Society of Heating, Refrigeration, and Air Conditioning Engineers (ASHRAE) standards and Washington State Mechanical Code.

B. ILLUMINATION LEVELS

- 1. The lighting and illumination levels for lighting systems provided by the ESCO will comply with Exhibit 3.

VIII. BASELINE ENERGY CONSUMPTION

A. Overall Resource Use

Fuel	Cost (\$)	Annual Consumption	Time Period	Utility Provider
Electricity (kWh)	\$221,424	2,222,659	1/2011 - 12/2011	PSE
Electricity (kW)		4,956	1/2011 - 12/2011	PSE
Natural Gas (therms)	\$46,820	40,972	1/2011 - 12/2011	PSE
Water Sewer (CCF)	\$63,664	4,152	7/2011 - 6/2012	City of Kirkland & Northshore Utility District

B. By Facility Resource Use

Facility	Area (sqft)	Annual Electrical Usage		Annual Gas Usage		Water	EUI	Energy Cost
		(kWh)	(kBtu)	(Therms)	(kBtu)	(CCF)	(kBtu/sqft)	(\$/sqft)
City Hall	70,258	1,430,040	4,880,727	0	0	2,410	69.5	2.0
505 Market Street	5,950	88,699	302,730	0	0	75	50.9	1.5
FS21 - Forbes Creek Fire Station	5,500	69,240	236,316	1,521	152,096	128	70.6	1.7
FS22 - Houghton Fire Station	9,000	75,840	258,842	5,876	587,644	239	94.1	1.6
FS25 - Juanita Fire Station	6,682	61,280	209,149	3,232	323,181	148	79.7	1.4
FS26 - Rosehill Fire Station	11,000	110,280	376,386	5,109	510,903	192	80.7	1.6
FS27 - Fire Station 27	0	104,720	357,409	3,327	332,681	245		0.0
Maintenance Center - A/B/C	38,374	282,560	964,377	0	0	0	25.1	0.7
Maintenance Center - A	8,000	0	0	8,787	878,682	0	109.8	1.2
Maintenance Center - B	10,300	0	0	6,025	602,488	715	58.5	0.7
Total	193,864	2,222,659	7,585,935	33,877	3,387,675	4,152	56.6	246,100.0

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IX. ESTIMATED ANNUAL SAVINGS AMOUNT AND UTILITY INCENTIVE

A. ELECTRICAL

The ESCO estimates that annual electrical costs will be reduced by \$35,254. This estimate is based on an annual consumption being reduced by 348,530 kWh, and demand being reduced by 1,117 kW.

B. NATURAL GAS

The ESCO estimates that annual gas cost will be reduced by \$2,533. This estimate is based on the annual consumption being reduced by 2,667 therms.

C. WATER AND SEWER

The ESCO estimates that annual water and sewer cost will be reduced by \$9,949. This estimate is based on the annual consumption being reduced by 1,170 CCF.

D. UTILITY INCENTIVE

The estimated utility incentive is \$51,840.

X. METHOD OF CALCULATING ENERGY SAVINGS AND ENERGY COST SAVINGS

A. ENERGY AUDIT

The energy cost savings are calculated in Exhibit 1. These savings calculations have been reviewed and accepted by the DES Energy Program project management, the Owner and the ESCO.

B. CALCULATION OF SAVINGS

1. The Owner and ESCO agree that the energy savings exists if the ESCO equipment performs as described below (as measured per Section III.6):
 - a) Lighting Systems: The lighting systems perform properly when new components with efficiencies equal to or greater than those in Exhibit 1 are installed.
 - b) Water Conservation installed by the ESCO: The water systems being replaced perform properly when new components with efficiencies at or greater than those in Exhibit 1 are installed.
 - c) Envelope measures installed by the ESCO: The envelope measures perform properly when new components with efficiencies equal to or greater than those in Exhibit 1 are installed.
2. The Owner and the ESCO agree that should the ESCO installed equipment not perform as outlined in Section IX.B.1, the ESCO shall pay the equivalent value of the calculated energy savings associated with the failed area. The Owner agrees to notify the ESCO by telephone within two working days of detecting any non-performing ESCO installed equipment with a follow-up in writing within three business days.

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3. The ESCO shall have two weeks from notification to repair the ESCO equipment without reduction of savings.
4. Modifications to Baseline by Owner: The Owner shall maintain all existing facilities and installed equipment during the term of this contract at or above current maintenance levels. Owner agrees to maintain the energy efficiency of the systems installed.

XI. FINANCING

Project financing will be provided by the Owner.

XII. ENERGY SAVINGS GUARANTEE

The ESCO guarantees that the equipment will perform as indicated in Section IX - Method of Calculating Energy Savings and Energy Cost Savings. This performance level is guaranteed for three years following the notice of commencement of savings (defined as Year 3). Based on this performance, and as indicated in Exhibit 1, electrical savings will not be less than 313,677 kWh and 1,005 kW per year, gas savings will not be less than 2,400 therms per year and water and sewer savings will not be less than 1,053 CCF per year. This corresponds with 90% of the estimated energy savings.

In the event that the guaranteed performance in Years 1 through 3, pursuant to Section IX – Method of Calculating Energy Savings and Energy Cost Savings, is less than the guaranteed minimum, the ESCO shall pay the Owner in accordance with Section IX.B.2.

XIII. ESCO COMPENSATION

A. PAYMENTS

1. Owner agrees to make progress payments based on construction progress and one subsequent payment for retainage.
2. Retainage will be released within 45 days after receipt of all lien releases, L&I releases, and Revenue and Employment Security certificates and releases by Owner.

B. TAX INCENTIVES

1. Owner agrees to relinquish any and all tax credits and deductions associated with the project scope to the ESCO. This includes any tax deductions associated with the Federal Energy Policy Act of 2005. Upon determination of the value of these credits or deductions, the ESCO will credit a portion of these tax benefits back to the Owner.

XIV. TERM OF AGREEMENT

Subject to the following sentence, the term of this Contract shall be one year beginning with the Notification of Commencement of Energy Savings. Nonetheless, the Contract shall be effective and binding upon the parties immediately upon its execution, and the period from contract execution until the Commencement Date shall be known as the "Interim Period." All energy savings achieved during the Interim Period will be fully credited to Customer and may be used to offset any loss of energy savings as mutually agreed to by the DES Energy Program manager, Owner, and the ESCO.

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XV. TERMINATION VALUE

Upon commencement of energy savings, Owner may at any time terminate this Agreement.

Any termination shall fully and finally terminate and extinguish all of the Owner's rights and all of the ESCO's obligations under this agreement.

XVI. PROJECT SCHEDULE

The ESCO will complete design work within three months (90 Days) of Notice to Proceed. Lighting and water conservation construction work will be substantially completed within five months (150 days) of NTP. The balance of the construction work will be substantially complete within 6 months (180 Days) of design acceptance. Final completion will be within eight months (240 Days) of design acceptance.

XVII. EXTENT OF SUBCONTRACTING

The ESCO may subcontract the energy audit, design, construction management, start-up, and training portions of this Contract to qualified firms at its sole discretion. Construction subcontracts will be awarded competitively.

The ESCO will endeavor to satisfy the MWBE goals of Washington State. The ESCO will not be required to meet these goals if the project budget is exceeded and cost effectiveness is impaired.

XVIII. INSURANCE AND BONDING

1. The ESCO shall provide a payment and performance bond in accordance with Exhibit 3. Builders Risk Insurance will also be provided by the ESCO.
2. For the purposes of this Agreement, the "Sum Amount of Bond" shall be \$566,531. This amount does not include any construction contingencies.
3. The bond amount consists of the following:

a) Labor and Material and Bond Cost	\$517,380
b) Sales Tax	\$49,151
c) Bond Total	\$566,531

 - d) Certificates of General Liability Insurance will be provided prior to Contract Signing. The State Of Washington shall be named as An Additional Insured on all insurance certificates.
4. The ESCO shall provide a payment and performance bond in the amount of 100% of the construction cost, as defined in the Energy Services Agreement Addendum. The amount shall include all authorized changes and state sales tax. The Bond shall be in the form attached to the Conditions of the Energy Services Agreement. The Contract listed on the bond form shall be the Addendum No. and Agreement No. which incorporates the work, and the "Contract Date" shall be the date of the Addendum. The full and just sum of the Bond shall be as defined above and shall include the actual cost of purchasing and installing the ESCO equipment, job superintendent, and state sales tax. The Bond shall specifically exclude coverage for those portions of the Energy Services Agreement and/or Energy Services Agreement Addendum pertaining to design services, energy cost savings guarantee, maintenance guarantee, utility incentives, efficiency guarantees, and any other clauses which do not relate specifically to construction management and supervision of work for purchasing and installing of the ESCO Equipment or for work to be

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accomplished by the Owner. The Bond shall be with a Surety or Bonding Company that is registered with the State of Washington Insurance Commissioner's Office.

XIX. RENEGOTIATION

Both parties recognize that during the project implementation, the DES Energy Program Manager, Owner, and the ESCO may mutually agree to various modifications and that the energy savings may change as a result. Further, local code officials may require unanticipated changes to the project scope. In either event, both parties shall negotiate in good faith to restructure the project to maintain the intent of this Agreement.

XX. EXHIBITS AND TABLES

Please see attached exhibits & tables

A. TABLE 1 FINANCIAL ANALYSIS

I. PROJECT COSTS & ENERGY SAVINGS FOR SELECTED OPTIONS			
PROJECT COSTS	Mech, Water, General	Lighting	Total Project costs
Engineering Audit	\$ 29,170	\$ -	\$ 29,170
Estimated Labor and Material Cost	\$ 115,069	\$ 392,167	\$ 507,235
M,W,G Design @ 10.0% of Labor & Material	\$ 11,507		\$ 11,507
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Subtotal - Maximum Project Cost:	\$ 191,417	\$ 537,269	\$ 728,685
Est. Sales Tax @ 9.5% of Maximum Project Cost	\$ 18,185	\$ 51,041	\$ 69,225
Additional 2 Years of M&V - Ameresco (plus sales tax)			\$ 7,841
Additional 2 Years of M&V - DES			\$ 4,000
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Estimated Utility Incentive	\$ -	\$ 51,840	\$ 51,840
Commerce Grant Request			\$ 208,000
Estimated Client Net Cost (excluding add'l years M&V)			\$ 574,870
Client initial cash payment of Non-State Dollars			\$ 110,000
Client initial cash payment of State Dollars			\$ -
Amount to be financed by client:			\$ 464,870
Year 2 Estimated Cash Flow:			\$ 1,294

B. TABLE 2 CASH FLOW

ANNUAL ENERGY SAVINGS	Mechanical	Water	Lighting	General	Total
Electrical Savings (kWh)	5,441	13,282	322,655	7,151	348,530
Electrical Savings (kW)	0	0	1,117	0	1,117
Nat Gas Savings (Therms)	1,564	1,377	-835	560	2,667
Oil (DES)	0	0	0	0	0
Propane (DES)	0	0	0	0	0
Water Savings (CCF)	0	1,170	0	0	1,170
\$ Saved	\$ 1,941	\$ 12,564	\$ 31,995	\$ 1,235	\$ 47,736

II. PROJECT CASH FLOW FOR SELECTED OPTIONS

PROJECT SAVINGS BASED ON ESTIMATED ENERGY SAVINGS (100%)

Year ending Reference year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Mechanical, General, and Water savings	\$ -	\$ 15,741	\$ 15,977	\$ 16,217	\$ 16,460	\$ 16,707	\$ 16,958	\$ 17,212	\$ 17,470	\$ 17,732	\$ 17,998	\$ 18,268	\$ 18,542	\$ 18,820	\$ 19,103	\$ 19,389	\$ 19,680	\$ 19,975	\$ 20,275	\$ 20,579	\$ 20,888
Lighting Savings:	\$ -	\$ 31,995	\$ 32,475	\$ 32,962	\$ 33,457	\$ 33,959	\$ 34,468	\$ 34,985	\$ 35,510	\$ 36,042	\$ 36,583	\$ 37,132	\$ 37,689	\$ 38,254	\$ 38,828	\$ 39,410	\$ 40,002	\$ 40,602	\$ 41,211	\$ 41,829	\$ 42,456
Lighting Maintenance Savings	\$ -	\$ 6,720	\$ 6,821	\$ 6,924	\$ 7,027	\$ 7,133	\$ 7,240	\$ 7,348	\$ 7,459	\$ 7,571	\$ 7,684	\$ 7,799	\$ 7,916	\$ 8,035	\$ 8,156	\$ 8,278	\$ 8,402	\$ 8,528	\$ 8,656	\$ 8,786	\$ 8,918
Other Maintenance Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Savings:	\$ -	\$ 54,457	\$ 55,274	\$ 56,103	\$ 56,944	\$ 57,799	\$ 58,666	\$ 59,546	\$ 60,439	\$ 61,345	\$ 62,265	\$ 63,199	\$ 64,147	\$ 65,110	\$ 66,086	\$ 67,078	\$ 68,084	\$ 69,105	\$ 70,142	\$ 71,194	\$ 72,262
Cumulative Savings:	\$ -	\$ 54,457	\$ 109,731	\$ 165,833	\$ 222,778	\$ 280,576	\$ 339,242	\$ 398,787	\$ 459,226	\$ 520,571	\$ 582,837	\$ 646,036	\$ 710,184	\$ 775,293	\$ 841,380	\$ 908,457	\$ 976,541	\$ 1,045,646	\$ 1,115,788	\$ 1,186,981	\$ 1,259,243

PROJECT SAVINGS BASED ON GUARANTEED ENERGY SAVINGS (90%)

Year ending	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Mechanical, General, and Water savings	\$ -	\$ 14,167	\$ 14,379	\$ 14,595	\$ 14,814	\$ 15,036	\$ 15,262	\$ 15,491	\$ 15,723	\$ 15,959	\$ 16,198	\$ 16,441	\$ 16,688	\$ 16,938	\$ 17,192	\$ 17,450	\$ 17,712	\$ 17,978	\$ 18,247	\$ 18,521	\$ 18,799
Lighting Savings:	\$ -	\$ 28,796	\$ 29,228	\$ 29,666	\$ 30,111	\$ 30,563	\$ 31,021	\$ 31,487	\$ 31,959	\$ 32,438	\$ 32,925	\$ 33,419	\$ 33,920	\$ 34,429	\$ 34,945	\$ 35,469	\$ 36,001	\$ 36,541	\$ 37,090	\$ 37,646	\$ 38,211
Lighting Maintenance Savings	\$ -	\$ 6,048	\$ 6,139	\$ 6,231	\$ 6,325	\$ 6,420	\$ 6,516	\$ 6,614	\$ 6,713	\$ 6,814	\$ 6,916	\$ 7,019	\$ 7,125	\$ 7,232	\$ 7,340	\$ 7,450	\$ 7,562	\$ 7,675	\$ 7,791	\$ 7,907	\$ 8,026
Other Maintenance Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Savings:	\$ -	\$ 49,011	\$ 49,746	\$ 50,493	\$ 51,250	\$ 52,019	\$ 52,799	\$ 53,591	\$ 54,395	\$ 55,211	\$ 56,039	\$ 56,879	\$ 57,733	\$ 58,599	\$ 59,478	\$ 60,370	\$ 61,275	\$ 62,195	\$ 63,127	\$ 64,074	\$ 65,035
Cumulative Savings:	\$ -	\$ 49,011	\$ 98,758	\$ 149,250	\$ 200,500	\$ 252,519	\$ 305,318	\$ 358,909	\$ 413,304	\$ 468,514	\$ 524,553	\$ 581,433	\$ 639,165	\$ 697,764	\$ 757,242	\$ 817,612	\$ 878,887	\$ 941,081	\$ 1,004,209	\$ 1,068,283	\$ 1,133,319

ANNUAL PROJECT COSTS

Amount Financed: \$ (464,870)
Cash Payment: \$ (110,000)

Year ending	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Financing Costs	\$ -	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522	\$ 51,522
AQ Tech Support and Monitoring	\$ -	\$ -	\$ 3,920	\$ 3,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DES Tech Support & Monitoring	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct - Tenant Paid Energy & Maint. Savings	\$ -	\$ (3,412)	\$ (3,463)	\$ (3,515)	\$ (3,568)	\$ (3,621)	\$ (3,675)	\$ (3,731)	\$ (3,787)	\$ (3,843)	\$ (3,901)	\$ (3,960)	\$ (4,019)	\$ (4,079)	\$ (4,140)	\$ (4,202)	\$ (4,266)	\$ (4,329)	\$ (4,394)	\$ (4,460)	\$ (4,527)
Total Annual Costs to Client	\$ 110,000	\$ 48,110	\$ 53,979	\$ 53,927	\$ 47,954	\$ 47,901	\$ 47,846	\$ 47,791	\$ 47,735	\$ 47,679	\$ 47,621	\$ (3,960)	\$ (4,019)	\$ (4,079)	\$ (4,140)	\$ (4,202)	\$ (4,266)	\$ (4,329)	\$ (4,394)	\$ (4,460)	\$ (4,527)

NET ANNUAL CASH FLOW WHEN FINANCING PROJECT:

Year ending	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash Flow from Estimated Energy Savings (with inflation)	\$ (110,000)	\$ 6,347	\$ 1,294	\$ 2,176	\$ 8,990	\$ 9,898	\$ 10,819	\$ 11,754	\$ 12,703	\$ 13,667	\$ 14,645	\$ 67,159	\$ 68,166	\$ 69,189	\$ 70,227	\$ 71,280	\$ 72,349	\$ 73,435	\$ 74,536	\$ 75,654	\$ 76,789
Cumulative	\$ (110,000)	\$ (103,653)	\$ (102,359)	\$ (100,183)	\$ (91,193)	\$ (81,295)	\$ (70,476)	\$ (58,722)	\$ (46,018)	\$ (32,352)	\$ (17,707)	\$ 49,452	\$ 117,618	\$ 186,807	\$ 257,034	\$ 328,314	\$ 400,663	\$ 474,097	\$ 548,633	\$ 624,288	\$ 701,076
Cash Flow from Guaranteed Energy Savings (with inflation)	\$ (110,000)	\$ 901	\$ (4,233)	\$ (3,435)	\$ 3,296	\$ 4,118	\$ 4,953	\$ 5,800	\$ 6,660	\$ 7,532	\$ 8,418	\$ 60,839	\$ 61,752	\$ 62,678	\$ 63,618	\$ 64,572	\$ 65,541	\$ 66,524	\$ 67,522	\$ 68,535	\$ 69,563
Cumulative	\$ (110,000)	\$ (109,099)	\$ (113,332)	\$ (116,767)	\$ (113,471)	\$ (109,353)	\$ (104,400)	\$ (98,601)	\$ (91,941)	\$ (84,409)	\$ (75,991)	\$ (15,152)	\$ 46,600	\$ 109,278	\$ 172,896	\$ 237,468	\$ 303,009	\$ 369,533	\$ 437,055	\$ 505,589	\$ 575,152

C. TABLE 3 FULL LIST OF MEASURES

ECM #	Conservation Measure	Baseline							Savings					Financials					
		Current Annual Use Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost (\$)	Current Gas Cost (\$)	Current Water Cost (\$)	Current Total Cost (\$)	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)	Annual Resource Savings (\$)	Annual Maint. Savings (\$)	Labor/Mat'l Cost	Utility Incentive (\$)	Final Labor/Mat'l Cost (\$)	Simple Payback
		Consume (kWh)	Demand (kW)							Consume (kWh)	Demand (kW)								
City Wide																			
Water Conservation Measures																			
CW-W1	Fixture Retrofit: This measure will install water conservation devices (aerators on sinks, flush valves on urinals and toilets, or new fixtures) to save water and energy for water heating.	27,217		4,042	2,829	\$ 2,677	\$ 3,840	\$ 24,045	\$ 30,563	13,282	-	1,377	1,170	\$ 12,564		\$ 61,800		\$ 61,800	4.92
Lighting Conservation Measures																			
CW-L1	Lighting Retrofit (interior and exterior): This measure will provide efficient exterior lighting retrofit and replacements. - Retrofit/replace incandescent and fluorescent exit signs with LED technology - Occupancy/Unoccupancy sensor(s) with programmed start ballast fixtures					\$ -	\$ -	\$ -	\$ -	-	-	-	-	\$ -		\$ -		\$ -	
CW-L1a	505 Building	13,566	64			\$ 1,335	\$ -	\$ -	\$ 1,335	3,954	14	(15)	-	\$ 375	\$ 227	\$ 4,048	\$ 791	\$ 3,257	5.41
CW-L1b	Maintenance Center Bldg. A	43,175	182			\$ 5,112	\$ -	\$ -	\$ 5,112	14,225	53	(41)	-	\$ 1,587	\$ 429	\$ 25,651	\$ -	\$ 25,651	12.72
CW-L1c	Maintenance Center Bldg. B-E	72,370	302			\$ 8,539	\$ -	\$ -	\$ 8,539	40,731	126	(42)	-	\$ 4,408	\$ 151	\$ 58,087	\$ 4,507	\$ 53,580	11.75
CW-L1d	City Hall	270,019	1,084			\$ 27,656	\$ -	\$ -	\$ 27,656	98,896	395	-	-	\$ 10,109	\$ 3,375	\$ 133,395	\$ 16,292	\$ 117,103	8.68
CW-L1e	Fire Station 21	33,252	91			\$ 3,271	\$ -	\$ -	\$ 3,271	14,736	37	(23)	-	\$ 1,428	\$ 387	\$ 16,968	\$ 2,947	\$ 14,020	7.72
CW-L1f	Fire Station 22	33,575	104			\$ 3,303	\$ -	\$ -	\$ 3,303	14,088	34	(52)	-	\$ 1,336	\$ 125	\$ 15,271	\$ 2,818	\$ 12,453	8.52
CW-L1g	Fire Station 24	16,003	46			\$ 1,574	\$ -	\$ -	\$ 1,574	6,354	16	(25)	-	\$ 601	\$ 135	\$ 7,820	\$ 1,271	\$ 6,550	8.89
CW-L1h	Fire Station 25	27,875	88			\$ 2,742	\$ -	\$ -	\$ 2,742	15,344	38	(66)	-	\$ 1,447	\$ 124	\$ 12,982	\$ 3,069	\$ 9,913	6.31
CW-L1i	Fire Station 26	38,809	127			\$ 3,818	\$ -	\$ -	\$ 3,818	15,980	51	(61)	-	\$ 1,514	\$ 529	\$ 23,515	\$ 1,260	\$ 22,255	10.89
CW-L1j	Fire Station 27	52,301	149			\$ 5,145	\$ -	\$ -	\$ 5,145	28,608	69	(97)	-	\$ 2,722	\$ 216	\$ 22,704	\$ 5,722	\$ 16,983	5.78
CW-L1k	North Kirkland Center	21,460	86			\$ 2,111	\$ -	\$ -	\$ 2,111	11,593	35	(33)	-	\$ 1,109	\$ 62	\$ 16,172	\$ 1,535	\$ 14,637	12.50
CW-L1l	Peter Kirk Performing Arts Center	43,285	283			\$ 4,258	\$ -	\$ -	\$ 4,258	32,372	203	(204)	-	\$ 2,991	\$ 421	\$ 37,354	\$ 12,900	\$ 24,454	7.17
CW-L1m	Peter Kirk Senior Center	51,831	201			\$ 5,099	\$ -	\$ -	\$ 5,099	32,128	63	(201)	-	\$ 2,970	\$ 673	\$ 26,021	\$ -	\$ 26,021	7.14
CW-L1n	Kirkland Teen Union Building	18,478	79			\$ 1,818	\$ -	\$ -	\$ 1,818	7,249	35	-	-	\$ 713	\$ 133	\$ 10,405	\$ 755	\$ 9,650	11.40

ECM #	Conservation Measure	Baseline								Savings					Financials				
		Current Annual Use - Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost (\$)	Current Gas Cost (\$)	Current Water Cost (\$)	Current Total Cost (\$)	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)	Annual Resource Savings (\$)	Annual Maint. Savings (\$)	Labor/Mat'l Cost	Utility Incentive (\$)	Final Labor/Mat'l Cost (\$)	Simple Payback
		Consume (kWh)	Demand (kW)							Consume (kWh)	Demand (kW)								
	City Hall																		
	<i>General Conservation Measures</i>																		
CH-G1	Building Envelope Upgrades: This measure will seal building envelope air gaps and reduce losses due to infiltration.	This measure deemed not cost effective after leakage audit																	
	505 Market																		
	<i>General Conservation Measures</i>																		
505-G1	Window Replacement: This measure will replace 21 existing windows with low-e energy efficient models.	64,600				\$ 6,355	\$ -	\$ -	\$ 6,355	2,589	-	-	-	\$ 255		\$ 14,626	\$ 14,626	57.43	
505-G2	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	62,011		-		\$ 6,100	\$ -	\$ -	\$ 6,100	4,562	-	-	-	\$ 449		\$ 3,779	\$ 3,779	8.42	
	Fire Station 21																		
	<i>Mechanical Conservation Measures</i>																		
F21-M1	Controls Upgrade (New): This measure will install a new DDC energy management system for optimized HVAC control including: - Communicating programmable thermostats that interface with central EMS or city intranet for easier control.			1,088		\$ -	\$ 1,033	\$ -	\$ 1,033	-	-	54	-	\$ 52		\$ 9,244	\$ 9,244	178.95	
	Fire Station 22																		
	<i>Mechanical Conservation Measures</i>																		
F22-M1	Controls Upgrade (New): This measure will install a new DDC energy management system for optimized HVAC control including: - Communicating programmable thermostats that interface with central EMS or internet for easier control.			4,380		\$ -	\$ 4,161	\$ -	\$ 4,161	-	-	219	-	\$ 208		\$ 11,191	\$ 11,191	53.79	
	<i>General Conservation Measures</i>																		
F22-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	-	-	4,380		\$ -	\$ 4,161	\$ -	\$ 4,161	-	-	360	-	\$ 342		\$ 5,688	\$ 5,688	16.63	
	Fire Station 25																		
	<i>General Conservation Measures</i>																		
F25-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	-	-	2,646	-	\$ -	\$ 2,514	\$ -	\$ 2,514	-	-	296	-	\$ 281		\$ 3,471	\$ 3,471	12.33	
	Fire Station 26																		
	<i>Mechanical Conservation Measures</i>																		
F26-M2	Controls Upgrade (New): This measure will install a new DDC energy management system for optimized HVAC control including: - Provide building controls for boiler, heating loop, replace t-stats and control dhw recirc pump			3,336		\$ -	\$ 3,170	\$ -	\$ 3,170	-	-	167	-	\$ 158		\$ 65,683	\$ 65,683	414.45	

ECM #	Conservation Measure	Baseline								Savings					Financials				
		Current Annual Use Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost (\$)	Current Gas Cost (\$)	Current Water Cost (\$)	Current Total Cost (\$)	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)	Annual Resource Savings (\$)	Annual Maint. Savings (\$)	Labor/Mat'l Cost	Utility Incentive (\$)	Final Labor/Mat'l Cost (\$)	Simple Payback
		Consume (kWh)	Demand (kW)							Consume (kWh)	Demand (kW)								
Fire Station 27																			
<i>Mechanical Conservation Measures</i>																			
F27-M1	Controls Upgrade (New): This measure will install a new DDC energy management system for optimized HVAC control including: - Communicating programmable thermostats that interface with central EMS or internet for easier control.			2,744		\$ -	\$ 2,607	\$ -	\$ 2,607	-	-	137	-	\$ 130		\$ 5,547	\$ 5,547	42.56	
<i>General Conservation Measures</i>																			
F27-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	-	-	2,744	-	\$ -	\$ 2,607	\$ -	\$ 2,607	-	-	200	-	\$ 190		\$ 3,565	\$ 3,565	18.76	
Maintenance Center Bldg. A																			
<i>Mechanical Conservation Measures</i>																			
MA-M3	Radiators and Retrocommission: Install radiator(s) in foyer to increase comfort. - Reprogram AHU-1 VFD to modulate - Place building into deeper night setback to reduce unoccupied heat - Retrocommission building	11,811		6,400		\$ 988	\$ 6,080	\$ -	\$ 7,068	5,480	-	1,329	-	\$ 1,721		\$ 16,418	\$ 16,418	9.54	
MA-M4	Replace heating loop pump with a Variable Speed Pump	This measure deemed not cost effective, existing valves 3-way									-	-	-	\$ -		\$ -	\$ -		
<i>General Conservation Measures</i>																			
MA-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	This measure deemed not cost effective after leakage audit									-	-	-	\$ -		\$ -	\$ -		
Maintenance Center Bldg. B & C																			
<i>Mechanical Conservation Measures</i>																			
MBC-M1	Bldg. B & C Controls Upgrade (Expansion): This measure will upgrade and expand the DDC energy management system for optimized HVAC control including: - Add controls to radiant floor system for space temperature control and remote system feedback - Occupancy sensing to setback and turn off HVAC equipment when the space is unoccupied			4,699		\$ -	\$ 4,464	\$ -	\$ 4,464	-	-	235	-	\$ 223		\$ 15,986	\$ 15,986	71.62	
MB-M2	Add run around heat recovery loop to Exhaust Fan and Gas Fired AHU	This measure deemed not cost effective, limited fan runtime									-	-	-	\$ -		\$ -	\$ -		
MC-M2	Install Condensing Boiler to reduce energy usage and provide heating redundancy			2,114		\$ -	\$ 2,009	\$ -	\$ 2,009	-	-	211	-	\$ 201		\$ 57,186	\$ 57,186	284.69	
MC-M3	Replace heating loop pump with a Variable Speed Pump	This measure deemed not cost effective, existing valves 3-way									-	-	-	\$ -		\$ -	\$ -		
MC-M4	Install Air Pear Fans to reduce stratification in Bldg C. Bays	-		2,349		\$ -	\$ 2,232	\$ -	\$ 2,232	(38)	-	235	-	\$ 220		\$ 9,193	\$ 9,193	41.79	

ECM #	Conservation Measure	Baseline								Savings					Financials				
		Current Annual Use - Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost (\$)	Current Gas Cost (\$)	Current Water Cost (\$)	Current Total Cost (\$)	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)	Annual Resource Savings (\$)	Annual Maint. Savings (\$)	Labor/Mat'l Cost	Utility Incentive (\$)	Final Labor/Mat'l Cost (\$)	Simple Payback
		Consume (kWh)	Demand (kW)							Consume (kWh)	Demand (kW)								
Teen Center																			
<i>Mechanical Conservation Measures</i>																			
TC-M1a	Controls Upgrade (New): This measure will install a new DDC energy management system for optimized HVAC control including: - Communicating programmable thermostats that interface with central EMS or internet for easier control. - Occupancy sensing to setback and turn off HVAC equipment when the space is unoccupied	82,665		-	-	\$ 8,132	\$ -	\$ -	\$ 8,132	50,894	-	-	-	\$ 5,007		\$ 7,746	\$ 5,422	\$ 2,324	0.46
TC-M1b	Units to Heat Pumps: This measure will replace the existing units with heat pump technology. - Includes M1a Controls Upgrade as part of heat pump upgrade	82,665		-	-	\$ 8,132	\$ -	\$ -	\$ 8,132	65,979	-	-	-	\$ 6,490		\$ 69,546	\$ 13,196	\$ 56,350	8.68

D. TABLE 4 SELECTED MEASURES

ECM #	Conservation Measure	Baseline							Savings							Labor/Mat' Cost	Utility Incentive \$	Final Labor/Mat' Cost \$	Simple Payback
		Current Annual Use - Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost \$	Current Gas Cost \$	Current Water Cost \$	Current Total Cost \$	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)	Annual Resource Savings \$	Annual Maint. Savings \$				
		Consume kWh	Demand kW							Consume kWh	Demand kW								
City Wide																			
Water Conservation Measures																			
CW-W1	Fixture Retrofit: This measure will install water conservation devices (aerators on sinks, flush valves on urinals and toilets, or new fixtures) to save water and energy for water heating.	27,217		4,042	2,829	2,677	3,840	24,045	\$30,563	13,282		1,377	1,170	\$12,564		\$61,800	\$61,800	4.92	
Lighting Conservation Measures																			
CW-L1	Lighting Retrofit (interior and exterior): This measure will provide efficient exterior lighting retrofit and replacements. - Retrofit/replace incandescent and fluorescent exit signs with LED technology - Occupancy/Unoccupancy sensor(s) with programmed start ballast fixtures																		
CW-L1a	505 Building	13,566	64			1,335			\$1,335	3,954	14	-15		\$375	\$227	\$4,048	\$791	\$3,257	5.41
CW-L1b	Maintenance Center Bldg. A	43,175	182			5,112			\$5,112	14,225	53	-41		\$1,587	\$429	\$25,651		\$25,651	12.72
CW-L1c	Maintenance Center Bldg. B-E	72,370	302			8,539			\$8,539	40,731	126	-42		\$4,408	\$151	\$58,087	\$4,507	\$53,580	11.75
CW-L1d	City Hall	270,019	1,084			27,656			\$27,656	98,896	395			\$10,109	\$3,375	\$133,395	\$16,292	\$117,103	8.68
CW-L1e	Fire Station 21	33,252	91			3,271			\$3,271	14,736	37	-23		\$1,428	\$387	\$16,968	\$2,947	\$14,020	7.72
CW-L1f	Fire Station 22	33,575	104			3,303			\$3,303	14,088	34	-52		\$1,336	\$125	\$15,271	\$2,818	\$12,453	8.52
CW-L1h	Fire Station 25	27,875	88			2,742			\$2,742	15,344	38	-66		\$1,447	\$124	\$12,982	\$3,069	\$9,913	6.31
CW-L1i	Fire Station 26	38,809	127			3,818			\$3,818	15,980	51	-61		\$1,514	\$529	\$23,515	\$1,260	\$22,255	10.89
CW-L1j	Fire Station 27	52,301	149			5,145			\$5,145	28,608	69	-97		\$2,722	\$216	\$22,704	\$5,722	\$16,983	5.78
CW-L1k	North Kirkland Center	21,460	86			2,111			\$2,111	11,593	35	-33		\$1,109	\$62	\$16,172	\$1,535	\$14,637	12.50
CW-L1l	Peter Kirk Performing Arts Center	43,285	283			4,258			\$4,258	32,372	203	-204		\$2,991	\$421	\$37,354	\$12,900	\$24,454	7.17
CW-L1m	Peter Kirk Senior Center	51,831	201			5,099			\$5,099	32,128	63	-201		\$2,970	\$673	\$26,021		\$26,021	7.14
505 Market																			
General Conservation Measures																			
505-G1	Window Replacement: This measure will replace 21 existing windows with low-e energy efficient models.	64,600				6,355			\$6,355	2,589				\$255		\$14,626		\$14,626	57.43
505-G2	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration	62,011				6,100			\$6,100	4,562				\$449		\$3,779		\$3,779	8.42

ECM #	Conservation Measure	Baseline							Savings					Labor/Mat Cost	Utility Incentive \$	Final Labor/Mat Cost \$	Simple Payback		
		Current Annual Use - Electrical		Current Gas Use (Therms)	Current Water Use (CCF)	Current Electric Cost \$	Current Gas Cost \$	Current Water Cost \$	Current Total Cost \$	Annual Savings Electric		Annual Gas Savings (Therms)	Annual Water Savings (CCF)					Annual Resource Savings \$	Annual Maint. Savings \$
		Consume kWh	Demand kW							Consume kWh	Demand kW								
	Fire Station 22																		
	<i>General Conservation Measures</i>																		
F22-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration			4,380			4,161		\$4,161			360		\$342			\$5,688	\$5,688	16.63
	Fire Station 27																		
	<i>General Conservation Measures</i>																		
F27-G1	Building Envelope Upgrades - Envelope Sealing: This measure will seal building envelope air gaps and eliminate losses due to infiltration			2,744			2,607		\$2,607			200		\$190			\$3,565	\$3,565	18.76
	Maintenance Center Bldg. A																		
	<i>Mechanical Conservation Measures</i>																		
MA-M3	Radiators and Retrocommission: Install radiator(s) in foyer to increase comfort. - Reprogram AHU-1 VFD to modulate - Place building into deeper night setback to reduce unoccupied heat - Retrocommission building	11,811		6,400		988	6,080		\$7,068	5,480		1,329		\$1,721			\$16,418	\$16,418	9.54
	Maintenance Center Bldg. B & C																		
	<i>Mechanical Conservation Measures</i>																		
MC-M4	Install Air Pear Fans to reduce stratification in Bldg C. Bays			2,349			2,232		\$2,232	-38		235		\$220			\$9,193	\$9,193	41.79

April 8, 2013

EXHIBIT 1 Detailed Lighting Audit Calculations (Provided Separately on CD-ROM)
Detailed Water Audit Calculations (Provided Separately on CD-ROM)
Detailed HVAC Audit Calculations (Provided Separately on CD-ROM)

EXHIBIT 2 Bond Form (Incorporated herein (AIA A312))

EXHIBIT 3 Energy Services Agreement (Incorporated herein)

XXI. AMMENDMENTS OR CHANGES

A. None



Department of Commerce

Innovation is in our nature.

Interagency Agreement with

City of Kirkland

through

2012 Energy Efficiency Grants for Local Governments

**(Engrossed Senate Bill 5127, Laws of 2012,
2nd Special Session, Chapter 1, Section 301)**

Start date: Upon Final Signature

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Attachment D Certification of Prevailing Wages;

FACE SHEET

Grant Number: 13-93222-048

**Washington State Department of Commerce
Community Services & Housing Division
Community Capital Facilities Unit**

1. Grantee City of Kirkland 123 5th Avenue Kirkland, Washington 98033		2. Grantee Doing Business As (optional)	
3. Grantee Representative Donna Burris Internal Services Division Manager 425.587.3902 dburris@kirklandwa.gov		4. COMMERCE Representative Daniel Arthun Program Manager 360-725-3007 360-586-5880 Dan.Arthun@commerce.wa.gov P.O. Box 42525 1011 Plum Street SE Olympia, WA 98504-2525	
5. Grant Amount \$208,000.00	6. Funding Source Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>	7. Start Date Upon Final Signature	8. End Date June 30, 2015
9. Federal Funds (as applicable) N/A	Federal Agency N/A	CFDA Number N/A	
10. Tax ID # N/A	11. SWV # 0018947-00	12. UBI # N/A	13. DUNS # N/A
14. Grant Purpose The purpose of this contract is to provide Washington's local governments with grant funds for operational cost savings improvements that result in energy and operational cost savings in accordance with ESB 5127, Laws of 2012, 2 nd Special Session, Ch 1, Sec .301. COMMERCE, defined as the Department of Commerce or its successor agency, and the Grantee, as defined above, acknowledge and accept the terms of this Agreement and attachments and have executed this Agreement on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Grant are governed by this Grant and the following other documents incorporated by reference: Agreement Terms and Conditions including Attachment "A" – Scope of Work, Attachment "B" – Budget, Attachment "C" – Certification of Availability of Funds to Complete the Project, Attachment "D" – Certification of the Payment and Reporting of Prevailing Wages.			
FOR GRANTEE _____ Marilynne Beard, Deputy City Manager _____ Date		FOR COMMERCE _____ Diane Klontz, Assistant Director _____ Date APPROVED AS TO FORM ONLY Signature on file. _____	

**SPECIAL TERMS AND CONDITIONS
GENERAL GRANT
STATE FUNDS**

THIS CONTRACT, entered into by and between City of Kirkland (a unit of local government hereinafter referred to as the Grantee), and the Washington State Department of Commerce (hereinafter referred to as COMMERCE), WITNESSES THAT:

WHEREAS, COMMERCE has the statutory authority under RCW 43.330.050 (5) to cooperate with and provide assistance to local governments, businesses, and community-based organizations; and

WHEREAS, COMMERCE is also given the responsibility to administer state funds and programs which are assigned to COMMERCE by the Governor or the Washington State Legislature; and

WHEREAS, the Washington State Legislature has, in ESB 5127, Laws of 2012, 2nd Special Session, Chapter 1, Section 301, made an appropriation to support the 2012 Energy Efficiency Grants for Local Governments Program, and directed COMMERCE to administer those funds; and

WHEREAS, the enabling legislation also stipulates that the Grantee is eligible to receive funding for acquisition, construction, or rehabilitation (a venture hereinafter referred to as the "Project").

NOW, THEREFORE, in consideration of covenants, conditions, performances, and promises hereinafter contained, the parties hereto agree as follows:

1. GRANT MANAGEMENT

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Representative for COMMERCE and their contact information are identified on the Face Sheet of this Agreement.

The Representative for the Grantee and their contact information are identified on the Face Sheet of this Agreement.

2. COMPENSATION

COMMERCE shall pay an amount not to exceed \$208,000.00 for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of Work.

3. EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

The Grantee may be reimbursed, at the rate set forth elsewhere in this contract, for work completed beginning April 23, 2012. Eligible project expenditures are in the following cost categories:

A. Design, engineering, architectural, planning services and nongrant overhead and profit;

B. Construction management and observation (from external sources only);

C. Construction costs including, but not limited to, the following:

- Demolition;
- Site preparation;
- Permits and fees;
- Labor and materials;
- Taxes on Project goods and services;
- Capitalized equipment;
- Information technology infrastructure; and
- Landscaping.

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D. Loan Interest over the term of the loan.

4. BILLING PROCEDURES AND PAYMENT

COMMERCE shall reimburse the Grantee for 100% of eligible Project expenditures, up to the maximum payable under this contract. When requesting reimbursement for expenditures made, the Grantee shall submit to COMMERCE a signed and completed Invoice Voucher (Form A-19), that documents capitalized Project activity performed – by budget line item – for the billing period.

The Grantee shall evidence the costs claimed on each voucher by including copies of each invoice received from vendors providing Project goods or services covered by the contract. The Grantee shall also provide COMMERCE with a copy of the cancelled check or electronic funds transfer, as applicable, confirming that they have paid each expenditure being claimed. The cancelled checks or electronic funds transfers may be submitted to COMMERCE at the time the voucher is initially submitted, or within thirty (30) days thereafter.

The voucher must be certified (signed) by an official of the Grantee with authority to bind the Grantee. The final voucher shall be submitted to COMMERCE within sixty (60) days following the completion of work or other termination of this contract, or within fifteen (15) days following the end of the state biennium unless contract funds are reappropriated by the Legislature in accordance with Section 9, hereof.

Payment shall be considered timely if made by COMMERCE within thirty (30) calendar days after receipt of properly completed invoices.

Project Status Report

Each request for payment must be accompanied by a Project Status Report, which describes, in narrative form, the progress made on the Project since the last invoice was submitted, as well as a report of Project status to date. COMMERCE will not release payment for any reimbursement request received unless and until the Project Status Report is received. After approving the Invoice Voucher and Project Status Report, COMMERCE shall promptly remit a warrant to the Grantee.

Advance Payments

No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by COMMERCE.

Duplication of Billed Costs

The Grantee shall not bill COMMERCE for services performed under this Agreement, and COMMERCE shall not pay the Grantee, if the Grantee is entitled to payment or has been or will be paid by any other source, including grants, for that service.

Disallowed Costs

The Grantee is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

Termination

COMMERCE may, in its sole discretion, terminate the Grant or withhold payments claimed by the Grantee for services rendered if the Grantee fails to satisfactorily comply with any term or condition of this Grant.

5. INSURANCE

Grantees and Local Governments that Participate in a Self-Insurance Program.

Self-Insured/Liability Pool or Self-Insured Risk Management Program – With prior approval from COMMERCE, the Grantee may provide the coverage above under a self-insured/liability pool or

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self-insured risk management program. In order to obtain permission from COMMERCE, the Grantee shall provide: (1) a description of its self-insurance program, and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pool financial reports must comply with Generally Accepted Accounting Principles (GAAP) and adhere to accounting standards promulgated by: 1) Governmental Accounting Standards Board (GASB), 2) Financial Accounting Standards Board (FASB), and 3) the Washington State Auditor's annual instructions for financial reporting. Contractor's participating in joint risk pools shall maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. The state of Washington, its agents, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.

Grantee shall provide annually to COMMERCE a summary of coverages and a letter of self insurance, evidencing continued coverage under Grantee's self-insured/liability pool or self-insured risk management program. Such annual summary of coverage and letter of self insurance will be provided on the anniversary of the start date of this Agreement.

6. ORDER OF PRECEDENCE

In the event of an inconsistency in this Agreement, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Scope of Work
- Attachment B – Budget
- Attachment C – Certification of the Availability of Funds to Complete the Project
- Attachment D – Certification of the Payment and Reporting of Prevailing Wages

7. REPORTING OF JOBS FUNDED

The Grantee shall provide to Commerce each quarter a completed "2012 Energy Efficiency Grants Quarterly Report" which will identify the number of jobs funded by the Project. For the purposes of this agreement, "quarterly" shall be defined as follows:

- July through September, 2012
- October through December, 2012
- January through March, 2013
- April through June, 2013
- July through September, 2013
- October through December, 2013
- January through March, 2014
- April through June, 2014

The Grantee shall submit the 2012 Energy Efficiency Grants Quarterly Report to Commerce as applicable within ten (10) calendar days following the end of each quarter until all work on the Project has been completed and no additional jobs are being funded. Commerce will email a Report form to each Grantee when the contract has been executed.

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8. ONGOING MEASUREMENT & VERIFICATION

Measurement and Verification of Energy Savings (ESPC Projects)

After the Project has been completed and the Notice of the Commencement of Energy Savings has been issued, ongoing measurement and verification (M&V) begins, in order to verify that the guaranteed energy savings occurs.

The recommended minimum length of M&V is three (3) years. However, Grantees are encouraged to have M&V performed for the length of the financing term to extend the energy savings guaranteed for the Project. The proposed length of the ongoing M&V period should be identified in the Energy Services Proposal (ESP).

The Grantee shall submit an annual Measurement and Verification Report to Commerce by February 15th of each year for the prior calendar year until all measurement and verification requirements have been satisfied.

Each Measurement and Verification Report shall include:

1. An **executive summary** that gives a brief description of the energy efficiency measures (EEMS) identified and if the guaranteed energy savings were achieved;
2. The **report** shall include the following:
 - a. Calculation of the energy savings verified for each measure.
 - b. A brief description of any changes to the subject facilities. If these changes have an impact on the verified energy savings, this needs to be identified and the impact calculated.
 - c. Any other deliverables that were proposed, such as greenhouse gas reduction calculations or building energy performance benchmarks.
 - d. All physical measurements that were performed (i.e., boiler combustion test results, motor runtime logs). If necessary, these can be attached via appendix to the main report.
 - e. A list of remedies the ESCO will provide if the guaranteed savings are not being met. Specify whether and by when the physical aspects of the project that led to the loss of savings will be corrected. Specify how the ESCO will reimburse the Grantee for the identified differences between the verified savings and the guaranteed level of savings. Specify the timing of when the ESCO will make the reimbursement to the Grantee.

The guaranteed minimum energy savings identified in the ESP and the verified actual energy savings should be identified in tabular form for easy reference by the Grantee and Commerce. The energy savings should be:

1. Identified in the native unit of measure for each utility commodity, such as kWh or Therms for both guaranteed and verified energy savings;
2. Translated into utility bill dollar savings; and
3. Denoted in dollars, using the energy rates in effect at the time the ESP was prepared.

Measurement and Verification of Energy Savings (Non-ESPC Projects)

Projects that do not use Energy Savings Performance Contracting must verify energy and operational cost savings for ten (10) years or until the energy and operational cost savings pay for the Project, whichever is shorter. They must also follow the Department of Enterprise Services (DES) energy savings performance contracting project guidelines. Third-party verification must be performed by one of the following:

1. An energy savings performance contractor selected by DES through a request for qualifications;
2. A licensed engineer that is a certified energy manager;
3. A project resource conservation manager; or
4. An educational service district resource conservation manager.

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The Grantee shall submit an annual Measurement and Verification Report to Commerce by February 15th of each year for the prior calendar year until all M&V requirements have been satisfied.

Each Measurement and Verification Report shall include:

1. An **executive summary** that gives a brief description of the energy efficiency measures (EEMS) identified and if the estimated energy savings were achieved;
2. The **report** shall include the following:
 - a. Calculation of the energy savings verified for each measure.
 - b. A brief description of any changes to the subject facilities. If these changes have an impact on the verified energy savings, this needs to be identified and the impact calculated.
 - c. Any other deliverables that were proposed, such as greenhouse gas reduction calculations or building energy performance benchmarks.
 - d. All physical measurements that were performed (i.e., boiler combustion test results, motor runtime logs). If necessary, these can be attached via appendix to the main report.

The estimated energy savings identified in the final Investment Grade Audit and the verified energy savings should be identified in tabular form for easy reference by the Grantee and Commerce. The energy savings should be:

1. Identified in the native unit of measure for each utility commodity, such as kWh or Therms for both estimated and verified energy savings;
2. Translated into utility bill dollar savings; and
3. Denoted in dollars, using the energy rates in effect at the time of the report was completed.

9. REAPPROPRIATION

- A. The parties hereto understand and agree that any state funds not expended by June 30, 2013, will lapse on that date unless specifically reappropriated by the Washington State Legislature. If funds are so reappropriated, the state's obligation under the terms of this contract shall be contingent upon the terms of such reappropriation.
- B. In the event any funds awarded under this contract are reappropriated for use in a future biennium, COMMERCE reserves the right to assign a reasonable share of any such reappropriation for administrative costs.

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1. DEFINITIONS

As used throughout this Agreement, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Director and/or the designee authorized in writing to act on the Director's behalf.
- B. "COMMERCE" shall mean the Department of Commerce or its successor agency.
- C. "Grantee" shall mean the entity identified on the face sheet performing service(s) under this Agreement, and shall include all employees and agents of the Grantee.
- D. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.
- E. "State" shall mean the state of Washington.
- F. "Subgrantee" shall mean one not an employee of the Grantee, who is performing all or part of those services under this Agreement under a separate Agreement with the Grantee. The terms "subgrantee" and "subgrantees" means subgrantee(s) in any tier.

2. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Agreement shall be made by COMMERCE.

3. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

4. AMENDMENTS

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

5. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the "ADA" 28 CFR Part 35

The Grantee must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

6. APPROVAL

This Agreement shall be subject to the written approval of COMMERCE's Authorized Representative and shall not be binding until so approved. The Agreement may be altered, amended, or waived only by a written amendment executed by both parties.

7. ASSIGNMENT

Neither this Agreement, nor any claim arising under this Agreement, shall be transferred or assigned by the Grantee without prior written consent of COMMERCE.

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8. ATTORNEYS' FEES

Unless expressly permitted under another provision of the Agreement, in the event of litigation or other action brought to enforce Agreement terms, each party agrees to bear its own attorneys fees and costs.

9. AUDIT

A. General Requirements

Grantees are to procure audit services based on the following guidelines.

The Grantee shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that Subgrantees also maintain auditable records.

The Grantee is responsible for any audit exceptions incurred by its own organization or that of its Subgrantees.

COMMERCE reserves the right to recover from the Grantee all disallowed costs resulting from the audit.

As applicable, Grantees required to have an audit must ensure the audits are performed in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards (the Revised Yellow Book) developed by the Comptroller General.

Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Grantee must respond to COMMERCE requests for information or corrective action concerning audit issues within thirty (30) days of the date of request.

B. State Funds Requirements

Grantees expending \$100,000 or more in total state funds in a fiscal year must have a financial audit as defined by Government Auditing Standards (The Revised Yellow Book) and according to Generally Accepted Auditing Standards (GAAS). The Schedule of State Financial Assistance must be included. The schedule includes:

- Grantor agency name
- State program name
- BARS account number
- Grantor
- COMMERCE Grant number
- Grant award amount including amendments (total grant award)
- Beginning balance
- Current year revenues
- Current year expenditures
- Ending balance
- Program total

If the Grantee is a state or local government entity, the Office of the State Auditor shall conduct the audit. Audits of non-profit organizations are to be conducted by a certified public accountant selected by the Grantee.

The Grantee shall include the above audit requirements in any subgrants.

In any case, the Grantee's financial records must be available for review by COMMERCE.

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C. Documentation Requirements

The Grantee must send a copy of any required audit Reporting Package as described in OMB Circular A-133, Part C, Section 320(c) no later than nine (9) months after the end of the Grantee's fiscal year(s) to:

Department of Commerce
ATTN: Audit Review and Resolution Office
1011 Plum Street SE
PO Box 48300
Olympia WA 98504-8300

In addition to sending a copy of the audit, when applicable, the Grantee must include:

- Corrective action plan for audit findings within three (3) months of the audit being received by COMMERCE.
- Copy of the Management Letter.

10. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

1. All material provided to the Grantee by COMMERCE that is designated as "confidential" by COMMERCE;
2. All material produced by the Grantee that is designated as "confidential" by COMMERCE and
3. All personal information in the possession of the Grantee that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. The Grantee shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Grantee shall use Confidential Information solely for the purposes of this Agreement and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of COMMERCE or as may be required by law. The Grantee shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Grantee shall provide COMMERCE with its policies and procedures on confidentiality. COMMERCE may require changes to such policies and procedures as they apply to this Agreement whenever the Grantor reasonably determines that changes are necessary to prevent unauthorized disclosures. The Grantee shall make the changes within the time period specified by COMMERCE. Upon request, the Grantee shall immediately return to COMMERCE any Confidential Information that COMMERCE reasonably determines has not been adequately protected by the Grantee against unauthorized disclosure.

C. Unauthorized Use or Disclosure. The Grantee shall notify COMMERCE within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

11. CONFORMANCE

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

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12. COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Agreement shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the Grantor. COMMERCE shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Grantee hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to COMMERCE effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Agreement, but that incorporate pre-existing materials not produced under the Agreement, the Grantee hereby grants to COMMERCE a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Grantee warrants and represents that the Grantee has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to COMMERCE.

The Grantee shall exert all reasonable effort to advise COMMERCE, at the time of delivery of Materials furnished under this Agreement, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Agreement. The Grantee shall provide COMMERCE with prompt written notice of each notice or claim of infringement received by the Grantee with respect to any Materials delivered under this Agreement. COMMERCE shall have the right to modify or remove any restrictive markings placed upon the Materials by the Grantee.

13. DISPUTES

Except as otherwise provided in this Agreement, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with COMMERCE's Director, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the parties;
- state the Grantee's name, address, and Agreement number; and
- be mailed to the Director and the other party's (respondent's) Agreement Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Director or the Director's designee and the requestor within five (5) working days.

The Director or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Director or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Agreement shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

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14. DUPLICATE PAYMENT

The Grantee certifies that work to be performed under this Agreement does not duplicate any work to be charged against any other Agreement, subgrant, or other source.

15. ETHICS/CONFLICTS OF INTEREST

In performing under this Agreement, the Grantee shall assure compliance with the Ethics in Public Service Act (Chapter 42.52 RCW) and any other applicable state or federal law related to ethics or conflicts of interest.

16. GOVERNING LAW AND VENUE

This Agreement shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

17. INDEMNIFICATION

To the fullest extent permitted by law, the Grantee shall indemnify, defend, and hold harmless the state of Washington, COMMERCE, all other agencies of the state and all officers, agents and employees of the state, from and against all claims or damages for injuries to persons or property or death arising out of or incident to the Grantee's performance or failure to perform the Agreement. The Grantee's obligation to indemnify, defend, and hold harmless includes any claim by the Grantee's agents, employees, representatives, or any Subgrantee or its agents, employees, or representatives.

The Grantee's obligation to indemnify, defend, and hold harmless shall not be eliminated by any actual or alleged concurrent negligence of the state or its agents, agencies, employees and officers.

Subgrants shall include a comprehensive indemnification clause holding harmless the Grantee, COMMERCE, the state of Washington, its officers, employees and authorized agents.

The Grantee waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

18. INDEPENDENT CAPACITY OF THE GRANTEE

The parties intend that an independent contractor relationship will be created by this Agreement. The Grantee and its employees or agents performing under this Agreement are not employees or agents of the state of Washington or COMMERCE. The Grantee will not hold itself out as or claim to be an officer or employee of COMMERCE or of the state of Washington by reason hereof, nor will the Grantee make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Grantee.

19. INDUSTRIAL INSURANCE COVERAGE

The Grantee shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Grantee fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, COMMERCE may collect from the Grantee the full amount payable to the Industrial Insurance Accident Fund. COMMERCE may deduct the amount owed by the Grantee to the accident fund from the amount payable to the Grantee by COMMERCE under this Agreement, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Grantee.

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20. LAWS

The Grantee shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

- A. Affirmative action, RCW 41.06.020 (11).
- B. Boards of directors or officers of non-profit corporations – Liability - Limitations, RCW 4.24.264.
- C. Disclosure-campaign finances-lobbying, Chapter 42.17 RCW.
- D. Discrimination-human rights commission, Chapter 49.60 RCW.
- E. Ethics in public service, Chapter 42.52 RCW.
- F. Office of minority and women's business enterprises, Chapter 39.19 RCW and Chapter 326-02 WAC.
- G. Open public meetings act, Chapter 42.30 RCW.
- H. Public records act, Chapter 42.56 RCW.
- I. State budgeting, accounting, and reporting system, Chapter 43.88 RCW.

21. LICENSING, ACCREDITATION AND REGISTRATION

The Grantee shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Agreement.

22. LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Agreement.

23. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Agreement, the Grantee shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Grantee's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this Agreement may be rescinded, canceled or terminated in whole or in part, and the Grantee may be declared ineligible for further Agreements with the state. The Grantee shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

24. POLITICAL ACTIVITIES

Political activity of Grantee employees and officers are limited by the State Campaign Finances and Lobbying provisions of Chapter 42.17 RCW and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used under this Agreement for working for or against ballot measures or for or against the candidacy of any person for public office.

25. PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Agreement provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

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26. PUBLICITY

The Grantee agrees not to publish or use any advertising or publicity materials in which the state of Washington or COMMERCE's name is mentioned, or language used from which the connection with the state of Washington's or COMMERCE's name may reasonably be inferred or implied, without the prior written consent of COMMERCE.

27. RECAPTURE DISINCENTIVE

In the event that the Grantee fails to perform this Agreement in accordance with state laws, federal laws, and/or the provisions of this Agreement, COMMERCE reserves the right to recapture funds in an amount to compensate COMMERCE for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Grantee of funds under this recapture provision shall occur within the time period specified by COMMERCE. In the alternative, COMMERCE may recapture such funds from payments due under this Agreement.

28. RECORDS MAINTENANCE OUTPUT

The Grantee shall maintain all books, records, documents, data and other evidence relating to this Agreement and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Agreement. Grantee shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

29. REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Grantee shall complete registration with the Washington State Department of Revenue.

30. RIGHT OF INSPECTION

At no additional cost all records relating to the Grantee's performance under this Agreement shall be subject at all reasonable times to inspection, review, and audit by COMMERCE, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Agreement. The Grantee shall provide access to its facilities for this purpose.

31. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to normal completion, COMMERCE may terminate the Agreement under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Agreement may be amended to reflect the new funding limitations and conditions.

32. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Agreement and to this end the provisions of this Agreement are declared to be severable.

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33. SUBGRANTING

The Grantee may only subgrant work contemplated under this Agreement if it obtains the prior written approval of COMMERCE.

If COMMERCE approves subgranting, the Grantee shall maintain written procedures related to subgranting, as well as copies of all subgrants and records related to subgrants. For cause, COMMERCE in writing may: (a) require the Grantee to amend its subgranting procedures as they relate to this Agreement; (b) prohibit the Grantee from subgranting with a particular person or entity; or (c) require the Grantee to rescind or amend a subgrant.

Every subgrant shall bind the Subgrantee to follow all applicable terms of this Agreement. The Grantee is responsible to COMMERCE if the Subgrantee fails to comply with any applicable term or condition of this Agreement. The Grantee shall appropriately monitor the activities of the Subgrantee to assure fiscal conditions of this Agreement. In no event shall the existence of a subgrant operate to release or reduce the liability of the Grantee to COMMERCE for any breach in the performance of the Grantee's duties.

Every subgrant shall include a term that COMMERCE and the State of Washington are not liable for claims or damages arising from a Subgrantee's performance of the subgrant.

34. SURVIVAL

The terms, conditions, and warranties contained in this Agreement that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Agreement shall so survive.

35. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Grantee's income or gross receipts, any other taxes, insurance or expenses for the Grantee or its staff shall be the sole responsibility of the Grantee.

36. TERMINATION FOR CAUSE / SUSPENSION DISINCENTIVE

In event COMMERCE determines that the Grantee failed to comply with any term or condition of this Agreement, COMMERCE may terminate the Agreement in whole or in part upon written notice to the Grantee. Such termination shall be deemed "for cause." Termination shall take effect on the date specified in the notice.

In the alternative, COMMERCE upon written notice may allow the Grantee a specific period of time in which to correct the non-compliance. During the corrective-action time period, COMMERCE may suspend further payment to the Grantee in whole or in part, or may restrict the Grantee's right to perform duties under this Agreement. Failure by the Grantee to take timely corrective action shall allow COMMERCE to terminate the Grant upon written notice to the Grantee.

"Termination for Cause" shall be deemed a "Termination for Convenience" when COMMERCE determines that the Grantee did not fail to comply with the terms of the Agreement or when COMMERCE determines the failure was not caused by the Grantee's actions or negligence.

If the Agreement is terminated for cause, the Grantee shall be liable for damages as authorized by law, including, but not limited to, any cost difference between the original Agreement and the replacement Agreement, as well as all costs associated with entering into the replacement Agreement (i.e., competitive bidding, mailing, advertising, and staff time).

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37. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Agreement COMMERCE may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Agreement, in whole or in part. If this Agreement is so terminated, COMMERCE shall be liable only for payment required under the terms of this Agreement for services rendered or goods delivered prior to the effective date of termination.

38. TERMINATION PROCEDURES

After receipt of a notice of termination, except as otherwise directed by COMMERCE, the Grantee shall:

- A. Stop work under the Agreement on the date, and to the extent specified, in the notice;
- B. Place no further orders or subgrants for materials, services, or facilities related to the Agreement;
- C. Assign to COMMERCE all of the rights, title, and interest of the Grantee under the orders and subgrants so terminated, in which case COMMERCE has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subgrants. Any attempt by the Grantee to settle such claims must have the prior written approval of COMMERCE; and
- D. Preserve and transfer any materials, Agreement deliverables and/or COMMERCE property in the Grantee's possession as directed by COMMERCE.

Upon termination of the Agreement, COMMERCE shall pay the Grantee for any service provided by the Grantee under the Agreement prior to the date of termination. COMMERCE may withhold any amount due as COMMERCE reasonably determines is necessary to protect COMMERCE against potential loss or liability resulting from the termination. COMMERCE shall pay any withheld amount to the Grantee if COMMERCE later determines that loss or liability will not occur.

The rights and remedies of COMMERCE under this section are in addition to any other rights and remedies provided under this Agreement or otherwise provided under law.

39. WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Agreement unless stated to be such in writing and signed by Authorized Representative of COMMERCE.

Scope of Work

The Grantee will use these grant funds to implement operational cost savings improvements at their local government facilities and related projects that result in energy and operational cost savings in accordance with ESB 5127, Laws of 2012, 2nd Special Session, Ch. 1, Sec. 301. The work will be performed in accordance with the more detailed scope of work found in the Energy Services Proposal prepared by Ameresco Quantum Inc., April 8, 2013, incorporated herein by reference as if specifically set forth.

The Grantee, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Grantee's governing body as of the date and year written below.

GRANTEE

TITLE

DATE

Budget

Line Item	Amount
Audit & M&V	\$37,011.00
Labor, Construction & Contingency	\$532,597.00
Design	\$35,037.00
Professional Services	\$131,881.00
WA State Sales Tax	\$69,225.00
DES Administrative Fee	\$40,800.00
Total Contracted Amount:	\$846,551.00

The Grantee, by its signature, certifies that the Project Budget set forth above has been reviewed and approved by the Grantee's governing body or board of directors, as applicable, as of the date and year written below.

GRANTEE

TITLE

DATE

Certification of the Availability of Funds to Complete the Project

Non-State Funds	Amount	Total
Utility Incentive	\$51,840.00	
City of Kirkland	\$586,711.00	
Total Non-State Funds	\$638,551.00	\$638,551.00
State Funds		
State Capital Budget	\$208,000.00	\$208,000.00
Total Non-State and State Sources		\$846,551.00

The Grantee, by its signature, certifies that project funding from sources other than those provided by this contract and identified above has been reviewed and approved by the Grantee's governing body or board of directors, as applicable, and has either been expended for eligible Project expenses, or is committed in writing and available and will remain committed and available solely and specifically for carrying out the purposes of this Project as described in elsewhere in this contract, as of the date and year written below. The Grantee shall maintain records sufficient to evidence that it has expended or has access to the funds needed to complete the Project, and shall make such records available for COMMERCE'S review upon reasonable request.

GRANTEE

TITLE

DATE

Certification of the Payment and Reporting of Prevailing Wages

The Grantee, by its signature, certifies that all contractors and subcontractors performing work on the Project shall comply with prevailing wage laws set forth in Chapter 39.12 RCW, as June 15, 2011, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Grantee shall maintain records sufficient to evidence compliance with Chapter 39.12 RCW, and shall make such records available for COMMERCE'S review upon request.

If any state funds are used by the Grantee for the purpose of construction, applicable State Prevailing Wages must be paid.

The Grantee, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Grantee's governing body as of the date and year written below.

GRANTEE

TITLE

DATE

FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
Pam Bissonnette, Interim Public Works Director							
Description of Request							
Request for a total of \$475,711 from the Facilities Sinking Fund Reserves as part of a grant match to fund energy efficiency projects at various City buildings. The total project cost is \$846,551 made up of 1) \$475,711 from Facilities Sinking Fund Reserves 2) \$111,000 from Current Lifecycle Projects 3) \$51,840 estimated PSE Utility Incentive and 4) \$208,000 Dept of Commerce - 2012 Energy Efficiency Grants for Local Governments							
Legality/City Policy Basis							
Fiscal Impact							
One time use of \$475,111 from Facilities Sinking Fund Reserve. The reserve is able to fully fund this request and will be reimbursed through utility and operational savings in future years.							
Recommended Funding Source(s)							
<i>Reserve</i>	Description	2014 Est End Balance	Prior Auth. 2013-14 Uses	Prior Auth. 2013-14 Additions	Amount Request	Revised 2014 End Balance	2014 Target
	Facilities Sinking Fund Rsv.	2,437,162	0	0	475,111	1,962,051	N/A
<i>Revenue/Exp Savings</i>							
<i>Other Source</i>							
Other Information							
Prepared By	George Dugdale, Budget Analyst				Date	July 11, 2013	