

## ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: 06/15/2020

Please mark one: ☐ Bill Request or ☒ Resolution Request

### 1. Type of Request:

☒ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment  
☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change

**2. Title:** (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Approves a Construction Reimbursement Agreement with EAS Energy Partners to reimburse the City for \$3,761,000.00 of design and construction expenses for the district heating and cooling system for the National Western Center. (FINAN-202054979)

**3. Requesting Agency:** Department of Finance

### 4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Kiki Turner	Name: Kiki Turner
Email: <a href="mailto:Kiki.turner@denvergov.org">Kiki.turner@denvergov.org</a>	Email: <a href="mailto:Kiki.turner@denvergov.org">Kiki.turner@denvergov.org</a>

### 5. General description or background of proposed request. Attach executive summary if more space needed:

The National Western Center Authority (Authority) has found a responsible approach to delivering heating and cooling to the NWC campus buildings – by working with EAS Energy Partners (EAS) to develop a low carbon and price certain district energy system.

The Authority's Board of Directors has approved entering into a 40-year, \$185.6 million contract with EAS, a proven industry expert equipped to deliver a district heating and cooling system to create a low-carbon campus. This district energy project will source nearly 90 percent of its heating and cooling from an existing underground sewer pipeline — a recycled source of thermal energy – rather than relying on fossil fuels (natural gas).

Under its contract with the Authority, EAS Energy Partners will deliver all phases of the district energy project including designing, building, financing, operating and maintaining the system. The project includes approximately \$32 million in design and construction costs for the capital infrastructure, which consists primarily of a Central Utility Plant (CUP) and an underground ambient loop piping system delivers warm water to the campus buildings.

The proposed Construction Reimbursement Agreement benefits the City and EAS by ensuring alignment of the district energy system delivery with the Phase 1&2 capital Build Program and by reducing risk and cost for all parties. The City will procure the design of the CUP pad site under the NWC's existing horizontal infrastructure design contract. The City will also procure the construction of the pad site and of the ambient loop piping system under the existing horizontal integrated construction (HIC) contract. This work represents \$3,761,000.00 of the \$32 million of design and construction costs.

Please see executive summary for more detail.

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_

6. City Attorney assigned to this request (if applicable):  
John McGrath

7. City Council District: 9

### Key Contract Terms

Type of Contract: Construction Reimbursement Agreement

Vendor/Contractor Name: EAS Energy Partners (EAS)

Contract control number: # FINAN-202054979

Location: National Western Center

Is this a new contract? ☒ Yes ☐ No Is this an Amendment? ☐ Yes ☒ No If yes, how many? \_\_\_\_\_

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): Contract Execution through project completion.

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
(A)	(B)	(A+B)
\$3,761,000.00	0	\$3,761,000.00

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
Duration of Project	NA	Duration of Project

Scope of work:

Was this contractor selected by competitive process? Yes.

Has this contractor provided these services to the City before? ☐ Yes ☒ No

Source of funds: N/A receiving funds.

Is this contract subject to: ☐ W/MBE ☒ DBE ☐ SBE ☐ XO101 ☐ ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

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TBD

**Who are the subcontractors to this contract?** N/A.

### **Executive Summary**

#### **Overview of District Energy:**

The National Western Center partners have been working for two years on a sustainable approach to heating and cooling campus buildings. This is not a discretionary cost - each NWC building owner will have to pay for heating and cooling of its building(s) as part of its operations. But we do have a choice in how we deliver this essential service. In these uncertain times, the National Western Center has found an approach that is reliable, resilient, price-certain and low-carbon. This approach has been approved by the National Western Center Authority Board of Directors, Colorado State University (CSU) Board of Governors and the Western Stock Show Association (WSSA) Board of Directors. The proposed Construction Reimbursement Agreement supports the Authority's efforts to make this happen.

EAS Energy Partners (EAS) was selected through a competitive city-managed procurement process in 2018 to work with the Authority and NWC partners to deliver a low carbon energy approach for the campus. EAS Energy Partners (EAS), is led by Enwave USA Holdings, a leader in district energy operations across North America, and includes AECOM Technical Services and Saunders Construction. Collectively EAS brings proven industry expertise across all phases of the district energy project delivery.

EAS' proposed solution is a district thermal energy system that will source nearly 90 percent of heating and cooling from a recycled source of thermal energy – wastewater in the Delgany pipeline. This technical approach has been implemented by cities and communities across Canada, Asia and Europe and even in the town of Avon, Colorado. It is energy efficient, safe, reliable and proven, and it will help the campus avoid an estimated 2,600 metric tons of CO2 emissions each year— the equivalent of eliminating 6.6 million vehicle passenger miles driven in Denver annually.

The Denver community stands to benefit from this system through improved environmental and health outcomes, as well as through economic and educational opportunities. By moving away from natural gas combustion and switching to cleaner, renewable energy sources, the NWC will benefit air and water quality in surrounding environmental justice communities and assist in the city's efforts to deliver more equitable health outcomes. EAS has committed to increasing the awareness, outreach, training, and employment opportunities of people in economically disadvantaged areas and populations and addressing shortages in qualified construction workers. EAS has committed to provide economic opportunities for local residents, including: meeting or exceeding MWBE goals of 13% for the design and 13% of the construction; and paying prevailing wage through the 40-year term.

To deliver this project, the National Western Center Authority will enter a 40-year, \$185.6 million contract with EAS, a proven industry expert equipped to deliver all phases of the district energy project including designing, building, financing, operating and maintaining the system. The project includes \$32 million in design and construction costs for the capital infrastructure.

#### **Construction Reimbursement Agreement:**

If approved, the Construction Reimbursement Agreement would allow a portion of the design and construction work to be procured by the City. This benefits the City and EAS by ensuring alignment of the district energy system delivery with the Phase 1&2 capital Build Program and by reducing risk and cost for all parties.

The City will procure the design of the CUP pad site under the NWC's existing horizontal infrastructure design contract. The City will also procure the construction of the pad site and of the ambient loop piping system under the existing horizontal integrated construction (HIC) contract.

EAS will reimburse the City a fixed contribution of \$3,761,000.00 for this work.

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