



Board Summary Report

File #: 25-609

Agenda Date: 11/4/2025

Agenda #:

To: Board of County Commissioners

Through: Michelle Halstead, Interim Director, Facilities and Fleet

Prepared By:
Cedar Blazek, Energy Programs Manager, Facilities and Fleet Management

Presenter: Cedar Blazek, Energy Programs Manager, Facilities and Fleet Management

Subject:
1:00 PM *Proposed Energy Performance Contract (EPC) #3

Purpose and Request:

The purpose of the study session is to present a plan to pursue a third energy performance contract for county facilities and seek board approval to advance this work, consistent with established signature authority. The session will include an overview of EPCs, the opportunity and benefits, the proposed process and timeline as well as an overview of the solicitation and contract language.

Alignment with Strategic Plan: Sustainable Growth and Infrastructure - Support environmentally responsible development and energy efficiency in county operations.

Background and Discussion: Energy Performance Contracting (EPC) is a financing and contracting tool that allows public entities to use future utility and maintenance cost savings from energy improvements to fund capital improvement projects. Colorado's EPC program began in 1997; the Colorado Energy Office operates the statutory program, providing no cost technical assistance to eligible public entities. Since inception, the program has seen 316 million in energy savings from public buildings and more than \$1 billion invested in facility improvements. Throughout the state, communities have realized \$56 million in annual cost savings.

Arapahoe County has completed two EPCs in its history. The first in 2006, financed more than \$10 million in improvements, with \$660,000 annual cost savings. The second EPC in 2014 leveraged more than \$7.7 million in one-time funding to generate annual cost savings of \$560,000 year. Industry best practices recommend evaluating an EPC every 7-10 years based on facility needs. In 2024, the County's annual utility costs were \$2.2 million. A third EPC could provide tangible benefits, offset rising utility costs, and replace end-of-life equipment with more efficient options. It also could accelerate asset management and maintenance within the five-year capital improvement plan.

Colorado's EPC program identifies five program steps for local government participation:

- 1) Commit to participate in the EPC program, via a Memorandum of Understanding (MOU) with the Colorado Energy Office.
 - a. A draft of the MOU is attached for reference.
- 2) Develop and Publish Solicitation to select an Energy Service Company (ESCO)

- a. The state has pre-qualified companies; we would implement a competitive solicitation process among those firms.
- 3) Investment-Grade Energy Audit.
 - a. The selected firm would conduct a detailed assessment of building portfolio, recommend improvements and identify funding and financing opportunities.
- 4) Project Implementation.
 - a. Based on the audit, partner with the Colorado Energy Office to develop an energy performance contract for construction, the implementation of which is overseen by the ESCO.
- 5) Measurement & Verification.
 - a. Upon completion, the ESCO verifies savings through established process and summarizes results annually.

The Colorado Energy Office will be actively engaged in this process with Arapahoe County from start to finish, ensuring the project meets statutory requirements and aligns with the County's best interest as a neutral, third-party resource. The state will provide template RFP documents for Energy Service Company (ESCO) solicitation, template contract language, Investment Grade Audit review, Contract Review, and Measurement & Verification after project completion.

The initial cost to the County for the investment-grade energy audit is roughly \$300,000. Arapahoe County will not be required to pay this cost if the ESCO cannot find enough savings to guarantee a payback. If an ESCO proposes a project and the County decides not to move forward, the County will need to pay the full amount of the audit. If a viable project is identified, the audit cost could be rolled into the total project costs. Upon completion of the audit, the department will present results to the Board and options to inform the decision whether to move forward with a project and help determine whether to finance improvements or use one-time funds for implementation.

If approved, the Department would adopt a project schedule as follows, to align with the 2027 budget process:

- November 2025: Sign MOU with Colorado Energy Office; Issue Request for Proposal
- January 2026: Select Contractor & Finalize Contracting Process
- February 2026: Begin Energy Audit
- May/June 2026: Report Audit Findings & Present BOCC Options for Implementation
- July/August 2026: Kick off Project Implementation (pending BOCC decisions)
- August 2026-September 2027: Construction & Installation
- September 2027: Measurement & Verification (three years) .

Alternatives: The Board could choose not to pursue an EPC, funding utility and maintenance projects through the Building Maintenance Fund and Capital Improvement Program. The benefits of operating under a business-as-usual approach means no financial increases or changes based on available funding within the respective five-year plans. The consequence of doing so means forgoing potential energy efficiency projects that likely would not rank high within the CIP or BMF given limited funding and life safety priorities. It also would take a longer time to implement projects based on the current five-year plan and funding allocation.

Fiscal Impact: The Department proposes using savings from the replacement of the CenterPoint Return Air Unit project within the Capital Expenditure Fund to complete this phase of the project,

estimated at \$330,171.20. Based on the audit outcomes, the Board will need to determine if identified improvements should be financed through utility savings or leverage one-time funds.

Alignment with Strategic Implementation Strategies: The attached framework helps Arapahoe County institutionalize values-based, transparent decision-making, documenting how we make decisions and carry out actions to achieve the county's strategic plan.

Staff Recommendation: Advance an EPC with the Colorado Energy Office, consistent with stated plan and established signature authority.

Concurrence: The Finance Department and County Attorney's Office concur with this request. The Colorado Energy Office also supports the County's efforts to pursue an EPC as a mechanism to achieve energy efficiency goals and utility costs savings.