

**SUBJECT:** Local energy conservation contracts

**COMMITTEE:** Energy Resources — favorable, without amendment

**VOTE:** 5 ayes — Holzheuser, West, Hawley, Hirschi, Torres  
0 nays  
4 absent — Dutton, Jackson, Ramsay, Smithee

**SENATE VOTE:** On final passage, March 3 — 29-0

**WITNESSES:** None

**DIGEST:** SB 744 would allow local governments — counties, municipalities and other political subdivisions — to enter into contracts for measures to reduce energy consumption or operating costs of governmental facilities. These energy performance contracts could be for the installation of insulation of buildings and systems, window or door modifications that reduce energy consumption, automatic energy control systems, heating, ventilating or air-conditioning system modifications or replacements, energy-efficient lighting fixtures or energy-recovery systems. The installations would be required to be performed by a person experienced in the design, implementation and installation of energy conservation measures.

A service provider would have to file with the local government a performance bond in an amount the governing body found reasonable and necessary to protect the interest of the local government, that covered the value of the guaranteed savings on the contract and was conditioned on the faithful execution of the terms of the contract.

A local government could enter into a contract in excess of one year if the amount the local government would spend would not exceed the estimated conservation savings during a 10-year period following the installation of the conservation measures. The government's obligation in any year during a multi-year contract could not exceed the estimated savings for that year. The governing body would have to consider all costs of the energy conservation measures.

Energy conservation contracts could be lease-purchase contracts with respect to existing structures if the term did not exceed 10 years. Contracts would be let under competitive bidding procedures. The published notice of requests for bids would solicit quotations and specify the relative importance of certain evaluating factors.

The local government could conduct discussions with those submitting proposals and allow proposal revisions after submissions and before the award of the contract, and would have to meet standards of fair treatment. Proposals would be required to be kept confidential during negotiations. The local government would be required to publish the notice of intent to award the energy conservation contract to the selected offeror. Following the publishing of the notice, the public would be allowed to inspect the contents of all of the proposals submitted, with the exception of trade secrets and proprietary information within the proposals.

The bill would take immediate effect if approved by a two-thirds vote of the membership of each house.

**SUPPORTERS  
SAY:**

SB 744 would allow a county, municipality or other political subdivision to enter into performance contracts for energy conservation measures — similar to contracts already authorized for use in higher education institutions. These contracts would provide a cost-effective way to reduce energy consumption and operating costs without relying on state appropriations or on loans from limited state funded loan programs.

Such contracts would not require local governments to cover initial costs because the contractor would pay for all project engineering, equipment and construction costs and would be paid back from the local government's annual energy cost savings within a 10-year period. The contractor would guarantee that if a certain level of energy savings was not achieved, the contractor would return the difference.

**OPPONENTS  
SAY:**

No apparent opposition.