



## Legislation Text

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Resolution To Approve a Professional Services Agreement with Stantec Consulting Services Inc. for Geothermal Advisory and Design Services (\$689,200.00)

The City of Ann Arbor has adopted aggressive climate, energy, and equity goals, inclusive of finding a pathway to sustainably heat and cool homes and businesses. One illustration of this work is that, in spring of 2023, City Council passed Resolution R-23-101, directing the administrator to negotiate a new heating franchise with interested providers, to initiate a responsible, careful transition to renewable energy choices for heat in Ann Arbor.

In preparation for this work, City staff released a Request for Ideas to see what suggestions technical experts and the public had regarding pathways to sustainably heat and cool the community. Seven responses were received along with dozens of public comments (see all ideas on the [Sustainable Heating website <https://www.a2gov.org/departments/sustainability/Carbon-Neutrality/Pages/Natural-Gas-Franchise.aspx>](https://www.a2gov.org/departments/sustainability/Carbon-Neutrality/Pages/Natural-Gas-Franchise.aspx)). Nearly all submitted responses focused on development of a thermal energy network, with geothermal being a key component of designs.

Simultaneous with the release of the Request for Ideas, the City of Ann Arbor was notified that it had won a U.S. Department of Energy grant to design a district geothermal system in the Byrant neighborhood. This work is well underway and showing strong probability for success.

The combination of the City's aggressive sustainability goals as outlined in the A<sup>2</sup>ZERO plan, the charge from Council to pursue a sustainable heating franchise, public and technical comments endorsing the deployment and viability of thermal energy networks, and the City's successful U.S. DOE grant have culminated with City staff strongly recommending the City move forward with a more detailed analysis of the viability of large-scale geothermal and thermal energy networks in the City.

As such, staff prepared a request for proposals (RFP 23-65) in late fall 2023 to solicit bids for Geothermal Advisory Services. Specifically, this RFP requested support in three areas:

1. *Technical Advisory Services* - act as a technical advisor to the City and identified governmental partners related to specific geothermal projects or specific geothermal questions.
2. *Owner's Agent Services* - assisting the City in investigating specific geothermal expansion opportunities, challenges, and general growth trajectories, and specifically to provide on-demand support for identified projects; and
3. *Evaluation Services* - conducting an evaluation of the technical feasibility of creating district geothermal systems and/or thermal energy networks throughout the City, or if that is not feasible, in portions of the City. This will be used to assist the City with determining if it should consider taking actions to facilitate access to such systems for residents and businesses, including but not limited to granting a franchise or establishing a utility to offer such services.

All bids were due by December 13, 2023. Three firms (Salas O'Brien, Stantec, and Buro Happold) prepared bids in response to RFP 23-15. In early of 2024, staff reviewed all proposals and invited all

three firms to interview. While all three firms are skilled and qualified, a decision was made to recommend Stantec Consulting Services Inc. based on their prior experience in the City, their prior and emerging geothermal projects around the world and in the country, their focus on equity and justice, and their pricing.

Given the City's aggressive A<sup>2</sup>ZERO goals and the community's desire for more resilient, reliable, clean, and affordable ways of heating our homes and businesses, staff request Council authorization to enter this Professional Services Agreement with Stantec Consulting Services Inc.

Stantec Consulting Services Inc. is in compliance with the City's non-discrimination, living wage, and conflict of interest policies.

Budget/Fiscal Impact: The Office of Sustainability and Innovations (OSI) has budgeted this work in both fiscal year 2024 and in fiscal year 2025. As such, no additional funds are needed or requested.

Prepared by: Missy Stults, Sustainability and Innovations Director

Reviewed by: Kim Buselmeier, Financial Manager

Approved by: Milton Dohoney Jr., City Administrator

Whereas, In June of 2020, Ann Arbor passed one of the nation's most aggressive climate and equity plans, A<sup>2</sup>ZERO;

Whereas, A<sup>2</sup>ZERO calls for achieving a just transition to community-wide carbon neutrality by the year 2030;

Whereas, Finding solutions to sustainably heat and cool our homes, businesses, places of worship, and other community institutions will be an important component of achieving our A<sup>2</sup>ZERO goals;

Whereas, City staff released Request for Proposals Number 23-65 in the fall of 2023 for technical advisory services to help explore the feasibility of geothermal installations and large-scale thermal energy networks in the City to help meet the city's sustainable heating goals;

Whereas, Upon a review of all applications and interviews with bidders, a panel of staff determined that Stantec Consulting Services Inc. was best suited to win this award;

Whereas, Funding for this work is available in the FY24 and FY25 budget for the Office of Sustainability and Innovations;

Whereas, Stantec Consulting Services Inc. is compliant with the City's non-discrimination, living wage, and conflict of interest policies;

RESOLVED, That City Council approve a Professional Services Agreement with Stantec Consulting Services Inc. in the amount of \$689,200.00 to provide Geothermal Advisory and Technical Services (RFP No. 23-65);

RESOLVED, That a contract contingency of \$68,920.00 be established, and that the City Administrator be authorized to approve change orders to satisfactorily complete the project;

RESOLVED, That all amounts approved and appropriated herein are without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute a Professional Services Agreement with Stantec Consulting Services Inc. after approval as to substance by the City Administrator and approval so to form by the City Attorney; and

RESOVLED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.