



**CITY OF WHARTON  
FINANCE COMMITTEE MEETING**

**Tuesday, May 28, 2024  
6:00 PM**


***CITY HALL 120 EAST CANEY STREET  
WHARTON, TEXAS 77488***

**NOTICE OF  
CITY OF WHARTON  
FINANCE COMMITTEE MEETING**

Notice is hereby given that a Finance Committee Meeting will be held on Tuesday, May 28, 2024, at 6:00 PM at the Wharton City Hall, 120 East Caney Street, Wharton, Texas, at which time the following subjects will be discussed to-wit:

**SEE ATTACHED AGENDA**

Dated this 23rd day of May 2024.


By:   
Joseph R. Pace, City Manager

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Finance Committee Meeting is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board, at City Hall of said City or Town in Wharton, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted on May 23, 2024, at 4:30 p.m. and remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

The Wharton City Hall is wheelchair accessible. Access to the building and special parking is available at the primary entrance. Persons with disabilities, who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Secretary's Office at (979) 532-4811 Ext. 225 or by FAX (979) 532-0181 at least two (2) days prior to the meeting date. BRAILLE IS NOT AVAILABLE.

Dated this 23rd day of May 2024.

**CITY OF WHARTON**

By:   
Paula Favors  
City Secretary



**A G E N D A**  
**CITY OF WHARTON**  
**Finance Committee Meeting**  
**Tuesday, May 28, 2024**  
**City Hall - 6:00 PM**

**Call to Order.**

**Roll Call.**

**Public Comments.**


**Review & Consider:**

1. Minutes from the meeting held May 13, 2024.
2. City of Wharton Final ESPC Implementation Phase Closeout Proposal.
3. Wharton Regional Airport Runway Project.

**Adjournment.**

City of Wharton  
120 E. Caney Street  
Wharton, TX 77488

## FINANCE COMMITTEE

Meeting Date:	5/28/2024	Agenda Item:	Minutes from the meeting held May 13, 2024.
Attached is a copy of the draft minutes from the meeting held on May 13, 2024.			
City Manager: Joseph R. Pace		Date: Thursday, May 23, 2024	
Approval: 			
Mayor: Tim Barker			

**MINUTES  
OF  
CITY OF WHARTON  
FINANCE COMMITTEE MEETING  
120 EAST CANEY STREET  
WHARTON, TEXAS 77488  
Monday, May 13, 2024–12:00 p.m.**

City Manager Joseph R. Pace declared a meeting of the City Council Finance Committee duly open for the transaction of business at 12:02 p.m.

Committee Members present: Mayor Tim Barker, Councilmember Larry Pittman, and Councilmember Russell Machann.

Committee Members absent: None.

City Council Members present: None.

Staff members present: City Manager Joseph R. Pace, Finance Director Joan Andel, Assistant to the City Manager Brandi Jimenez, City Secretary Paula Favors, H.R. Generalist Selena Rios, and Director of Planning & Development Gwyn Teves.

Staff members absent: None.

Visitors: None.

Public Comments. There were no public comments.

The first item on the agenda was to review and consider minutes from the meeting held on March 25, 2024. Councilmember Russell Machann made a motion to approve the minutes as presented. Councilmember Larry Pittman seconded the motion. All voted in favor.

The second item on the agenda was to review and consider an Ordinance: An ordinance of the City Council of the City of Wharton, Texas, accepting and approving a Service and Assessment Plan and Phase #1 Assessment Roll for the Wharton Public Improvement District No. 2; making a finding of special benefit to the property in Phase #1 of the District; levying special assessments against property within Phase #1 of the District and establishing a lien on such property; providing for the method of assessment and the payment of the assessments in accordance with Chapter 372, Texas Local Government Code, as amended; providing penalties and interest on delinquent assessments; providing for severability; and providing an effective date. Finance Director Joan Andel stated to the Committee that a petition was submitted and filed requesting the creation of a Public Improvement District in the City. She stated that the City Council authorized and created the district and adopted a resolution approving the preliminary amended and restated service and assessment plan. She stated that the ordinance would take effect and would be in force immediately if approved by the City Council. After some discussion, Councilmember Russell Machann made a motion to recommend to the City Council to approve the ordinance accepting and approving a Service and Assessment Plan, and Phase #1 Assessment Roll for the Wharton Public Improvement District No. 2. Mayor Tim Barker seconded the motion. All voted in favor.

The third item on the agenda was to review and consider a Resolution: A resolution of the Wharton City Council approving an agreement for benefits consulting services and authorizing the Mayor of the City of Wharton to execute all documents related to said agreement. City Secretary Paula Favors stated to the Committee that over the last several years, the City of Wharton had seen large increases in health insurance premiums through the TX Health Benefits Pool. She stated that with many cities going out to the health insurance market, the City Staff was requesting to contract with a company to issue Requests for Proposal

(RFP). She stated that bidding out services for health insurance was crucial for several reasons, those reasons being cost efficiency, quality assurance, and transparency and accountability. She stated that bidding out services for health insurance promotes competition, drives down costs, improves quality, and expands access to healthcare services, ultimately benefiting both insurers and their members. After some discussion, Mayor Tim Barker made a motion to recommend to the City Council to approve the resolution approving an agreement for benefits consulting services. Councilmember Larry Pittman seconded the motion. All voted in favor.

The fourth item on the agenda was to review and consider an Ordinance: An ordinance declaring a public necessity for rights of entry and/or acquisition to the below listed properties located in Wharton, Texas, for a public purpose, namely for geotechnical studies, appraisal, surveying, environmental assessments and borings and/or acquisition, to include fee simple acquisition, public drainage, and levee easements for the Lower Colorado River Basin Phase II, Texas, Wharton Flood Risk Management Project; ratifying and affirming all prior acts and proceedings done or initiated by attorneys and employees of the City to acquire such rights of entry/acquisitions for the property; authorizing all other lawful action necessary or incidental to such rights of entry/acquisitions. Director of Planning & Development Gwyn Teves stated to the Committee that the City of Wharton had been working with the United States Army Corps of Engineers (USACE) on the Wharton Colorado Levee Project. She stated that the USACE had been working to complete the design of Phase II. She stated that the City had received authorization from the USACE to begin partial Phase II acquisitions. She stated that the authorization for these properties were in the northernmost area of the project and would potentially be the longest acquisition process. She also stated that the notice was required prior to any acquisition to be eligible for reimbursement from the USACE. She stated that as a requirement for acquisition, if the property owners were not willing to work with or negotiate with the City, the City needed to have a Public Purpose Ordinance in place. After some discussion, Councilmember Russell Machann made a motion to recommend to the City Council the approval of the ordinance. Councilmember Larry Pittman seconded the motion. All voted in favor.

The fifth item on the agenda was adjournment.


The meeting was adjourned at 12:20 p.m.

---

Joseph R. Pace, City Manager

City of Wharton  
120 E. Caney Street  
Wharton, TX 77488

## FINANCE COMMITTEE

Meeting Date:	5/28/2024	Agenda Item:	City of Wharton Final ESPC Implementation Phase Closeout Proposal.
<p>Constellation NewEnergy (CNE) has provided the City with a final Energy Savings Plan Closeout Proposal. This project was started in 2016 and was funded through a Qualified Energy Conservation Bond (QECB). The project included lighting upgrades, wastewater treatment plant blowers, and air conditioning improvements.</p> <p>CNE is requesting in the close-out documents to be paid \$503,706.73 from the escrow account funds in the City’s possession of \$811,416.39. This amount will compensate them for energy savings achieved from years 1-8 (Sept 2016-May 2024). CNE has provided the City with a Measurement and Verification document as support.</p> <p>A representative from CNE will be available via Zoom for any questions.</p>			
City Manager: Joseph R. Pace		Date: Thursday, May 23, 2024	
Approval: 			
Mayor: Tim Barker			



# City of Wharton

120 E. Caney Street ° Wharton, TX  
77488

Phone (979) 532-2491° Fax (979) 532-  
0181

## MEMORANDUM

To: Mr. Joseph R. Pace  
City Manager

From: Joan Andel

Date: May 21, 2024

Re: Energy Savings Closeout Proposal

Constellation NewEnergy (CNE) has provided the City a final Energy Savings Plan closeout proposal. This project was started in 2016 and was funded through a Qualified Energy Conservation Bond (QECB). The project included lighting upgrades, waste water treatment plant blowers, and air conditioning improvements.

CNE is requesting in the close-out documents to be paid \$503,706.73 from the escrow account funds in the City's possession of \$811,416.39. This amount will compensate them for energy savings achieved from years 1-8 (Sept 2016-May 2024). CNE has provided the City with a Measurement and Verification document as support.

I would like to place this item on the Finance Committee agenda for May 28, 2024 to discuss final payment. A representative from CNE will be available via zoom for any questions. If this proposal is approved, please place this on the City Council agenda for the same evening

Should you have any questions in the interim, please contact me.

Thank you.





Point Street-1310 Point Street  
Baltimore, MD 21231

May 16, 2024

City of Wharton  
Attn.: Joan Andel  
120 E Caney  
Wharton, TX 77488

Re: City of Wharton Final ESPC Implementation Phase Closeout Proposal (Rev4)

Dear Ms. Andel:

Constellation NewEnergy (CNE) provides this updated Final ESPC implementation closeout proposal for the City of Wharton’s consideration in order to complete the implementation phase and move our ESPC contract into the performance phase. This proposal takes into account a final implementation acceptance by June 1, 2024 and includes a cost credit for UCRMs that were not able to be implemented, accrued un-escalated energy savings achieved during the extended implementation period, bond payments made by the City of Wharton, and the escrow account payment that City of Wharton has received. This is a revised proposal to our previous proposal submitted on April 22, 2022.

As you know, there were two UCRM’s that CNE was not able to implement; UCRM-14 (Demand Response) and UCRM-21 (STP-2 New VFD Aerator motors). CNE proposes to offer the following credit to City of Wharton for those UCRMs as detailed in Table 1 below.

**Table 1 - Implementation UCRM Cost Credit**

UCRM Number	UCRM (M&V Ref)	Description	Implementation Credit
21	2	STP-2 New VFD Aerator motors	\$ 53,790.00
14	8	Demand Response (Option 3)	\$ 26,400.00
<b>Total Implementation Credit Due to City of Wharton</b>			<b>\$ 80,190.00</b>

During the extended implementation period, UCRMs-1, 2 & 12 (Lighting Upgrades) were fully implemented and achieving savings from September 2016 to present. All other UCRMs except UCRM-3 (STP-1 New Blowers and Repair Leaks) were fully implemented and achieving energy savings from March 2017 to present. UCRM-3 was implemented with respect to energy savings in March of 2019. Those additional implementation period savings are captured and detailed in Table 2 below.

**Table 2 - Unescalated Pre-Acceptance Savings (Sep 2016 thru May 2024)**

UCRM Number	URCM (M&V Ref)	Description	Energy Savings	Maintenance Savings
1, 2 & 12	1	Lighting Upgrades	\$ 295,914	\$ 4,802
3	2	STP-1 New Blowers and Repair Leaks	\$ 180,507	\$ -
21		STP-2 New VFD Aerator motors	\$ -	\$ -
4	3	High Efficiency Split System	\$ 30,791	\$ -
17		New RTUs @ Civic Center	\$ 15,371	\$ -
11	4	VAV Conversion Police Station	\$ 35,174	\$ -
6	5	HVAC Insulation	\$ 2,238	\$ -
6		Duct Rebuild Police Station		
7	6	DDC Control Upgrade PD	\$ 87,232	\$ -
8	7	Internet Compatible T'Stats	\$ 22,629	\$ -
14	8	Demand Response (Option 3)	\$ -	\$ -
<b>Total Savings</b>			<b>\$ 669,890</b>	<b>\$ 4,802</b>
			<b>Total Project Savings</b>	<b>\$ 674,692</b>

Notes: (1) UCRMs 14 & 21 not implemented  
(2) UCRM 1, 2 & 12 operating from September 2016 onward  
(3) UCRM 3 operating from March 2019 onward  
(4) All other UCRMs operating from March 2017 onward

CNE recognizes that City of Wharton has made debt service payments over the past six years as indicated in Table 3 below. These payments should be offset by the energy savings achieved during the extended implementation period as in Table 2.

**Table 3 - Debt Service Paid by City of Wharton**

Date	Description	Payment
6/15/2016	Debt Service Payment 1	\$ 112,776.52
5/31/2017	Debt Service Payment 2	\$ 112,776.80
6/15/2018	Debt Service Payment 3	\$ 112,776.22
6/13/2019	Debt Service Payment 4	\$ 112,777.00
6/1/2020	Debt Service Payment 5	\$ 112,776.79
6/15/2021	Debt Service Payment 6	\$ 112,776.30
6/15/2022	Debt Service Payment 7	\$ 112,776.20
6/15/2023	Debt Service Payment 8	\$ 112,776.16
<b>Total Debt Service Paid by City of Wharton</b>		<b>\$ 902,211.99</b>

An escrow account refund in the amount of \$811,416.39 was also issued. This check has been made payable to both CNE and the City of Wharton. Upon acceptance of this proposal and executed final acceptance document attached, CNE recommends that this check be endorsed, deposited, and retained by City of Wharton. CNE would then invoice City of Wharton for the \$503,706.73 amount indicated in Table 4 below for final closeout of the implementation period assuming final acceptance by June 1, 2024. If that is not possible, then CNE recommends that

City of Wharton have the escrow refund check cancelled and re-issued with \$503,706.73 payable to CNE and \$307,709.66 payable to City of Wharton.

**Table 4 - Summary of Implementation Period Costs and Savings**

Description	City of Wharton Credit or Expense
UCRM 14 and 21 Implementation Cost Credit	\$ 80,190.00
Extended Implementation Period Energy Savings	\$ (674,692.33)
Debt Service Payments Made by the City of Wharton	\$ 902,211.99
<b>Subtotal</b>	<b>\$ 307,709.66</b>
Escrow Account Refund (Retained by City of Wharton)	\$ 811,416.39
<b>Amount Due to CNE After Implementation Acceptance</b>	<b>\$ 503,706.73</b>

With the descoping of UCRMs-14 and 21 from the project, the annual guaranteed savings during the performance period will also be revised. Since this proposal reconciles the first eight bond payments as well as the energy savings during this extended implementation time, CNE proposes to reduce the performance period by eight years to eight years total as well as reduce the savings guarantee for the descoping of UCRMs-14 and 21 as shown in Table 5 below. Please note that performance year 1 will commence on the first day of the month following final acceptance. For this proposal, we are anticipating final Acceptance no later than June 1, 2024. The revised guaranteed savings in Table 5 below are based on Revised Performance Year 1 electric rates of \$0.1380/KWh at the Airport and \$0.0893/KWh for all other buildings escalated at a fixed rate of 2% per year.

**Table 5 - Revised Savings Guarantee**

Performance Year	Existing Contract Savings Guarantee	Revised Savings Guarantee
1	\$ 123,364	\$ 98,754
2	\$ 125,953	\$ 100,738
3	\$ 128,598	\$ 102,760
4	\$ 131,299	\$ 104,824
5	\$ 134,058	\$ 106,929
6	\$ 136,876	\$ 109,077
7	\$ 139,755	\$ 111,267
8	\$ 142,695	\$ 113,502
<b>TOTALS</b>	<b>\$ 1,062,598</b>	<b>\$ 847,852</b>

Reducing the performance period to eight years will also reduce the total contract of Performance Year M&V costs. The revised annual cost for those services as well as the energy guarantee bond are included in Table 6 below.

**Table 6 - Revised Performance Period M&V Costs**

Performance Year	Annual M&V Service Costs	Annual M&V Guarantee Costs	Total Annual M&V Costs
1	\$ 15,314	\$ 493	\$ 15,807
2	\$ 15,620	\$ 504	\$ 16,124
3	\$ 15,932	\$ 514	\$ 16,447
4	\$ 16,251	\$ 525	\$ 16,776
5	\$ 16,576	\$ 536	\$ 17,112
6	\$ 16,907	\$ 548	\$ 17,455
7	\$ 17,246	\$ 559	\$ 17,805
8	\$ 17,590	\$ 571	\$ 18,161
<b>TOTALS</b>	<b>\$ 131,436</b>	<b>\$ 4,250</b>	<b>\$ 135,686</b>

Upon agreement, CNE will prepare a contract amendment to reflect this resolution for the parties to properly execute, including appropriate waivers. CNE request a response to this proposal by May 24, 2024. Please review and don't hesitate to contact me if any questions.

Respectfully,

Lockwood,  
Joseph

Digitally signed by Lockwood, Joseph  
DN: cn=Lockwood, Joseph  
Reason: I am the author of this document  
Location:  
Date: 2024.05.16 10:58:04.00

Joe Lockwood  
Manager, Project Management  
Constellation Energy Solutions LLC



**CERTIFICATE OF FINAL ACCEPTANCE**

**PROJECT NAME:**

City of Wharton City-Wide Energy Management Services

**PROJECT NO.:** PES 20-15-0946C / CNE EX0S80946

**CONTRACT DATE:** 12/14/2015

**PROJECT ADDRESS:**

City of Wharton  
120 E. Caney Street  
Wharton, TX 77488

**DESCRIPTION.:** Implementation Phase for the Energy Conservation Project (ECP) for the City of Wharton

**SUBSTANTIAL COMPLETION DATE:** 03/08/2021

The Work performed under this Contract Agreement has been reviewed and found to be fully complete, satisfactory and acceptable for all purposes of the Contract Agreement, in accordance with the Contract Documents. The date of Final Acceptance of this Contract Agreement is hereby established as:

**FINAL ACCEPTANCE DATE:** \_\_\_\_\_

**DEFINITION OF FINAL ACCEPTANCE**

*The date of Final Acceptance of the Work is the date certified by the City of Wharton when the Work is fully complete and operational, satisfactory, and acceptable for all purposes of the Contract Agreement, in accordance with the Contract Documents.*

**CONTRACTOR:**

Constellation New Energy, Inc.

**AUTHORIZED SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**NAME:** \_\_\_\_\_

(TYPE OR PRINT)

The Customer accepts the Work as fully complete, satisfactory and acceptable for all purposes of the Contract Agreement, in accordance with the Contract Documents and accepts full possession thereof.

**CUSTOMER:**

City of Wharton

**AUTHORIZED SIGNATURE:** \_\_\_\_\_


**DATE:** \_\_\_\_\_

**NAME:** \_\_\_\_\_

(TYPE OR PRINT)

City of Wharton  
120 E. Caney Street  
Wharton, TX 77488

## FINANCE COMMITTEE

Meeting Date:	5/28/2024	Agenda Item:	Wharton Regional Airport Runway Project.
<p>The City Staff has been working with TxDOT Aviation Planners Ms. Emily Lambert and Mr. Robert Johnson to discuss pavement rehabilitation for the runway and taxiways at the Wharton Regional Airport. Although the project is not safety critical at this time, the Staff would like to move forward in the discussion of possibly having this project designed in FY2024 and constructed in FY2025. Funding will be obtained through Federal, State, and Local City funds.</p> <p>City Consultant David Allen will be available at the meeting to discuss further, and cost estimates will also be presented.</p>			
City Manager: Joseph R. Pace		Date: Thursday, May 23, 2024	
Approval: 			
Mayor: Tim Barker			



# City of Wharton

120 E. Caney Street ° Wharton, TX  
77488

Phone (979) 532-2491° Fax (979) 532-  
0181

## MEMORANDUM

To: Mr. Joseph R. Pace  
City Manager

From: Joan Andel

Date: May 21, 2024

Re: Wharton Regional Airport Runway Project

The City Staff has been working with TxDOT Aviation Planners Emily Lambert and Robert Johnson to discuss pavement rehabilitation for the runway and taxiways at the Wharton Regional Airport. Although the project is not safety critical at this time, we would like to move forward in the discussion of possibly having this project designed in FY2024 and constructed in FY2025. Funding will be obtained through Federal, State and Local City funds.

I would like to place this item on the Finance Committee agenda for May 28, 2024 to discuss. City Consultant David Allen will be available at the meeting to discuss further, and cost estimates will also be presented.

Should you have any questions, please contact me.

Thank you.