

May 21, 2026

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MEMO TO: BFED-20(16) File

F R O M: Yuki Lei K. Sugimura, Chair *Yuki Lei K. Sugimura*
Budget, Finance, and Economic Development Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO
JOHNSON CONTROLS, INC. ENERGY PERFORMANCE
CONTRACT** (BFED-20(16))

The attached informational document pertains to Item 20(16) on the Committee's agenda.

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Attachment

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



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COUNTY OF MAUI
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April 27, 2026

Honorable Members of the Maui County Council
County of Maui
200 South High Street
Wailuku, Hawaii 96793

Regarding: Intent to Proceed with expanded Scope under Energy Savings Performance Contract C7619 with Johnson Controls, Inc.

Aloha Chair and Councilmembers,

This letter is intended to notify the Maui County Council of the Administration's intent to proceed with an additional phase of work, referred to as "Phase 3", under the County's existing Energy Savings Performance Contract (ESPC), Contract No. C7619. Like the first phase, this phase will include Tax-Exempt Lease Purchase (TELP) financing. TELP financing allows the County to fund infrastructure improvements by redirecting existing operating expenditures supported by guaranteed energy and operational savings, without drawing on limited capital funds or increasing bonded debt. The Request for Proposals (RFP) for the TELP financing is scheduled to be issued by the end of April 2026. The County hopes to issue the notice to proceed by mid-June. The Administration would like to request that the Council submit any questions or concerns by the end of May. Alternatively, the Administration is open to a Rule 7B discussion in the appropriate committee.

As background, the ESPC C7619 was awarded in 2022 following a competitive solicitation pursuant to Hawaii Revised Statutes §36-41. Construction for the initial phase of the project was substantially completed in September 2024. The first full year of guaranteed savings was achieved and verified in October 2025. The second year of savings will be verified in October 2026. To date, the project has performed as intended and continues to deliver measurable energy, water, and operational savings to the County.

The proposed additional scope leverages utility bill savings-generating measures, such as irrigation wells, smart irrigation controls, and building envelope improvements to fund critical roof replacement and repair projects addressing long-standing deferred maintenance across County facilities. In addition to addressing deferred maintenance, the project will generate meaningful water savings during a period of ongoing drought and supports the installation of approximately

15 solar photovoltaic systems, delivering long-term environmental and financial benefits to County taxpayers.

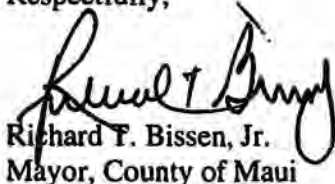
The project was developed with a focus on cost effectiveness and scope optimization, resulting in an anticipated total project cost of approximately \$9 million. The project is designed to be budget-neutral, self-funding, fully supported by existing operating budgets, and requiring no County capital funding. As part of the ESPC structure, Johnson Controls, Inc. (JCI) contractually guarantees project performance over a 20-year term. Should the guaranteed savings not be achieved in any year, JCI is legally obligated to reimburse the County for the shortfall.

As stated above, the next step of Phase 3 is the release of a TELP financing RFP. This is a no-obligation process intended solely to solicit competitive financing proposals. While JCI is administering the RFP on behalf of the County, the County retains full oversight and control of the process and will select the financing partner. JCI has no financial interest in the outcome of the financing procurement and receives no incentive, fee, or compensation tied to the award of financing.

Finally, it should be noted that this project carries a degree of urgency. Changes in federal policy affecting solar photovoltaic tax incentives have introduced timing constraints, and substantial development and estimating work has already been completed. To preserve the opportunity and associated benefits, the County must be positioned to issue a Notice to Proceed by mid-June. We respectfully submit this notification for Council awareness as we appreciate the Council's continued partnership and thoughtful stewardship of County resources.

If you have any questions, you may contact Cynthia Lallo at Cynthia.d.Lallo@co.maui.hi.us.

Respectfully,



Richard F. Bissen, Jr.
Mayor, County of Maui