

BRS Town Building Committee Meeting

July 9, 2009

CALL TO ORDER: Vice Chair David Barkin called the meeting to order (7:00 PM).

COMMITTEE MEMBERS PRESENT: David Barkin, Vice Chair; Steve Buda, Tim Cohen, Marc Estra, Jon Gorham and Sandy Stein.

STAFF MEMBERS PRESENT: Dr. Guy Stella, Superintendent; Chuck Zettergren, WSD Business Manager; Marsha DeGennaro, Clerk.

GUEST: Chris Halpin – Celtic Energy

PUBLIC COMMENT – None

APPROVAL OF MINUTES

MOTION #1 – APPROVAL OF MINUTES

Move that we approve the minutes of June 23, 2009 Meeting.

Mr. Estra

Second by Ms. Stein

Ms. Stein requested a spelling correction on Page 3 under Project Timeline and Schedule, first bullet “appendences”. Mr. Barkin requested that “map” be changed to “plan” on the same bullet.

MOTION #1A – APPROVAL OF MINUTES

Move that we approve the minutes of June 23, 2009 Meeting as amended.

Mr. Barkin

Second by Ms. Stein

UNANIMOUS

Sandy noted Sheila had a prior commitment this evening and was not able to attend. It was also noted that Mr. King had a scheduling conflict.

Presentation by Chris Halpin of Celtic Energy

Chris Halpin outlined his background and work experience with school systems, federal government, hospitals and court houses. He has spent 25 yrs in the engineering efficiency industry, including engineering, management, marketing and sales at several energy firms as well as a former global energy manager. He was recently selected by Energy Secretary, Steven Chu, to serve as an official reviewer of ARRA proposals.

Celtic Energy was formed nine years ago to help owners take advantage of the energy market through third party consulting. A basic outline of services include the ability to:

- ◆ Identify and evaluate energy savings opportunities.
- ◆ Develop engineering designs and specifications.
- ◆ Project management from design to installation.
- ◆ Arrange for financing.
- ◆ Provide training for staff on operation and maintenance of new systems.
- ◆ Guarantee project cost, performance and savings.
- ◆ Provide long-term operation and maintenance of systems, if desired by owner.

Celtic Energy understands ARRA requirements and has established working relationships at the highest levels of the Department of Energy, CT OPM, CCEF, and CEEF, all of which are important funding sources. It is anticipated Woodbridge will receive \$52,000 under the Recovery Stimulus Act. It is very possible that additional monies will be available through competitive proposals - Clean Energy Efficient Fund, Department of Public Utilities, Clean Renewable Energy Bonds and Academy Bonds.

Celtic Energy is a Specialist in Recovery Act work and identifies methods to maximize benefits through procurement of funding, techniques for construction, clean energy awards/grants, utility company incentives, and competitive process. They match stimulus plan monies, benefits and knowledge gained, in a true partnership with the client. They function as a 3rd party escrow account and the owner pays Celtic to manage contract, and work with ESCO's to obtain the best model. This is a transparent process of accountability, verification and reporting with all parties involved. Open Book Pricing is utilized to negotiate markups, develop a "Risk and Responsibility" matrix to attain financing, and proposals/contracts are written under the auspice of "best" practices inclusive of the elimination of "stipulation of savings". Written measurement verification plans and energy audits are also included in the overall package.

It is an innovative way, by working with energy service companies, to design a single procurement package of services encompassing design, equipment and service installations that guarantee savings through 3rd party financing. The project is treated as an investment with well thought out executed designs. Everything is negotiable and each contract is custom fit based on each owner's requirements. Guarantees for performance, savings and costs are built into the contract. High quality controls are attained through comprehensive energy engineering. There is no wiggle room to get out of guarantees. This is a highly managed process and has been a proven successful practice since the 1970's. Approximately 30 out of the 50 states have formalized this process. Additional information is available at www.energyservicescoalition.org and www.naesco.org.

ESCO contracts are usually 15-18 years in duration and blend infrastructure costs with savings from other components to reduce infrastructure costs. A higher quality of equipment and energy efficiency is achieved through utilization of this process. Spending on wasted energy costs is reduced and maintenance of old inefficient equipment is alleviated. It becomes a reallocation of funding with the same monies spent on new energy infrastructure and project financing costs.

Questions were raised on the following:

- Whether or not this project would be large enough to solicit interest from an ESCO.
- Whether enough savings could be achieved.
- Who manages all the components.
- Who hires the architect.
- Who would be responsible for project phasing as the school will be occupied.
- Have there been any litigation issues as a result of owners not attaining services and/or lack of measurement and verification.
- Who is ultimately responsible for generating monitoring reports, i.e., changes, in temperature, occupancy variances, etc. If it is the ESCO, does it become the burden of the owner to disprove ESCO audits.

It was noted that the ESCO is specific regarding measurement and verification and the plan is clearly outlined in the contract. A baseline is developed with existing usage and utility costs. Provisions are also built into the contract to adjust baselines. Further, maintenance is generally a negotiated item. An ESCO is capable of providing the maintenance, however, that may prove more expensive. Performance of energy system utilization is directly related to how well the building is operated and maintained. Generally, owner employees are adequately trained and perform the maintenance. The ESCO is responsible for the Annual Report as well as all verifications and audits. Part of the service Celtic provides is to keep the ESCO honest in contract adherence.

Discussion ensued for how this financial obligation is viewed as the ESCO is incurring the actual financial risk.

- Does it become a master lease/operating expense?
- Is it a long-term obligation that requires a referendum to attain funding?
- Is it a "true" debt, how is it perceived in bond rating?
- Can it be amortized as a capital expense?
- If combined with alternative financing does it require referendum?

- If an ESCO is utilized, is CSDE reimbursement jeopardized?
- What happens if the ESCO goes out of business?
- Utilizing the ESCO process, has any school district received monies back from the CSDE?

A performance contract exists between the Owner and the ESCO to ensure you have obtained the best energy efficient design and the financing is an integral component in that contract. While there has been limited experience in Connecticut with ESCO contracts, it is not anticipated that using this process would preclude a district from CSDE reimbursement. Developing a funding pool of monies is optimal as there are a myriad of funding opportunities available, including applying directly to the Department of Energy. It was noted that grant funding is generally not a focus of architectural/engineering firms. Consideration to pursue grant options is important as the Stimulus package is still evolving and the amount of reimbursement from the CSDE remains an unknown.

The Committee thanked Mr. Halpin for a very informative presentation. Mr. Halpin left the meeting (8:33 PM).

“Scope Of Work” Draft

The Committee reviewed the “Scope of Work” draft document prepared by Mr. Barkin.

A suggestion was made to add “*consideration for humidification*” in the first paragraph following the chart. It was noted that “humidification” is specified in the second sentence under the “scope of work” section.

It was suggested that a “3,000” sq. ft. new storage building be changed to “1,000 – 1,200” sq. ft. There was a general consensus that while a storage area for the Recreation Department was necessary, perhaps consideration could be given to a different location in other Town buildings. Administration noted that they will continue to explore options within the building as they assess spacing and program requirements.

MOTION #2 – SCOPE OF WORK

Move that we accept this document as part of the RFP.

Ms. Stein
 Second by Mr. Buda
 UNANIMOUS

Selection of Process: ESPC or Traditional

We need a design, an RFP and a price for this project. Until the overall dollars involved are known, we will not know what the best approach is. Perhaps the RFP could be written to obtain responses from architectural engineering firms as well as ESCO’s or written inclusive of the Project Scope with financing separate. This would provide the opportunity to review the various funding vehicles, available grant dollars and develop an actual dollar amount to be encumbered for referendum. If we are able to secure someone with an expertise that could direct and guide us through alternate funding sources, that may also impact and direct the design. Those services should be attained during conceptualization rather than after referendum.

There was apprehension as this could require writing different contracts. Generally, the RFP is written to solicit design services from an architect/engineering firm and does not specify construction, materials and labor. With an ESCO the approach is different, as the ESCO defines the project and informs the design professionals what aspects they are responsible for. Concern was again raised that with an ESCO, serving as an owner, the potential exists that the Committee could ultimately loose control over the design phase. Further, to qualify for CSDE reimbursement, we are required to obtain cost proposals based on our specifications.

It was noted that there is significant expertise in the membership of the Committee. Their experience and knowledge is a distinct advantage to the committee-at-large. This is not a cookie-cutter project. It entails significant issues related to phasing, construction, timing and energy savings. Several members believed it was still possible to write an RFP specifying what services will be provided and by whom. Other members believed that it was not acceptable to hire an architectural and/or engineering firm to perform design services, then switch to an ESCO and inform the architectural/engineering firm they now work for the ESCO. Most firms prefer a commitment from the town to do the entire project.

MOTION 3# - PROCESS SELECTION

Move that we accept a traditional selection and procurement methodology for this project and hire an architectural/ engineering team for development of our project from referendum to final design.

Mr. Barkin

Second by Mr. Estra

It was noted that this same motion was made and ratified by the Committee at their March 31 meeting.

WITHDRAWN

There was agreement that everyone wants what is in the best interest and value to the Town as well as an energy efficient building. The issue is about the delivery process. It is important to be respectful of differing perspectives. Members have a responsibility to be informed of different options and to take advantage of that. There are other projects requiring funding and if this project offers creative financing that could prove beneficial to the town.

Several members felt that a variance existed between the initial budget and the actual project cost and that it would be advantageous to all to have a consultant with expertise in funding procurement provide guidance and assistance. There was general agreement that maximization of grant funding would be optimum. It was suggested that if an independent funding consultant is secured, they be hired to serve the Owner.

The Committee agreed to proceed with the QBS process and to proceed with a separate contract to secure consultant services for financing/grant sourcing. It was agreed that Messrs. Zettergren and Genovese would meet to develop the RFP based on the adopted *Scope of Work* for review by the Committee. Ms. Stein and Mr. Gorham will also meet to develop a RFP draft to attain consultant services related to alternate financing options.

It was suggested that the remaining summer meetings be held in the District Office Conference Room rather than the Library Media Center.

ADJOURN: (9:39 PM): Mr. Barkin
 Mr. Estra
 UNANIMOUS

Recorded By Marsha DeGennaro, Clerk

Future Meeting Dates/Times/Locations:

July 23	6:30 PM	District Office Conference Room
August 6	6:30 PM	District Office Conference Room

All documents and meeting information are available on the town web site, www.woodbridgect.org