



Selecting the ESCO, Part 1: Reviewing RFQ/RFP Responses

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Proposal Evaluation

- Establish an evaluation team with diverse membership
- Establish categories of evaluation criteria (using RFP)
 - ESCO experience
 - Project management approach
 - Technical approach
 - Financial approach
 - Legal approach
- Establish scoring mechanisms
- Shortlist to 3 for Oral Interviews





Evaluation Criteria

- ESCO Experience
 - Experience with similar clients/projects
 - Experience and qualifications of key personnel
 - Qualifications of subcontractors
 - Ability to achieve energy and cost savings
 - Experience with performance guarantees
 - Ability to arrange project financing





Evaluation Criteria (Cont'd)

- Project Management Approach
 - Overall approach to project
 - Quality of proposed maintenance services
 - Quality of proposed training
 - Quality of approach to monitoring and verification
 - Accessibility of key personnel (on-site, local, regional, national)
 - Demonstrated ability to complete projects on-time and within budget





Evaluation Criteria (Cont'd)

■ Technical Approach

- Understanding of HA conditions and systems
- Quality and comprehensiveness of proposed retrofits
- Quality of sample audit provided by ESCO
- Quality of method used to establish energy baseline
- Quality of calculation procedures, credibility of assumptions used in sample audit
- Accuracy, reliability and appropriateness of methods proposed for monitoring and verification of energy savings





Evaluation Criteria (Cont'd)

- Financial Approach
 - Soundness of the contractor
 - Accuracy of cost savings calculations
 - Cost of energy audit
 - Quality and appropriateness of proposed financing methodology
 - Typical level of savings guaranteed on projects and how the difference is typically handled





Evaluation Criteria (Cont'd)

■ Legal Approach

- Quality of contractor's understanding of HUD's PC regulations
- Quality of sample contract
- Terms of agreement related to baseline adjustment and periodical true-up





Sample Scoring Mechanism

- Organize by Categories of Evaluation Criteria
- Weight Criteria to Emphasize Most Important Issues
- Include an “Unable to Rank” Category
- Typical Ranking Scale:
 - S-Superior (3 pts), VA-Very Acceptable (2 pts),
 - A-Acceptable (1pt), NA-Not Acceptable (0 pts),
 - UA-Unable to Rank
- Score =
$$\frac{\text{Total weighted points credited}}{\text{Total weighted points possible} - \text{Total weighted 'UA' points}}$$





Sample Scoring Mechanism

Eval. Category/Criteria	Rank* (S, VA, A, NA, UA)	Weighting Factor	Total Possible Points	UA Points	Weighted Points
I. ESCO Experience					
A. Similar Clients	S	2	6		6
B. Qualifications of Key Personnel	VA	1	3		2
C. Qualifications of Subcontractors	UA	0.75	2.25	2.25	0
D. Ability to Achieve Energy and Cost Savings	VA	2	6		4
E. Experience with Performance Guarantees	A	0.5	1.5		0.5
F. Ability to Arrange Project Financing	A	0.75	2.25		0.75
Total			21	2.25	13.25
*S=3pts, VA=2pts, A=1pt, NA=0pt			Weighted Score: 13.25 / (21-2.25) = 0.71		





Client Reference Questions

- Important to Check Past Jobs
- Look for Patterns, Good or Bad
- Phone-Based Interviews vs. Mailed Questionnaires
- Prepare Questions or Discussion Guidelines Suitable for Ranking Results of Interviews





What are key questions to explore with client references?

- How well did the ESCO provide post-construction ongoing services?
 - Commissioning
 - Training
 - Operations and Maintenance
 - Measurement and Verification
- How well did the ESCO manage communication, contract negotiation, and HUD regulatory requirements?
- How well did the ESCO manage utility bill data collection and analysis?





What are key questions to explore with client references? (cont.)

- Was the ESCO able to provide timely and effective resolution of project performance problems?





What else can client references tell you about ESCO qualifications?

- Did the specific measures provide reliable savings without creating significant new maintenance problems?
- Did better performing new equipment significantly reduce maintenance problems?
- What was tenant reaction to the modernization of property in this project?





What are key questions to explore with client references? (cont.)

- Did the ESCO complete a project that met your needs?
 - achieved predicted savings
 - modernized infrastructure
 - solved maintenance problems





What are some clues to high-quality customer service in ESCO client references?

- Did they provide you with user-friendly operations and maintenance procedures manuals?
- How well did the ESCO manage their subcontractors?
- Did they complete the project elements under their control on schedule?
- How well did they manage any equipment warranty issues?
- Did the ESCO provide adequate design and specification documentation for the project?





How do you prepare for oral interviews with ESCOs?

- Data from client references may suggest questions about how project implementation challenges were resolved
- Careful review of the preliminary technical and cost proposal may prompt clarifying inquiries
- Additional detail on written project histories may be requested during oral interviews
- Remember: the results of your documented evaluation process will have to bear FOIA scrutiny, so be prepared to keep good records
- The goal is to assess their capabilities, not to listen to a canned sales presentation. Be sure you let your ESCO know the purpose and format of the oral interview





Who should be at the oral interview?

- Finance
- Purchasing
- Operations
- Modernization
- Legal
- Technical Consultant
- HUD Area Office
- PHA-designated project manager





What are some examples of generic oral interview questions?

- Describe your longest term operating PHA projects and their performance over time in detail
 - achieved savings
 - provision of maintenance
 - reliability of equipment performance
 - recognition of savings by HUD
- Detailed technical questions on the sample audit and preliminary technical proposal
 - reasonable assumptions/inputs
 - accurate calculations
 - interactive effects accounted for
 - understanding of your facility
 - baseline methodology
 - maintenance aspects of technical proposals





What are some examples of generic oral interview questions? (cont.)

- Detailed questions on the sample contract provisions and appendices
 - guarantee provisions
 - project commissioning
 - project cash flow
 - project financing





What data should written ESCO project histories include?

- Total project cost
- Summary of measures installed
- Date(s) of installation (begin, end)
- Lead project technical design staff
- Project manager
- Predicted and actual energy and cost savings compared with guaranteed savings
- Customer contact with phone, fax, and e-mail address, if available

