

EXERCISE 3: Reviewing ESCo Proposals and Selecting Finalists

Student Instructions for Exercise 3:

Assume that US PHA has assembled their performance contract team, has issued an RFP, and has received three proposals from ESCo's. The following "Executive Summaries" contain excerpts from these proposals on key personnel profiles and project history, as well as responses collected from client interviews. Information collected from project histories and client references often reveals details regarding ESCo capabilities and how project challenges were met and resolved. Review this information and develop a short-list of ESCo's (1 or 2, in our example) to include in your oral interviews. Also, based on the concerns generated from your review of this information, formulate questions to be asked during your oral interviews of the ESCo's.

To get you started, the following criteria is offered to help you evaluate the information provided by the ESCo's and their clients.

Key Personnel and Project History

- 1) Level of past experience with similar projects
- 2) Quality of key personnel qualifications
- 3) Ability to achieve energy savings on past projects (guaranteed vs. actual)
- 4) Amount of experience arranging project financing
- 5) Adequacy of description of performance on past projects
- 6) Amount of experience with guaranteed savings projects
- 7) Quality and comprehensiveness of technical retrofits proposed

Client Interviews

- 8) Satisfaction with energy savings achieved
- 9) Satisfaction with project costs and scope
- 10) Frequency and clarity of contractor communication
- 11) Responsiveness of contractor to requests to resolve problems
- 12) Satisfaction with contractors ability to complete projects on schedule

Executive Summary

ESCO A

Overview

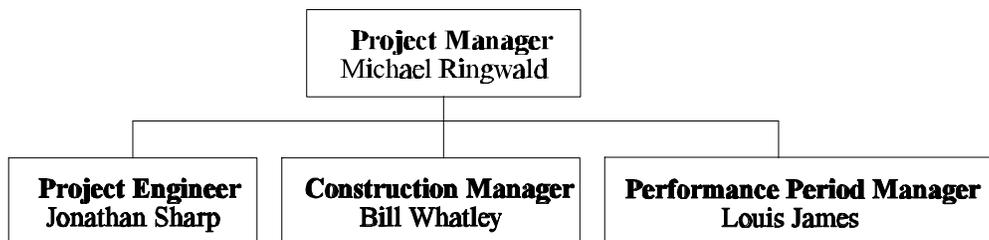
ESCO A is pleased to submit this proposal for implementation of Energy Conservation Measures (ECM's) at the sites identified (Elena Gardens, Bradley Tower, Skytop Tower, Norman Heights, Valley Ridge, Walter Park, Matthew Blvd, Roosevelt Park, McLain Village) in US PHA's request for proposals (RFP). Based on our visit to your housing authority and on the property profiles provided in your RFP, ESCO A has identified the following issues that should be addressed with a guaranteed performance contract:

- upgrade of interior and exterior inefficient lamps and luminaries,
- installation of low-flow showerheads and faucets.

Performance contracting is the answer to your needs for upgrading these energy and water-consuming systems. Guaranteed performance contracting allows housing authorities like yours to implement capital-intensive projects with no up-front expenditures through the investment of cost savings generated by energy and water-saving measures.

Key Personnel Profiles

As you will see in our proposal, ESCO A has several years of experience implementing large energy projects. The individuals that we have selected to lead the project with US PHA have a combined experience of nearly 50 years in the performance contracting business. These professionals are eager to work with US PHA to implement an energy and water savings performance contract at your site. The ESCO A team is lead by Project Manager Michael Ringwald. Mr. Ringwald will be the lead point of contact throughout the project. As Project Engineer, Jonathan Sharp will act as lead engineer on all feasibility and design activities. Bill Whatley will oversee construction and ensure that adequate training on all new equipment is provided to the PHA personnel. As Performance Period Manager, Louis James will oversee all monitoring and verification activities and maintenance on equipment installed under the performance contract.



Michael Ringwald, Project Manager. Mr. Ringwald has been an acting Project Manager for ESCO A for the past 5 years. He joined ESCO A from a local electric utility, where he was an account manager for 10 years. Michael has 15 years of experience in the energy and utility community.

Jonathan Sharp, Project Engineer. Mr. Sharp recently joined ESCO A as a Lead Project Engineer. Prior to working for ESCO A, Jonathan was the lead design mechanical engineer for a design/build firm specializing in commercial and multi-family projects. Mr. Sharp has 9 years of experience as a mechanical design engineer.

Bill Whatley, Construction Manager. Bill is ESCO A's local Construction Manager for institutional performance contracts. He has been with ESCO A for the past 4 years. While this would be Mr. Whatley's first project for a housing authority, he has 9 years of experience as site supervisor on large municipal and federal construction projects.

Louis James, Performance Period Manager. Mr. James has been responsible for performance period management for ESCO A for the past 2 years. Louis came to ESCO A from Engels AFB, where he was the Facility Manager for 15 years. During Mr. James' career with the Air Force, he implemented 4 performance contracts.

Project History

Over the past three years, ESCO A has performed over 20 comprehensive energy projects, with 12 performance contracts currently in place. Past projects include clients with small commercial, healthcare, federal and multi-family housing sites. Table A summarizes six projects implemented within the past three years. Contact information for each project is listed below and clients have all agreed to share their experiences with US PHA.

Client Contact Information

- 1) Alliance Health Systems: Tom Gebhardt, Facilities Manager, 1-313-555-8908
- 2) US Postal Service, Midwest Region: Dan Shabo, Midwest Energy Manager, 1-420-555-9083
- 3) Douglas Housing Authority: Sheila Kincaide, Director of Construction, 1-893-555-7389
- 4) Dollar Mart of Ohio: Heather Lenoir, Accounting Manager, 1-513-888-9847
- 5) Ohio Dept. of Corrections: Arthur Walters, Dep. Dir. of Construction, 1-513-893-9032
- 6) Franklin Public Schools: Rachel Mortenson, Budget Coordinator, 1-610-839-7328

Table A. ESCO A Project History

Customer	Project Scope	Estimated Annual Energy and Cost Savings	Savings Guarantee (Y/N)	Guaranteed Annual Energy and Cost Savings	Actual Annual Energy and Cost Savings	Budgeted Project Cost	Actual Project Cost	Estimated Duration (Award to Performance)	Actual Duration (Award to Performance)	Financial Approach
Alliance Health Systems	lighting retrofit	1,426,117 kWh \$120,370	N	N/A	N/A	\$325,000	\$375,000	3 months	3 months	Internal Capital Budget
US Postal Service, Midwest Region	lighting retrofit	2,979,166 kWh \$238,333	Y	2,681,249 kWh, \$214,499	2,376,976 kWh \$202,043	\$1,001,000	\$1,001,000	4 months	4 months	Lease Purchase
Douglas Housing Authority	lighting retrofit, water conservation	Water/Sewer: 16.4 Mgallons, \$75,000 Energy: 1,666,666 kWh \$125,000	Y	Water/Sewer: 14.8 Mgallons, \$67,500 Energy: 1,499,999 kWh \$112,500	N/A	\$600,000	\$600,000	3 months	5 months	Lease Purchase
DollarMart of Ohio	lighting retrofit	866,000 kWh \$65,000	Y	753,420 kWh \$56,550	753,420 kWh \$56,550	\$200,000	\$200,000	2 months	2 months	Lease Purchase
Ohio Department of Corrections	energy management control systems, HVAC retrofits, lighting retrofit	\$206,250	N	N/A	N/A	\$3,300,000	N/A	10 months	not yet completed, still under construction	General Obligation Bond
Franklin County Public Schools	lighting retrofit, utility rate negotiation	1,785,714 kWh \$350,000	N	N/A	N/A	\$400,000	\$400,000	4 months	4 months	Internal Capital Budget

ESCO A: Summary of Client Interviews

Ranking Scale: S-Superior, VA-Very Acceptable, A-Acceptable, NA-Not Acceptable, UA-Unable to Rank

Customer	Contact/ Position	Project Scope	Achieved Energy Savings to Date	Reasonable- ness of Project Costs	Contractor Communicati on Frequency and Clarity	Contractor Responsivenes s	Ability of Contractor to Complete Project on Schedule	Range of Retrofit Options Offered by Contractor	Reliability of Installed Equipment	Will Contractor be Used for Future Projects
Alliance Health Systems	Tom Gebhardt, Facilities Mgr	lighting retrofit	UA	NA, too many change orders required	VA	VA	VA	A	S	MAYBE, BUT NOT LIKELY
US Postal Service, Midwest Region	Dan Shabo, Midwest Energy Mgr	lighting retrofit	NA	A	VA	A	VA	A	VA	YES
Douglas Housing Authority	Sheila Kincaide, Dir of Construction	lighting retrofit, water conservation	UA	A	A	A	NA- too many delays while waiting for materials	A	A	YES
DollarMart of Ohio	Heather Lenoir, Accounting Mgr	lighting retrofit	VA	VA	VA	VA	VA	A	VA	YES
Ohio Department of Corrections	Arthur Walters, Deputy Dir. Of Construction	energy managemen t control systems, HVAC retrofits, lighting retrofit	UA- project not yet complete	UA	A	A	UA	VA	UA	UA- Not sure yet
Franklin County Public Schools	Rachel Mortenson, Budget Coordinator	lighting retrofit, utility rate negotiation	UA	VA	A	A	VA	A	A	YES

EXECUTIVE SUMMARY

ESCO B

Overview

It is our pleasure to submit this proposal for the opportunity to develop a performance contract with US PHA that addresses energy and water conservation measures. During our visit to the sites identified in your RFP (Elena Gardens, Bradley Tower, Skytop Tower, Norman Heights, Valley Ridge, Walter Park, Matthew Blvd, Roosevelt Park, McLain Village) ESCO B has identified the following measures that would be addressed with a performance contract with savings guaranteed by ESCO B:

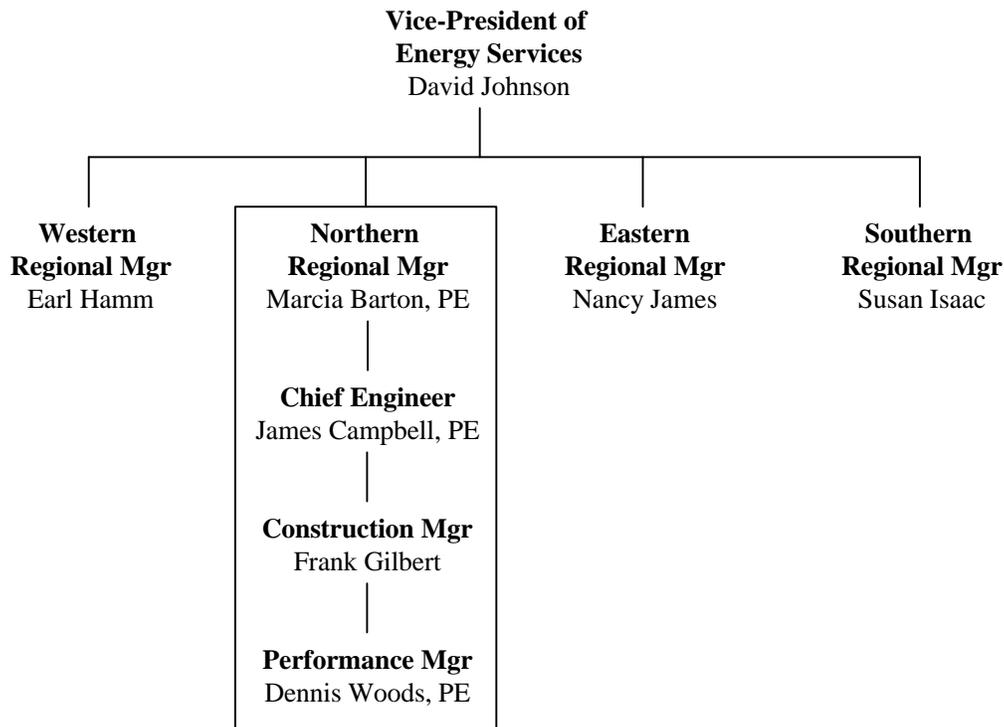
	Mechanical Upgrades	Interior Lighting Retrofit	Water Services	Building Automation	Rate Negotiation
Elena		✓	✓		✓
Bradley	✓	✓	✓	✓	✓
Skytop					✓
Norman					✓
Valley Ridge		✓	✓		✓
Walter					✓
Matthew		✓	✓		✓
Roosevelt		✓	✓		✓
McLain	✓	✓	✓	✓	✓

ESCO B believes that it's comprehensive approach to this project will ensure that all of the immediate needs of US PHA are met in a single performance contract. ESCO B will rely on its experience to reduce US PHA's cost of operating its properties, replace worn, inefficient equipment, and guarantee long term savings. As a result of ESCO B's guaranteed performance, US PHA will have more money available to accomplish its mission.

Key Personnel Profiles

As an industry leader in guaranteed performance contracting, the ESCO B team offers the most relevant experience of any proposer. With \$2 billion in delivered contract services, \$1 billion in delivered guaranteed energy savings and over 2,100 contracts in place, the ESCO B team has proven it's ability to provide effective, risk free performance contracting services to all varieties of clients.

In order to better serve our customers, ESCO B is organized by region. Our services are optimized through the use of the local workforce and local project managers that have experience implementing performance contracts in your region. US PHA is located in our Northern Region, lead by Marcia Barton. Marsha reports directly to ESCO B's Vice-President of Energy Services, David Johnson. James Campbell will act as the Chief Engineer, with oversight on engineering feasibility and design projects. Frank Gilbert will be acting Construction Manager during implementation of all energy and water-conservation measures. As Performance Manager, Dennis Woods will be responsible for training, M&V and maintenance activities throughout the life of the project.



Marcia Barton, PE, Northern Regional Manager. Ms. Barton has lead activities for the Northern Region for ESCO B for the past 9 years. She joined ESCO B from a local mechanical design firm, where she was Vice-President for 5 years and Lead Mechanical Design Engineer for 12 years. Ms. Barton retains her PE registration in all states within the Northern Region.

James Campbell, PE, Chief Engineer. Mr. Campbell has been the Chief Engineer for the Northern Region for the past 7 years. Prior to working for ESCO B, James was the principal electrical engineer for a design/build firm and had design oversight on over 100 commercial and institutional projects. Mr. Campbell has 15 years of previous relevant experience as a project engineer and retains his PE registration in all states within the Northern Region.

Frank Gilbert, Construction Manager. Frank has been ESCO B's local Construction Manager for the past 11 years. Mr. Gilbert has managed projects for clients from public housing, public schools and the military. He has 11 years of previous relevant experience on retail and commercial construction projects.

Dennis Woods, PE, Performance Manager. Mr. Woods has been responsible for M&V and maintenance activities as Performance Manager for ESCO B during the past 8 years. Prior to working for ESCO B, Dennis spent 6 years as Facilities Manager for Oakland Public Schools and 6 years as Facilities Manager for Douglas Housing Authority. Dennis retains his PE registration in all states within the Northern Region.

Project History

Across the US, ESCO B has delivered over 350 projects with guaranteed energy savings, during the past 3 years. During this period we have served clients including housing authorities, school districts, and military bases. Table A summarizes six projects implemented within the past three years. Contact information for each project is listed below and clients have all agreed to share their experiences with US PHA.

Client Contact Information

- 1) Leeway Public Schools: Laura Rosen, Dir. Accounting, 1-313-895-4508
- 2) Central Housing Authority: Bill Giles, Dir. of Construction, 1-590-485-9584
- 3) Onieda Public Works and Transportation: Tony Haynes, Facilities Mgr., 1-475-665-7347
- 4) Johnston Grocers: Sandy Johnston, Vice President, 1-513-598-5487
- 5) Bankston AFB: Earl Jamison, Physical Plant Mgr., 1-648-896-7564
- 6) Elway Housing Authority: Norris Boyton, Asst. Dir. Procurement, 1-404-324-9884

Table A. ESCO B Project History

Customer	Project Scope	Estimated Annual Energy and Cost Savings	Savings Guarantee (Y/N)	Guaranteed Annual Energy and Cost Savings	Actual Annual Energy and Cost Savings	Budgeted Project Cost	Actual Project Cost	Estimated Duration (Award to Performance)	Actual Duration (Award to Performance)	Financial Approach
Leeway Public Schools	lighting retrofit	1,335,000 kWh \$93,450	N	N/A	N/A	\$250,000	\$239,000	3 months	2.5 months	Internal Capital Budget
Central Housing Authority	lighting retrofit, refrigerator replacement	3,928,571 kWh \$275,000	Y	3,142,856 kWh \$220,000	3,997,654 kWh \$279,835	\$1,925,000	\$1,925,000	4 months	6 months	Lease Purchase
Oneida Public Works and Transportation	energy management control system, lighting retrofit, HVAC retrofits	\$700,000	N	N/A	\$700,000	\$6,510,000	\$6,510,000	10 months	10 months	GO Bond, Utility Rebate
Johnston Grocers	lighting retrofit, refrigeration retrofit	2,215,800 kWh \$155,106	Y	2,105,010 kWh \$147,350	2,105,010 kWh \$147,350	\$729,000	\$729,000	3 months	3 months	Lease Purchase
Bankston AFB	energy management control system, HVAC retrofits	\$953,000	Y	\$857,700	\$857,700	\$8,577,000	\$8,577,000	1.6 years	1.6 years	Lease Purchase
Elway Housing Authority	lighting retrofit, water conservation, utility rate negotiation	Water/Sewer: 30.7Mgallons, \$140,000 Energy: 7,510,000 kWh \$525,700	Y	Water/Sewer: 29.1Mgallons, \$133,000 Energy: 7,134,500 kWh \$499,415	Water/Sewer: 29.1Mgallons, \$133,000 Energy: 7,134,500 kWh \$499,415	\$9,200,000	\$9,200,000	6 months	7 months	Lease Purchase, Modernization Funds

ESCO B: Summary of Client Interviews

Ranking Scale: S-Superior, VA-Very Acceptable, A-Acceptable, NA-Not Acceptable, UA-Unable to Rank

Customer	Contact/ Position	Project Scope	Achieved Energy Savings to Date	Reasonable- ness of Project Costs	Contractor Communicatio n Frequency and Clarity	Contractor Responsiveness	Ability of Contractor to Complete Project on Schedule	Range of Retrofit Options Offered by Contractor	Reliability of Installed Equipment	Will Contractor be Used for Future Projects
Leeway Public Schools	Laura Rosen, Asst. Dir. Accounting	lighting retrofit	UA	S-completed under budget	S-schedule well- documented	S-site managers were easy to reach	S	A	VA	YES
Central Housing Authority	Bill Giles, Dir. Of Construction	lighting retrofit, refrigerator replacement	VA- Slightly over estimates	VA	VA-weekly progress meetings were good	S	A-project was 2 months behind schedule, but most delays were unforeseeable HA issues	A	VA	YES
Oneida Public Works and Transportation	Tony Haynes, Facilities Manager	energy management control system, lighting retrofit, HVAC retrofits	VA	VA	VA-training sessions were good	VA	VA	S	A-they are still working on some programm g problems with the energy management system	YES
Johnston Grocers	Sandy Johnston, Vice President	lighting retrofit, refrigeration retrofit	VA	A	VA	VA	VA	A	VA	YES
Bankston AFB	Earl Jamison, Physical Plant Manager	energy management control system, HVAC retrofits	VA	VA	VA	A	A	VA	A	YES
Elway Public Housing Authority	Norris Boyton, Asst. Director - Procurement	lighting retrofit, water conservation, utility rate negotiation	VA	VA	VA	A	A-project was completed 1 month late	VA	A	YES

Executive Summary

ESCO C

Overview

ESCO C welcomes the opportunity to compete for a performance contract with US PHA addressing energy and water conservation measures at Elena Gardens, Bradley Tower, Skytop Tower, Norman Heights, Valley Ridge, Walter Park, Matthew Blvd, Roosevelt Park, and McLain Village. ESCO C is the nation's leader in performance contracting, with over \$3 billion in performance contracts currently in place. ESCO C's guarantee of performance is backed not only by the assets of a Fortune 500 corporation-- our guarantee comes with solid long-term experience in performance contracting.

ESCO C understands that a performance contracting approach is ideal for US PHA for the following reasons:

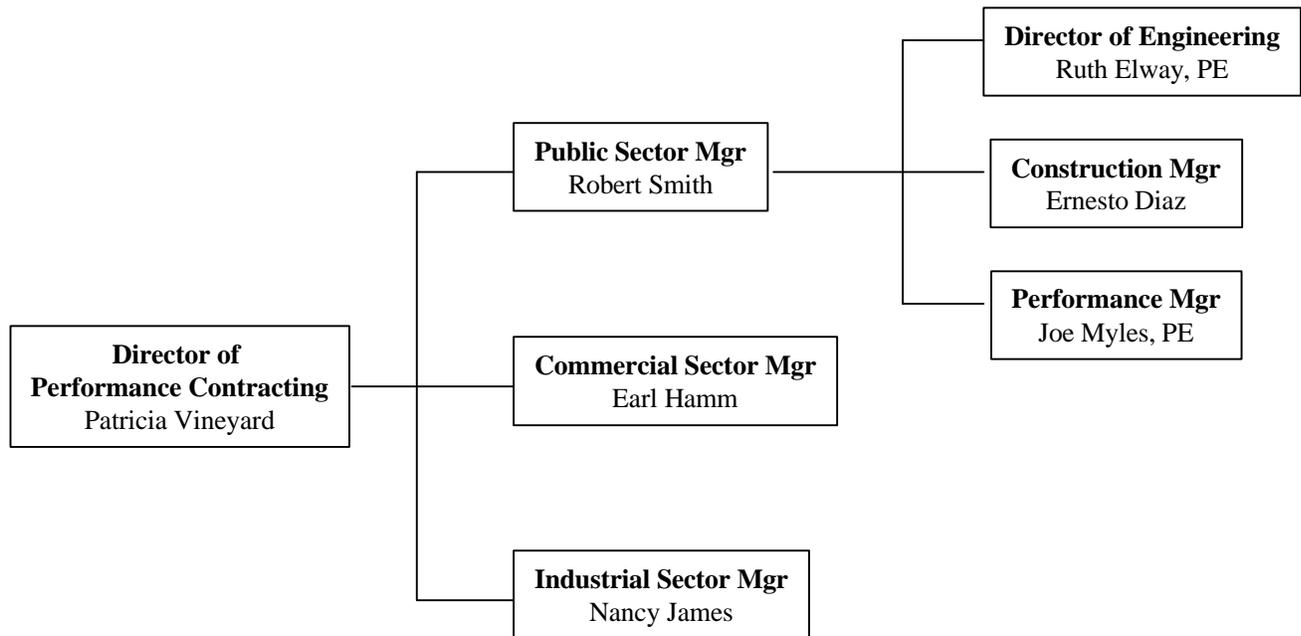
- several mechanical systems are at the end of their useful service life,
- significant energy and water cost savings are feasible,
- capital improvement dollars are scarce.

With these issues in mind and based on our initial site visit, we recommend examining the following savings opportunities: interior and exterior lighting upgrades, mechanical systems upgrades, building automation, installation of low-flow plumbing, and utility rate negotiation. ESCO C looks forward to working, as a team, with US PHA to address these and other appropriate measures as part of a successful performance contract.

Key Personnel Profiles

ESCO C's public sector performance contracting team has over 60 years of combined experience in performance contracting, construction and energy management. Our company is structured to meet the precise needs of its customers by focusing on public, commercial and industrial sectors individually. The members of ESCO C's performance contracting team have significant, recent experience in energy and water conservation projects for public housing authorities. We understand the goals and special needs of a housing authority and will work with you to implement a successful performance contract.

The ESCO C team is lead by Public Sector Manager Robert Smith. Mr. Smith is responsible for the coordination of engineering, construction and performance period activities. As Director of Engineering, Ruth Elway will lead all feasibility and design activities. Ernesto Diaz will oversee construction throughout implementation of the project. Finally, Joe Myles will be responsible for all training, M&V and maintenance activities for the duration of the contract.



Robert Smith, Public Sector Manager. Mr. Smith is responsible for all public sector activities and has held the position for the past 4 years. Robert joined ESCO C from a local general contractor where he was Construction Manager on institutional, multi-family and retail projects. Robert has 24 years of related experience in construction management.

Ruth Elway, PE, Director of Engineering. Ms. Elway has been acting Director of Engineering for ESCO C for the past 5 years. Prior to her position with ESCO C, Ms. Elway was the Chief Design Engineer for a local design/build firm where she lead design projects for commercial and institutional clients. Ms. Elway has 10 years of relevant prior experience in mechanical design and energy consulting. Ruth is a registered PE with the state.

Ernesto Diaz, Construction Manager. Ernesto is ESCO C’s local Construction Manager for public sector performance contracts. He has been with ESCO C for the past 5 years. Ernesto came to ESCO C from a local construction contracting company, where he was a construction site supervisor for 13 years. Mr. Diaz has 11 years of relevant prior experience in construction.

Joe Myles, Performance Manager. Mr. Myles has been responsible for managing (training, M&V, maintenance) activities during project performance periods for ESCO C for the past 5 years. Joe came to ESCO C from People’s Local Electric, where he was a customer support engineer for 10 years. Mr. Myles is a registered PE with the state.

Project History

Over the past 3 years, ESCO C has implemented over 250 performance contracts, 10% of which were with housing authorities. Summaries from 5 projects implemented within the last 3 years are presented in Table 1. Contact information for these clients is listed below and all clients have granted permission to be contacted as references for ESCO C.

Client Contact Information

- 1) Ft. Marshall Army Base: Ron Hilton, Facilities Manager, 1-202-587-8788
- 2) First Northern Bank-Midwest Division: Emily Linesch, VP Branch Operations, 1-568-585-8084
- 3) Tri-State Christian Academy: Joyce Normann, Principal, 1-315-446-0408
- 4) Pittsfield Housing Authority: Rod Myers, Director of Facilities, 1-545-384-9849
- 5) Springfield Housing Authority: Roy Elders, VP of Construction, 1-783-798-1687

Table A. ESCO C Project History

Customer	Project Scope	Estimated Annual Energy and Cost Savings	Savings Guarantee (Y/N)	Guaranteed Annual Energy and Cost Savings	Actual Annual Energy and Cost Savings	Budgeted Project Cost	Actual Project Cost	Estimated Duration (Award to Performance)	Actual Duration (Award to Performance)	Financial Approach
Ft. Marshall Army Base	lighting retrofit, utility rate negotiation	3,333,333 kWh \$765,550	Y	2,833,333 kWh \$650,717	3,333,333 kWh \$765,550	\$1,250,000	\$1,250,000	4 months	6 months	Lease Purchase
First Northern Bank-Midwest Division	lighting retrofit	1,000,000 kWh \$75,000	N	N/A	N/A	\$225,000	\$255,000	3 months	3 months	Internal Capital Funds
Tri-State Christian Academy	lighting retrofit, water conservation	Water/Sewer: 4.8 Mgallons, \$22,000 Energy: 266,666 kWh \$20,000	N	N/A	N/A	\$175,000	\$175,000	2 months	4 months	Internal Capital Funds
Pittsfield Housing Authority	water conservation, lighting retrofit, refrigerators, boilers	Water/Sewer: 2.7 Mgallons, \$12,000 Nat. Gas: 100,000 therms, \$50,000 Electrical: 4,000,000 kWh, \$240,000	Y	Water/Sewer: 2.6 Mgallons, \$11,400; Nat. Gas: 104,500 therms, \$52,250; Electrical: 3,800,000 kWh, \$228,000	Water/Sewer: 2.7 Mgallons, \$12,000; Nat. Gas: 110,000 therms, \$55,000; Electrical: 4,000,000 kWh, \$240,000	\$1,842,000	\$1,842,000	6 months	6 months	Lease Purchase
Springfield Housing Authority	water conservation, lighting retrofit	Water/Sewer: 10.9 Mgallons, \$49,704 Energy: 1,666,666 kWh, \$100,000	Y	Water/Sewer: 9.8 Mgallons, \$44,700 Energy: 1,499,999 kWh, \$90,000	Water/Sewer: 10.9 Mgallons, \$49,704 Energy: 1,666,666 kWh, \$100,000	\$750,000	\$750,000	3 months	3 months	Lease Purchase

