

# Energy Conservation Update & Recommendation

Board of Education Meeting  
June 7, 2007

Presented By:  
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Randy Portwood, Executive Manager of Facilities

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- Fact
  - Utilities are a major budget item, second only to salaries and benefits.
- Challenge
  - Provide facility solutions that redirect utility cost savings towards improving the learning environment through a self-funding program with guaranteed results.

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## Solution

- Performance based contract
  - Technical expertise
  - Financial
    - No upfront costs
    - Redirects utility and operational costs to pay for energy efficient improvements and deferred maintenance items.
  - Self funding program that generates positive cash flow.
  - Funding through the sale of Energy Bonds, competitively bid, backed by the State, similar to building & site bonds repaid for through annual savings.

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## Progress

- March 2006 – Met with Michigan Energy Office to discuss opportunity for an energy evaluation of the District.
- April 2006 – Preliminary Audit was completed.
- May 2006 – Audit revealed opportunities for efficiency measures that could improve our buildings, save energy and reduce costs.
- June 2006 – Evaluated pre-qualified consultants recommended by the Michigan Department of Energy to perform comprehensive energy audit.

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## Progress

- July 2006 – Chose Honeywell to partner with the District to perform comprehensive energy audit.
- August 2006 – Administration and Honeywell presented proposal to perform comprehensive energy audit to the Board of Education.
- September 2006 – Board of Education approved recommendation to partner to with Honeywell
- September 2006 – February 2007 – Honeywell performed energy audit

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## Result

- Honeywell's audit identified energy conservation measures that verified that the District could enter into a performance based contract that will guarantee savings, while paying for capital improvements.

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### Progress

- February 15, 2007 – updated Board of Education on progress and audit findings.
- March 2007 – developed proposal (RFP) for implementation of energy conservation improvements for the District on a performance contracting basis.
- March 2007 – advertised for contractors to submit proposals.

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### Progress

- March 12<sup>th</sup> – held mandatory bidders meeting to review RFP requirements. Attended by 3 potential bidders:
  - Honeywell, Chevron & Johnson Controls
- March 15<sup>th</sup> – April 20<sup>th</sup> energy audit reviews were conducted by prospective bidders.
- April 20<sup>th</sup> – 2 proposals were received
  - Honeywell & Johnson Controls

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### Progress

- April 20<sup>th</sup> – May 1<sup>st</sup> RFP's were reviewed by District administration along with District electrical and mechanical engineers consultants, Peter Basso Associates (PBA).
- May 1<sup>st</sup> – each company team presented their proposals and were interviewed by District team and PBA teams.
  - Tom Wiseman, Randy Portwood, Bob Brady, Bill Holbrook, John Keglovitz
- May 11<sup>th</sup> – WSD team & PBA met and reviewed in-house both proposals.
  - Questions for both companies were formulated and e-mailed to Honeywell and Johnson Controls.

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## Progress

- May 11<sup>th</sup> – 15<sup>th</sup> Honeywell and Johnson Controls responded to questions.
- May 17<sup>th</sup> – WSD & PBA met for final review of the proposals.
  - Further questions for both companies were formulated and e-mailed to Honeywell and Johnson Controls.
- May 18<sup>th</sup> – Tom Wiseman & Bill Holbrook met with Financial Advisor Lou Schimmel & Bond Attorney John Axe to review proposals and qualify energy conservation improvement bonds.
- May 18<sup>th</sup> - June 1<sup>st</sup> – WSD & PBA completed final review
- June 4<sup>th</sup> – Final review of Financial information – Lou Schimmel, Financial Advisor & John Axe, Bond Attorney
- June 7<sup>th</sup> - recommendation to award a Performance Bond Contract to Honeywell.

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## Next Steps

- June 7<sup>th</sup> – Board of Education receives action item to authorize the sale of Energy Conservation Improvement Bonds
- June 21<sup>st</sup> – Board of Education receives action item recommending the award of a Performance Based Contract to Honeywell
- June 26<sup>th</sup> – Administration competitively sells Energy Conservation Bonds to fund projects
- July 2007 – December 2008 – Energy Projects will be initiated and completed

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## Why Honeywell?

- Addresses more existing equipment
- Greater flexibility of building use within the guaranteed savings
- More capital improvements
- Less deferred lighting maintenance costs
- Greater guaranteed savings during life of contract
- Total cost of projects not to exceed \$11,950,000
- Projected savings over 15 years \$3,770,000 or in excess of \$250,000 annually

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### Projects to be Completed

- Boiler Replacement:  
Crary  
Riverside  
Adams  
Covert  
Burt  
Grayson  
Beaumont  
Waterford Village  
Lotus Lake (relocated)
- Domestic Hot Water Boiler at Mott

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### Projects to be Completed

- Lighting replacement
  - Elementary corridors, gyms and libraries
  - Secondary classrooms, corridors, gyms and cafeterias
- Water retrofits
  - Automatic flush valves & water saving fixtures
- Freezers & Coolers
  - Secondary buildings
  - Leggett
- Energy Management Systems
  - Upgrades to current system

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### Questions

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