

MEMORANDUM

To: East Brunswick Board of Education

From: ESCO Review Committee

Date: February 9, 2018

RE: Report on Summary and Analysis of ESCO Proposals and Recommendation

The East Brunswick Board of Education received three responses to its request for proposals for ESCO services. The responses were reviewed by a Review Committee consisting of Bernardo Giuliana, SFO, Business Administrator/Board Secretary; Joseph Crotchfelt, CPA, Director of Financial Services; Gerald Schenck, Director of Facilities Management; Greg Somjen and John Carton of Parette Somjen Architects, Board Architect; and, C. Anthony Solimine, of McManimon, Scotland & Baumann, LLC, Special Counsel. Proposals were received from Energy Systems Group (“ESG”), Honeywell International, Inc. (“Honeywell”) and Johnson Controls, Inc. (“Johnson Controls”). All proposals appeared to be complete, and the Committee decided to interview the applicants so they could clarify and further explain their proposals and answer questions that the Review Committee might have. The interviews were held January 24, 2018.

The proposals and the applicants were impressive. Each applicant addressed energy conservation measures recommended in the energy audit. The Review Committee believes each company can meet its obligations for the implementation of an energy savings program and any guarantees.

Both Honeywell and Johnson Controls are large companies with national and international affiliations and a local presence and with strong financial ability, significant resources and experienced and knowledgeable representatives. ESG is a smaller company but it has been gaining a local presence with experienced and knowledgeable representatives that have had experience from a prior firm. Each provided a long history of experience with performance contracting in general and energy savings improvement programs in particular, and all have successfully completed a number of energy savings improvement programs in New Jersey under the ESIP law.

The firms emphasized that their respective teams would work with the Board of Education and its team to develop an energy savings plan that would accommodate the Board’s priorities and the needs of the School District while maintaining cash positive savings. The firms discussed and evidenced knowledge about available rebate and incentive programs and intend to assist the Board in maximizing the amount of revenues that could be generated by those programs.

All the companies presented initial sample plans based on the energy audits and their own observations on walk-throughs.

- ESG presented an initial plan that included solar PPAs at eight (8) schools; back-up generators at seven (7) schools; CHP at three (3) schools; and, a potential school bus conversion program.
- Johnson Controls' initial plan included generators at all schools that currently don't have them; a partial roof repair/replacement with an unspecified product at the high school; solar PPAs at twelve (12) buildings; CHP at two (2) schools; and, the creation of a central command center.
- Honeywell presented an initial plan that included CHP at one school; Spray Polyethylene Foam (SPF) roofs at Warnsdorfer, the junior high school and high school; and, a more limited use of PPAs throughout the school district.

All firms gave assurances that they would use open protocols and be vendor neutral in types of equipment and controls to be used.

The firms were clear and comprehensive on their approaches to plan development and implementation, appreciation of the educational opportunities and importance of energy reduction to help meet environmental goals and carbon reduction, a national and international goal. They explained that their proposals presented options, but that the actual plan would be developed with the Board and its representatives to meet the goals and objectives of the Board and that they could be flexible in helping develop innovative solutions to meet the District's needs.

Once selected, the ESCO will help develop the Energy Savings Plan at no cost to the School District. There will be no break fee if the Board chooses not to move forward after development of the Energy Savings Plan. The Board would be obligated for payment only once it approves the Energy Savings Plan and final cost contract. All rebates and incentives will be passed through to the Board. Each firm offers to provide a not to exceed guaranteed fixed price contract, but if bids for subcontractors come in lower, each will pass the savings on to the Board.

ESG proposed a fee of 19.95% of hard construction costs and the measurement and verification fees to support the guaranty of \$42,795 with an optional \$30,000 for Energy Star Services. Johnson Controls proposed a fee of 19.98% of hard construction costs and the measurement and verification fees to support the guaranty of \$46,529. Honeywell proposed a fee of 19.4% of hard construction costs and the measurement and verification fees to support the guaranty of \$60,000.

The Review Committee felt that the Honeywell team presented the clearest chain of command in its interface with the Board in implementing an energy savings plan and presented a plan that best aligned with the district's goals. The Committee was somewhat concerned that both the ESG and Johnson Controls teams relied so heavily on PPAs and the inclusion of multiple CHP components. Despite the Committee's understanding of Johnson Control's desire to lead with the PPAs, the Committee did not believe that was the most beneficial approach for the district. Additionally, despite ESG's suggested inclusion of CHP at three schools, the ESG representative indicated that achieving the related incentives would be an uphill battle. Even though Johnson Controls presented an innovative approach to creating a command center, the team was not confident that the Board would realize the maximum benefit from that approach.

While the Committee members understand that the final plan will be evolved with the Board, the Committee developed a sense that Honeywell invested a greater effort in getting familiarity with the district and its needs and that caused members of the Committee to believe that Honeywell offered a better ability to develop the type of working relationship that would be needed to successfully implement the program. For all firms, the Committee understood that the initial plan was limited until a comprehensive energy audit would be undertaken, and assumed the final plan would be more comprehensive.

The Committee ranked the applicants in accordance with the criteria described in the RFP. The ranking matrix is attached.

Based on the scoring described in the attached matrix and the analysis described above, the Committee recommends that the Board of Education work with Honeywell for the development and implementation of its Energy Savings Improvement Program. If the Board approves an energy savings plan and decides to proceed with the implementation of the energy savings program, the proposed contract with Honeywell will contain the terms and conditions set forth in the Request for the Proposals and the applicant's response as well as its obligation to provide agreed upon energy conservation measures included in the approved Energy Savings Plan. The Board will be able to elect to receive the proposed energy savings guaranty offered in the proposal as required by law. This contract will provide a guaranteed fixed price even if subcontracted work bids come in higher than anticipated. If bids come in lower, the Board can enjoy greater energy savings or use the costs to leverage additional work included in the Plan as it may agree to with Honeywell.

	A	B	C	D	E	F	G
1	East Brunswick Township Board of Education						
2	ESIP Project						
3	Prepared January 2018						
4							
	COMPANY	COMPANY OVERVIEW & QUALIFICATIONS (20 MAXIMUM POINTS)	APPROACH TO ESIP (25 MAXIMUM POINTS)	ABILITY TO IMPLEMENT (15 MAXIMUM POINTS)	PROJECT COMPREHENSIBILITY & ENERGY SAVINGS PROJECTIONS. (25 MAXIMUM POINTS)	FEE (15 MAXIMUM POINTS)	TOTAL POINTS (100 MAXIMUM POINTS)
5	Energy Systems Group	16.0	15.0	10.8	15.0	12.0	68.8
6	Johnson Controls	19.2	20.0	14.4	18.0	9.0	80.6
7	Honeywell	19.2	24.0	15.0	25.0	15.0	98.2
8							
9	Each score is computed by taking the total points awarded by the committee divided by the total possible points for that category, then multiplied by the percentage value for category.						