

## **MEMORANDUM**

**To:** The Board of Education of the Township of Willingboro in the County of Burlington, New Jersey

**From:** ESCO Review Committee

**Date:** November 9, 2023

**Re:** Summary Report and Analysis of Energy Service Companies (ESCO) Proposals and Recommendation

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The Board of Education of the Township Willingboro in the County of Burlington, New Jersey (the “Board”) received four (4) responses on October 20, 2023 to its request for proposal for ESCO services (the “RFP”). The proposals were submitted by Ameresco, Inc. (“Ameresco”), Honeywell International, Inc. (“Honeywell”), DCO Energy, LLC (“DCO”) and Schneider Electric Buildings America, Inc. (“Schneider”). The responses were reviewed by a Review Committee, as defined below, consisting of: Peter Temperino (Facilities Manager); Ellis Brown (Willingboro Middle School Principal); Dr. Phillip Crisostomo (Willingboro High School Principal); Michael Bird (Board Member); and Dr. Steven Lewis (Business Administrator/Board Secretary) (collectively, the “Review Committee”).

All proposals appeared to be complete, and after the initial review and analysis the Review Committee decided that all proposers should be interviewed so that they could further explain their proposals and answer any questions. The interviews were held in-person on October 30, 2023. The interviews were conducted by Board’s Review Committee and each of the proposers were asked a list of previously prepared questions. Mr. Bird was not present for interviews of Ameresco and Honeywell. Also, present during the interviews were Mr. Tony Solimine, Esq. and Timothy Middletown, Esq. both of Wilentz, Goldman & Spitzer, P.A. (the Board’s Special Counsel).

The proposals and applicants were impressive and comprehensive. Each applicant addressed energy conservation measures recommended in the Local Energy Audit. The Review Committee believes that each company can meet its obligations for implementation of an energy savings program. All companies have apparently strong financial abilities, significant resources and experienced and knowledgeable representatives. All provided a history of their experience.

### **Ameresco**

Ameresco is a public traded company with over twenty-three (23) years of experience in the industry. Ameresco has developed and implemented over 800 energy performance contracting project solutions. The company manages over \$3 billion of guaranteed energy savings guaranteed by these projects. However, the company has limited experience in New Jersey. Of the references provided, only two New Jersey school districts were provided (Wayne Board of Education and Fort Lee). The Wayne Board of Education project was completed in 2018.

Ameresco outlined the anticipated project timeline and would be able to start in the summer 2024. Ameresco stressed that they are vender neutral and manufacturer agnostic. They indicated that they presented a very conservative project. Ameresco presented the smallest project, but they maintained that it was the most realistic. The overall base project saves 25% of the Board's current utility spend.

Option 1 project consisted of the following proposed energy conservation measures; installing short payback measures and leveraging those savings at Bookbinder Elementary School, McGinley Elementary School and at Country Club Administration Building; roof replacement and installing a solar array at Garfield Elementary School; window replacement at McGinley Elementary School and lighting improvements and upgrades throughout the school district. The Option 2 project contains all improvements outlined in Option 1 and also including combined heat and power at Country Club Administration Building and at Bookbinder Elementary School; and window replacement at Bookbinder Elementary School.

The financials of the two project options are as follows: Option 1 assumed a fifteen (15) year financing with a 5% interest rate. The total project size for Option 1 is \$4,840,404 with a first-year savings of \$332,838. Option 2 utilized a twenty (20) year financing term with a 5% interest rate. Based on these assumptions, Option 2 would result in \$5,970,940 of capital improvements with a first-year savings of \$343,671. The proposal references its ability to finance the projects through a tax-exempt lease purchase financing with an estimated interest rate of 3.25%.

Ameresco's fee is 25% of construction costs. The contract would be a not to exceed, so Ameresco would be responsible for any excess costs above and beyond the agreed upon costs once the project scope has been established. The first-year measurement/verification and guarantee is \$16,000.

There is an educational component offered by Ameresco as they indicated that they have done dozens across the country. Specifically, during the IGEA students will have an opportunity to learn from Ameresco's engineers about ECMs. Lastly, Ameresco will provide live science demonstrations.

## **Honeywell**

Honeywell is an international publicly traded company with vast financial capabilities and resources. Honeywell has a substantial record of designing and implementing energy-related improvements throughout the country and specifically in New Jersey. In New Jersey, Honeywell indicated that they have completed 39 projects. Honeywell also suggested to contact the Burlington City School District as a reference and mentioned their past success with the Board's architect of record throughout various projects in New Jersey.

In its response, Honeywell included district-wide interior and exterior LED lighting and controls, district-wide HVAC controls systems upgrades and strategies for efficiencies, boiler plant replacements at Bookbinder and McGinley Schools, emergency generators at various

locations, new unit ventilators at Country Club Administration Building, de-stratification fans, transformer upgrades, steam kettle replacement at Cotton School, combined heat and power system, HVAC rooftops unit ventilator replacements, and building envelope solutions. They also discussed that solar installation is not an option because the area is too saturated with solar, but mentioned the possibility of exploring remote net metering. They stressed that the ECMs that they selected they thought mirrored what the district wanted. However, they stressed that the project would ultimately be the project of the school district. Honeywell indicated that they would try their best to meet the timeline outlined in the proposal.

Honeywell has an experienced team and outlined the roles and responsibilities of all of its team members. Honeywell's team also stressed the varied experiences. They clearly identified the roles and responsibilities of its of its team members. They indicated that they could deliver the project on-time and to not disrupt the education.

In New Jersey, Honeywell has done over 500 performance contracts. Specifically, the provided references for Burlington City Board of Education, Bogota Board of Education, North Hunterdon Regional School District, West Morris School District, School District of the Chathams, Hudson County and Old Bridge Board of Education.

Honeywell presented three projects: (1) fifteen (15) year base project; (2) twenty (20) year base plus project; and (3) twenty (20) year project with solar option. They stressed that it was a potential project, not the final project. The total project amount for the 15-year project, at 5%, has a base project amount of \$5,540,536. Honeywell maintained that the first-year energy and operation savings would be \$792,089 from the pre-ESIP baseline. The overall positive cash-flow savings to the Board would be \$8,275,582. This project included \$96,408 in total rebates and a positive cash flow of \$545,858.

The base plus project is for 20 years, with an assumed interest rate of 4%, resulting in a total project cost of \$7,473,543. this scenario resulted in first year energy and operational savings of \$823,878. This proposed scenario would result in lifetime savings of \$11,254,290 with a total of \$502,096 in lifetime positive cash flow. Lastly, the assumed amount of rebates under this solution is \$512,722.

The last option, which includes solar, also assumed a 20-year financing with a 4% interest rate. Honeywell maintained that this could produce a \$9,817,000 total project, which could produce \$1,025,636 in annual savings for the first year. \$14,673,720 is the life time savings for this option. The amount of the rebates stays consistent with the second option, but the lifetime positive cash flow increases to \$694,570.

Honeywell's fee was 24.25% of construction costs. The contract would be a not to exceed, so Honeywell would be responsible for any excess costs above and beyond the agreed upon costs once the project scope has been established. The first-year measurement/verification and guarantee is \$43,200.

Lastly, Honeywell also described the educational benefits of partnering with them and the services that they can provide to the learning community. Specifically, Honeywell described the

Future shaper Program Internship & Work Experience Program, supports career days and has STEM work experience programs. Their learning component would also be used to educate students on the technology, sustainable engineering design methodology and trades involved and provide curriculum workshops.

## **DCO**

DCO's team has extensive experience with over 85+ ESIP projects throughout the State of New Jersey. They have installed over \$525,000,000 of energy conservation measures (ECMs). DCO emphasized that their team would work with the Board of Education to develop an energy savings plan that would accommodate the Board's priorities, needs, and desires of the School District while maintaining positive cash-flow savings. It was clear which team member was responsible for what: relationship management; savings analysis; project management; construction management; client services and verification. The DCO team indicated that they are currently working on projects at Tenaflly Board of Education, Colts Neck Board of Education, Jersey City Board of Education, Ridgefield Board of Education, Lodi Board of Education, Dumont Board of Education, and Ramapo Indian Hills Regional High School District.

DCO was clear and comprehensive on their approach to plan development and implementation. The representatives were clear and knowledgeable on the challenges for implementation. DCO clearly outlined the stages of the proposed ESIP project. Also, they stressed there would be no disruption to the Board's core mission of education and stressed that safety was the #1 priority. Lastly, they spoke about their track record of implementing projects safely.

DCO addressed the ECMs that they intended to include in the ESIP. Specifically, those upgrades included district-wide interior/exterior LED lighting, district-wide energy management system with demand control ventilation, window replacement at Bookbinder School, boiler plant replacement at Willingboro High School, unit ventilator replacement with addition of variable refrigerant flow and solar installation options. It was apparent from the proposal and the interview that DCO was the most attentive to the school district's desired project. DCO also presented the most realistic project. DCO stressed that it was the Board's project and that these proposed improvements were merely suggestions. They also stressed that they could deliver the project in the proposed timeline.

Included within DCO's submission were three projects: Base Project; Alternate #1; and Alternate #2. The Base Project, of \$12,712,248, would be a fifteen (15) year financing at 5% that qualified for \$240,585 in incentives. The Base Project will result in a life time savings of \$18,455,079, with an annual positive cash flow of \$2,753. This project would result in \$41,294 of positive cash flow. Alternate #1 contemplates a \$16,135,747 project with a 20-year financing, at a 4% interest rate, and qualifies for \$298,779 in incentives. While using a 20year financing at 4.15%, Alternate #1 produces \$2,505 in annual cash flow savings with a life time savings of 423,684,972. Alternative #2, which used a 20-year financing based on a 4.15% rate, results in a 421,475,196 total project that produces \$31,453,247 of total savings over the life of the project.

This project qualifies for \$2,551,271 in incentives. This alternative results in total positive cash flow of \$49,044 based on annual savings of \$2,452.

DCO indicated that they would incorporate a Building Performance website. The website would not only provide transparency to the public, but would also help to educate the public about the benefits of the ESIP. Additionally, DCO would offer educational programs for the students. Specifically, DCO outlined its Community Outreach Program. One team member's role is towards student outreach and educational programs. They stressed that opportunities would be available to students at Willingboro including scholarships and internships. They also spoke about the train to hire aspects of their program and described the current programs taking place in Atlantic City, Newark and New Brunswick. They described a curriculum that they developed in Newark and Jersey City and a multi-week educational program that they ran in Paterson Public Schools. Overall, DCO stressed that one of their core values was community involvement.

DCO's fee is 24.5% of construction costs. All rebates and incentives will be passed through to the Board and DCO will assist to obtain the same. DCO discussed the challenges with Engineering Solutions rebates/incentives. There is not a break fee if the Board decides not to proceed after the Investment Grade Energy Audit. The cost of the measurement and verification, and the guarantee is \$75,000.

### **Schneider**

Schneider is a public company dating back to 1836 that currently does business in over 100 countries worldwide. Throughout the United States, Schneider has implemented over 1,000 performance contracts. The company has experience throughout New Jersey School Districts, and experience in the Willingboro community with handling projects for the Willingboro MUA and with the Township of Willingboro.

Schneider spoke about the history of meeting and exceeding the energy savings with regards to its energy projects. The Schneider team addressed many of the Board's facility desires, including, in part, interior/exterior lighting upgrades, building automation, boiler replacement, window replacement, building envelope/weatherization, water conservation measures and the acquisition and installation of photovoltaic solar systems. They were the only potential ESCO that suggested that the Board directly purchase the solar PV systems. Also they provided a timeline to meet the school district's needs and desires. Schneider also indicated they would be able to finish the IGEA by the summer and some projects could be construction ready by the end of the summer. Lastly, they indicated that there would be no change orders.

Schneider spoke about the community involvement within the community of Willingboro. They have been a community partner since 2017 and have sponsored various events including the Jazz Festival, turkeys for underprivileged families, entrepreneur and career symposium, coat drive for children and an employee appreciation activities. They also assist with educating the community about the improvements being done at the district and spoke at Schneider University and the vast educational partnership opportunities.

In addition to the Base Project, Schneider also suggested a Recommended Project. The Base Project would result in over \$895,000 in energy savings, \$21,500 in operational savings and totaling \$15,700,000 of savings impact over the fifteen (15) years. Whereas, the Recommended Project would generate over \$923,000 in energy savings, \$28,000 in operation savings thereby totaling over \$23,000,000 in savings impact over twenty (20) years. The twenty (20) year financing assumed a 4.65% interest rate.

Schneider's fee was 23.9% of construction costs. The first-year measurement and verification and guarantee is \$27,500. They indicated that they stand by the guaranty and have met or exceeded 99.7% of the energy guarantees.

The Committee ranked the applicants in accordance with the criteria described in the RFP. The rankings matrix is attached below. Based on the scoring described in the attached matrix below and the in-person interviews, the Reviewed Committee recommends that the Board of Education work with DCO for the development and implementation of its ESIP. If the Board approves an energy plan and decides to proceed with the implementation of the energy savings program, the proposed contract with DCO shall contain the terms and conditions set forth in the RFP and the applicant's response. This contract will provide a guaranteed fixed price.

	<b>AMERESCO</b>	<b>HONEYWELL</b>	<b>DCO</b>	<b>SCHNEIDER</b>
<b>Company Overview and Qualifications (20%)</b>	18	20	20	19
<b>ESP Development and Implementation (25%)</b>	22	24	25	23
<b>Ability to Implement (15%)</b>	12	14	15	13
<b>Project Comprehensibility and Energy Savings Projections (25%)</b>	22	24	25	23
<b>Fees (15%)</b>	12	14	13	15
<b>TOTAL</b>	<b>86</b>	<b>96</b>	<b>98</b>	<b>93</b>