

EXECUTIVE SUMMARY

Recommendation to Approve a Piggyback Agreement FY20-121 - Guaranteed Energy Performance Contracting Services

Introduction

Responsible: Procurement & Warehousing Services (PWS)

This request is to approve the piggyback of the City of Jacksonville, Florida's Request for Proposal (RFP) P-65-17 for Guaranteed Energy Performance Contracting Services awarded to Johnson Controls, Inc. (JCI). The School Board of Broward County, Florida (SBBC), seeks to enter into a Project Development Agreement (PDA) with JCI, starting January 14, 2020 through February 28, 2021, with an option for two (2) additional one (1) year renewals periods. The PDA is contingent upon approval of this Piggyback Agreement.

The primary purpose of this contract is to enable Energy Service Companies (ESCO) to perform work under the Guaranteed Energy Performance Savings Contract Act, codified at Section 489.145, Florida Statutes. The City of Jacksonville, Florida procurement, was structured utilizing Section 489.145, Florida Statutes and Section 287.055, Consultants' Competitive Negotiation Act.

This item is brought forward in conjunction with Agenda Item EE-4, which is a PDA to commence a study primarily focused on the interior, exterior lighting, and lighting controls of nine (9) schools throughout the District.

There is no financial impact to the District.

Goods/Services Description

Responsible: Environmental Health & Safety (EH&S)

Energy Savings Performance Contracting (ESPC) is a proven, alternative procurement method which has been widely used for more than thirty (30) years, is recognized by the U.S. Department of Energy, and permits governmental agencies to enter into a guaranteed energy, water, or wastewater savings contract for the duration of more than one (1) year with vendors of guaranteed energy, water, or wastewater savings programs. The contract must state that the financial benefits or savings derived from the implementation of the facility upgrade measures will cover the costs of the program. These programs are financially guaranteed to achieve the projected savings by the ESCO, which reduces the budget and operational risk to the District.

A typical ESPC arrangement provides public school districts with a comprehensive set of infrastructure renewal projects. The ESPC represents an innovative form of contracting designed to overcome the major obstacles to deliver cost-effective operational efficiency and ensure the operational cost savings generated will be sufficient to fund the project and supporting services over the term of the agreement, which is typically ten through twenty (10-20) years in duration. If the guaranteed savings are not realized, JCI pays the District the difference between what was saved and the guaranteed savings amount.

JCI takes complete turn-key responsibility for the project, including the performance of investment-grade energy studies, detailed design and engineering, business case financial analysis, installation, commissioning, operational performance, and ongoing services such as measurement and verification.

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The following are some benefits of ESPC:

- Turnkey Design-Build Project can be implemented now without having to wait for another budget cycle.
- The first payment is not due until after the project is completed, turned over, and to the satisfaction of the District.
- Minimizes the need for planned/emergency capital projects. These projects are identified and pulled forward into the ESPC scope of work.
- Single point of accountability for both design and construction of the project – JCI assumes the risk for the project performance.
- Financial savings are guaranteed, measured, and verified, with any shortfalls paid to the District.
- JCI has a dedicated structured finance team to help the District obtain the lowest cost of capital.

Given the level of investment delivered through an ESPC, JCI, and the District would partner through a collaborative turn-key design and development process that is broadly split into key stages, as shown below:

- **Project Initiation:** Engagement with the District, agreement to the potential scope of the ESPC, preparation of material to identify project potential and scope for the PDA.
- **Detailed Facility Study:** Approval of a PDA by SBBC with JCI begins the detailed facility study. The study objective is fully evaluating, qualifying, and quantifying the identified efficiency measures for potential inclusion in the final project scope. Findings will be reviewed with the District to co-author the scope of work that will be included in the ESPC.
- **Project Funding:** Funding options will be reviewed and arranged based on the contract scope and financial requirements of the District.
- **Implement Solutions:** Implementation of efficiency solutions and upgrades by JCI and substantial completion sign-off by the District.
- **Guarantee Period:** The period in which JCI guarantees the savings. Annual measurement and verification of the savings will be completed by JCI and reviewed with the District. Reconciliation occurs annually, at minimum, with ongoing services and support typically included on a monthly or quarterly basis to ensure positive operating results for the District.

Procurement Method

Responsible: PWS and EH&S

Procurement & Warehousing Services (PWS) and EH&S opted to piggyback on the RFP P-65-17 for Guaranteed Energy Performance Contracting Services solicitation from the City of Jacksonville, Florida, as a pilot. Since this is a pilot, PWS' & EHS' future goal is to release a competitive solicitation for Energy Savings Performance Contracting, based on this piggyback results and lessons learned.

Financial Impact

Responsible: PWS and EH&S

There is no financial impact to the District.