

Dallas County Community
College District
Board Work Session
February 2, 2010

Energy Savings Performance Services Project

PURPOSES

- To reduce energy and water usage and operational expenditures.
- To increase infrastructure efficiency and reliability.
- To provide for a substantial level of capital and allow a quick installation of infrastructure improvements, returning savings to the District.
- To provide commissioning of the upgrades by thorough training on, and support of, the new installations as well as overall improvements in operational sequencing.
- To reduce overall energy usage and the DCCCD's carbon footprint in support of the Presidents' Climate Commitment.

History of the Project

- RFQ for performance contractors issued - May 21, 2009.
- Short list of prospective contractors completed sample review of Eastfield College on June 25, 2009.
- District-wide, representative committee, assisted by a consulting engineer, selected Schneider on July 17, 2009.
- EVCBA awards Schneider a \$15,000 preliminary audit authorization on August 4, 2009.
- Schneider completes preliminary audit on November 6, 2009.
- Preliminary audit estimated annual savings of \$1.9 million.

How does a performance contract work?

- Contractor does a preliminary audit of target facilities.
- Preliminary audit establishes scope of work from base line utility modeling and noted upgrades providing feasible payback of capital investment.
- Contractor completes a highly detailed prescription with specification of target facilities providing feasible projects for guaranteed savings.

How does a performance contract work? (continued)

- District selects projects and submits to its consulting engineer (Jacobs Engineering) to verify projected savings.
- District issues privately placed maintenance notes to fund projects.
- Contractor serves as general contractor for completion of selected conservation measures and infrastructure upgrades.

How does a performance contract work? (continued)

- Contractor provides commissioning, efficiency training and monitoring of energy usage.
- Contractor supports maintenance services for energy related equipment.
- Savings are determined based on “baseline” unit usage.
- Debt payments are made from actual savings or payments made by contractor.

Who is the Contractor?

- The company we have selected is Schneider Electric Buildings Americas, Inc.
- Customer base includes over 50 in Higher Education

Who is the Contractor? (continued)

- \$18.3 Billion in world wide sales in 130 countries
- Has been doing performance contracting/guaranteed saving for 16 years.
- Employs over 450 people in Dallas County.
- Extensive reference checking demonstrated excellent overall results with their clients.

Some Colleges using Performance Contracting

- Texas State Technical College
- Central Texas College
- Vernon Regional Community College
- Lone Star Community College District
- Howard College
- Virginia Community College District
- Los Angeles Community College System

Some Universities using Performance Contracting

- Southern Methodist University
- Texas Tech University
- University of North Texas
- Texas Women's University
- Angelo State University
- Lamar University
- Dallas Baptist University
- Howard Payne University
- Texas A&M - Commerce
- UNT Health Science Center

Project Phases

- Phase I – Preliminary Audit of all District locations – COMPLETED.
- Phase II – Completion of “Investment Grade Audit” and specifications
- Phase III – 3 Colleges and District locations
- Phase IV – 4 Colleges and District locations

Savings-funded Financing and Debt Service Guarantee

- DCCCD will issue privately placed notes in the amount of total projects to be constructed.
- Schneider Electric works with Government Capital, Inc. to finance projects with many of their clients.

Savings-funded Financing and Debt Service Guarantee (continued)

- Utilizing our Financial Advisors, a comparison bid against Government Capital's rates will be conducted to determine best bid for notes issues.
- Estimated amount of notes will be \$25 million.
- Term of debt can be up to 20 years.
- Rates will be comparable to previously issued Maintenance Tax Notes.

Construction Processes

- Design and Construction is subject to all District standards, review and approval including qualification of subcontractors.
- Subcontractor bidding will comply with District requirements.
- New equipment will be consistent and compatible with existing systems.

What happens if.....?

- We do not achieve the guaranteed savings?
- We add square footage to an existing building?
- We do not operate the building efficiently?
- Utility rates change (up or down)?
- We are required to report energy savings to the State?

What about this.....

- Environmental impact reporting?
- What is the payback period for the individual projects?
- Will we get any help from grants/rebates?
- How does Schneider get paid?
- What about useful life vs. financing term?

Sustainability Benefits

- The Texas Health & Safety Code 388.005 requires political subdivisions to decrease energy usage by 5% each year for 6 years.
- Cooperative efforts with major public entities in Dallas County to reduce emissions.
- Satisfies efforts with American Society of Heating, Refrigeration, and Air-Conditioning Engineers and Green Buildings Council (LEED Certification agency).
- American Association of Sustainability in Higher Education with annual reporting requirements.

Training and Operational Benefits

- Sequence of Operations
- Heat / cooling recovery
- Maintenance requirements
- Computer systems maximization
- Commissioning of new equipment and operational training
- Who conducts the training?

The Role of Independent Engineer

- Part of the evaluation team to choose the contractor in the beginning.
- Required by law to verify the savings proposed from the changes in existing equipment.
- Independent advisor for construction and operations questions/issues.

What Next?

- Explore recommissioning
- Conduct follow-up Work Session with Board
- Staff Recommendation.