

January 28, 1999

Deputy Superintendent of Schools  
Henry C. Fraind

**SUBJECT: REQUEST AUTHORIZATION TO EXPAND THE DISTRICT'S GUARANTEED ENERGY PERFORMANCE CONTRACTING (GEPC) PROGRAM AND ASSIGN ADDITIONAL WORK TO ENERGY SERVICES COMPANIES**

In September 1996, following the required evaluation and selection process, the School Board awarded contracts to three energy services companies (ESCOs) to implement a pilot GEPC program. The purpose of the pilot program was threefold: 1) to determine the actual cost-effectiveness of the GEPC concept, 2) to build an empirical database for future reference, and 3) to select the best ESCO.

Contracts were executed with FPL Energy Services, Inc., Johnson Controls, Inc. and Landis & Staefa, Inc., and the GEPC pilot program was successfully accomplished. The initial results confirm the merits of a GEPC program as an energy cost reduction method.

During the 1997-98 fiscal year, an aggregate reduction in actual electricity cost of \$764,398 was achieved at the schools involved. Since some measures were not completed until late in the fiscal year, the cost reduction for a full year will exceed the target of \$1,000,000. Concurrently, capital replacement needs worth \$2,204,987 have been met, and maintenance services worth \$142,830 annually have been undertaken as a result of the GEPC pilot. Thus, \$2.3 million in capital and maintenance expenditures were averted.

Based on the pilot program's favorable results, it is recommended that the GEPC program be expanded and made a permanent activity of the district's Utilities Cost Containment Program. Funding for energy conservation measures (ECMs) to be implemented in the next phase of the GEPC program shall not exceed \$18,000,000. These funds will be applied to ECMs meeting the capital recovery criteria established for the GEPC program: projects implemented through GEPC must generate sufficient "savings" to pay for themselves within 10 years.

The performance of the three ESCOs was assessed by a committee of staff members directly involved in the GEPC pilot. The committee recommended that additional work be assigned to FPL Energy Services, Inc. and Landis & Staefa, Inc. Although Johnson Controls, Inc. will not be assigned additional work, they will be retained to service the corresponding ECMs completed during the pilot phase.

In order to allow additional firms to participate in subsequent phases of the GEPC program, an updated request for qualifications and proposals will be developed and presented to the School Board for approval at a later date.

Contracts with both ESCOs for the next phase will be submitted to the School Board for its approval, upon conclusion of the scope of work definition and negotiations. Other relevant information, including the GEPC concept, program background, list of candidate schools and associated scope of work, will be provided to the Board under separate cover. This information will be placed on file in the Office of the Board Recording Secretary and in the Citizen Information Center.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, authorize the Superintendent to:

- 1) incorporate Guaranteed Energy Performance Contracting (GEPC) into the district's ongoing Utilities Cost Containment Program,
- 2) assign additional GEPC work to FPL Energy Services, Inc. and Landis & Staefa, Inc.,
- 3) negotiate GEPC scope of work, terms, conditions and servicing with the energy services companies for projects at 27 schools with a composite capital recovery period not to exceed 10 years at a capital cost not to exceed \$18,000,000,
- 4) modify, as needed, the GEPC program scope of work in order to enhance its benefits to the district,
- 5) submit contracts for final School Board approval, upon conclusion of negotiations, and
- 6) develop a request for qualifications and proposals to select energy services companies for subsequent GEPC phases.

HCF:av