

October 15, 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.

Results from the initial monitored year were verified, and an aggregate reduction in operational electricity cost of \$956,602 was achieved at the schools involved. In addition, energy conservation rebates of \$441,314 were obtained, yielding a total benefit to the district of \$1,397,916 during the first year of the pilot program. Concurrently, capital replacement needs worth \$2,204,987 were met, and maintenance services worth \$142,380 annually were undertaken as a result of the GEPC pilot. Thus, \$2,347,367 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 Siemens Building Technologies, Inc. (formerly known as Landis & Staefa, Inc.). Although Johnson Controls, Inc. will not be assigned additional work, it 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 its approval.

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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. Annual service agreements will be implemented, as specified in the contracts.

Other relevant information, including a GEPC program overview, 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 Utilities Cost Containment Program;
2. assign additional GEPC work to FPL Energy Services, Inc. and Siemens Building Technologies, Inc. (formerly known as Landis & Staefa, Inc.);
3. negotiate GEPC scope of work, terms and 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. submit contracts for final School Board approval, upon conclusion of negotiations;
5. implement annual service agreements, as specified in the contracts submitted for final School Board approval;
6. modify, as necessary, the GEPC-program scope of work in order to enhance its benefits to the district;
7. develop a request for qualifications and proposals to select energy-services companies for subsequent GEPC phases;
8. require that energy services companies provide letters of credit to guarantee the contractual savings; and
9. provide an annual status report to the School Board regarding the GEPC program.

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