

A proposal to the Honorable Board of Selectmen of the Town of Wakefield, presented by Anthony Guardia and Jack Warchol, as residents of Wakefield and not in any official way representing the School Committee or Board of Gas and Light Commissioners, on which boards these two, respectively, serve, and also by Wendy Dennis, a concerned citizen of Wakefield.

NOTE: The Wakefield Board of Selectmen voted to appoint an Energy Conservation Committee on September 10, 2007 after clarifying that said committee would report directly to the Board of Selectmen.

A. Proposal:

That the Board of Selectmen vote and create an Energy-Conservation Committee for the express purpose of soliciting bids from qualified contractors to design and implement energy- and water-conservation measures in public buildings and facilities, in accordance with state regulations governing the bidding and contracting of such services.

B. Discussion:

1. Need

In recent years, our community, as well as other communities throughout the state of Massachusetts, faced increases in the cost of essential services, while state aid has stayed relatively flat. One of the cores of this inflationary trend is an increase in overall energy prices.

This increase in pricing has created hardships for many in our community. The effect is felt not only in our homes, but in many of our town facilities. Increases in the cost of energy and potable water take away from resources that could be put to better use or returned to the taxpayers.

2. Legal and Regulatory Governance

Under Code of Massachusetts Regulation 225 C.M.R. 10.00,¹ so-called “Energy-Management Services” or “Performance Contracting” by municipalities for the purposes indicated above must follow specific steps and reporting requirements overseen by the Massachusetts Division of Energy Resources (DOER).

¹ These regulations can be viewed at this website:
<http://www.mass.gov/Eoca/docs/doer/225cmr10.pdf>

Under DOER's regulations, the municipality must appoint a commission that will represent the municipality before the DOER and will identify the scope of improvements to include in the request for bids (for example, name those buildings that might require replacement lighting, boilers, windows, etc.), develop the bidding request documents, including a draft "Performance Contract" to be signed between the prevailing bidder, and develop criteria by which to score and evaluate all received bids.

Any community wishing to undertake Performance Contracting must notify the DOER of every step in the process, and can opt to work in conjunction with the DOER to develop the documents. DOER staff has substantial experience in these processes and have draft documents already that can serve as a starting point.

3. Cost of the Contractor's Services

According to 225 C.M.R. 10.00, contractors' bids submitted to the Energy-Conservation Subcommittee must propose specific building improvements, the cost of each proposed building improvement, and the energy or water savings achievable through each such project. The winning contractor generally would initially finance the investment with no cost to the local community. After installing the building improvements, the contractor will monitor and report to the Town on the achieved energy or water savings over the number of years specified in the Performance Contract, and will only recover its investment as an offset to real savings, such that there is NO NET COST to the community.

4. Steps in the Performance Contracting Process

For illustrative purposes, the Subcommittee would:

- Notify DOER of the intent to solicit bids for building improvements
- Tour town facilities and identify potential sources of waste
- Draft model bidding documents and contracts, as well as bid scoring and evaluation criteria
- Submit draft bidding documents to DOER for its review and comment
- Identify potential bidders from list of contractors deemed qualified by the state
- Issue the solicitation
- Lead bidders around those Town facilities included in the scope of work
- Receive and score all received bids

- Notify DOER of scoring decision
- Negotiate final contract and financing terms
- Oversee the implementation of all agreed building improvements
- Report to the Board of Selectmen on a regular basis

C. Composition of the Committee:

We recommend that the Committee consist of seven members of the community, to include a representative from each of the School Department, the Department of Public Works, and the Municipal Gas and Light Department, as well as four at-large Wakefield residents.

APPENDIX:

Performance Contracting: Saving Time, Money and Energy, Guaranteed

Friday, 4-5:15 p.m.
Room 203, 2nd floor, Hynes Convention Center

Presented by the Massachusetts Municipal Association

Chapter 11 of the Acts of 2006, signed into law last February, creates a streamlined procurement process for cities and towns to upgrade aging facilities and save energy. Now, with an easily administered Request for Qualifications (RFQ) process, communities can contract with one firm to deliver comprehensive facility improvements that are paid over time from guaranteed savings. This workshop will describe what performance contracting is, what a typical performance contract would look like, and how to take advantage of the new procurement process.

<http://www.mma.org>

Contract enables Belmont to lock in energy savings

Monday, January 02, 2006

Everyone knows that installing energy-efficient features in public buildings can save money over the long run. But the upfront costs for some measures can be prohibitive, particularly in an era of tight budget constraints.

In a move that may become more common as a result of legislation that late last month was close to winning final approval, Belmont last spring signed a \$1.7 million contract with what is known as an energy services company. The contract guarantees the town at least \$200,000 in cost savings over each of the next 10 years. The guaranteed savings are possibly in part because energy service companies (known as ESCOs) have the resources to make the energy- and conservation-related improvements in a very short time.

"We would not have had the manpower to do this all at once," says Jenny Fallon, chair of the town committee that entered into the agreement with Westborough-based Noresco, an ESCO that is active throughout New England.

Perhaps most significant is that the guaranteed savings enable Belmont to fund the improvements to six of its schools and five town government buildings out of its operating budgets rather than as capital expenses.

Energy service companies, according to Marc Breslow of the advocacy group Massachusetts Climate Action Network, typically couple measures that bring quick savings, such as energy-efficient lighting, with projects that only slowly pay for themselves, such as replacing boilers.

In Belmont, lighting-related improvements account for about 50 percent of the overall project's projected savings. Other money-saving measures include energy-monitoring systems in three elementary schools, boiler controllers, an insulating cover for the high school swimming pool, and water-conserving toilets.

A contract with an ESCO can also include projects not directly related to conservation.

In Belmont, Fallon says, "We are replacing six heating and ventilating units on the roof of the high school. That's not something that will save us any money in energy costs. But what it will do is make sure that the [heating and ventilation] system continues to work."

The town, according to Fallon, is the first in Massachusetts to contract with an ESCO for a project

that involves both school and town government buildings. The idea originated with Selectman Paul Solomon, who in early 2003 formed an ad hoc committee that included the head of Belmont's municipal light department as well as the building services managers for both the town and the school system.

That more than two years passed before the contract was entered into with Noresco is partly the result of procedural uncertainties. The initial members of the ad hoc group, according to Solomon, assumed that it wasn't necessary for Town Meeting to authorize the contract, since the arrangement with the ESCO would not require that any money be appropriated.

But Solomon says that others who became involved later on, including the town treasurer, urged the group to seek Town Meeting approval. In April 2004, Belmont residents authorized creation of the more formal group headed by Fallon. That group, known as the Facilities Energy Management Project Committee, had to re-do some of the steps already taken, including reissuing the project's request-for-proposal.

John Kauppinen, senior account executive at Noresco, says that pending legislation – approved by lawmakers in November but sent back to the Legislature by Gov. Mitt Romney for minor modifications – should lead to a more streamlined approach for municipalities to follow. Also likely to make ESCOs more attractive, of course, are rising energy costs.

"I felt that I probably couldn't have sold this solely on the basis that it was environmentally friendly," Solomon recalls. "But I did think that I could sell it on the basis that it would save money."

For more information, contact Jenny Fallon at (617) 489-3860.

By MMA Associate Editor Mitch Evich

http://www.mma.org/index.php?option=com_content&task=view&id=618&Itemid=95