

MEMORANDUM

To: The Board of Education of the Township of Colts Neck in the County of Monmouth, New Jersey

From: ESCO Review Committee

Date: December 19, 2022

Re: Summary Report and Analysis of Energy Service Companies (ESCO) Proposals and Recommendation

The Board of Education of the Township Colts Neck in the County of Monmouth, New Jersey (the “Board”) received three (3) responses on November 18, 2022 to its request for proposal for ESCO services (the “RFP”). The following three companies submitted proposals: DCO Energy, LLC (“DCO”); Honeywell International (“Honeywell”); and Schneider Electric (“Schneider”). The responses were reviewed by a Review Committee consisting of: Nick Moretta (Facilities Manager); Tracy Kramer (Chair, Board Buildings and Grounds Committee); Kevin O’Connor (Board Member); Marian Castner (Board Member); Brenna Dillon (Board Member)(Brenna was remote for the Honeywell and Schneider interviews); Dr. MaryJane Garibay (Superintendent of Schools); and Vincent Marasco (Business Administrator/Board Secretary) (collectively, the “Review Committee”).

All three proposals appeared to be complete, and after the initial review and analysis the Review Committee decided that all proposers should be interviewed so that they could further explain their proposals and answer any questions. The interviews were held in-person December 8, 2022. The interviews were conducted by Board’s Review Committee. Also, present during the interviews were Mr. Tony Solimine, Esq., of Wilentz, Goldman & Spitzer, P.A. (the Board’s Special Counsel), and Ms. Robbi Acampora of Phoenix Advisors, LLC (the Board’s Financial Advisor).

The proposals and applicants were impressive and comprehensive. Each applicant addressed energy conservation measures recommended in the Local Energy Audit. The Review Committee believes that each company can meet its obligations for implementation of an energy savings program. All three are companies with apparently strong financial abilities, significant resources and experienced and knowledgeable representatives. All provided a history of their experience.

DCO’s team has extensive experience with over 75+ ESIP projects throughout the State of New Jersey. They have installed over \$512,000,000 of energy conservation measures (ECMs). DCO emphasized that their team would work with the Board of Education and its team to develop an energy savings plan that would accommodate the Board’s priorities, needs, and desires of the School District while maintaining positive cash-flow savings. It was clear which team member was responsible for what: relationship management; savings analysis; project management; construction management; and verification. Also, the DCO team stressed their

commitment to Monmouth County and also discussed how most of their team members were local to Monmouth County.

DCO was clear and comprehensive on their approach to plan development and implementation. The representatives were clear and knowledgeable on the challenges for implementation. They discussed the project timeline and their strategies for meeting the timeline. DCO indicated that the RFP estimate was conservative so they would be able to meet and/or exceed expectations. DCO clearly outlined the stages of the proposed ESIP project.

DCO addressed the ECMs that they intended to include in the ESIP. Specifically, those upgrades included unit ventilator replacements with VRF cooling systems, split system replacement, installation of LED lighting with controls, HVAC upgrades, needlepoint bi-polar ionization, and installation of an energy management system. Additionally, DCO suggested that a PPA, with roofing upgrades, would be part of the overall project. It was apparent from the proposal and the interview that DCO was the most attentive to the school district's desired project. DCO stressed that it was the Board's project and that these proposed improvements were merely suggestions.

DCO indicated that they would incorporate a Building Performance website. The website would not only provide transparency to the public but would also help to educate the public about the benefits of the ESIP. Additionally, DCO would offer educational programs for the students. They discussed the various ways that they interact with the students and discussed that they have a team that is specifically involved with the students. They stressed that a core value was community involvement.

DCO's fee is 23.95% of construction costs. The project cost for the base project is \$5,049,317, several alternative projects were also presented: Alternative 1- \$10,458,036; and Alternative 2- \$12,608,023. All rebates and incentives will be passed through to the Board and DCO will assist to obtain the same. DCO discussed the Engineering Solutions rebates/incentives. The cost of the measurement and verification, and the guarantee is \$65,000.

Honeywell is an international publicly traded company with vast financial capabilities and resources. Honeywell has a substantial record of designing and implementing energy-related improvements throughout the country and specifically throughout New Jersey. In New Jersey, Honeywell indicated that they have completed 39 ESIP projects.

In its response, Honeywell included interior LED lighting replacement, lighting controls installation, building management system upgrades, building optimization dashboard, replacement of three (3) boilers, upgrades to two (2) boiler controls, de-stratification fans, five (5) rooftop unit replacements, one (1) HVAC split system replacement at the Primary School, the replacement of approximately fifty (50) unit ventilators, one (1) transformer replacement, comprehensive building envelope upgrades, and replacement of six (6) VFDs. They also discussed the installation of a solar system through a PPA. Honeywell did not include roofing in their proposed projects. They only included solar on the Primary School, ground mounts and parking canopies. They also discussed the possibility of owning solar systems. They would examine both options. They have worked on 13 solar projects state-wide. They stressed that the

ECMs that they selected they thought mirrored what the district wanted. However, they stressed that the project would ultimately be the project of the school district. Honeywell indicated that they would be able to meet the timeline outlined in the proposal.

Honeywell's fee was 27% of construction costs with a base project of \$4,076,313. Honeywell also suggested an alternative project of \$4,729,494, and another alternative of \$4,891,082. The contract would be a not to exceed, so Honeywell would be responsible for any excess costs above and beyond the agreed upon costs once the project scope has been established. Honeywell presented a very conservative approach to energy savings. The first year measurement and verification and guarantee is \$28,500.

Schneider is a public company dating back to 1836 that currently does business in over 100 countries worldwide. Throughout the United States, Schneider has implemented over 900 ESIPs with over 600 for K-12 school districts. Experience throughout New Jersey School Districts, but no projects in Monmouth County. Schneider spoke about the vast capabilities and expertise of their in-house engineers with regards to mechanical, electrical, and plumbing. Their fee was 23.5% of construction costs. The first-year savings guaranty cost is \$26,000.

Schneider spoke about the history of meeting and exceeding energy savings with regards to its energy projects. The Schneider team addressed many of the Board's facility desires, including, in part, HVAC needs at Cedar Drive Middle School, indoor air quality at all schools, LED lighting at all schools, solar PV, roof replacement at Cedar Drive Middle School, building envelope improvements, wastewater treatment monitoring systems upgrades and other improvements. They would explore the district purchasing the solar systems independently. They also discussed the possibility of electric school buses, which would be highly dependent on grant funding.

Schneider also spoke about educational support and programs available. They spoke about West Windsor Plainsboro Regional student-run energy audit. They also ran a program for a local Girl Scout's Troop. They also discussed several initiatives done at Delran Board of Education. Lastly, they also assist with educating the community about the improvements being done at the district.

Schneider's fee was 23.5% of construction costs with a base project of \$3,964,956. Schneider also proposed two additional projects, the first being a \$6,071,129 alternative project and lastly a project of \$12,711,897. The first-year measurement and verification and guarantee is \$26,000. They indicated that they stand by the guaranty and have met or exceeded 99.7% of the energy guarantees. Schneider also spoke about a contractor that they employ that tracks grants and other funding options.

The Committee ranked the applicants in accordance with the criteria described in the RFP. The rankings matrix is attached.

Based on the scoring described in the attached matrix and the interviews of DCO, Honeywell and Schneider, the Committee recommends that the Board of Education work with DCO for the development and implementation of its ESIP. If the Board approves an energy plan

and decides to proceed with the implementation of the energy savings program, the proposed contract with DCO shall contain the terms and conditions set forth in the RFP and the applicant's response. This contract will provide a guaranteed fixed price.

| | DCO | Honeywell | Schneider |
|---|------------|------------------|------------------|
| Company Overview and Qualifications (20%) | 18 | 16 | 17 |
| ESP Development and Implementation (25%) | 23 | 22 | 23 |
| Ability to Implement (15%) | 15 | 12 | 13 |
| Project Comprehensibility and Energy Savings Projections (25%) | 24 | 22 | 24 |
| Fees (15%) | 14 | 12 | 15 |
| TOTAL | 94 | 84 | 92 |