

**Beekmantown Central School District**

**Operations Committee**

**Place: Superintendent's Office**

**March 28, 2014**

**Minutes**

Committee Members Present: Dan Mannix, Superintendent of Schools  
Eric Anderson, Board Member  
Leonard King, Board Member  
Mike Hagadorn, Board Member  
Mary LaValley Blaine, School Business Executive  
Dan Noonan, Superintendent of Building & Grounds

Visitors Present: Garrett Hamlin, Tetra Tech Architects & Engineers  
Steven Von Schiller, Tetra Tech Electrical Engineer  
Rick Mandl, Tetra Tech Mechanical Engineer

Superintendent Mannix called the meeting to order at 10:07 AM.

Topics of Discussion were as follows:

• EXCEL Project Phase II Closeout:

Garrett Hamlin presented copies of the Phase II Project Scope, Owner/Contractor Contract Logs, Change Order/Construction Directives Summary, Allowance Access Authorization Logs & Payment Application Logs to all Committee Members and proceeded to explain the contents of the project document handouts in detail. Upon the completion of Garrett's explanation of the project documents and the current status of the project; there were general consensuses among all those present that the Phase II project had come to satisfactory completion.

As Mr. Hamlin summarized the project financials, he specified that due to the stringent project fiscal management that had been conducted by the District's Representatives and the Tetra Tech Representatives, that the overall cost of the completed project was less than what had been budgeted and therefore there were remaining monies to augment the District's technologies enhancements that had been planned into the project at onset. Mr. Hamlin further stated that the Phase I part of the EXCEL project had been completely closed out and that the close out for Phase II was well underway.

Mary LaValley Blaine, School Business Executive advised the Operation Committee that Fiscal Advisors were preparing the project's financials for NYSED submission and that Fiscal Advisors were also working on the project bonding.

• Energy Performance Contracts:

Garrett Hamlin initiated the discussion regarding Energy Performance Contracts (EPC) by providing a summary handout sheet to all those present that compared the difference between a Capital Project and an EPC.

Mr. Hamlin reviewed the key differences between a Capital Project and a Performance Contract by explaining that under a Capital Project the state aid goes to pay the debt, the energy savings are the Districts and that the scope of the project is not limited. While under an EPC, the State Aid goes to the District, the energy saving go to pay the debt and the scope of the project is limited to energy saving items.

Mr. Hamlin also spoke of the difference between the two types of projects regarding implementations and explained that under a Capital Project a voter referendum would be required. There would be a bond issued, the savings realized from the project would go to the District, and State Aid would go toward the debt and the lowest bid must be accepted. While under an EPC, a Board Resolution would only be required, there would be a need for third party financing, anticipated savings generated from the project would go toward the debt, the State Aid would be directed to the District and that the contracts could be negotiated. It was also noted that both types of projects were eligible for State Building Aid, any NYSERDA Funding. Both types of projects also required the procurement of an Architect/Engineer, NYSED Submission and approval.

Mr. Hamlin also reviewed the NYS Regulations for EPC's by reiterating that EPC's do not require public vote, Energy Service Companies (ESCO's) must be secured via Request for Proposal (RFP) process, requires NYSED submission by Architect/Engineers (A/E)(A/E can be contracted directly by ESCO or owner), requires ESCO Certifications (A/E has no financial interest in project, term shall not exceed 18 years-simple payback, savings must be measurable & verifiable, State Aid attributable to the project must be excluded from the cost saving analysis and payback period) and that NYSED issues Building Permit.

Following Garrett's presentation that outlined the major difference between a Capital Project and a EPC, as well as a review of the NYS Regulations for EPC's; there was an in-depth discussion among the Tetra Tech Representatives, Superintendent Mannix, School Business Executive Blaine and the Operation Committee Board Members that involved a question/answer session with a focus on the pros vs. cons of the two types of projects as described and their applicability to the District's interest.

The Operations Committee Members generally expressed interest in favoring a project that would benefit the District's long term planning that may include procuring Natural Gas/installation/conversions and relative upgrades, along with installation of equipment for renewable energy sources.

Mr. Mandl very enthusiastically exclaimed that the District stood to benefit from the conversions to natural gas and continued to explain the advantages of installing high efficiency condensing boilers and the need for particular control support for such installation to ensure proper operation. Mr. Mandl also indicated that the existing boilers could easily convert with minor investment and mentioned that the supporting infrastructure for the upgrade of the existing boilers was already in place. Mr. Mandl agreed that a dual fuel heating system "made sense" for the District and further declared that the existing high efficiency boiler could be utilized during the "shoulder" seasons to heat the building.

There was discussion among the Committee and Tetra Tech regarding the advantages and disadvantages of installing sources of renewal energy. Mr. Hamlin recommended exploring the possible installation of a smaller wind/solar source that would meet NYSED approval and that would be State Aidable.

The Tetra Tech Representatives also communicated the known pitfalls of ECP's; speaking particularly about the project scope limitations (and how some scope items are paid back through the saving on other items of greater payback), extended/slow paybacks on renewable energy sources, questionable installations/designs, vague validation/verification clauses and sole proprietorship. It was also described that ESCO's tend to be conservative as to what scope items are placed into a EPC based upon cost and payback, in an effort to be able to guarantee savings for the owner with a comfortable profit margin for the ESCO.

Mr. Hamlin suggested that if the District was considering a possible EPC, that there should be a thoroughly written RFP drafted and issued in order to compare ESCO's and assist in identifying which vender may best suit the District's in meeting its goals. Mr. Hamlin mentioned that it would be optimal if the District could afford to do the work without an EPC because then the District would reap the total benefits from the project.

The School Business Executive questioned the possibility of an event in which the proposed saving on an EPC were short coming and explained how such an event may affect the District's ability to pay associated debt. Tetra Tech Representatives explained that NYSED does conducted a detailed review of the ESCO's proposed project (that of which is the attributing factor in the extended SED review periods associated with EPC) and that such cases were rare. Mr. Mandl stated that most of the EPCs that have gone "bad" generally involved projects that consist of complex engineering. Superintendent Mannix mentions the possibility of a third party review of the project documents prior to SED submission that has been suggested to shorten the formal review. Mr. Hamlin recommended including the third party review of the RFP if the District was to go forward with an EPC.

Upon conclusion of the conversations regarding ECPs and/or Capital Project; there was some dialogue between the Committee regarding how the public may respond to a proposed project that may include the installation of natural gas, renewable energy sources and capital improvements, as well as how any proposed project may be affected by NYSEG's timeframe in providing the natural gas to the vicinity.

There was consensus among the group to issue a formal RFP, with hopes that it may stark the interest of at least three ESCOs to respond with a detailed EPC project data analyzes.

- Building Condition Survey (BCS)/Five Year Plan:

Mr. Hamlin initiated the discussion concerning NYSED's requirement to conduct a Building Condition Survey to be submitted to SED by the up-coming year. Mr. Hamlin described the building condition survey as an important element in developing a Five Year Plan, as it was the "road map for the future" for the District's Capital improvement. Mr. Hamlin described the various options in which the building condition survey could be conducted and stated that either the building condition survey could be completed to meet the minimum SED requirement or could be much more in detail which may be of assistance in pinpointing items of concern for the District.

It was additionally explained that the building condition survey was fully State aidable and there was also New York State Energy Research & Development Authority (NYSERDA) funding available to conduct verification evaluations of the existing performance of mechanical equipment. Mr. Mandl suggested that the NYSERDA funding program (Flex Tex) be applied for and utilized in conjunction with the building condition survey in order to provide the most comprehensive analyze of the District's Facilities & Mechanicals.

School Business Executive Blaine stated that the District had received full aid on the last building condition survey that had been conducted by Tetra Tech on the last five year cycle. Following a few brief exchanges in communications among the Operations Committee regarding the building condition survey, it was agreed upon by the Committee Members to have Tetra Tech provide a proposal to the District to complete the building condition survey with the additionally NYSERDA funded analyzes.

Meeting adjourned at approximately 12:30 p.m.

Respectfully Submitted  
Dan Noonan, Superintendent of Building & Grounds