Greener by Design

To: Town of Secaucus
From: Greener by Design, LLC
Date: October 16, 2019
Re: Secaucus ESIP RFP Proposal Technical Evaluation

Memorandum

On Behalf of the Town of Secaucus (Secaucus), Greener by Design LLC (GbD) conducted a technical evaluation of the two proposals received in response to the Request for Proposal to Select an Energy Services Company to Develop and Implement an Energy Savings Plan through an Energy Savings Improvement Program for the Municipality of the Town of Secaucus (Secaucus ESIP RFP). Secaucus received two proposals in response to this RFP, including Willdan Energy Solutions (Willdan) and Schneider Electric (Schneider). Both proposals were evaluated per the Proposal Evaluation Criteria detailed in the Secaucus ESIP RFP, and presented in Appendix A of this document for reference.

Evaluating Company Overview and Qualifications, our team has found both respondents have the qualifications and experience to complete the work detailed in the Secaucus ESIP RFP. Willdan is a 55-year old profitable publicly-traded national consulting company comprised of over 1,280 national and 450 regional staff. They have worked in over 1,500 municipal buildings in New Jersey, have worked successfully in mission critical facilities, and are a selected implementor of the New Jersey Clean Energy Program (NJCEP) Direct Install Program. They provided references to three ESIP-type projects completed within the past five years that have verified savings. In addition, their organizational chart and corresponding resumes represent an experienced team with an assortment of certifications and licenses, including Professional Engineers, a Certified Building Commissioning Professional, Certified Energy Auditor, Certified Energy Manager, Certified Demand-Side Manager, and Certified Measurement and Verification Professional. The team is organized with an overall Project Manager to ensure the seamless transition throughout project phases.

Schneider has been ranked the top-rated Energy Services Company in the nation by Navigant Research, and has delivered over $2 billion in Energy Savings Improvement Programs (ESIP). They have a presence in New Jersey for the past one-hundred years, and have partnered with over 221 municipalities across the country. Schneider provided references to three ESIP-type projects completed within the past five years, but did not provide information on verified savings. Their organizational chart and corresponding resumes represent an experienced team with an assortment of certifications and licenses, including Professional Engineers, Certified Energy Auditor, Certified Energy Manager, Certified Demand-Side Manager, and Certified Measurement and Verification Professional. The team is organized with an overall Account Manager designated to run the Secaucus ESIP project.

Evaluating Approach to Energy Savings Plan and Implementation, our team found that both respondents provided a sound technical approach to the Secaucus ESIP RFP. Willdan included sufficient detail on the energy performance project development and management approach, methodology for determination of energy savings, investment grade audit report content and development, detailed design development, construction, and project closeout. The ECMs are described with adequate detail, and included more electric demand and consumption savings than Schneider's response for the 15-year, 5% interest rate option. However, Willdan's detailed Energy Savings Plan (ESP) exhibited multiple

inconsistencies throughout the document, which makes it unclear to our team which Energy Conservation Measures (ECMs) are included in the ESP, what the estimated emissions reductions are, and what the proposed annual savings are. Since the RFP requested an interest rate of 5%, this was the option that was most heavily analyzed by our team.

- On page 5 in the table, it states that the Base Option had $1,168,358 of hard costs, making the total project cost $1,450,516 with an energy cost savings of $81,430. On page 8, the Base Option is listed with a total of 20 ECMs, including RCx and BMS upgrade and replacing the existing chiller with a high efficiency chiller. However, in the submission of Form II on page 97, the Base Option did not include the RCx and BMS upgrade and replacing the existing chiller. The submitted Form II for the Base Option only had a total estimated hard cost of $615,558, with an estimated annual savings of $60,379.
- Regarding Form III, the Base Option avoided emissions of 1,662 pounds of nitrogen oxides, 3,701 pounds of sulfur dioxide, and 946,071 pounds of carbon dioxide. Case 1, which included similar ECMs, avoided emissions of 3,701 pounds of nitrogen oxides, 946,071 pounds of sulfur dioxide, and no avoided emissions of carbon dioxide. Case 2, which included more ECMs than the Base Option or Case 1, only avoided emissions of 1,750 pounds of sulfur dioxide and 3,944 pounds of carbon dioxide.
- Regarding Form III, the Base Option and Case 1 list a natural gas baseline of 50,975 CCF, while Case 2 lists a natural gas baseline of 509,749 CCF.
- Regarding Form III, the proposed annual savings are the same for the Base Option, Case 1, and Case 2, even though they include different ECMs.

As previously stated, Schneider provided a sound technical approach as well, including sufficient detail of the process broken down into three phases, Development, Construction and Commissioning, and Customer Support and Guarantee Period. The ECMs are described with adequate detail, with optionality on including additional ECMs if Secaucus so desires. Schneider's response provided for more thermal consumption savings than Willdan's response. The ESP was well written with no significant abnormalities or inconsistencies.

Evaluating Ability to Implement the Project, both respondents displayed their ability to carry out the tasks and responsibilities outlined in the RFP due to their extensive experience in completing this type of project. The requested date of construction completion in the RFP was September 2020. Both respondents showed sufficient knowledge of the steps required to complete the project, but neither provided a construction completion date on or before September 2020. Willdan's schedule showed a construction completion date of January 2021, while Schneider showed a construction completion date of May 2021.

Evaluating Project Comprehensibility and Energy Savings Projections, Willdan's Base Option, which was their 5-year, 15% interest rate scenario, offered Secaucus a cumulative 15-year cash flow of $86,245, which is 6.42% greater than Schneider's 15-year, 5% interest rate offer of $81,039, as can be seen in the respective Form VIs. Schneider's 15-year, 5% interest rate offer saves approximately 50% more energy than Willdan's. However, Schneider's Form VI did not exhibit any significant abnormalities or inconsistencies, while Willdan's Form VI exhibited multiple inconsistencies which make it unclear to our team what the anticipated cumulative cash flow is. Willdan's submitted Form II for the Base Option had an estimated annual savings of $60,379, while the annual energy savings submitted on Form VI was $81,430. Other inconsistencies found on Willdan's Form VIs include:

- On page 99 on Form II, Case 2 includes a Photovoltaic System, but there is no Photovoltaic System shown on Form VI Case 2.
- On page 175 on Form V, Case 2 shows the measurement and verification cost is $15,229, but the annual service cost on Form VI for Case 2 is $14,604.
- On Form VI for the Base Option, Case 1, and Case 2, the Net Cash Flow to Client seems to be calculated incorrectly.

Evaluating ESCO Fees Proposal, our team found that Willdan's Project Service Fees were 13% of the hard costs, while Schneider's Project Service Fees were 16%. Willdan's Overhead and Profit were 10.8% of the hard costs, while Schneider's was 10%. Overall, the Willdan proposal contains the lower percentage of soft costs.

After our evaluation and based off the Proposal Evaluation Criteria, GbD recommends Secaucus select Schneider as the Energy Services Company for this project. GbD scoring of each proposal can be seen in Appendix B below.

E. Proposal Evaluation Criteria

Proposals will be evaluated and scored on the basis of the following criteria, which will be accorded the relative weight indicated in parentheses. The criteria are not necessarily listed in order of significance.

1. Company Overview and Qualifications (20%)

Preference will be given to Proposers that demonstrate strong capabilities, experience, expertise, financial strength and stability, resources, proven track record and favorable reputation for planning, developing and implementing successful energy conservation programs that are similar in form to the proposed project described in this RFP. The Proposer should demonstrate a record of experience with ESIP-type projects, including not less than three (3) clients for which Proposer has successfully implemented an ESIP-type project within the last five (5) years, in which energy savings were calculated and verified as occurring in a manner consistent with projected results. A brief summary of three (3) additional projects may be included at Proposer's election and may be given weight in scoring. These secondary references may be from various types of projects that demonstrate the experience, expertise, resources and capabilities of the ESCO in the energy efficiency and conservation industry. Proposer shall also provide general information regarding its firm's organization, core business and background and approach to program development.

Proposers shall provide an organizational chart representing the Proposer's team for the project, including the relevant experience of each in the planning, development and implementation of ESIP-type Energy Savings Plans, together with other staffing information relevant to a determination regarding the qualification of each such individual to foster the development of the proposed program. Current resumes of all staff potentially involved in the program shall be provided.

Proposers shall also provide information regarding financial stability that includes, as applicable, annual reports and certified financial statements for the two (2) most recent fiscal years.

2. Approach to Energy Savings Plan Development and Implementation (25%)

Proposals shall include a detailed and sound technical approach to meeting the Board's energy efficiency objectives. The Proposal shall include the Proposer's preliminary ESP, which shall be based upon the Board's independent energy audit report, Proposer's analysis of the twenty-four (24) month utility data and the ESCO's site visit inspection(s) of the Board's facilities identified within this RFP.

Detailed information shall also be provided regarding, among other things, the Proposer's approach to ESP project planning and development, energy auditing, engineering, savings analyses and calculation methodology, project management, waste management, method of calculation of the optional energy savings guarantee and projection and verification of energy savings. Proposers must demonstrate their capabilities and methodologies regarding training, staff support, management and associated programs proposed for the Board, obtaining state and federal incentives (such as Board of Public Utilities programs including Pay-for-Performance, SmartStart, etc.) with documented rebates and grants.

3. Ability to Implement Project (15%)

Preference will be given to proposals demonstrating an ability to carry out the tasks and responsibilities outlined in the proposal, including the arrangement of any necessary financing, in a prompt and efficient manner with minimal disruption to the Board. It is the intent of the Board for all construction work to be fully completed no later than **September 2020.** The Board shall notify the awarded ESCO in writing of the Board's selection for negotiation after the Board has determined, after taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Board.

4. Project Comprehensibility and Energy Savings Projections (25%)

Preference will be given to proposals that responsibly maximize the net economic benefit of the project to the Board while minimizing financial and performance risks. Proposals by Proposers shall be compared based on the overall value of the proposal to the Board in terms of projected program costs, energy savings and environmental benefits. Factors that will be considered include the duration of the ESIP, projected economic benefit to the Board, level of savings projected to be achieved in the facilities included within the scope of this RFP, level of guaranteed energy savings (in dollars), length of simple payback to the Board and projection of the cash flows that will be generated by the program. For proposal purposes, all Proposers shall use a standardized five percent (5%) interest rate in their project financial pro forma calculations. The financial terms are to be set forth on **FORM VI:** ***ESCO's Preliminary Energy Savings Plan: ECSO's Preliminary Annual Cash Flow Analysis Form.***

Projections should come from the Energy Savings Plan through an ESIP, as determined by the results of the independent energy audit, twenty-four (24) month utilities data and site inspections of the Board facilities identified within this RFP. The costs should include, but not be limited to the cost of all proposed ECMs, costs of construction including the costs of suppliers and subcontract trades at prevailing wages, potential break-up fees and risks associated with the failure to implement the project.

5. ESCO Fees Proposal (15%)

Preference will be given to proposals that responsibly maximize the net economic benefit of the project to the Board while minimizing financial and performance risks. The proposed fees shall be a function of all costs associated with the program that are required to fully develop and implement the Energy Savings Plan through an ESIP. The fees are to be set forth on **FORM V:** ***ESCO's Preliminary Energy Savings Plan: ECSO's Proposed Final Project Cost Form.***

The costs should include, but not be limited to the cost of the Investment Grade Audit, Design Engineering, Construction Management, System Commissioning, Training, Overhead and Profit to implement the project.

The Municipality shall notify the awarded ESCO in writing of the Municipality's selection for negotiation after the Municipality has determined, after taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Municipality.

Appendix B – Greener by Design Technical Evaluation Of the Secaucus ESIP RFP Proposals

Scoring Criteria		Secaucus ESIP Proposal Evaluation Criteria		
		Score (Range)	**Willdan**	**Schneider**
1. Company Overview	**20%**	*(0 to 20)*	20	19
ESIP type experience		*Y/N*	Y	Y
Three Projects/References/General Info		*Y/N*	Y	Y
Organizational Chart		*Y/N*	Y	Y
Financial Information		*Y/N*	Y	Y
2. Approach to Energy Savings Plan Development and Implementation	**25%**	*(0 to 25)*	21	25
Energy Savings Plan		*Y/N*	Y	Y
Methodologies of Approach		*Y/N*	Y	Y
Understating Incentives		*Y/N*	Y	Y
3. Ability to Implement Project	**15%**	*(0 to 15)*	14	13
Ability to Complete Project		*Y/N*	Y	Y
Construction Work Completed by 9/2020		*Y/N*	N	N
4. Project Comprehensibility and Energy Savings Projections	**25%**	*(0 to 25)*	20	24
Projections include cost of ECMs, construction, prevailing wage, break up fees and risk		*Y/N*	Y	Y
5. ESCO Fees Proposal	**15%**	*(0 to 15)*	15	14
Cost include Investment Grade Audit, Design Engineering, Construction Management, System Commissioning, Training, Overhead and Profit		*Y/N*	*Y*	*Y*
		Totals:	90	95