

October 15, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Statewide Energy Efficiency Program –
Authorization to Expand Program Funding and
Award Services Contracts to Support the Program**

SUMMARY

The Trustees are requested to approve additional funding in the amount of \$117 million for the Statewide Energy Services Program, henceforth referred to as the Statewide Energy Efficiency Program (“Statewide EEP”), to support additional future energy efficiency work for eligible program participants across all of New York State (“NYS”) except New York City (“NYC”) and Westchester County which are included in the Governmental Customers Energy Efficiency Program (“GC EEP”). The increased funding would be in addition to the \$833 million previously approved by the Trustees, bringing the total Statewide EEP funding to \$950 million.

The Trustees also are requested to authorize the award of contracts (as described below) to twelve firms to provide Audit, Energy Master Planning, Retro Commissioning, Design, Engineering, Construction and Construction Trade Management services, including the procurement of equipment and installation labor, operation and maintenance and other related energy efficiency or sustainability services. The aggregate total for all twelve proposed awards is \$300 million. The term of each contract will be five years. These twelve contracts will be used to support the Statewide EEP, and funding for these contracts will be allocated from the aforementioned \$950 million total approved Statewide EEP funding. This funding will generally be recovered directly from Statewide EEP participants.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personnel services or equipment contracts in excess of \$3 million require the Trustees’ approval.

To meet the goal of increasing energy efficiency set forth in Executive Order 88, Governor Andrew Cuomo launched “Build Smart NY,” emphasizing cost-effective improvements for energy savings. Build Smart NY also supports the Governor’s economic development goals to accelerate energy efficient projects that will create jobs and improve infrastructure within the State. The addition of funding and the twelve new contracts to support the Statewide EEP will greatly enhance NYPA’s role under Build Smart NY.

DISCUSSION

The Statewide EEP provides energy efficiency services to customers meeting the eligibility criteria under NYS Public Authorities Law (“PAL”), Section 1005. Energy efficiency services provided through Statewide EEP include audits, energy master planning and retro commissioning, design, construction management, construction trade management and turn-key implementation services, operation and maintenance, and other related energy efficiency or sustainability services.

The Authority recently issued a Request for Proposals (“RFP”) seeking proposals from contractors to support the Statewide EEP. Bidders were evaluated by specific regions and specific categories for which they submitted proposals.

The following are the regions as they were defined in the RFP:

- Region 1: NYC Suburbs – Nassau, Suffolk, Rockland, Putnam, Dutchess, Orange, Sullivan and Ulster counties
- Region 2: Capital Region – Counties north of Region 1 and east of Oswego, Onondaga, Cortland, and Broome counties.
- Region 3: Western Region – Oswego, Onondaga, Cortland and Broome counties and all counties west of Oswego, Onondaga, Cortland and Broome counties

The following are the categories of services from which the bidders were able to select:

- Option A: Audit and Retro Commissioning (Audits & RCx)
- Option B: Design/Engineering Services (Design)
- Option C: Construction Management Services (Const. Mgmt.)
- Option D: Construction Trade Management Services (Trade Mgmt.)
- Option E: Turn-Key Implementation Services (Turn-Key Svcs.)

The RFP was issued on June 5, 2014. One hundred thirty-six firms downloaded the bid document. On June 16, 2014, the Authority held a pre-bid video conference simultaneously in the cities of White Plains, Lewiston and Albany. Forty-two companies attended the video conference. On July 10, 2014, the Authority received thirty-one proposals for the aforementioned services.

The Authority’s evaluation committee of six (6) Energy Efficiency department representatives, a Build Smart NY representative and a Procurement representative reviewed and evaluated the proposals. The evaluation criteria used to score each proposal was established prior to evaluation of the bids. Each region and each category was scored individually.

Of the thirty-one firms that submitted proposals, the committee found ten proposals non responsive, incomplete, not cost-effective or they were disqualified. The committee evaluated the twenty-one remaining proposals for each category and region bid, and recommended awards based on the best combination of cost, qualifications, interview performance and references and the resources required to support the Statewide EEP as further described in Exhibit “A.” Based

on the evaluations further set forth in the recommendation award documents for the Statewide Energy Efficiency program, the committee recommended the award of the twelve contracts summarized in Table 1 below:

Table 1: Contract Award Recommendation Summary

Categories of Services:	A: Audits & RCx	B: Design	C: Const. Mgmt.	C: Trade Mgmt.	E: Turn-Key Svcs.
Proposed Contractors	Recommended Regions for Award				
Cannon Design	3				
The Daylight Savings Company	1				
Ecosystems / LiRo Energy Group II			1,3	1,3	
EME Group	1, 2, 3	1, 2, 3			
Eneractive Solutions			1		
Energy & Resource Solutions	1				
The Fulcrum Group		1, 2			
Guth DeConzo Consulting Engineers	1, 2, 3		2	1, 2, 3	1, 2, 3
LaBella Associates		2, 3			
PRES Services	1, 2, 3		1, 2, 3	1, 2, 3	1, 2, 3
RCM Technologies			1		
Wendel Energy	1, 2, 3	1, 2, 3	1, 2, 3		1, 2, 3

FISCAL INFORMATION

Additional funding of \$117 million is requested to fund the Authority’s energy efficiency projects offered under the Statewide EEP program bringing the total program funding to \$950 million. Of these funds, \$300 million, in aggregate, will be allocated to the contracts with the twelve firms listed herein. The funding will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. In addition, projects may be funded, in part, with monies from the Petroleum Overcharge Restitution (“POCR”) funds. Funding will be allocated as projects are assigned, based on each firm’s performance and workload, subject to the Approval Limits for Execution of Commitments in the Authority’s Expenditure Authorization Procedures. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR grants, will be recovered as is consistent with other Energy Efficiency Programs.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency recommend that the Trustees approve \$117 million in additional funding for the Statewide Energy Efficiency Program and award twelve contracts, in the aggregate amount of \$300 million of the previously-mentioned \$950 million, to be allocated for up to a five-year term, to the following bidders: Cannon Design, The Daylight Savings Company, Ecosystems / LiRo Energy Group II, EME Group, Eneractive Solutions, Energy &

Resource Solutions, The Fulcrum Group, Guth DeConzo Consulting Engineers, LaBella Associates, PRES Services, RCM Technologies, and Wendel Energy.

For the reasons stated, I recommend the approval of the above requested actions by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency or such officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority and Statewide Energy Efficiency Program (“Statewide EEP”) participants and to execute agreements and other documents with contractors, such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to facilitate the implementation of the Statewide EEP; and be it further

RESOLVED that the authorized funding level be increased by \$117M, in addition to the \$833 million previously authorized for the Statewide EEP, as listed below:

<u>Commercial Paper Program / Operating Fund / POCR</u>	<u>Statewide EEP Authorization</u>
Previously Authorized	\$833 million
Additional Funding	<u>\$117 million</u>
Total Amount Authorized	<u>\$950 million</u>

AND BE IT FURTHER RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, that an aggregate \$300 million, of the previously mentioned \$950 million, be allocated for funding of contracts for energy auditing, engineering and design, construction

management, and construction trade management services, including procurement of equipment and installation services, as outlined below:

<u>Commercial Paper Program/ Operating Fund/POCR</u>	<u>Ceiling</u>	<u>Termination Date</u>
Cannon Design, The Daylight Savings Company, Ecosystems / LiRo Energy Group II, EME Group, Eneractive Solutions, Energy & Resource Solutions, The Fulcrum Group, Guth DeConzo Consulting Engineers, LaBella Associates, PRES Services, RCM Technologies, Wendel Energy	\$300 million (Aggregate)	October 14, 2019

AND BE IT FURTHER RESOLVED, That the Authority’s Commercial Paper Notes, Series 1, Series 2 and Series 3, and Operating Fund monies may be used to finance Statewide Energy Efficiency Program costs; and be it further

RESOLVED, That the Vice President – Energy Efficiency is authorized to determine which projects will be deemed to be energy efficiency projects within the meaning of Section (7) of Part P of Chapter 84 of the Laws of 2002 (the “Section (7) POCR Legislation”) to be funded, in part, with Petroleum Overcharge Restitution (“POCR”) Funds allocated pursuant to the Section (7) POCR Legislation; and be it further

RESOLVED, That POCR funds allocated to the Authority by the Section (7) POCR Legislation may be used to the extent authorized by such legislation, in such amounts as may be deemed necessary or desirable by the Senior Vice President – Economic Development and Energy Efficiency and the Vice President – Energy Efficiency to finance projects within the Statewide Energy Efficiency Program; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

- Cannon Design (“Cannon”) is recommended for Category A (Audits & RCx) in Region 3. Cannon is a full-service architectural/engineering firm, and it will support the Statewide EEP from its headquarters in Grand Island NY. Cannon is currently under contract for turn-key implementation services for the Statewide EEP, and as such, it understands the expected deliverables of the program and NYPA procedures.
- The Daylight Savings Company (“Daylight Savings”) is recommended for Category A (Audits & RCx) services in Region 1. While Daylight Savings’ cost for Category A was higher than that of RCM, Daylight Savings was selected because it provided superior references that documented a wide variety of audits and retro commissioning projects, evidenced strong comprehension of energy baseline measurement requirements and demonstrated extensive measurement and verification experience. Daylight Savings is a sole proprietorship that has extensive experience performing audits and retro commissioning services in Long Island, NYC and the Lower Hudson Valley. Daylight Savings will serve the Statewide EEP from its headquarters in Goshen, NY. While it is new to NYPA’s Energy Efficiency Program, Daylight Savings has extensive experience with NYSERDA’s FlexTech program and LIPA’s prior audit programs.
- Ecosystems / LiRo Energy Group II (“Ecosystems / LiRo”) is recommended for Categories C (Construction Management) and D (Trade Management) in Regions 1 and 3. The Ecosystems / LiRo team is a joint venture that has worked together successfully in the past to provide public-sector energy performance contracting, design, engineering and construction and trade management services. Ecosystem / LiRo’s headquarters is in Syosset, NY, and the team has additional offices in NYC, Rochester and Buffalo. While Ecosystem / LiRo is new to the Statewide EEP, it currently holds a contract with NYPA to support the Governmental Customers Energy Efficiency Program (“GC EEP”) to provide auditing, engineering and design, construction management, construction trade management and turn-key services in the South Eastern New York (“SENY”) service territory. As such, it is familiar with the expected deliverables of the Energy Efficiency Program and NYPA procedures.
- EME Group (“EME”) is recommended for Categories A (Audits & RCx) and B (Design) services in all three regions. EME has been providing energy auditing services since its inception in 1987 and has a wide range of experience with governmental customers and utility sponsored programs. Headquartered in NYC, EME provides audits, retro commissioning, implementation design and construction administration services throughout NYC and Westchester. While new to the Statewide EEP, EME is currently under contract with NYPA in support of the GC EEP for Retro Commissioning, Commissioning, and Design services in the SENY service territory. However, it will be As such, it is familiar the expected deliverables of the Energy Efficiency Program and NYPA procedures.

- Eneractive Solutions (“Eneractive”) is recommended for Category C (Construction Mgmt.) services in Region 1. Eneractive has taken projects from design through complete construction in and around NYC with extensive experience in healthcare, higher education and governmental/institutional facilities. Eneractive is headquartered in Asbury Park, New Jersey with additional offices in Beltsville Maryland and NYC. While new to the Statewide EEP, Eneractive is currently under contract with NYPA for audits and retro commissioning services to support the GC EEP for the SENY service territory. As such, it is familiar with the expected deliverables of the Energy Efficiency Program and NYPA procedures.
- Energy & Resource Solutions (“ERS”) is recommended for Category A (Audits & RCx) services in Region 1. ERS was founded in 1995 to provide energy efficiency audits. While it offers full service implementation, audit and retro commissioning services remain near its core business. ERS has demonstrated its extensive experience with its participation in NYSERDA’s FlexTech and other utility energy efficiency programs. ERS would support the program from its headquarters in North Andover, Massachusetts and offices in Troy, NY and NYC. While new to the Statewide EEP, ERS is currently under contract with NYPA for audits and retro commissioning services to support GC EEP for the SENY service territory. As such, it is familiar with the expected deliverables of the Energy Efficiency Program and NYPA procedures. ERS will be a new contractor under the Statewide EEP.
- The Fulcrum Group (“Fulcrum”) is recommended for Category B (Design) services in Regions 1 & 2. Fulcrum has experience providing retro commissioning, commissioning, energy surveys, audits, design, construction management and energy management services for customers throughout NYS, with emphasis on the south eastern quadrant. Fulcrum has extensive experience serving public and institutional customers, including hospitals, universities and NYC/private schools. Fulcrum will staff this contract from its headquarters in NYC. While new to the Statewide EEP, Fulcrum is currently under contract for Audit, Design and Construction Management services to support the GC EEP for the SENY service territory. As such, it is familiar with the expected deliverables of the Energy Efficiency Program and NYPA procedures.
- Guth DeConzo Consulting Engineers (“Guth DeConzo”) is recommended for Category A (Audit & RCx), Category D (Trade Mgmt.) and Category E (Turn-Key) services in Regions 1, 2 and 3 and for Category C (Construction Mgmt.) services in Region 2. Guth DeConzo began its operations in 1991 by providing mechanical, electrical, and plumbing engineering services. It added an energy division in 2009 to address the growing demand for energy engineering services. Guth DeConzo operates out of its headquarters in Troy New York and its office in NYC. Guth DeConzo is currently under contract for Audit, Design and Construction Management services for both the Statewide EEP and the GC EEP for the SENY service territory. Accordingly, Guth DeConzo understands the expected deliverables of the Energy Efficiency Program and NYPA’s procedures.
- LaBella Associates (“LaBella”) is recommended for Category B (Design) services in Regions 2 and 3. LaBella has been providing commissioning, special inspection,

architectural and engineering services since 1978, and has participated in NYSERDA programs since 2004. LaBella's headquarters is in Rochester, NY, and it has four additional offices located in central and western NYS. LaBella is currently under Authority contract to develop energy master plans for the Cities of Rochester and Syracuse as part of the Five-City Energy Master Plan initiative but will be a new contractor under the Statewide EEP.

- PRES Services ("PRES") is recommended for Categories A (Audit & RCx), C (Construction Mgmt.), D (Trade Mgmt.) and E (Turn-Key Services) in all three Regions. PRES has experience providing audits, retro commissioning, commissioning, design, construction management and trade management across NYS. PRES's headquarters is located in Getzville, with satellite offices in Rochester and Syracuse. PRES currently is under contract for turn-key implementation services for the Statewide EEP, and as such, understands the expected deliverables of the Energy Efficiency Program and NYPA procedures.
- RCM Technologies ("RCM") is recommended for Category C (Construction Mgmt.) services in Region 1. RCM has provided professional engineering services for 40 years. Over the past 20 years, RCM has provided engineering and site support for NYPA's Power Generation departments. RCM will operate out of its headquarters in Parsippany, New Jersey and offices in Pennsauken, New Jersey, NYC and Purchase, New York. While new to the Statewide EEP, RCM is currently under contract with NYPA for audit, design, construction management, and construction trade management services to support the GC EEP in the SENY service territory. As such, it is familiar with the expected deliverables of the Energy Efficiency Program and NYPA procedures.
- Wendel Energy Services ("Wendel") is recommended for Categories A (Audit and RCx), B (Design), C (Construction Mgmt.) and E (Turn-Key Services) services in Regions 1, 2 and 3. Wendel is a full-service architectural and engineering firm, delivering energy management, engineering, commissioning, retro commissioning and construction management services since 1940 and has participated in many of the Authority's energy efficiency programs and NYSERDA programs since the mid-1990s. Wendel will service the Statewide EEP out of its headquarters in Amherst, New York with an office in Hauppauge, New York. Wendel is currently under contract for audit, design, and construction management to support the GC EEP and Statewide EEP for all of NYS. As such, Wendel understands the expected deliverables and NYPA procedures.