

# **Request for Proposal Energy Performance Contracting Project 2016 (Revision A - 6/9/16)**

## **General Descriptions & Requirements**

The Village of Lake Zurich is seeking proposals from Energy Services Companies (hereinafter referred to as ESCO) that are capable of providing comprehensive energy management and energy-related capital improvement services at all applicable facilities of the Municipality, contracting for a full range of energy services and energy-related capital improvements designed to reduce energy usage, provide for operational and water use efficiencies, provide revenue enhancements, and reduce related costs at Municipal facilities. These services and improvements are to be delivered to the Municipality on a performance-contracting basis by a Proposer who is able to:

- 1) Ensure the project will not burden the Municipality with an initial capital cost;
- 2) Guarantee significant long term savings which will be measured and verified;
- 3) Guarantee an annual savings, which shall be equal to or greater than the total annual project costs;
- 4) Ensure consistent levels of occupant comfort and system functionality;
- 5) Define and provide options to capture environmental benefits;
- 6) Provide options to finance the project through an installment payment or a lease purchase arrangement over an extended contract term.

The Municipality seeks to maximize energy savings and related improvements within the framework of the allowable 20-year contract term and available financing, therefore, ESCOs are encouraged to structure a project which provides the greatest possible energy, water, and operation and maintenance (O&M) savings and the most beneficial project scope for the Municipality. Municipality is interested in essential services and improvements that will reduce facility energy and water consumption, upgrade energy-related capital equipment, improve building operations and maintenance, save costs through fuel switching, improved demand management, and alternative utility tariffs or alternative commodity purchases, and aid in meeting Municipality's environmental management responsibilities.

The Municipality have identified the following potential projects. Project A is the highest priority. Proposer must provide a proposal for Project A. Proposer, in its discretion, may provide a proposal for Option B, which may or may not be considered in the award of the contract.

In accordance to 105 ILCS 5/19b-5, the Village of Lake Zurich discloses that no energy service contractor or ESCO participated in the preparation and specifications of this RFP.

## **Project A**

Water-meter conversion to an automated water-meter reading system. The Municipalities seek to move to a fixed tower or cellular network automated meter reading system. Proposers shall all provide details on the ability and possible implementation of shared water towers or cellular network, readers and the replacement of existing non-automated water meters. See attached Appendix A for a list of water accounts.

## **Optional Project B**

Municipal facility general energy efficiency improvements. The Municipalities desire to lower many significant utility costs as well as operational losses by upgrading inefficient controls and equipment and retrofitting facilities. Proposals shall address SCADA system enhancements for water and sewer systems, and building energy efficiency projects that may include lighting retrofits, mechanical upgrades, building automation controls and other operational efficiency projects for building/facility improvements. See Appendix B for a listing of facilities, approximate age of each facility, and estimated square footage of Municipal facilities for each Municipality.

Proposer shall provide a descriptive strategic approach to Project A; and to Projects B (if such options are chosen). Proposer shall provide innovative solutions to Project A; and to Projects B (if this option is chosen). It is also important that each Proposer consider a method by which the Municipality may achieve savings by identifying potential opportunities for consolidation, sharing resources and reducing duplication of work.

The Municipality may elect to implement further improvement measures to aid in meeting the environmental management goals based upon proposal responses.

The Municipality seek to maximize energy savings and related improvements within the framework of a 20 year contract term and available financing. Proposers are encouraged to structure a project which provides the greatest possible energy, water, and operation and maintenance savings and the most beneficial project scope for the Municipality.

## **Required Capabilities**

Proposer must have an accreditation from National Association of Energy Service Companies (NAESCO). Proposer must be able to demonstrate it can provide the technical and managerial capabilities to provide a comprehensive set of energy and water services including, but not limited to, an investment grade audit, design, acquisition, installation, training and commissioning of new and/or existing energy systems. Proposer must also demonstrate the ability to provide project monitoring, savings measurement and verification and ongoing maintenance contracting. Additional services may include operation and maintenance for all improvements and/or training of Municipalities' staff on routine maintenance and operation of systems. Monitoring and verification services shall include appropriate measurement and timely reporting of the performance and savings for each and every project that a proposal is submitted for.

## **Contract Terms**

No contract shall exceed 20 years in duration and may be subject to annual appropriations. The duration of the contract will be mutually determined between the selected ESCO and the Municipality based on final project scope and financial factors.

## Guarantee

Proposals must result in the selected ESCO asset-backed guaranteed minimum annual energy, water and/or O&M savings guarantee, as well as defined levels of occupant comfort; maintenance, monitoring, training or other services. Non-asset-backed guarantees will not be considered. Proposals must achieve savings sufficient to cover all project costs including lease or installment payments and fees for maintenance; monitoring; training and other services, on an annual basis, for the duration of the contract term.

## Project Milestones

The following are the proposed milestones for the projects. Adjustments may be made to accommodate procurement and deployment of products and services.

Activity/Description	Milestone Date
Issue of RFP	May 2, 2016
Issue of RFP Revision A	June 9, 2016
Last day for comments, questions & facility tours	June 27, 2016
Proposals due	June 30, 2016
Staff review of proposals and interview of proposers	July 1, 2016 (projected)
Village Board presentation of proposers	July 18, 2016 (projected)
Selection of finalist	August 1, 2016 (projected)
Final contract approval	August 15, 2016 (projected)

## Evaluation of Proposals

Responses will be evaluated based on the quality and completeness of the information provided. Failure to provide any of the requested information may result in disqualification. The criteria listed below will be used in the evaluation of the written proposals. ESCO selection will be based on the best overall value to the Municipality.

## Submission Guidelines

The following information represents the minimum elements of a proposal:

### *Company Information*

- Name of Proposer and contact information including a statement of the address of its permanent place of business and a certificate of good standing or other indication that it is authorized to conduct business in Illinois.
- Location of nearest office responsible for point of contact, engineering, project management, measurement and verification and availability of service technicians.

- Demonstration of accreditation level as ESCO from National Association of Energy Service Companies (NAESCO).
- List number of years Proposer has been involved in the energy-efficiency related business.
- State the number of years Proposer has offered performance-contracting services and specifically the number of years of performance-contracting services in the state of Illinois.

*Qualifications & Experience*

- Qualifications and experience of ESCO's personnel with guaranteed energy savings contracts. NOTE: include only references, resumes of only ESCO personnel and ESCO projects.
- List individual names, office location and experience of ESCO-team members responsible for engineering, project management, measurement and verification for this project.
- Identify all ESCO-LEED accredited team members dedicated to this project.
- Identify all ESCO-Professional Engineers (PE), licensed in Illinois dedicated to this project.
- Include only three references for those projects that were completed by responding ESCO.
- Include only three references for those projects currently under contract with the ESCO, in or beyond the savings-guarantee phase.
- List contact information, project value, annual energy savings, annual operation savings and technologies installed.

*Project Management Methodology*

- Clear assignment of responsibility for various project tasks to specific individuals.
- List project manager who would be responsible for the project(s) for which a proposal is submitted; include project references.
- Preference will be given to accredited Project Management Professional (PMP) accredited by Project Management Institute (PMI).
- Ability to effectively manage project construction and achieve 100% completion of Project A, meter change out, and optional Project B within 18 months.
- Quality of approach of resident and business communications methodology to arrange for meter change out.
- Quality and approach to managing field personnel, background checks, credentialing and non-compliant or low performance.
- Quality of approach to operations and maintenance.
- Quality of monitoring, maintenance, and measurement and verification services on past projects.
- Clarity, organization and level of detail in written proposal.

- Quality of approach to transfer knowledge and training of Municipal personnel. Include frequency of training provided for the duration of the contract and accommodation of turnover of key personnel.

#### *Technical Approach*

- Quality of technical approach, including methods of analysis and an understanding of existing building systems and conditions. Based on your preliminary assessment of the project sites and information provided, please describe any equipment modifications, installations or replacements at the facilities that your company would consider installing as a part of Project A and if so desired, Optional Projects B. Please discuss site conditions, status of building systems and needs of the Municipalities.
- Quality of approach to project commissioning.
- Quality and approach to construction management. Describe how your firm would work with current building management and maintenance personnel in order to coordinate construction and avoid conflicts with the building's operation and use for Project A and if so desired, Optional Project B.
- Quality of the sample investment grade technical energy audit. Indicate the total anticipated cost of the investment grade energy audit to each individual Municipality for Project A and if so desired, Optional Project B.
- Quality of baseline energy calculations and methodology. Describe the methods you expect to use to compute baseline energy use for Project A and if so desired, Optional Project B. Describe any computerized modeling programs used by your firm to establish baseline consumption. Describe factors that would necessitate a baseline adjustment. Describe the methods you will use to adjust the guaranteed level of savings from any material changes that occur due to such factors as weather, occupancy, facility use changes, etc.
- Quality of approach to savings measurement and verification. Please summarize procedures, formulas and methodologies including any special metering or equipment, your firm will use to measure and calculate energy savings for Project A and if so desired, Optional Project B. Indicate how your firm identifies, documents and measures operational cost savings opportunities. Describe your firm's proposed approach to the treatment of savings achieved during construction and how those savings will be documented and verified.
- Demonstrated ability to provide utility bill management, integration with existing ERP systems and supply-side energy procurement assistance.
- Approach to Equipment Maintenance: Describe any major changes in operations or maintenance Project A and if so desired, Optional Project B that your company anticipates. Include a description of the types of maintenance services that may be proposed for Project A and if so desired, Optional Project B. Address how you would approach the role of the Municipalities' personnel in performing maintenance on the new and existing and equipment. Discuss the relationship of maintenance services to the savings guarantee, any required duration of the maintenance agreement, and what impact termination of maintenance prior to the end of the contract term would have on the savings guarantee for Project A and if so desired, Optional Project B.

### *Financial*

- Proposal's adherence to the wage provisions of the Illinois Prevailing Wage Act (820 ILCS 130/0.01 et seq.).
- Financial soundness and stability of the ESCO, including most recent Annual Report and Audited Financial Statement. Most recent Annual Report and Audited Financial Statement must be provided with RFP response.
- Demonstrated ability to provide or arrange project financing.
- Description of firm's preferred approach to providing or arranging financing for Project A and Optional Project B. Describe the structure of the financing arrangement including projected interest rate, financing term, repayment schedule, equipment ownership, security interest required, the responsibilities/liabilities of each party, and any special terms and conditions that may be associated with the financing of Project A and if so desired, Optional Project B. Describe how construction will be financed.
- Reasonableness of audit costs.

### *Proposal Presentation & General Provisions*

- Proposals shall be submitted in electronic format as a single PDF document on removable media in a sealed envelope at Village of Lake Zurich, Office of Innovation, 70 E Main Street, Lake Zurich, IL 60047. Clearly mark the envelope with the words: RFP Energy Performance Contracting Project 2016.
- No proposal may be withdrawn without the consent of the Municipality after July 5, 2016 for a period of 60 days.
- Comments and concerns regarding this RFP shall be addressed to Michael Duebner, via email to [Michael.Duebner@LakeZurich.org](mailto:Michael.Duebner@LakeZurich.org) no later than June 27, 2016.
- Failure to complete any question in whole or in part, or any deliberate attempt by the proposer to mislead the Municipality, may be used as grounds to reject a proposal.
- The Municipality reserves the right to accept or reject any or all Proposals, or any part thereof; waive any minor defects, irregularities; and to decide not to award any contract. The Municipality reserves the right to award a contract which in its judgment is in the best interest of the Municipality.

## **Minimum Contract Terms and Conditions**

Contracts negotiated with the selected ESCO shall include, the minimum contract terms and conditions listed below:

### *Ownership of Reports, Materials and Drawings*

The Municipality shall become the owner of all reports, materials and drawings associated with performance of this contract. All shall be delivered to Lake Zurich upon completion of construction.

### *Investment Grade Energy Audit*

The selected ESCO must perform and present the results from a detailed investment grade energy audit of acceptable quality.

### *Standards of Comfort and Service*

The ESCO will be responsible for maintaining the levels of comfort and service for each facility as specified in the Energy Services Agreement (ESA).

### *Professional Engineering Involvement*

A registered professional engineer must review and approve design work done under this contract.

### *Guaranteed Savings*

The Municipality require an asset backed minimum annual guaranteed level of savings approach to the project. If the project does not generate the guaranteed level of savings in any given year, the ESCO will be responsible for reimbursing municipality the amount of any shortfall. Excess savings will not be used to reimburse the ESCO for any payments made due to shortfalls in other years.

### *Construction Management*

The ESCO will be required to work with current building management and maintenance personnel in order to coordinate construction and provide appropriate training in operations and maintenance of all installed improvements. No equipment or other improvements will be installed that would require the Municipalities to hire additional personnel unless contract negotiations produce an explicit exemption for a specific installation. Maintenance responsibilities shall be detailed in the ESA.

### *Operation & Maintenance Manuals*

At least two paper copies and 1 digital copy (PDF) operation and maintenance manuals for each site will be provided for all equipment replacements and/or upgrades. Manuals are subject to approval of Municipality.

### *As-Built Drawings*

Where applicable, ESCO must provide "as built" and record drawings (or such electronic equivalents as may be agreed to with the Municipality) of all existing and modified conditions associated with the project, conforming to typical engineering standards. These should include, but not be limited to, architectural, mechanical, electrical, structural, and control drawings and operating manuals within 30 days of completed project installation.

### *Follow-up Maintenance, Monitoring and Training Services*

The ESCO will be responsible for maintaining and monitoring the measures to ensure optimal performance, as well as, for ongoing training, however, the Municipality has the option to negotiate the scope of service needed.

### *Municipality Energy Improvement Projects*

The Municipality reserve the right to make energy and water improvements to the facilities and to negotiate adjustments to the savings measurement and verification methodology to account for such improvements.

### *Project Schedule*

The ESCO must provide a final schedule of project milestones including construction, equipment-service and preventive maintenance provisions that will become part of any final contract. In the event any milestone or service provision is not met as scheduled, without prior approval from the Municipalities, the Municipality reserves the right to consider it a default and withdraw from all contractual obligations without penalty.

### *Municipality Inspection*

The Municipality retain the right to have its representatives visit the site during the audit and implementation phases of the project, and to attend relevant on-site or off-site meetings of the ESCO and/or its subcontractors. The Municipality will have the right to inspect, test and approve the materials and work conducted in the facilities during construction and operation. The Municipality shall have the right and access to the account books, records, and other compilations of data that pertain to the performance of the provisions and requirements of the agreement. Records shall be kept on file in legible form and retained for a minimum of three years after close-out.

### *Compliance*

All work completed under this contract must be in compliance with all applicable federal, state and local laws, rules and regulations including all building codes and appropriate accreditation, certification and licensing standards. Work must be in accordance with sound engineering and safety practices, be installed in a workmanlike manner and be in compliance with all the Municipalities regulations relative to the premises. The ESCO and its subcontractors will be responsible for obtaining any and all required governmental permits, consents and authorizations, and for payment of any and all state and city required taxes and fees which result from this contract.

### *Handling of Hazardous Materials*

All work completed under this contract must be in compliance with all applicable federal, state and local laws, rules and regulations regarding waste disposal and treatment/disposal of any hazardous materials that could result from this project. Work must also be in accordance with sound engineering and safety practices, and in compliance with all the Municipality rules relative to the premises.

### *Methodology to Adjust For Material Changes*

The contract must contain a mutually acceptable clause whereby unanticipated changes in facility use, occupancy, schedule and/or utility rates can be accommodated in a fair manner agreeable to both parties.

### *Subcontractor Approval*

The Municipality retains the right to approve any ESCO selected subcontractor prior to its commencement of work on the project(s). Names and qualifications of subcontractors must be submitted at least three (3) weeks in advance of subcontractor scheduled start date.

### *Price Disclosure*

The ESCO shall, upon request, disclose all costs and fees associated with the project(s) including audit, design, engineering, equipment, installation, financing, commissioning, monitoring, overhead, profit, etc.

### *Insurance Requirements*

ESCO shall procure and maintain, for the duration of the contract, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the ESCO, its agents, representatives, employees or subcontractors.

Minimum Scope of Insurance: Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability occurrence form CG 0001 with the Municipality named as additional insured, on a form at least as broad as the ISO Additional Insured Endorsement CG 2010 and CG 2026
2. Insurance Service Office Business Auto Liability coverage form number CA 0001, Symbol 01 "Any Auto."
3. Workers' Compensation as required by the Labor Code of the State of Illinois and Employers' Liability insurance.
4. Builder Risk Property Coverage with Municipality as loss payee
5. Environmental Impairment/Pollution Liability Coverage for pollution incidents as a result of a claim for bodily injury, property damage or remediation costs from an incident at, on or migrating beyond the contracted work site. Coverage shall be extended to Non-Owned Disposal sites resulting from a pollution incident at, on or mitigating beyond the site; and also provide coverage for incidents occurring during transportation of pollutants.

Minimum Limits of Insurance: ESCO shall maintain limits no less than:

1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. The general aggregate shall be twice the required occurrence limit. Minimum General Aggregate shall be no less than \$2,000,000 or a project/contract specific aggregate of \$1,000,000.
2. Business Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation and Employers' Liability: Workers' Compensation coverage with statutory limits and Employers' Liability limits of \$500,000 per accident.
4. Environmental Impairment/Pollution Liability: \$1,000,000 combined single limit per occurrence for bodily injury, property damage and remediation costs

Deductibles and Self-Insured Retentions

1. Deductibles or self-insured retentions shall be declared to and approved by the Municipality. The Municipality may require the proposer to provide a bond to guarantee payment of losses, investigations, claim administration and legal expenses.

Endorsements and Provisions

1. The Municipality, its officials, agents, employees and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the ESCO; products and completed operations of the ESCO; premises owned, leased or used by the ESCO; or automobiles owned, leased, hired or borrowed by the ESCO. The coverage shall contain no special limitations on the scope of protection afforded to the Municipality, its officials, agents, employees and volunteers.
2. The ESCO's insurance coverage shall be primary as respects the Municipality, its officials, agents, employees and volunteers. Any insurance or self-insurance maintained by the Municipality, its officials, agents, employees and volunteers shall be excess of ESCO's insurance and shall not contribute with it. The ESCO and all subcontractors hereby agree to waive any limitation as to

the amount of contribution recoverable against them by the Municipality. This specifically includes any limitation imposed by any state statute, regulation, or case law.

3. Each insurance policy required by this paragraph shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Municipality.

## **Procurement Process**

The evaluation and selection of an ESCO, and the negotiation and procurement of services will proceed as follows:

### *Proposal Submission*

Proposer's interested in providing the services requested, must respond in writing by the date specified above. All submissions become the property of Municipality and will not be returned to Proposers. All costs associated with submission preparation will be borne by the Proposers.

### *Review and Selection of Finalists*

The Municipality will establish a Project Evaluation Team to review and evaluate the Proposals in accordance with the evaluation criteria identified in this RFP. The Project Evaluation Team will check client references, review submitted materials, and, as necessary, request and review additional materials. The Municipality intends to establish a slate of three proposals as finalists. The Municipality reserve the right to reject any or all submissions and to waive informalities and minor irregularities in submissions received and to accept any submissions if deemed in the best interest of the Municipality to do so.

### *Ranking*

Based on the submitted Proposals, engineering and staff reviews, and client references; the Project Evaluation Team will rank the Proposers. Contract negotiations will proceed with the top-ranked Proposers.

### *Development of Energy Audit Agreement*

The Municipality intends to negotiate a contract for the investment grade audit. If an acceptable technical energy audit agreement cannot be negotiated within an acceptable period from the date of ESCO selection, negotiations with the next-ranked ESCO may be initiated.

### *Development of Entergy Services Agreement*

After completion and acceptance of the investment grade audit, the Municipality intends to negotiate an Energy Services Agreement (ESA). If an acceptable ESA cannot be negotiated within an acceptable timeframe, beginning from the date of acceptance of the detailed energy audit, negotiations with the next-ranked ESCO may be initiated.

## Appendix A

An estimated number of water meter accounts:

Residential (.75 to 1.50")	6192
Industrial (.75 to 4:00")	430
Commercial (.75 to 1.50")	78
Institutional (.75 to 1.50")	61
Municipal (1.00 to 3.00")	19
Total	6800

## **Appendix B**

A listing of municipal facilities

Village Hall  
70 E Main Street  
Lake Zurich, IL 60047

Community Services  
505 Telser Road  
Lake Zurich, IL 60047

Police Department  
200 Mohawk Trail  
Lake Zurich, IL 60047

Fire Station 1  
321 S Busching Road  
Lake Zurich, IL 60047

Park Barn  
200 S Rand Road  
Lake Zurich, IL 60047

Park Chalet  
200 S Rand Road  
Lake Zurich, IL 60047

Park Concession  
200 S Rand Road  
Lake Zurich, IL 60047

Buffalo Creek School  
675 Old Mill Grove Road  
Lake Zurich, IL 60047