

ELIZABETH BOARD OF EDUCATION ENERGY SAVINGS IMPROVEMENT PROGRAM

**Request for Proposals
to Select an Energy Services Company to Develop and
Implement an Energy Savings Plan
for Elizabeth Board of Education**

Proposals Received October 15, 2020



EVALUATION REPORT

Prepared for: Elizabeth Board of Education

Prepared by: Elizabeth Public Schools Business Administrator and the
Department of Plant, Property and Equipment
with the assistance of the Evaluation Team

Dated: December 14, 2020

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List of Abbreviations and Acronyms

BOE	Board of Education
BMS	building management system
BTU	British Thermal Unit
CHP	Combined Heat and Power
CO ₂	carbon dioxide
CSP	Curtailment Service Provider
DDC	direct digital control
DR	demand response
DHW	domestic hot water
DOE	Department of Energy
DPMC	Division of Property Management and Construction
ECM	energy conservation measure
ESCO	energy services company
ESP	energy savings plan
ESIP	energy savings improvement program
GC	general contractor
GHG	greenhouse gas
IGEA	Investment Grade Energy Audit
IPMVP	International Performance Measurement and Verification Protocol
kW	kilowatts
kWh	kilowatt hours
LGEA	local government energy audit
mmBTU	Million British Thermal Units
M&V	measurement and verification
NJ BPU	New Jersey Board of Public Utilities
O&M	operations and maintenance
RFP	request for proposal
RMS	root mean square
P4P	Pay for Performance
sq ft	square feet

Executive Summary

A. Background:

This Report is being provided pursuant to the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A-4.6 et seq.) and Energy Savings Improvement Program Law (P.L. 2009, c.4 N.J.S.A. 18A:18A-42).

The goal of the Elizabeth Board of Education (hereafter referred to as “Elizabeth BOE” or “the BOE”) in administering the Energy Savings Improvement Program (ESIP) is to implement an energy efficiency project that is environmentally responsible and economically beneficial to the BOE.

The ESIP will be designed to conserve energy and improve energy efficiency within the specified facilities through the implementation of energy conservation, capital improvements, and other measures (“Energy Conservation Measures” or “ECMs”). The ECMs are financed such that the verified energy cost savings that result from implementation of the ECMs exceeds the debt service payments and savings are realized throughout the term of financing.

To this end, on July 9, 2020, the Elizabeth Board of Education issued a Request for Proposals (“RFP”) to select an Energy Services Company (ESCO), certified by the New Jersey Department of Treasury and Division of Property Management and Construction, to develop a comprehensive, customized Energy Savings Plan (ESP) that can be implemented through a performance-based ESIP. The BOE would administer the RFP, evaluate proposals received in response to the RFP, recommend a successful respondent (“Successful Respondent”), and pass a resolution to award an Energy Service Agreement to the Successful Respondent.

It is the BOE’s intent to develop and finance energy efficiency upgrades at the following thirty-five (35) facilities totaling approximately 3,536,629 sq. ft.:

George Washington/Jerome Dunn Academy, 250 Broadway	Winfield Scott School, 125 Madison Ave.
Nicholas S. La Corte – Peterstown School, 700 Second Ave.	Joseph Battin/McAuliffe School, 300 South Broad St.
Mabel G. Holmes School, 650 Bayway Ave.	Toussaint l’Ouverture-Marquis de Lafayette School, 1071 Julia St.
Terence C. Reilly School, 436 First Ave.	Elmora School, 638 Magie Ave.
Benjamin Franklin School, 248 Ripley Pl.	Abraham Lincoln School, 50 Grove St.
Christopher Columbus School, 511 Third Ave.	Madison-Monroe School, 1091 North Ave.
Robert Morris School, 860 Cross Ave.	Woodrow Wilson School, 529 Edgar Rd.
John Marshall School, 521 Magnolia Ave.	Victor Mravlag School, 132 Shelley Ave.
Nicholas Murray Butler School, 631-357 Westminster Ave.	Sonia Sotomayor School, 525 First Ave.
Orlando Edreira Academy, 1014 Elmora Ave.	Dr. Antonia Pantoja School, 505-517 Morris Ave.
Juan Pablo Duarte – Jose Julian Marti School, 25 First St.	Dr. Albert Einstein Academy, 919 North Broad St.
Chelssie Dentley Roberts, 730 Pennsylvania Ave.	Frances C. Smith Center of Early Childhood Development, 1000 South Elmora Ave.
Donald Stewart School, 544 Pennsylvania Ave.	Dr. MLK, Jr. School, 130 Trumbull St.
Alexander Hamilton Preparatory Academy, 310 Cherry St.	Dwyer-Halsey Academies & Dunn Sports Center, 123 Pearl St.
Dwyer 9 th Grade Annex, 501 Union Ave.	Halsey 9 th Grade Academy (Sam E. Aboff), 681-689 South St.

Thomas Jefferson Arts Academy, 27 MLK, Jr Plaza	Thomas A Edison Career and Technical Academy, 625 Summer St.
Edison 9 th Grade Academy, 425 Grier Ave.	Frank J. Cicarell Academy, 40 Morrell St.
J. Christian Bollwage Academy of Finance, 447 Richmond St.	

The purpose of this evaluation report is to provide the Elizabeth BOE with a background of the RFP process and an evaluation of the proposals received. The report serves to recommend the proposal that provides the best overall value to the BOE based on the evaluation criteria provided.

B. Evaluation Team and Selection:

To evaluate the received proposals, the BOE organized an evaluation team (Evaluation Team) comprised of Harrold Kennedy, Business Administrator; Luis Couto, Director of Plant, Property and Equipment; Luis Milanes Jr, Coordinator of Mechanics; and Mario Rodrigues, Purchasing Agent. The Team also consisted of Ryan Scerbo, Esq. of DeCotiis, FitzPatrick, Cole & Giblin, LLP general counsel to the BOE; Scott E. Mihalick of SSP Architects, and Andrew Conte and Bojan Mitrovic of Gabel Associates, Inc., the energy consultant to the BOE.

The Evaluation Team also assisted in developing the RFP and administering the procurement process. As part of this effort and in compliance with the competitive contracting pursuant to the Public School Contracts Law, N.J.S.A. 18A:18A-4.1 et. seq., the Evaluation Team conducted a comprehensive evaluation of the proposals received in response to the RFP based on price and other factors.

Under the RFP, the BOE retains sole discretion to select a Successful Respondent.

This procurement and evaluation process was undertaken in accordance with the competitive contracting provisions of the Public School Contracts Law pursuant to (i) Division of Local Government Services (DLGS) Local Finance Notice 2009-11, dated June 12, 2009, Implementing an Energy Savings Improvement Program P.L. 2009, c.4, as amended by P.L. 2012, c. 55 and specifically sections 1 through 5 of P.L.1999, c.440, as amended.

C. Evaluation Criteria:

The Evaluation Team undertook a legal, economic, and technical review of the proposals to assess them in accordance with the Evaluation Criteria set forth in the RFP.

At the core of the BOE's evaluation is fully understanding the qualifications and having strong confidence in an ESCO's financial strength, project team, project references, financial terms and fees. Of additional importance is the ESCO's stance on vendor neutrality. Because many energy performance contracting firms also manufacture and produce equipment that may already be used in the BOE's facilities, it is important that an ESCO remain vendor neutral so that it can select the equipment that is best suited to meet the BOE's needs.

After reviewing all aspects of the submitted proposals, the Evaluation Team conducted interviews with Respondents whose proposal were deemed legally compliant in accordance with the terms of the RFP. During the interviews, Respondents were able to provide additional clarifications and explanations of their proposals. The proposals were then evaluated and scored in accordance with the weighted Evaluation

Criteria published in the RFP and prepared prior to the receipt of proposals. The Evaluation Criteria has a total potential score of 100.

Proposals were evaluated and scored on the basis of the following criteria:

	Evaluation Criteria	Points
1.	Company Overview and Qualifications	20 Points
2.	Approach to Energy Savings Plan Development & Implementation	25 Points
3.	Ability to Implement Project	15 Points
4.	Project Comprehensibility & Energy Savings Projections	25 Points
5.	ESCO Fees Proposal	15 Points
	Total	100 Points

D. RFP Responses, Evaluation Summary and Recommendation:

On October 15, 2020 the Elizabeth Board of Education received proposals in response to the RFP from two (2) qualified Energy Services Companies (“Respondent(s)”):

- Willdan Energy Solutions; and
- Honeywell

Each Respondent went through a full technical and economic evaluation and each attended an oral interview hosted and conducted by the Evaluation Team. The Evaluation Matrix below outlines the scoring of each Respondent in each of the five (5) evaluation criteria.

Evaluation Criteria	Max Points	Willdan	Honeywell
Overview & Qualifications	20 points	13	19
Approach to ESP Development and Implementation	25 points	17	23
Ability to Implement Project	15 points	10	14
Project Comprehensibility and Savings	25 points	16	23
ESCO Fee Proposal	15 points	15	11.5
Total	100	71	90.5

With respect to the fee proposals, the table below summarizes the total fee mark-up proposed by each Respondent as provided in Form V of the RFP. The total fee mark-up is expressed as a percentage of the hard costs associated with the ESP and is inclusive of the ESCO's project service fees including: Investment Grade Energy Audit (IGEA); Construction Management and Project Administration; System Commissioning; Training; and ESCO overhead and profit.

Willdan	Honeywell
19.15%	24.9%

Appendix 1 provides a detailed breakdown of the proposals that were submitted on Form V by the Respondents and includes estimated project hard costs, engineering and construction fees, ESCO's overhead and profit and an optional savings guarantee fee

In summary, each Respondent was able to show that it is a highly qualified energy performance contractor with the necessary engineering, project management resources and financial capability to successfully complete an ESIP project for the BOE. However, the Evaluation Team has scored the proposals and based upon the results of the Evaluation Matrix, the Team determined that Honeywell's proposal is the most advantageous to the BOE.

Among the Respondents, Honeywell's proposal demonstrates that it is a financially strong public company with significant experience, local presence, and is capable of providing a comprehensive approach to the BOE's ESIP. In addition to innovative ECMs and significant sustainability and training components, Honeywell's proposal provides competitive pricing and comprehensive ECMs. Honeywell will not charge any fees following their completion of the first phase of the IGEA if the BOE elects for any reason not to proceed any further with the ESIP. Furthermore, if the final project costs of the improvements should be procured at less than the IGEA budget, then the savings would belong solely to the BOE.

The measures included in Honeywell's proposal were innovative and the project team was knowledgeable on all relevant subject matters. Honeywell successfully demonstrated that it has substantial New Jersey and nation-wide experience, a positive local presence, and is capable of providing complex financial support and a comprehensive approach to the BOE's ESIP.

Due to their high score through the evaluation process and based on the reasons set forth in this Evaluation Report, the Evaluation Team recommends that the Elizabeth BOE select Honeywell as the Successful Respondent and proceed with an award of the ESIP.

Overview of RFP

On July 9, 2020, the Elizabeth Board of Education (“the BOE”) issued an RFP to select an Energy Services Company (ESCO) to develop and implement an Energy Savings Plan (ESP) through an Energy Savings Improvement Program (ESIP). The awarded ESCO will propose financing arrangements to fund energy conservation improvements through contracts in which the costs of the improvements are supported (and exceeded) by the savings produced by the improvements. The BOE issued the RFP with the goal of selecting the most qualified ESCO for the purpose of obtaining the maximum amount of energy savings and energy improvements, as permitted by law.

As required by the ESIP process, the RFP was reviewed and approved by the Board of Public Utilities prior to its issuance.

The RFP contained a preliminary feasibility assessment performed by TRC as part of the BPU's Local Government Energy Audit (“LGEA”) program. The Respondents were required to evaluate the information provided in the LGEA in addition to attending a **mandatory** site inspection(s) and conduct an analysis of historical utility usage data. These informational items and assessments serve as the foundation on which interested ESCOs would base their preliminary ESP proposals in response to this RFP. Respondents were also required to attend a mandatory pre-proposal conference on July 27, 2020.

Respondent proposals for a preliminary ESP and its implementation are required to be prepared in accordance with the requirements of the RFP and must fully comply with the:

- Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq.
- Energy Savings Improvement Program Law, P.L. 2009, c. 4, N.J.S.A. 18A:18A-42
- Local Finance Notices 10 and 11, 2009-Implementing an Energy Savings Improvement Plan, as issued by the Local Finance Board in the Department of Community Affairs, Division of Local Government Services.
- Board of Public Utilities Regulations, Orders, Directives Guidelines and Protocols

Respondents were required to submit Form V utilizing the findings in the LGEAs and were permitted and encouraged to submit additional ECMs that would provide added energy and/or monetary savings for the BOE.

Proposals were to be evaluated based on price and non-price criteria, in accordance with competitive contracting provisions of the Public School Contracts Law. This procurement and evaluation process was to be undertaken in accordance with the competitive contracting provisions of the Public School Contracts Law pursuant to (i) Division of Local Government Services (DLGS) Local Finance Notice 2009-11, dated June 12, 2009, Implementing an Energy Savings Improvement Program P.L. 2009, c.4, and specifically sections 1 through 5 of P.L.1999, c.440, as amended.

As a result of this RFP process, the selected ESCO will act as General Contractor (“GC”) for this program and will implement all mutually agreed upon Energy Conservation Measures (“ECMs”) comprising the BOE’s Energy Savings Plan through an Energy Savings Improvement Program, in accordance with all public

procurement policies applicable to the BOE. Acting as GC, the selected Proposer will (i) develop and finalize the Energy Savings Plan that is customized to specifically address the needs and requirements of the BOE, (ii) design and prepare all construction plan documents and bid specifications for project implementation, (iii) arrange for all necessary program financing, (iv) identify and apply for all energy-related grant/rebate/incentive programs available to the BOE, and (v) contract with and supervise all subcontractors retained through a competitive bidding process, including contracting for the installation of all mutually agreeable scopes of work. The awarded ESCO will be responsible for providing all project and construction management services over all selected subcontractors during the construction phase of the project.

The proposed contract will contain the terms and conditions set forth in the Request for Proposals (RFP) and the applicant's response, to the extent the latter are consistent with the RFP.

The RFP also detailed specific evaluation criteria to be used to select the ESCO. The criteria and relative points are discussed more fully in the next section.

Evaluation Summary

To evaluate the proposals, the BOE organized an Evaluation Team and developed the Evaluation Criteria prior to the issuance of the RFP. The Evaluation Criteria categories and values outlined in the RFP are as follows:

1. Company Overview and Qualifications 20 points
 2. Approach to Energy Savings Plan Development 25 points
and Implementation
 3. Ability to Implement Project 15 points
 4. Project Comprehensibility and Energy 25 points
Savings Projections
 5. ESCO Fees Proposal 15 points
- Total 100 points**

The Respondent with the top ranking will be recommended for award as the Successful Respondent. The evaluation summary chart below depicts the ranking of the two Respondents based on the cumulative points awarded in each of the 5 criteria.

Evaluation Criteria	Max Points	Willdan	Honeywell
Total	100	71	90.5

Honeywell was awarded the most points (90.5). The following sections include a detailed breakout of each of the above criteria for each Respondent.

1. Company Overview and Qualifications (20%)

The evaluation criteria for this area, as referenced in the RFP, is as follows:

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 clients for which Proposer has successfully implemented an ESIP-type project within the last five years, in which energy savings were calculated and verified as occurring in a manner consistent with projected results. A brief summary of three 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 ability to meet its obligations for the implementation of the project and any guaranties. Proposer shall also include information on non-performance and shall list all projects that: have cancelled or non-appropriated, have past or pending lawsuits or litigation with a customer, have been reimbursed for non-performance on guaranteed savings, or have past "out of court" settlements.

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 most recent fiscal years. If Proposers are submitting a response as a joint venture or as part of team, Proposers are required to provide the same annual reports and financial statements for each additional team member or joint venture partner.

The Evaluation Team focused on the financial strength, experience, and composition of company ownership, as well as willingness and experience working with local and minority/LGBTQ/women- owned businesses.

Summary of Evaluation Results:

Evaluation Criteria	Max Points	Willdan	Honeywell
Overview & Qualifications	20 points	13	19

Willdan Energy Solutions

Willdan Energy Solutions is a publicly traded company, founded in 1964. Its core business includes engineering consulting, engineering design, construction services, commissioning, and energy performance contracts. Currently, it employs 1,200 professionals nationwide. In New Jersey, Willdan has two offices with its main office located in Edison which is approximately 16 miles from Elizabeth.

Willdan completed more than \$500 million in energy-related projects nationwide for a large number of private, state, and local government customers. As per its proposal, energy and sustainability services represent 72% of Willdan's business, with the largest number of projects currently being completed in or around New York City. Willdan is not owned or affiliated with any public utility or equipment manufacturer or equipment distributor. On the other hand, based on the included organizational chart, Willdan will partner with several companies during both design and construction phases of the project (USA Architects, Johnson & Urban Engineers, Pinnacle Construction, and KS Engineers).

As requested in the RFP, each proposer needed to provide references to up to six ESIP-type projects completed within last five years. Willdan provided the following New Jersey-based references within its proposal:

- Wanaque Board of Education (estimated project cost: \$1.84 million)
- Sayreville Board of Education (estimated project cost: \$7.4 million)
- Salem County (estimated project cost: \$4.5 million)
- Kenilworth Board of Education (estimated project cost: \$4.4 million)
- Lyndhurst Board of Education (estimated project cost: \$7.2 million)
- Maplewood Township (estimated project cost: \$230,000)

In addition to the references above, Willdan provided five more projects completed in other states. Upon further review, it was determined that all the referenced New Jersey ESIP projects are yet to be completed, and that most of the other projects were completed outside of the required period of 5 years.

Willdan provided certified financial statements for fiscal years 2017, 2018, and 2019 as well as a relevant reference of a banking partner (BMO Harris Bank). As a public company, Willdan reports consolidated financials and is independently audited by KPMG LLP in Los Angeles, California. The respondent did not provide a detailed audit report or accounting notes, and referred instead to the company's public financials on its investor relations website (www.ir.willdangroup.com). The company reports \$443 million in revenue for FY19, up from \$272M in FY18. Willdan common stock trades on the Nasdaq Global Market under the symbol "WLDN". The respondent's submittal demonstrated strong financial strength, the ability to remain well capitalized and has the financial strength to stand behind its project guarantees.

Based on its proposal and performance during the interview, Willdan has assembled a qualified team capable of executing an ESIP project. However, primarily due to the lack of relevant completed New Jersey ESIP experience as an ESCO, Willdan Energy Solutions was awarded 13 points for this category.

Honeywell

Honeywell is a Fortune 100 company with annual sales exceeding \$36 billion and operates in more than 100 countries. While Honeywell International, Inc. has many lines of business including Building Controls, Aerospace, Industrial Automation, Specialty Chemicals and Automobile Components, approximately 50% of their annual revenue comes from products and services in the energy efficiency and renewable energy markets. While Honeywell's global headquarters is located in Charlotte, NC, locally it has six offices within the state of NJ, and its main office is located in Morris Plains, which is approximately 22 miles from Elizabeth, NJ.

Since 1979, Honeywell has designed, developed, and executed over 7,000 Energy Performance Contracts nationwide and guaranteed over \$6 billion in energy and operational savings. Furthermore, Honeywell has substantial experience with New Jersey ESIPs, having completed (or currently in construction) and independently verified 36 ESIP projects worth over \$237 million, resulting in over \$16.6 million in annual savings.

The following is a sample of ESIP projects that have been successfully completed by Honeywell with the energy savings independently verified under full compliance with the NJ ESIP guidelines:

- Old Bridge Board of Education
- School District of the Chathams
- West Morris Regional High School District
- Parsippany-Troy Hills School District
- Hillsborough Township School District
- Bridgewater-Raritan School District

Honeywell's projects range in size from as large as \$15.1 million for Old Bridge Board of Education to as small as \$3.1 million for West Morris Regional High School District. Honeywell's role in its ESIP projects has included an Investment Grade Energy Audit, Design Engineering, Project Management, Commissioning, Performance Measurement and Verification and Warranty Services.

Honeywell provided certified financial statements for fiscal years 2017, 2018, and 2019, as audited by PricewaterhouseCoopers, LLP. The firm also provided a relevant reference of a banking partner (JPMorgan Chase Bank). As a large, global company with diversified operations, Honeywell provides consolidated financials reported as a public company. The respondent did not provide a detailed audit report or accounting notes, and referred instead to the company's public financials on its website (www.honeywell.com). Honeywell is traded on the NYSE (as well as other international markets), is part of the S&P 500 index portfolio, and has been rated "A" by S&P. Honeywell reports that they have been rated "investment grade" by Wall Street analysts, and that they have been rated "A2" by Moody's. Honeywell's submittal demonstrated financial strength, the ability to remain well capitalized and has the financial strength to stand behind its project guarantees. Honeywell has the bonding capacity to exceed the size of a potential program to be implemented for Elizabeth Public Schools.

Honeywell's proposal and performance during the oral interview demonstrated a high level of knowledge in energy savings technologies, NJ ESIP procedures, and financial strength, to implement an ESIP for the Elizabeth Board of Education. *Honeywell was awarded 19 points for this category.*

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

This evaluation criteria referenced in the RFP as follows:

Proposals will be evaluated based upon whether the technical approach demonstrates a clear understanding of the scope of work and meets the Board’s energy efficiency objectives and is complete and responsive to the specific RFP requirements. The Proposal shall include a response specifically based on the LGEA information provided as well as the Proposer’s preliminary ESP, which shall be based upon the Board’s independent energy audit report, Proposer’s analysis of the 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.

Summary of Results:

Evaluation Criteria	Max Points	Willdan	Honeywell
Approach to ESP Development and Implementation	25 points	17	23

Willdan Energy Solutions

Willdan proposed a base case project, meeting the RFP’s direction of a 15-year payback project with a 5.0% interest rate. In addition, Willdan proposed two alternate options, one of which utilized a 2.2% interest rate, and one which factored in a 20-year payback with a 2.3% interest rate. All proposals appeared to show compliant projects in terms of payback duration, positive annual cash flow, and energy savings.

The RFP included a stipulation (issued in Addendum #2) that the base proposal should not include a solar PPA. However, all of the three proposals provided by Willdan included solar PPA projects. The PPA component of the ESIP as proposed by Willdan was significant, with the amount of annual savings (\$892,009) accounting for approximately one-third of the overall annual savings for each option. Additionally, Willdan did not provide any backup or documentation describing how they arrived at the 21 MW solar system sizing or the breakout of that system across the schools. A matrix was provided, showing solar being planned for all school buildings except for one building, which is not feasible, given the district’s roofing conditions as well as the physical

layout and obstructions means that solar is not appropriate at every school site. When questioned during the interview, Willdan indicated that they based their findings from a roof report (with unknown origins), and suggested that they may need to recoat some areas of roof, potentially utilizing a spray foam system (which is not a recommended approach, particularly for underneath a solar system). Ultimately, a significant portion of Willdan's project is dependent on successful execution of a large solar PPA, which the evaluation team feels is neither appropriate nor achievable. Because all options included a solar PPA, the evaluation team was not able to review what a non-solar PPA option from Willdan would look like.

Willdan's proposed ESP was comprehensive, targeting many of the high priority items including equipment replacement, lighting, and BMS work. Willdan included replacement of between 113 and 608 unit ventilators (depending on the option chosen), not all of which are in need of replacement, some being on the order of fifteen or so years old.

Willdan proposed engaging a team of subconsultants to execute this project. In addition to their own in-house energy management experience, they will be relying on assembling a team of four other outside consultants, including engineering, permit expediting, and construction management. When questioned during the interview, Willdan advised that their in-house personnel would continue to remain the point of contact throughout construction, but that the construction management consultant (Pinnacle) would be supplementing Willdan's own services.

While not overly experienced at running an ESIP project in New Jersey as the directly contracted ESCO, Willdan exhibited significant background and experience in working on similar types of projects elsewhere throughout the country. They appeared to present a slightly conservative approach to achieving incentives and rebates, which is not inappropriate at this early stage. Furthermore, their in-house team's ability to provide auditing and energy savings calculations appeared to be solid, as was their plan for measurement and verification.

In terms of the energy savings guarantee, Willdan proposed a rate of 1.25% of the hard cost of construction for M&V services associated with a potential guarantee, meaning that the cost of the guarantee would fluctuate based on the final ESP. When compared to Honeywell's flat fee of \$145,000, Willdan's cost becomes the greater of the two for any project with a hard construction cost in excess of \$11,600,000.

In summary, the Willdan approach did not inspire confidence in the evaluation committee. Willdan exhibited technical expertise and a solid understanding of energy calculations and measurement and verification, but their ability to respond to the project parameters and successfully manage the full team was not made clear during the proposal or interview process.

Willdan Energy Solutions was awarded 17 points for this category.

Honeywell

Honeywell proposed a base case project, meeting the RFP's direction of a 15-year payback project with a 5.0% interest rate. In addition, Honeywell proposed three alternate options, one of which utilized a 1.9% interest rate, and two of which factored in a 20-year payback with a 2.4% interest rate. Both the base option and the fourth option did not include solar, while the other two options did. All proposals appeared to show compliant

projects in terms of payback duration, positive annual cash flow, and energy savings. The way in which these options were presented, showed Honeywell's approach to be flexible based on the district's chosen direction. During the interview, Honeywell noted that they could proceed with a 15 or 20 year project, with or without solar, and would work with the district to finalize a plan that met the district's energy savings goals.

For the two options where Honeywell proposed solar, their system was limited to five schools, totaling an 849 kW system size. This modest solar system size amounted to approximately 4% of the savings projected, meaning that the viability of the Energy Savings Plan is not dependent on solar. While solar is an attractive opportunity to take advantage of to leverage additional ECMs, it is not a critical "make or break" component that will severely impact the ESP if it is not included.

Honeywell's proposed ESP was comprehensive, targeting many of the high priority items including equipment replacement, lighting, and BMS work. Given that Honeywell has been providing service to the district over the past several years and has previously provided similar ESIP-type services through a competitive contract, their team was very knowledgeable about the existing equipment and conditions.

Honeywell proposed engaging LAN Associates for the MEP engineering; LAN has worked both with Honeywell as well as with the Elizabeth BOE, on various projects in the past. Otherwise, the Honeywell team will handle all of the work in-house, including energy planning, construction management, and M&V.

Honeywell exhibited significant experience and expertise with overseeing New Jersey public school ESIP projects. Their portfolio included 35 completed or in progress ESIPs, with a contract value of over \$237 million, and guaranteed energy savings of \$15.5 million. The individuals that Honeywell plans to staff the project with are experienced both with New Jersey ESIPs and have long track records doing this work with Honeywell.

Honeywell proposed between \$1.7 million and \$2.7 million in energy incentives and rebates, including through the P4P program. This amount appears high, and the evaluation team felt that this may have been an overly aggressive target. However, the ability of the Honeywell in-house team to provide auditing and energy savings calculations appeared to be solid, as was their plan for measurement and verification.

In terms of the energy savings guarantee, Honeywell proposed a flat fee of \$145,000, regardless of the project scope or size, for M&V services associated with a potential guarantee. In contrast, Willdan proposed a rate of 1.25% of the hard cost of construction. When comparing the fees, Willdan's cost becomes the greater of the two for any project with a hard construction cost in excess of \$11,600,000.

In summary, Honeywell outlined a proven approach, based on their significant experience doing similar projects throughout the state over the past decade. Honeywell was able to convey that their technical expertise, when coupled with their extensive experience running New Jersey ESIP projects, would be a benefit to the district.

Honeywell was awarded 23 points for this category.

3. Ability to Implement Project (15%)

The evaluation criteria, as referenced in the RFP, is written as follows:

*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 **December 31, 2022**.*

Summary of Results:

Evaluation Criteria	Max Points	Willdan	Honeywell
Ability to Implement Project	15 points	10	14

Willdan Energy Solutions

Willdan’s proposed team of subconsultants included Johnson & Urban, KS Engineers, USA Architects, and Pinnacle Construction. Aside from Johnson & Urban providing MEP engineering, the roles of these firms were not identified in the proposal. Section G-3 of the proposal, “Project Development and Management Overview,” did not delineate the roles offered by each company, instead remaining silent on the division of work as though it was all being accomplished by Willdan’s own in-house resources. When questioned during the interview, Willdan offered that the firms would be providing MEP engineering (Johnson & Urban), permit expediting (KS Engineers), and construction management (Pinnacle). USA’s role was not identified. It was not clear if this team had worked together in similar roles on other projects, or if this would be the first venture of this particular group of professionals. Overall, through both the proposal submission as well as the interview, the team did not inspire confidence or organization among their disparate parties.

Willdan’s schedule included completing the IGEA for August 2021, bidding in August 2022, and working on site from September 2022 through August 2023. The time required for completing the IGEA and for design/bidding seemed excessive and pushed the completion of the project beyond the date stipulated in the RFP. When questioned during the interview, Willdan indicated that they would be open to compressing the schedule if possible.

Willdan was awarded 10 points for this category.

Honeywell

Honeywell presented a team comprised of their own in-house personnel who would manage all facets of the project. Their engineering subconsultants have worked with Honeywell and with EPS in the past. Honeywell’s ESIP experience and expertise, combined with their knowledge of BMS controls systems in general and EPS’ facilities in particular, is a benefit to the district.

Honeywell provided two schedules in their submission. The first, under Section I, showed the IGEA being finalized in August 2021, design and bidding through November 2021, and work on site from March 2022 to December 2022, bringing their schedule in compliance with the RFP. However, Honeywell also presented that they could move much more quickly, completing the IGEA and ESP for third party review by January 2021, bidding and financing through May 2021, with work starting on site in July 2021. Honeywell acknowledged that this schedule was extremely aggressive but was possible because of their historical knowledge of the facilities. However, the evaluation team expressed some concern that this expedited schedule did not allow for sufficient time for EPS and Gabel/SSP's review and input. Regardless, any schedule that fell between the two outlined in Honeywell's proposal would meet the intent of completing the work by December 2022.

Honeywell was awarded 14 points for this category.

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

The following evaluation criteria are referenced in the RFP:

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 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: ESCO’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, 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.

Summary of Results:

Evaluation Criteria	Max Points	Willdan	Honeywell
Project Comprehensibility and Savings	25 points	16	23

Each proposer was required to submit Form V based on the project size and scope outlined in the LGEA reports included in the RFP. Additionally, each proposer was encouraged to evaluate other energy and non-energy saving measures specific to the operation of public schools.

It is the understanding of the Elizabeth Board of Education that the proposed scope of work identified is preliminary in nature and that the final project is subject to the BOE’s collaboration and approval. Therefore, the ratings and written evaluations focus on the number, the comprehensiveness, and the innovation of all proposed measures as well as the cost to the BOE of the optional guarantee as proposed by each of the respondents.

Willdan Energy Solutions

Willdan Base Project (15-year term at 5% interest rate) consists of forty-two (42) different ECMs across all 35 sites. These include the following major ECMs: a district-wide LED lighting installation strategy (35 sites) ; boiler replacement at fifteen sites; building management system upgrades (all sites); rooftop unit replacement at 25 sites, chiller replacement at 6 schools, upgrade of constant volume fans with VFDs at 21

sites, as well as unit ventilator replacement (4 sites). In its base proposal, Willdan also included Solar Power Purchase Agreement (PPA) projects at 34 sites. Additional recommendations include replacement of chillers; rooftop units; roof renovation/repair; furnace replacement; window AC replacement; installation of window films; weather stripping and air sealing; cooling tower replacement; premium efficiency motors; demand control ventilation; and VFD installation of various pumps and fans. Finally, a small Combined Heat and Power (CHP) unit installation is recommended at the one site.

As per Form V of the proposal, the total capital net investment was \$35 million, of which \$29.4 million is hard costs and \$5.6 million is total service fees. Total energy savings over the 15-year term were calculated to exceed \$32.7 million. These energy cost savings would result in a net cash-flow over 15 years of approximately \$281,500 (\$18,767 annually).

The proposed project scope will result in a reduction of over 22.7 million kWh and over 117,000 therms of natural gas. However, it is important to note that about 11 million kWh or 49% of all projected kWh savings are attributed to the Solar PPA project. In addition to the energy savings, Willdan has identified approximately \$2 million in energy rebates and incentives and \$430,000 in operational savings. During the interviews, Willdan indicated that no additional costs were included to offset equipment replacement that has less than a 15-year life expectancy. As per Form V of the proposal, the annual service fee associated with the savings guarantee option is \$445,201, which represents 1.25% of total hard costs. It is important to note that this cost is significantly higher compared to the other bidder.

In addition to the mandatory Scenario 1 option, Willdan Energy Solutions included two more scenarios which include 15-year, 2.2% and 20-year 2.3%. The total project value of these options is \$42.4 million and \$49.6 million, respectively.

The scope of work presented in Willdan's proposal appears to be more comprehensive when compared to the LGEA audit. However, as indicated above, a significant portion of energy savings in the proposal was attributed to a district-wide PV Solar Power Purchase Agreement (PPA) project, estimated at 21 MW across all locations. Based on prior feasibility studies which include considerations such as available roof space, shading, roof obstructions and condition of different roof surfaces, installation of a PPA project of this size appears to be extremely unlikely. As a result, for the purpose of this review, the proposed scope was considered without the Solar PV option and, as such, it was found that the estimated payback of the mandatory Scenario 1 option was approximately 16.7 years, also creating negative net cash-flow for the BOE.

After evaluating the proposed technologies, the energy cost calculations and projections, and the net economic benefit, and reliance on solar PPA savings, Willdan Energy Solutions was awarded 16 points for this category.

Honeywell

Honeywell's Base Project proposal (15 years at 5% interest) includes an extensive list of strategic and innovative ECMs. The most cash intensive recommendations are¹: an all LED lighting strategy at all locations; boiler replacement in eight (8) schools; building management system twenty (20) sites; rooftop unit

¹ Note: major ECMs listed only

replacements at eleven (11) sites; chiller replacement at six (6) schools and various building envelope improvements at 34 locations. Additional significant improvements include installation of destratification fans; plug-load management; boiler burner controls; kitchen hood controls; refrigeration unit compressor control and motor replacements; steam trap replacement; and computer power management, among others.

As per Form II of the proposal, the project scope includes approximately 20 unique ECMs, which will result in a reduction of over 11 million kWh and over 279,000 therms of natural gas. Honeywell proposed a total project cost of \$22.5 million (\$18 million estimated value of hard costs plus \$4.5 million construction fees) and has calculated total energy savings over the 15-year term to exceed \$30 Million. Honeywell also included additional recommendations as optional and the total hard costs of these measures was estimated at close to \$20 million².

Honeywell has also identified approximately \$1,725,000 in energy rebates and incentives and \$1,129,000 in operational savings. This results in a net cash flow of approximately \$1,215,000 – which is significantly higher than the other respondent’s proposal. Please note that Honeywell did not include 3rd P4P in its proposal, which was estimated at approximately \$862,000. With this additional rebate, the total cumulative cash flow would exceed \$2 million. The estimated payback of the Scenario 1 option (based on total costs) is approximately 11.7 years. The M&V fee associated with the savings guarantee option is a flat fee of \$145,000 annually, rather than a percentage of the final hard costs. This guarantee fee is significantly lower compared to the fee provided by the other respondent. During the interviews, Honeywell also indicated that no additional costs were included to offset equipment replacement that has less than 15-year life expectancy.

In addition to the mandatory Scenario 1 option, Honeywell included three more Scenarios which include 15-year, 1.9%, 20-year 2.4% with PV solar and 20-year 2.4% option without solar installation. The total project value of these options is \$31 million, \$40 million, and \$35 million, respectively.

After evaluating the proposed technologies, the energy cost calculations and projections, and the net economic benefit, the risk of not achieving savings, potential cost and fees, Honeywell was awarded 23 points for this category.

² For the purpose of evaluating total project size, optional recommendations listed in Form II of the proposal were not taken into considerations

5. ESCO Fees Proposal (15%)

This evaluation criteria are referenced in the RFP as follows:

*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 encompass 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 fees 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 Board shall notify the awarded ESCO in writing of the Board's selection after the Board has determined, after taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Board.

Summary of Results:

Evaluation Criteria	Max Points	Willdan	Honeywell
ESCO Fee Proposal	15 points	15	11.5

For this category, the Respondents were evaluated based on their proposed percentage of hard costs outlined on Form V. Each Respondent's proposed fees were inclusive of the following required criteria: Investment Grade Energy Audit; Design Engineering; Construction Management and Project Administration; System Commissioning; and Equipment Training. The Respondents also included fees for Overhead and Profit. Additionally, each Respondent complied with the RFP requirement of utilizing an interest rate of 5%.

Respondents were awarded points based on an objective calculation. The lowest Respondent was given the maximum 15 points for this category and each bidder thereafter was awarded a number of points based on proportion of its rate vs. the lowest rate (i.e. 22% vs. 20% would result in 1.36-point reduction).

The following calculation was applied: $(1/(Y/X))*15$, where X is the lowest submitted bid and Y is the Respondent's proposal.

A detailed summary of the proposed prices can be found in Appendix 1.

Recommendation – Successful Respondent

Based upon the financial, technical and administrative reviews that were conducted by the Evaluation Team, the Proposals submitted by Willdan Energy Solutions and Honeywell in response to the RFP comply with the requirements prescribed in this RFP. Based on the evaluation criteria provided for in the RFP and a detailed review of each proposal against such criteria as outlined in this evaluation report, Honeywell was awarded the highest point total of 90.5 points out of 100 points. The Evaluation Matrix totals are shown below.

Evaluation Criteria	Max Points	Willdan	Honeywell
Total	100	71	90.5

Accordingly, the Evaluation Team recommends that the Elizabeth Board of Education designates Honeywell as the Successful Respondent.

The complete and detailed proposal submitted by Honeywell, as well as their performance during the oral interviews, gives the Evaluation Team the confidence and comfort that Honeywell will adhere to all of the BOE’s requirements and complete all of the tasks on time, on budget and with a pleasant work experience. The references provided by Honeywell felt strongly that their performance would exceed the expectations of the BOE.

Additionally, due to Honeywell’s close proximity to the Elizabeth Board of Education and its innovative and comprehensive project plan, the Evaluation Team believes that Honeywell has exhibited the strongest ability to service the BOE and successfully implement the ESIP project. Therefore, it was determined that Honeywell proposal is the most advantageous to the BOE.

Attachment 1 provides a bid summary for both Respondents.

Attachment 1 -Bid Summary (15 years at 5%)

PROPOSED CONSTRUCTION FEES			Willdan		Honeywell	
Fee Category	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs
Estimated Value of Hard Costs ⁽²⁾ :	\$29,416,112		\$18,059,430			
Project Service Fees						
Investment Grade Energy Audit	882,483	3.00%	\$343,129	1.90%		
Design Engineering Fees	1,470,806	5.00%	\$1,119,685	6.20%		
Construction Management & Project Administration	1,470,806	5.00%	\$993,269	5.50%		
System Commissioning	220,621	0.75%	\$180,594	1.00%		
Equipment Initial Training Fees	117,664	0.40%	\$54,178	0.30%		
ESCO Overhead	735,403	2.50%	\$1,264,160	7.00%		
ESCO Profit	735,403	2.50%	\$541,783	3.00%		
Project Service Fees Sub Total	5,633,185	19.15%	\$4,496,798	24.90%		
TOTAL FINANCED PROJECT COSTS:	35,049,297		\$22,556,229			

PROPOSED ANNUAL SERVICE FEES			Willdan		Honeywell	
Fee Category	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs	Fees ⁽¹⁾ Dollar (\$) Value	Percentage of Hard Costs
SAVINGS GUARANTEE (OPTION)	\$367,701	1.25%	\$0.00	0%		
Measurement and Verification <i>(Associated w/ Savings Guarantee Option)</i>	Included above		\$145,000	Flat Fee		
ENERGY STAR™ Services (optional)	Included above		Included			
Post Construction Services <i>(If applicable)</i>	Included above		N/A			
Performance Monitoring	Included above		Included			
On-going Training Services	Included above		N/A			
Verification Reports	Included above		Included			
TOTAL FIRST YEAR ANNUAL SERVICES	\$367,701	1.25%	\$145,000	Flat Fee		