

## Energy Saving Performance Contracting @ Fayette County Detention Center

Council Briefing  
October 7, 2014

## Background

- Detention Center constructed in 1999
- Increasing failure rate of M&E equipment
- Decrease in maintenance staff
- Service contracts for chiller system, server room and kitchen refrigeration
- Utilities about \$1M per year  
\$250k gas, \$250k water, \$500k elec

## Options

- In-House Repair
- Design + Bid + Build
  - Individual procurement
  - Multiple consultants/contractors
  - Duplicity (project overlap)
  - Hypothetical impact
- Performance-Based Contracting (KRS 45A)
  - RFQ for design/build contractor
  - Open book pricing, project selection
  - Sole responsibility (secure facility)
  - Whole-building approach
  - Energy savings are guaranteed

## Performance Contracting

- Upfront time commitment by contractor
  - Qualifications submittal
  - Facility energy audits
  - Proposal development
- Requires annual utilities > \$1M
  - Savings pay for project (~20% typical)
  - Term 10 – 25 years (lighting to HVAC)
- No guarantee of contract

## Timeline

### 2013

Core team & procurement strategy  
RFQ preparation

### 2014

JAN advertised RFQ (5 submittals)  
APR selected Johnson Controls & Siemens  
JUN – AUG facility energy audits  
SEP review of proposals  
OCT contract negotiation

## Siemens Proposal

### Project Scope

11 conservation measures  
Lighting, HVAC and controls  
\$3.2M estimated cost  
\$200,000 first year utility savings  
30% reduction gas & electric

### Under Discussion

Performance verification  
Water conservation projects  
Fire alarm upgrade  
Construction manager

## Financing

Propose self financing

- Low interest bonds (QECB)
- LFUCG energy improvement fund
- \$100,000 grant from state
- (non-energy project funding)

## QECB

- Qualified Energy Conservation Bonds
- Lower cost bond option  
Cash subsidy from US Treasury to lower interest costs
- Must reduce energy by at least 20%
- State has reserved QECB allocation to Lexington
- Have been used by UK, UofL, Lsvl Metro

## Summary

- Equipment approaching end of service life
- Collaborative approach
- Cost-effective means of replacement
- Reduce maintenance & utilities
- Performance guarantee

## Next Few Weeks

- Request approval of ESPC contract
- Authorization to issue QECBonds
- Reallocation of existing funds  
(as necessary)