



Energy Savings Performance Contracting Guidelines for State Agencies

Part 3 Request for Qualifications (RFQ) Template for Texas State Agencies

This document is a guide for preparing a solicitation by a Texas State Agency. An RFQ template is provided in this part of the guidelines.

Note that if this RFQ is utilized for a Public Institution of Higher Education, Local Government or School District, the references to enabling statute needs to be modified accordingly. Also, these entities are not required to have SECO approval of any resulting project unless LoanSTAR funding is utilized.

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REQUEST FOR QUALIFICATIONS (RFQ) TEMPLATE

A - OWNER SUPPLIED INFORMATION

1. Purpose of Solicitation

This solicitation is a Request for Qualifications (RFQ). The purpose is to solicit qualifications from Energy Service Companies (ESCOs) that describe their capabilities to identify, design, install, maintain, monitor, and arrange financing of a comprehensive utility conservation program. This program includes the services listed in this request pursuant to the provisions of Texas law. For the purpose of this RFQ, "ESCO" refers to any entity that is qualified to provide a turnkey utility conservation program that includes the services listed in this request and meets the requirements of the Texas Energy Performance Contracting Guidelines. Owner intends to select an ESCO and to award a single or multiple contract(s) to perform cost-effective utility conservation retrofits.

2. Owner Background

[Insert OWNER Information]

3. Services Requested

Owner proposes to address all utility and water consumption in all of its facilities for this conservation program. Additionally, Owner intends to upgrade outdated and obsolete building equipment and perform utility-related facility improvements through the program.

Owner anticipates a major reduction in annual utility consumption and associated operational costs through the implementation of this utility conservation program. As part of the process, a contract must include provision for monitoring and verification of utility savings and any guaranteed operational savings. If requested, the ESCO shall arrange financing or assist the Owner in procuring the most cost effective funding for the project. The term is not-to-exceed twenty years from the final date of installation.

Owner intends to structure the program's implementation schedule in a manner to minimize its financed capital needs.

Respondents to this RFQ shall identify their experience and qualifications to perform analysis, design engineering, preparation of engineering plans and specifications, installation, commissioning, monitoring and verification of savings, and management of a major utility conservation project that has involved Utility Cost Reduction Measures (UCRM) which address facility components and applications. Such components and applications shall include: lighting, space heating, ventilation, air-conditioning, building envelope, heat recovery, energy and water management systems, environmental system controls, motors, domestic water heating, fuel switching, air distribution systems, or other energy and water conservation related improvements or equipment including improvements or equipment related to renewable energy. Owner also requires a description of the ESCO's qualifications and experience related to training facility occupants and maintenance workers in energy and water conservation awareness.

4. Buildings/Project Description

[Insert building, facility and project details]

5. Procurement Process

a. Owner Publishes RFQ

The Request for Qualifications (RFQ) is the first step in a multi-step process aimed at identifying one or more qualified ESCOs. The RFQ or notice of availability of the RFQ must be published in accordance with state law. The RFQ details the requirements for response, deadlines, and directions for submittal in subsequent sections. This process must conform to provisions of Texas Government Code 2254.004.

b. Selection of Qualified Provider or Short-list of Providers

A committee has been formed to review responses submitted. Based on the selection criteria described in this document, the committee may select a short-list of the most qualified respondents. (Note: The Owner retains the right to select only one respondent at this stage and skip the next two stages to negotiate a contract. The Owner may also determine that no qualified submittals have been received and reject all submittals.)

c. (Optional) Walk-through Site Visit Led by Owner

The short-listed respondents may be provided an opportunity to separately walk through one or more facilities with the Owner to develop an understanding of those facilities and the opportunities for improvements in energy and water efficiency equipment or practices. The owner may also choose to have the respondents conduct a Preliminary Utility Audit (PUA) during this step. (Note: Even if the Owner selected a short-list of respondents rather than only one, Owner may choose to skip this stage and enter into an initial utility audit contract with more than one ESCO in order to obtain some experience with each of the respondents considered most qualified.)

d. Oral Presentation (Optional)

Oral presentations may be required of each of the interested short-listed respondents covering their general qualifications in the field of performance contracting for utility efficiency improvements. This presentation will include each stage of work required, the firm's initial impression of the Owner's facility status, and a likely conceptual approach to improving the efficiency of the facility.

(Owners Note: Adding the walk-through step and/or the PUA step will allow the Owner's selection committee to gain an impression of how knowledgeable the respondent's team is regarding a specific project. Oral presentations, however, may be made only with respect to the respondent's qualifications and the Owner's needs as provided in the RFQ. If oral presentations will be required, the Owner may want to include more building information in the RFQ than would otherwise be provided. Suggested information would include a facility list with conditioned square footage, estimated utility consumption and cost, facility occupancy type (office, warehouse, etc.), and address/location.)

e. Negotiate Utility Assessment Contract

The Owner will select one respondent to provide detailed utility audits of one or more facilities (or all facilities).

f. Prepare Utility Assessment Report (UAR) for Final Project Proposal

The Owner and the selected respondent will negotiate a contract in which the Owner assigns a facility for the respondent to audit and agrees to pay a negotiated fee for performance of this work. The selected respondent will agree to perform the UAR (detailed audit) according to the Energy Performance Contracting Guidelines. The UAR must be performed and sealed by a licensed Texas Professional Engineer working for a firm that is registered with the Texas Board of Professional Engineers.

Owner expects the ESCO to perform the UAR on a contingent basis (i.e. not bill for the audit until the UAR is completed and the project is developed) and roll the agreed upon cost of the UAR into the final project cost. The owner reserves the right to pay for the UAR or finance it with the rest of the project. Owner may expect a minimum level of savings to be guaranteed based on preliminary utility audits that the ESCO performed.

g. Submittal of Final Proposal

The selected respondent will provide a final proposal for the Owner's utility efficiency improvement project. The final proposal will include the completed Utility Assessment Report, documentation of potential utility and operational savings, and all associated implementation costs. It must also include a Measurement and Verification Plan and a Sample Periodic Savings Report.

h. Review and Recommendation of Final Proposal

The Owner's review committee will review the final proposal and either accepts the proposal, accept the proposal with exceptions or modification, or reject the proposal.

i. Negotiate Master Performance Contract

After the Final Proposal is accepted, the selected respondent and the Owner will negotiate a master implementation contract. The Contract will include authority to proceed with final design and installation/construction and detail the payment schedule to the ESCO.

j. Contract Approval and Review

State law requires that the State Energy Conservation Office (SECO) develops guidelines and an approval process and approves the agency ESPC, and that the UAR be reviewed by an independent, licensed third party engineer prior to contract execution. As part of SECO's approval process, a review of the M&V Plan, a Sample Periodic Savings Report, and the Contract by a licensed third party engineer is also required. The contract review by the third party Engineer will ensure that the essential elements of the enabling statute are covered and accounted for in the contract.

k. Bond Review Board Approval

Any lease-purchase obligation issued by or on behalf of a state agency that has a stated term of longer than five years or has an initial principal amount of greater than \$250,000 must receive Bond Review Board approval prior to their issuance. Bond Review Board rules for the application and approval process can be found in the Texas Administrative Code Title 34, Part 9, Chapter 181, Subchapter A.

l. Perform Project

Once the Contract is approved and executed, and funding has been secured, the ESCO may proceed with the detailed project engineering design and construction/installation.

6. Evaluation Criteria (The Agency may wish to publish the criteria scoring with this section)

Qualifications of all business entities that respond to a solicitation, including any subcontractors to be utilized, should be evaluated using selection criteria similar to the following:

a. Business Qualifications

- Business unit dedicated to performance contracting.
- Years in business as an ESCO or provider of the services being offered for this program.
- Equipment, services, or utility services manufactured or provided by the business. What percentage of the total business revenues generated by ESCO services?
- ESPC Annual Revenues.
- General project track record.
- Services to be provided under this project.
- Affiliation with all other subcontractors listed in this response.
- Office location from where this project will be managed.
- Proof of current Texas Professional Engineering Registration.
- Local presence in area; current customers in area.
- Specific experience with projects of a comparable nature.

b. Personnel Qualifications

Background and professional qualifications of personnel assigned to this project, including subcontract personnel. Provide descriptions of their responsibilities, related experiences, and references. Indicate only staff to be directly involved with the project.

c. Financial Qualifications

To ensure the financial viability of the respondent, at a minimum the following will be considered:

- The financial viability of the entity proposed to provide technical and financial guarantees, as well as other entities proposed to participate in project.
- ESCO will provide audited financial statements including income statement, balance sheets, and statements of changes for three (3) most recently completed fiscal years.

- If audited financial statements are not available, provide evidence of the level of third party review of the financial statements.
- The financing capability of the respondent. The respondent should provide information that documents sources of proposed financing and specific projects that have used proposed financing sources.
 - References from subcontractors used on previous jobs to indicate fiscal responsibility.
 - The willingness to adhere to the Owner's standard contract terms and conditions.

d. Project Management Qualifications

Ability to assign responsibility and coordinate the detailed utility audit project and construction for management of the following project phases:

- Detailed utility audit
- Engineering and design
- Procurement
- Construction
- Commissioning
- Monitoring and verification
- Operations and maintenance, if required

Ability to adhere to project schedules and complete all phases of the performance contracting program process in a timely manner.

e. Experience

- Experience with implementing similar utility conservation projects on a performance contracting basis.
- Experience with the full range of responsibilities contemplated for this project (e.g., identification and analysis of UCRMs, design, installation, operation, training, financing, savings verification, etc.)
- Performance on prior projects, including data on projecting, achieving monitoring and documenting (measurement and verification) of utility and operational savings in order to ascertain accuracy of projections.
- References from prior projects of a comparable nature performed on a performance contracting basis.

Instructions to Respondents

Owner specific information should be provided here, detailing the Owner's requirements for acceptance of responses. Items to be provided may include:

- Requirement of a Letter of Intent and its deadline;
- Whether questions are accepted from intended respondents, up to a specific date [Insert Date];
- Owner terms and conditions;
- How the Owner will answer questions from the respondent
- The number of copies of responses that shall be delivered to [Address & Contact] by [Date and Time of arrival or postmark]. Fax copies are not acceptable; page limits, format of responses. Please note that responses to this RFQ must be received on [insert

appropriate date and time] at the address indicated below. [Number of copies] of the response must be sealed and delivered to:

[Owner's Address]

Re: Request for Qualifications for Utility Conservation Services Program

Attention: Person, Title

- Owner reserves the right to reject any and all responses resulting from this RFQ. Late responses will not be accepted and will be returned to the submitting company unopened.
- Owner is not liable for any cost incurred by any person or firm responding to this RFQ.
- Owner reserves the right to reject as nonresponsive any responses that do not contain the information requested in this RFQ and in the form outlined in this RFQ. Additionally, Owner reserves the right to reject any responses that are not organized and formatted as described in this RFQ.
- Please direct all questions regarding this RFQ and the program it represents to:

[Owner's Representative, Phone Number]

B - RESPONDENT'S SUBMITTAL

PROPOSAL FORMAT

1. Corporate Background and Experience

- Describe your firm's organizational structure, including any limited partnerships and how they are applied to this proposed project.
- How many years has your firm been in business under its present name?
- Indicate all other names by which your firm has been known and length of time known by each name.
- Include the address of your firm's website, if applicable.
- Describe your firm's general approach to energy performance contracting.
- List any equipment manufactured by your company that may be included with this project.
- Describe your willingness to include other manufacturers products
- List past or present litigation in which your company is a defendant pertaining to ESPC projects in Texas.
- List any contracts in Texas in the last ten years that were terminated by the owner prior to completion due to non performance.
- List above information related to any previous business names.
- Identify and describe any business associations with equipment manufacturers or suppliers that might be specified for this project.

2. Key Project Personnel

Provide information regarding capabilities and experience of personnel directly assigned to this project that include the following:

- Professional resumes for key personnel and their responsibilities for the duration of the Contract.
- Indicate the education and professional licensing of each person as it relates to this project. Include a list of previous projects, similar in size and complexity, in which each team member has played a significant role.

- Clearly identify who will have primary technical responsibility for utility analysis, engineering and design work, contract negotiations, construction management, training, and performance monitoring.
- Provide an organizational chart that clearly describes your firm's project organization with supervisory reporting for this project.

3. Energy Performance Contracting Experience

- State how many years your firm has been in the energy/water performance contracting business.
- Describe the complete range of utility services and capabilities your firm offers: such as engineering, design, auditing, energy and water equipment selection and installation, operation and maintenance, commissioning, monitoring and verification, and training.
- List all services which your firm performs with your own employees.
- What types of services are usually subcontracted?
- Describe the process of subcontractor selection.

4. Project Team Organization (To be included if known at this time)

- Identify the services, name of the firms involved, and the principal contact for each service subcontracted for this project.
- Provide a project organization chart listing each subcontract team member and their area of responsibility to deliver this project.
- Include a description of projects that the firm and its proposed subcontractors have jointly performed.

5. Project Management Plan

Include a plan describing how your firm will manage subcontractors. Describe the processes that will be used for the assignment of tasks, project scheduling, and budget control, as well as capability to provide all services required for construction and implementation of retrofit projects on a performance contracting basis. Provide specific information on management of the following project phases:

- Detailed utility audit
- Engineering and design
- Procurement
- Construction
- Submittal drawings, equipment manuals, and warranties
- Commissioning
- Monitoring and verification
- Operations and maintenance, if required

Provide a timeline indicating necessary activities with a suggested schedule for implementing the detailed audit and project development plan through the procurement process, as referenced in the Owner Supplied Information.

6. Corporate Financial Information

The ESCO will provide audited financial statements including income statements, balance sheets, and statements of changes for the three (3) most recently completed fiscal years. If

audited financial statements are not available, provide evidence of the level of third party review of the financial statements. ESCOs shall also provide documenting source(s) and levels of financing (e.g., a letter from a financial institution describing a relationship with the ESCO).

The ESCO shall provide a letter from its surety company demonstrating the ESCO's capability to provide a payment and performance bond associated with construction projects equal to one hundred percent (100%) of the estimated total implementation cost of this project. This cost includes construction costs and equipment purchased under this solicitation of an estimated [/\$] million project. The letter should also state the bonding capacity of the ESCO.

Provide a copy of an actual bond if available.

7. Risk Mitigating Strategies

Describe any risk minimizing strategies intended to protect the Owner.

8. Performance Contracting References

Discuss your project team's experience with Energy Performance Contracting projects at similar facilities. List references within the past five years indicating experience in conducting comprehensive utility efficiency and guaranteed savings programs of a similar nature to this project (at least two years of guarantee performance must be demonstrated). Include the following specific information for each project:

- Date
- Project title and location
- Name, address, and phone number of Owner's representative
- Trade references from subcontractors
- Nature of your firm's responsibility
- Scope of work including types of utility conservation measures evaluated and installed with type of equipment used
- Total dollar contract amount and term in years
- Type of contract (guaranteed savings, shared savings, direct cost, etc.)
- Source of project funding
- Projected and actual project start and end dates
- Projected annual utility savings (dollars and kWh or BTUs and kW; kgallons)
- Actual and measured annual utility savings (dollars and kWh, kW, Mcf., etc.; kgallons)

9. Utility Savings Verification

Changes to the estimated utility savings can occur as a result of installation of additional mechanical, natural gas, and lighting equipment, expansion of operating schedule, and weather fluctuations. Explain how you will account for this and include an actual Utility Audit Report, Measurement and Verification Plan, and Periodic Utility Savings Report that your firm developed for a facility of similar size and scope.

Describe the methodology for calculating baseline utility consumption for a similar facility. If proprietary software is used, provide a copy of the manual.

Describe how your firm treats actual savings that exceed the guaranteed savings amount.

10. Operational Savings Verification

If operational (non utility) savings are to be incorporated within the proposed project, address the following questions:

Do you use any of the following types of cost savings to help repay the financing of your project?

- Deferred Maintenance
- Man Power
 - Materials
 - Administrative Costs
 - Scheduled or Unscheduled Equipment Replacement
 - Outside Contracts
 - Parts
 - Equipment Repairs
 - Other

Explain how these savings are calculated. Any savings used to calculate the payback must be guaranteed. Explain how you monitor and verify that operational savings have been realized. In the event that operational savings are not realized, what actions would be taken to rectify the shortcomings?

11. Financial Guarantees

Explain in detail how you will guarantee the savings associated with this project. Discuss the following areas in detail:

- Frequency of reconciliation
- Repayment of missed savings
- Treatment of "Operational" (non utility) savings as they pertain to the guarantee
- Any situations that would void the guarantee
- If measured specific guarantees are or are not used, explain how and to what extent
 - If stipulated savings are to be used, explain how and to what extent

12. Equipment and Training

Demonstrate expertise in building operations and maintenance training in terms of successfully completed projects. Specifically discuss the following areas:

- Types of training
 - Location of training
 - Frequency of training
 - Training provided by your personnel
 - Training provided by others

13. Project Financing and Incentives

Financing capability will be evaluated. The ESCO will provide information that documents sources of proposed financing and specific projects that have used proposed financing sources.

The ESCO shall also describe in detail how they intend to secure the annual savings project guarantee. Identify alternate financing options or incentives that may be available to the Owner for funding this project. Disclose any relationship, fee, or incentive the ESCO might have or receive related to this financial institution or transaction.

14. Contract Terms and Conditions

While the Owner expects respondents to adhere to their standard contract terms and conditions, identify any contract provisions that the ESCO takes exception to. State any additional terms and conditions that your firm would include, particularly any the ESCO considers nonnegotiable.

15. Respondent's Questions

Please list any questions you have of the Owner that have not been addressed up to this point.