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Melanie J. Howlett

**To: City of Stamford Board of Finance**

**From: Melanie J. Howlett, Esquire - Special Consultant**

**Date: May 2, 2002**

**Re: EXECUTIVE SUMMARY OF ENERGY SAVINGS GUARANTEE AGREEMENT  
BETWEEN THE STAMFORD PUBLIC SCHOOLS AND NORESKO**

**I. Purpose of Agreement**

In response to the issuance of a Request for Qualified Proposals, the Stamford Public Schools and members of the Engineering Staff of the City of Stamford ("City") have chosen *NORESKO LLC* ("NORESKO") of Westborough, Massachusetts, to design and implement an energy management system, and install new energy efficient equipment, in the Public Schools which will result in annual savings in energy costs, and a reduction in repair and maintenance expenses. See Schedule Q, attached for a list of the schools where this work will be performed. It is the goal of this Agreement to design and implement a system that results in energy savings that over time will pay for the cost of the services to be performed under this Agreement.

In the simplest of terms, NORESKO must design, and hire contractors to install and/or repair, light fixtures, boilers, burners, chillers, motors, exhaust fans, ventilation systems, ventilators, pneumatic control systems, automatic temperature controls, and variable frequency drives to achieve maximum efficiency and a reduction in energy usage ("Project"). NORESKO will also convert some buildings from electric heat to natural gas and install an "energy management" computer system to oversee the future operation of this equipment. See cover sheet of Schedule B, attached, for a summary of the work to be performed.

The Project would commence in June 2002 and is estimated to be completed in October 2003. See Schedule H, attached, for the proposed installation schedule. Once the Project is completed, NORESKO will provide maintenance services limited to the energy management computer system.

## II. Cost of Services to be Performed

NORESKO will design and implement an energy management system, and oversee the installation and/or repair of the equipment discussed in Section I, above for a fixed price of \$6,091,145. The maintenance services would be performed for ten (10) years and are based on an annual fee of \$77,491. See Schedule G, attached.

## III. Payment for Services to be Performed

The City will enter into a lease agreement for a separate financial institution to provide funds in the amount of \$6,091,145 to pay for the initial design and implementation of new systems and equipment, and the repairs/adjustments to existing equipment ("Energy Efficient Measures or ECMs"). The City will not have to make payments on the lease until year-end 2003 when the Project is completed. The leasing company will pay NORESKO directly, as various of stages of the Project are completed, inspected and accepted by the City.

## IV. Energy Guarantee Agreement

NORESKO has estimated the City's energy savings over the ten years following the installation of equipment will exceed 8 million dollars. By this Agreement, NORESKO guarantees these savings for a period of ten years. The Project has been designed to achieve energy savings in excess of the cost of implementing the Project and NORESKO's maintenance charges for ten years. See Schedule F, Section 4.6, Guaranteed Cost Savings, attached.

On an annual basis, NORESKO and the City will compare the City's prior energy and maintenance costs to the City's energy and maintenance costs after the Project has been completed, through an agreed upon reconciliation process. If the City has not achieved the estimated savings projected in the Agreement, NORESKO must pay the City the difference between the estimated savings and the actual savings for a period of ten years.

## IV. Requested Approval

The Stamford Public Schools request approval of the Energy Services Agreement with Noresko. Please note that a revised version of the Agreement, which contains editorial changes on pages 1, 16, 17, 21, 57, 58 and 89 was submitted to the Clerk after the members of the Board of Finance were mailed draft copies of the Agreement. Generally these changes correct the identification of the schedules attached to the Agreement, clarify the procedure for accepting the delivery and installation of ECMs, and re-paginate the Agreement for easier reading of tables and formulas included therein.

## SCHEDULE B

### DESCRIPTION OF THE ENERGY EFFICIENCY MEASURES AND THE EQUIPMENT

The energy efficiency measures and the equipment, as listed below, are described on the following pages.

- Lighting Improvements With Occupancy Sensor Control
- Boilers And Related Equipment Improvements
- Conversion Of Electric Heat To Natural Gas
- Energy Management System
- Improvements To Pneumatic Control Systems
- Rogers High Efficiency Chillers And Related Equipment
- Convert Water-Cooled Condensers To Air-Cooled
- Expansion And Repair Of Ventilation Systems
- Repair Unit Ventilators
- Repair Or Replace Defunct Exhaust Fans
- Repair Pneumatic Control Systems Air Compressors
- Premium Efficiency Motors
- Variable Frequency Drives
- Adjust Burners For Optimal Performance

SCHEDULE F

- 4.5.4 Non-operational Devices. During the implementation phase of this project, *NORESKO* will note which energy consuming devices are not operational. In the event that the devices are repaired or retrofitted with the ECMs, *NORESKO* will appropriately adjust the applicable base usage for the applicable energy.
- 4.5.5 Determination of Energy Savings. The Customer represents that it agrees with *NORESKO*'s determination of energy usage and hours of operation for the premises. The Customer also represents that it has disclosed to *NORESKO* any proposed changes to the operation, occupancy, and structure of the property that could have an impact on energy use at the property. Based on these representations, the Customer and *NORESKO* agree on the energy savings as shown for each ECM.
- 4.5.6 *NORESKO* reserves the right to adjust these calculations in the event that there is a discrepancy or missing formula that would cause a negative impact on the energy savings guarantee.
- 4.6 Guaranteed Cost Savings. *NORESKO* guarantees that, as a result of the installation of the Scope of Services, Customer will realize energy cost savings each Year of the Guarantee Period, as calculated pursuant to Schedule F, and based on Section 3.2.1 herein, as follows:

Year	Cost Savings
1	\$791,240
2	\$831,240
3	\$831,240
4	\$831,240
5	\$831,240
6	\$831,240
7	\$831,240
8	\$831,240
9	\$831,240
10	\$831,240

SCHEDULE G

CONTRACT COST AND ANNUAL SERVICES FEE

1. Customer agrees to pay to *NORESKO*, the amount equal to the Contract Cost, as listed in Table G.1, in accordance with the terms described in Section 3 of the Agreement.
2. Annual Services Fee: Customer shall pay *NORESKO* for annual services provided under this Agreement that the Parties mutually agree to have *NORESKO* perform. Customer agrees to pay the annual services fee as provided for in the proposal with respect such agreed upon services. Cost Adjustments, as described in Schedule F, will be applied to each year following the first year of the Annual Services.

Table G.1

Energy Conservation Measure	Contract Cost
Lighting improvements with occupancy control	\$862,995
High efficiency boilers and related equipment	\$1,148,700
Stillmeadow Conversion to natural gas heating	\$1,408,670
Energy management and control systems	\$1,182,730
Improvements to pneumatic control systems	\$462,755
Rogers chillers & related equipment	\$632,400
Expansion and repairs to ventilation systems	\$42,585
Repair unit ventilators	\$34,900
Repair or replace defunct exhaust fans	\$72,330
Premium efficiency motors	\$45,560
Variable frequency drives	\$151,500
Convert water-cooled AC unit at Westhill HS	\$19,400
Repair pneumatic control system air compressors	\$22,320
Commissioning Services and burners adjustments	\$4,300
<b>TOTAL CONTRACT COST:</b>	<b>\$6,091,145</b>

Table G.2 ANNUAL SERVICES FEE

Annual Preventive Maintenance Costs	\$68,205
Annual Training Costs	\$1,200
Annual Measurement and Verification Costs	\$8,086
<b>Total Cost of Annual Services for First Guarantee Year</b>	<b>\$77,491</b>

SCHEDULE H

INSTALLATION AND PAYMENT SCHEDULE

All work shall be properly coordinated with other trades, school officials and the Engineering Bureau to avoid schedule conflicts, occupant and property hazards and construction interference.

Payment for the installation of equipment shall be made as each phase of the Project is completed based on the following installation schedule, and the execution of a Final Delivery and Acceptance Certificate (Schedule E). The installation schedule set forth below may be modified by the written agreement of the Parties and shall not constitute an amendment to the Agreement that requires the approval of the Board of Representatives of the City of Stamford.

Proposed ECM	Planned Installation Schedule
Lighting Improvements and Lighting Controls	Jun 2002 - Jan 2003
Boiler Room Renovations (2 Schools)	April 2003 - Sept 2003
Electric Heat to Gas Heat Conversion (Stillmeadow)	April 2003 - Sept 2003
Energy Management Systems	August 2002 - Sept 2002
Improve Pneumatic Control Systems (10 schools)	Aug 2002 - Sept 2002, July 2003 - Aug 2003
Chillers, Cooling Tower, and Equip. (Rogers Sch)	Jan 2003 - May 2003
Convert Condenser to Air-Cooled (Westhill HS)	July 2002 - Oct 2003
Expand and/or Repair Ventilation (4 schools)	July 2002 - Oct 2003
Repair Unit Ventilators at Rogers and Springdale	July 2002 - August 2002
Repair or Replace Defunct Exhaust Fans (4 schools)	July 2002 - Oct 2003
Repair Pneumatic Ctrl. Air Compressors (8 schools)	Oct 2002 - April 2003
Premium Efficiency Motors (8 schools)	July 2002 - Jan 2003
Variable Frequency Drives (7 schools)	July 2002 - Jan 2003
Adjust Burners (4 Schools)	Sept 2002

SCHEDULE Q

PROPERTY DESCRIPTION

The following buildings, facilities, and areas (collectively, the "Property"), which are owned and operated by the Stamford Public Schools, are included in the Scope of Services detailed in Schedule B:

School Name	Address	Zip Code
Cloonan	11 West North Street	06902
Davenport Ridge	1300 Newfield Avenue	06905
Dolan	51 Toms Road	06906
Hart	61 Adams Avenue	06902
K.T. Murphy	19 Horton Street	06902
Newfield	345 Pepper Ridge Road	06905
Northeast	82 Scofieldtown Road	06903
Rippowam	381 High Ridge Road	06905
Rogers	83 Lockwood Avenue	06902
Roxbury	751 West Hill Road	06902
Springdale	1127 Hope Street	06907
Stamford High	55 Strawberry Avenue	06902
Stark	398 Glenbrook Road	06906
Stillmeadow	800 Stillwater Road	06902
Toquam	123 Ridgewood Avenue	06907
Turn of River	117 Vine Road	06905
Westhill	125 Roxbury Road	06902
Westover	412 Stillwater Avenue	06902
Scofield Town	641 Scofield Town Road	06903
VOAG	125 Roxbury Road	06902

OTHER FACILITIES MAY BE ADDED TO THIS AGREEMENT FROM TIME TO TIME BY MUTUAL AGREEMENT OF THE PARTIES. SUCH ADDITIONS WILL CONSTITUTE AN AMENDMENT TO THIS AGREEMENT THAT REQUIRES THE APPROVAL OF THE BOARD OF FINANCE AND THE BOARD OF REPRESENTATIVES OF THE CITY OF STAMFORD.