



County of Fairfax, Virginia

MEMORANDUM

DATE: October 20, 2020
TO: Board of Supervisors
FROM: Bryan J. Hill
County Executive *J Hill*
SUBJECT: Energy Service Company Status Update

In the September 30, 2019 memorandum to the Board titled *Energy Service Company Review and Analysis*, the County Executive directed staff in the Office of Environmental and Energy Coordination (OEEC) to do the following:

- Pilot the Department of Mines, Minerals, and Energy's (DMME's) Energy Service Company (ESCO) contract at select county facilities.
- Work with other county agencies to select pilot facilities.
- Use a portion of the FY2019 Carryover funding to seed the pilot.

The Board was last updated on the ESCO pilot during the February 4, 2020 Environmental Committee meeting. This memorandum provides an update on the progress that has been made since then.

Background

ESCOs offer comprehensive energy saving solutions by performing building assessments, identifying energy saving upgrades, calculating guaranteed savings, implementing selected upgrades, and verifying the savings. The DMME ESCO contract offers a streamlined procurement process, document templates, technical assistance, and pre-qualified ESCOs. More background information about the DMME contract or ESCOs in general can be found in the 2019 *Energy Service Company Review and Analysis* memorandum.

Since the FY2018 Carryover, the Board has allocated \$4.5 million in carryover funding each September for energy efficiency projects that help achieve the targets in the Board's [Operational Energy Strategy](#). OEEC set aside \$2.4 million from FY2019's Carryover funding and the entire \$4.5 million from FY2020's Carryover funding for the pilot of this program. In total, \$6.9 million will be used to pay for the ESCO pilot projects.

Status

The DMME process and the status of each step are summarized on the following page. Completed steps are green, steps in progress are yellow, and steps not yet started are gray.

	DMME ESCO Process Step	Fairfax County Status
1	A Request for Proposal (RFP) is issued to the pre-qualified ESCOs, and all ESCOs are invited to a kick-off meeting.	An RFP was issued on February 10, 2020 to the 15 pre-qualified ESCOs. Eight ESCOs attended a kick-off meeting at the Fairfax County Government Center on the same day.
2	Interested ESCOs perform a Back of the Envelope assessment of one or more buildings at no charge to identify energy saving opportunities.	Five ESCOs performed Back of the Envelope assessments from February 25 to March 5 at the Adult Detention Center and Cub Run RECenter.
3	The jurisdiction reviews the proposals, which include the Back of the Envelope assessment findings.	On May 29, the county received five proposals. A Selection Advisory Committee (SAC) reviewed the proposals from June to August.
4	The jurisdiction selects one or more ESCOs to work with and establishes a Memorandum of Understanding (MOU) with them.	The SAC selected two ESCOs to work with and notified the ESCOs on September 8. OEEC staff are coordinating with the Department of Procurement and Material Management, the County Attorney's Office, the Facilities Management Department (FMD), the Fairfax County Park Authority (FCPA), the Sheriff's Office, Fairfax County Public Library, DMME, and the ESCOs to finalize the MOU language.
5	The selected ESCOs perform an Investment Grade Audit at desired facilities, which is a more detailed and accurate version of the Back of the Envelope assessment.	Investment Grade Audits should start in November at the following facilities: <ul style="list-style-type: none"> Adult Detention Center Cub Run RECenter Fairfax City Library Lee District RECenter South Run RECenter
6	Based on the Investment Grade Audit, the jurisdiction selects projects to implement and negotiates a contract with the ESCOs.	ESCOs have 90 days to complete the Investment Grade Audit and submit a report to the county. OEEC will work with FMD, FCPA, the Sheriff's Office, and Fairfax County Public Library to select projects totaling \$6.9 million. Projects will be selected based on cost effectiveness and equipment needs.
7	The ESCO and the county negotiate a contract based on the DMME template.	OEEC will work with the agencies listed in Step 4 to negotiate a contract with each ESCO.
8	The ESCOs implement the selected projects by installing new equipment, adjusting building management systems, or performing other types of upgrades.	OEEC staff aim to have construction start in the summer.
9	After projects are complete, the ESCOs typically perform annual measurement and verification (M&V) to ensure that the guaranteed savings were achieved.	M&V arrangements will be project-specific.

As the table shows, the ESCO program is currently at Step 4, establishing an MOU. An MOU will likely be signed with each ESCO in late October or early November. After the pilot projects are complete, OEEC staff will coordinate with FMD, FCPA, the Sheriff's Office, and Fairfax County Public Library to assess the projects and evaluate the success of the pilot. Assuming a positive evaluation, OEEC plans to initiate additional phases of work in the future.

Please contact OEEC's Senior Energy Analyst, Jessica Lavender, at 571-585-7905 or Jessica.Lavender@fairfaxcounty.gov with questions about the ESCO pilot.

cc: Joseph Mondoro, Chief Financial Officer
Rachel Flynn, Deputy County Executive
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