



OFCC provides state agency, higher education and K-12 school clients with energy engineering services, energy auditing and contracting opportunities for the cost-effective, efficient use of energy for government facilities and operations.

CASE STUDY

Performance Contract

Agency: DRC Marion Correctional

Cost: \$10.5 Million

Scope: Building automation system (BAS), power house and steam/hot water distribution upgrades + more

Annual Cost: \$1.25 Million

Projected Savings: \$1.3 Million

Contract Term: 10 years

OFCC promotes energy efficiency through two programs: energy capital and performance contracting.

The types of improvements that qualify for both programs include:

- LED lighting replacements
- Building automation and controls
- Heating, ventilation and air conditioning (HVAC) systems
- Domestic hot water systems
- Occupancy sensors
- Energy-efficient motors
- Variable frequency drives
- High-efficiency kitchen equipment and exhaust fan controls
- Water conservation measures

- Be located in a facility owned and operated by a state agency
- Have an energy audit performed by OFCC or its consultants
- Have a payback from energy and operational savings of 7 years or less
- Typically have a project cost of \$300,000 or less

OFCC manages and administers the entire capital project from concept design through construction. The customer agency is responsible for:

- Access to facilities for assessment, contractor review, and installation
- Providing utility bills and site-specific information
- Identifying the initial opportunities for energy improvement
- Coordinating the energy project with any concurrent projects that the agency is managing

CASE STUDY

Energy Capital

Agency: ODOT Akron

Cost: \$47,100

Scope: High efficiency exterior LED lighting

Projected Savings: \$7,200/year

Equipment Life: 20 years

Simple Payback: 6.5 years

ENERGY CAPITAL PROJECTS

OFCC will pay for and manage capital projects that save energy in state agency facilities. In the current biennium OFCC has \$3 million in capital funds for this purpose. Funding is allocated on a first-come, first served basis.

In order to qualify for energy capital funding, the project must:

PERFORMANCE CONTRACTING PROJECTS

OFCC administers projects that pay for themselves out of energy and operational savings in state facilities.

These performance contracts do not require capital funds, and can happen any time when a large group of energy saving opportunities is identified at a facility.

In order to qualify for performance contracting, the project must:

- Be located in a facility owned and operated by a state agency or institution of higher education
- Have a preliminary energy audit performed by OFCC
- Have a payback from energy and operational savings of 15 years or less
- Typically have a project cost of \$1.5 million or more

Performance contracts use the design-build construction delivery method, in which both the project's design and construction phases are performed by the same company. The design-builder for these projects is known as an Energy Services Company, or ESCO.

In a conventional design-build, the preliminary design concepts are developed by a separate firm, known as the criteria architect/engineer (A/E). For performance contracts, OFCC acts as criteria A/E, identifying the energy saving opportunities, which serve as preliminary design concepts.

Performance contracts are awarded through best value selection, considering the project most advantageous to the state in terms of energy savings and price. Upon award, projects are financed

through bonds issued by the Ohio Air Quality Development Authority (OAQDA) and purchased by private lenders. The lender pays the ESCO during the course of construction, and then the state agency pays back the lender in annual payments, funded out of energy savings. After construction is complete, the savings is measured and verified each year. The risk of a saving shortfall is mitigated through a number of contract protections, including a guarantee bond that pays any verified shortfall.

House Bill 7, enacted in 1994, originally authorized the state to enter into these performance contracts. For state agencies, authority for performance contracting is vested in the OFCC. For institutions of higher education, the authority is vested in their boards of trustees. Institutions may choose administer their projects locally, or use OFCC, at their discretion.

ABOUT OFCC

OFCC is responsible for guiding capital projects for state agencies, state-supported universities and community colleges, including Ohio's comprehensive public K-12 school construction and renovation program. The Commission also manages grant programs for cultural facilities, school security, community school classroom facilities, and lead plumbing fixture replacement in schools.

Topic	Energy Capital	Performance Contract	Conventional Design-Build
Public newspaper advertising	>\$200,000 only	Yes	No
Best Value Selection (BVS)	No	Yes	Yes
Guaranteed maximum price	Yes	Yes	Yes
Required payback	7 years	15 years	None
Criteria Architect/Engineer	No	Yes, OFCC	Yes, separate A/E firm
Selected Contractor	Trade contractor	ESCO	Design-Builder
Governing Law	ORC 153	ORC 156	ORC 153
Source of funds for construction	Public capital	Private	Public capital
Bonds issued by	OBM/Treasurer	OAQDA	OBM/Treasurer
Payment & Performance Bonds	>\$200,000 only	Yes	Yes
Guarantee Bond	No	Yes	No
Controlling Board approval	Yes, for capital release only	Yes, for use of BVS only	Yes, for capital release only
Annual Monitoring	Yes	Yes	No
Available to higher education	No	Yes	Yes