ESCO Project Summary and Key Elements
The Town first embarked on an exploration of Energy Services Contracting, several years ago, as financial tool to assist the Town in meeting un-met Capital Needs without seeking additional dollars from Taxpayers.
ESCO Project was Initiated in 2011

- A full solicitation and rigorous evaluation of proposals conducted in 2011

Energy Performance Contractor was selected in 2012 – TRANE

TRANE is recognized throughout the Commonwealth as highly responsive and responsible
The Energy Services Contracting process is enabled by MGL 25A, sections 11C and 11I, and 225 CMR 10.00

- Establishing uniform procedures – Streamlining the Design Bidding and Construction - reducing both the cost and duration of construction. Thereby enhancing the potential savings to taxpayer by reducing the compounded duration of multiple bidding on separate, stand-alone projects.

- ESCO Projects are Eligible for Federal Subsidy – QECBS
  A Grant to Pay a Portion of the Annual Interest Payment
  The Town Has Applied for this Program
  Notice of Award is expected October 31, 2013
An Energy Services Contract (ESCO) is a financial tool available to municipalities. Provides the opportunity to make otherwise unaffordable projects affordable by recognizing attendant energy savings and requiring the Performance Contractor to ensure the savings over the life of the project bond. One Contractor is responsible for Design, Construction and **Performance**, for the life of the project. Therefore ensuring quality control, cost efficiency due to economies of scale and full **accountability**.
The Town and the School Department working together in a partnership agreed in 2012 to pursue Funding the Morse Pond School Roof and the Lawrence School Windows through the ESCO funding mechanism.

Windows and Roofs (long payback items) are commonly included in ESCO programs such as:
- Franklin County Technical School
- Town of Gill
- Town of Montague
- Town of Rowe
- South Middlesex Vocational Technical School
- Town of Westfield
- Old Rochester Regional School
Energy Savings will reduce the overall cost of a project but does not eliminate the entire cost of the project.

Funding Capital Needs with *available* revenue is consistent with Town Policy and Fiscal Goals and The Board of Selectmen’s Strategic Plan, further avoiding unnecessary debt/capital exclusions.
Remaining costs included in the Annual Operating Budget
- Un-excluded Debt Budget
- may be offset by small reductions in overall debt budget.

Annual Funding within existing budgetary limits

Recommended Program Proposed based on a detailed Site Assessment
- identified $13M+ in potential projects
- Proposed Project – not to exceed $4.5 mil

An Investment Grade Audit is well underway for the proposed projects and is expected to be complete in December

The School Department has had documented prior success with a similar energy services program.
Projects Proposed Include:

- Aging Boiler Replacements
- Replacement of HVAC Systems
- Lighting
- Building Envelope Improvements
- Energy Management Systems
- Lighting Replacement
- Roof Replacement
- New Windows
Projects originally proposed in the Capital Improvements Plan are alternatively Funded in proposed ESCO:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>$175,000</td>
<td>Recreation Center HVAC/Controls</td>
</tr>
<tr>
<td>FY15</td>
<td>$250,000</td>
<td>Town Hall HVAC</td>
</tr>
<tr>
<td>FY16</td>
<td>$50,000</td>
<td>Police Department HVAC</td>
</tr>
<tr>
<td>FY17</td>
<td>$75,000</td>
<td>Public Works Automated Controls</td>
</tr>
<tr>
<td>FY19</td>
<td>$200,000*</td>
<td>Building Maintenance Equipment</td>
</tr>
<tr>
<td>FY12</td>
<td>$884,000</td>
<td>Lawrence School Windows</td>
</tr>
<tr>
<td>FY12</td>
<td>$1,200,000</td>
<td>Morse Pond School Roof</td>
</tr>
</tbody>
</table>

*All or a portion thereof
With an Approved ESCO, Capital and Energy Conservation Projects occur simultaneously at:

- Mullen Hall School
- Morse Pond School
- Lawrence School
- High School
- Town Hall
- Police Station
- Gus Canty Recreation Center
- East Falmouth Fire Station
- East Falmouth Library
- Fresh Pond Water Pump Station
- Harbor Master Facility
- Edward Marks Building
- Main Street Restrooms
The Town Manager’s Recommends an ESCO Project Not To Exceed $4.5 Million in a strategic partnership with the Falmouth Schools.

School Facilities $3.2 Million
Town Facilities $1.3 Million
## Fiscal Impacts – Effective 2017

<table>
<thead>
<tr>
<th></th>
<th>Without Interest Subsidy</th>
<th>With Interest Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$405,000*</td>
<td>$279,000</td>
</tr>
<tr>
<td>Annual Savings</td>
<td>$177,000</td>
<td>$177,000</td>
</tr>
<tr>
<td>Total</td>
<td>$228,000</td>
<td>$102,000**</td>
</tr>
</tbody>
</table>

*Estimating 4% Interest/total debt declining thereafter

**$126,00 annual savings with Full Interest Subsidy
The Town first embarked on the exploration of Energy Services Contracting several years ago as financial tool to assist the Town in meeting unmet Capital Needs without seeking additional dollars from Taxpayers.
An ESCO is a vehicle to make projects more affordable in a cost and time effective design, bid build process.

- Allows Access to QCEBS to reduce interest costs
- No additional taxation
- Proposed within planned budget growth policies
- Consistent with Fiscal Policy
- Funds Planned Capital Needs