
ATTACHMENT B

**2018 ESCO RESPONSE TO REQUEST FOR PROPOSALS
FOR AS-NEEDED ENERGY PERFORMANCE CONTRACTING SERVICES**

**FOR THE COLORADO ENERGY PERFORMANCE CONTRACTING
PROGRAM**



THE COLORADO ENERGY OFFICE

1580 Logan Street, Suite 100

Denver, CO 80203

Attachment B - Response to this Request for Proposals

Definition of EPC per state statute

“Energy Performance Contract” or (EPC) as defined in **CRS 24-30-2001 (1.5)**, is a contract for evaluations, recommendations, or implementation of one or more Utility Cost-Savings Measures designed to produce Utility Cost Savings, Operation and Maintenance Cost Savings, or Vehicle Fleet Operation and Fuel Cost- Savings. An Energy Performance Contract sets forth savings attributable to Utility Cost Savings Measures; the amount of actual annual savings exceeds annual contract payments; and requires a written guarantee that these savings shall not be less than the calculated savings for each year for the first three years. Refer to the definition in the Energy Performance Contract.

ESCO requirements from the Colorado Energy Office (CEO) and Office of the State Architect (OSA)

The ESCO has the experience to perform an Investment Grade Audit (ASHRAE Level 3), calculate that savings exceed any financial payments (annually and in total), guarantee the annual savings and the savings include the cost for any additional operation/maintenance requirements, fully understand the IPMVP, provide all services (audit, design, project management, commissioning, M&V, and training), and equipment warranty as necessary or required.

Goals of CEO

Support program participants during each phase of an Energy Performance Contract project including, but not limited to: Project Development, ESCO Secondary Selection, Energy Audit Review, Performance/Savings Guarantee, Financing, Engineering Design, Project Management, Construction, Commissioning, Measurement and Verification (pre, during, and post construction), Client Staff/Occupant Training, and Post-construction Maintenance Support.

To be considered for the CEO’s approved As-Needed ESCO list, responding firms must demonstrate compliance with the following minimum qualification criteria within the last five years.

1. Must demonstrate past experience that includes at least three fully executed and completed Energy Performance Contract projects through a minimum of one year of M&V by members of the firm, and
2. The firm must meet bonding requirements. Minimum bond level is a one million dollar project, and
3. (*ONLY for ESCOs pre-qualified with the Colorado Energy Office at the time of RFP submittal*): At least one IGA or EPC contract executed in the FY2014-2018 pre-qualification cycle, and
4. Must agree to compliance with CEO EPC Base Contract
5. Attendance at mandatory pre-proposal conference

IMPORTANT: Re-state the section number ahead of your response.

1.0 PROJECT EXPERIENCE THROUGH THE COLORADO ENERGY OFFICE'S EPC PROGRAM (*This section applies only to those ESCOs pre-qualified with the Colorado Energy Office at the time of this RFP submittal*). Please list at least one IGA or EPC contract executed in the FY2014-2018 pre-qualification cycle. (*maximum five pages*)

List all EPC Projects this company has worked on in Colorado since becoming a pre-qualified ESCO for the CEO EPC Program. Status - Audit, In Design, In Construction, M&V, or Closed

Project Name	Facility Type	City	Year	Status

State your firm's commitment to adhere to the requirements of the Base Agreement ESCO Contract (Attachment A to the RFP).

2.0 OVERVIEW OF APPROACH TO ENERGY PERFORMANCE CONTRACTING

Submit an Executive Summary providing a brief overview of your company's expertise, qualifications, experience, and evidence that your firm meets the above minimum requirements. **Maximum of six pages** including graphs, charts, exhibits, etc.

Include highlights from the below responses including company background and market sectors served. Also include your company's strengths, areas of expertise, and your general approach to performance contracting.

Include a written, signed statement agreeing to comply with the CEO's Energy Performance Contract Base Contract (Attachment A).

2.1 Marketing and Promotion of CEO's Energy Performance Contracting Program

Briefly describe your firm's proposed approach to promoting and marketing the CEO's EPC Program both in concert with CEO and in your individual marketing efforts for Energy Performance Contracting. Include any assistance you could provide to the CEO for Facility Owner association conferences, trade shows, etc.

3.0 PROJECT HISTORY

3.1 Market Sector Involvement (maximum five pages)

Describe your company's recent expertise (within past five years) in each of the following market sectors (one paragraph per item).

- 3.1.1 State governments/departments
- 3.1.2 School districts – small (1-5 schools) or rural over 2 hours from major Metropolitan area
- 3.1.3 School districts – large
- 3.1.4 Higher education facilities – universities and major colleges
- 3.1.5 Higher education facilities – community colleges and small/rural colleges
- 3.1.6 Cities/Counties – large
- 3.1.7 Cities/Counties – small
- 3.1.8 Other government entities – recreation, library, water, hospital, and waste water districts, etc.
- 3.1.9 Municipality or special district - utility meter solutions
- 3.1.10 Aggregated, pooled, or bundled– (i.e. multiple entities in partnership, or other examples)

3.2 Project Summary, (maximum five pages)

List in one table the Energy Performance Contracting projects (as per the definition on Page 1) developed and implemented by your firm **within the past five years**. Only include projects where work was directly conducted by your company.

Project Name	Facility Type	City & State	Project Size (Dollars)	Project Size (Square Feet)	Year Completed

If your firm has EPC projects performed by staff members of your team **within the past five years**, while they were an employee by another firm, clearly identify the firm with overall responsibility for that project, the individual’s name, and their role in the project.

Project Name/Prime ESCo/	Staff’s Name/Role in Project	Facility Type	City & State	Project Size (Dollars)	Project Size (Square Feet)	Year Completed

3.3 Project References

Provide detailed information for a maximum of three Energy Performance Contracting projects your firm completed or were completed by members of your firm, which can be used for references. Expand on the information provided in the previous section to give details on individual projects. Include the following information on each project as a minimum (**maximum three pages per project reference**)

Project Identification: Owner name, city/state, and facility type (hospital, school, college, city, county, etc.)

Contact Information: Names and contact information of owner(s) representatives who can serve as references

Project Size: Number of buildings and total project square footage

Project Dollar Amount: Total contract amount and the total project capital expenditure amount

Source of Funding: A description of the source of funding used for the project and the company's role (if any) in securing that funding

Project Dates: Actual dates of audit start and acceptance; actual construction starting and ending dates

Contract Terms: A description of the type of contract, financing arrangement, and contract term

Project Personnel: A list of the name(s) of individuals involved in the project, their role(s) and if these personnel will be assigned to Colorado projects. (Attach their resumes in the Personnel and staffing section)

Project Schedule: Indicate if project was completed on schedule and an explanation if not

List of Improvements: The types of retrofits and operational improvements implemented related to energy, water and other cost savings

Project Performance: The amounts of projected annual savings, guaranteed annual savings, and actual annual savings for each project in a table as shown below

Units	Guaranteed Annual Energy Savings	Actual Energy Savings Year 1	Actual Energy Savings Year 2	Actual Energy Savings Year 3	Actual Energy Savings Year 4	Actual Energy Savings Year 5
kWh						
kW						
MMBTU						
Gallons						
(Other)						

Measurement and Verification: A brief description of the M&V approach for each project including which savings were stipulated, if any

Performance Guarantee: A description of the savings guarantee for each project and, if the guaranteed savings were not achieved, how the company compensated the facility owner for any annual shortfall (e.g. pay funds to meet the guarantee, etc.)

Project Status: Post M&V, Closed (M&V term completed), Additional EPC Phase in Progress (audit or construction), Non-EPC work in progress, other (explain).

Additional Comments: Comments on any special features, services, conditions, creative approaches, special needs of customer, etc. that may be relevant to the Colorado Energy Performance Contracting Program and clientele.

4.0 QUALIFICATIONS

4.1 History and Focus of Company (Maximum of two pages)

4.1.1 Structure and Evolution of the Firm.

Provide information on how your company evolved, how long it has been in business under its current and any former names, and its corporate structure

(corporation, partnership, sole proprietorship, joint venture, etc.) including identification of branch offices. For joint ventures include the structure of the joint venture and historical information on each member.

4.1.2 Years in the Energy Business.

State the number of years the company has been involved in the energy-efficiency related business.

4.1.3 Years in Energy Performance Contracting.

State the number of years the company has offered energy performance contracting services.

4.1.4 Number of Energy Performance Contracting Projects.

State the number of performance contracting projects completed by the company: Number under \$1 million in project cost; Number over \$1 million.

4.2 Financial Soundness and Stability of the Company (maximum of two pages; letter attachment does not count toward the page limit)

4.2.1 Financial Soundness:

A description of the financial soundness and expected stability of the company.

4.2.2 Profitability:

A description of the company's profitability with supporting documentation covering the past three years.

4.2.3 Financial Reports (summary): (Attach financial report as an appendix.)

The company's most recent 12-month audited financials including, at a minimum: Balance Sheet, Income Statement, Statement of Cash Flow, and Statement of Financial Conditions. Include the name, address, and telephone number of the preparer.

4.2.4 Bonding: Include responses to the following:

4.2.4.1 Current bonding rating (maximum project size firm can bond)

4.2.4.2 Current bonding capacity

4.2.4.3 Amount or percentage of bonding capacity currently obligated

4.2.4.4 Current bonding rate

4.2.4.5 Confirmation that the company is bondable for 100% of a payment bond on a project

4.2.4.6 Confirmation that the company is bondable for 100% of a performance bond on a project

4.2.4.7 Letter from a licensed surety as evidence of ability to bond for payment and performance

4.3 Industry Accreditations (maximum of one page)

Provide information on any accreditations by any industry organizations, such as the Energy Services Coalition (ESC) and the National Association of Energy Service Companies (NAESCO). Provide information on any pre-qualifiers for your firm, such as work through the US Departments of Energy or Defense for federal projects. Briefly describe the relevance or importance to the work proposed in this RFP for Colorado clientele and the Colorado Energy Performance Contracting Program.

4.4 General Scope of Services (maximum of ten pages)

Provide a brief description that highlights your firm’s capabilities to provide the following items. Include as many as possible to validate firm’s capabilities.

4.4.1 Facility Improvement Measures: (maximum of five pages)

• Lighting systems: indoor and outdoor; daylighting	• Control and building automation systems	• Renewables (geothermal solar-electric/thermal, wind, biomass)
• Heating systems	• Ventilation systems	• Cooling systems
• Utility management	• Indoor air quality	• Meter replacement
• Distributed generation	• Central plants	• Fuel switching
• Laboratories	• Laundry	• Kitchens/Dining Rooms
• Swimming pools and recreational facilities	• Transportation – fleet fuel management, etc.	• Water-consuming systems

4.4.2 Project Development and Implementation: (maximum of three pages)

• Energy auditing (ASHRAE Level 3 audit)	• Construction	• Project/construction management
• Financing Knowledge: Municipal-tax-exempt lease purchase, Bonds, Self Financed, other	• Commissioning of projects and retro-commissioning of existing buildings	• Procurement, Bidding, Cost estimating
• Identification of asbestos and other hazardous materials. Abatement, recycling or disposal as applicable	• System design engineering: mechanical, electrical, etc.	• Project Constructability

4.4.3 Support Services: (maximum of two pages)

• Measurement and verification of savings	• Performance guarantee for every year of the financing term	• Training of maintenance staff and occupants
• Equipment warranties	• Insurance per contract requirements	• Hazardous material handling
• Calculation and reporting of emissions reductions	• Application for an Energy Star Label and LEED certification.	• Long-term maintenance services on energy systems
• Marketing and promotion of the Colorado EPC Program	• Assistance to the facility owner with preparing annual reports for CEO	

5.0 TECHNICAL APPROACH

5.1 Investment Grade Audit and Project Proposal (maximum of three pages)

Provide a brief description of the IGA, detailed energy and economic calculations, and verification that the sample IGA was conducted by current members of the company's IGA proposed for the Colorado Energy Performance Contracting Program. Provide a description of the process your company uses for a typical audit in the types of facilities that will participate in the CEO's Energy Performance Contracting (EPC) Program. Note any changes that will be made to comply with requirements for the CEO's EPC Program.

As an attachment, provide a sample of a recent Investment Grade Audit (IGA) representative of a recent energy performance contracting project in a government facility.

5.2 Standards of Comfort and Construction Specifications (maximum of three page)

A description of the standards of comfort the company generally uses for light levels, space temperatures, ventilation rates, etc. in the facilities intended for the CEO's EPC Program and any flexibility for specific Facility Owner needs. Note any changes that will be made to comply with requirements for CEO's EPC Program

5.3 Baseline Calculation Methodology (maximum of three pages)

Provide a detailed description of the methodology normally used by the company to compute the baseline of energy and water use for a facility. Include a discussion of how the Facility Owner is engaged for development of an agreement on the baseline. Note any changes that will be made to comply with requirements for CEO's EPC Program.

5.4 Adjustments to Baseline (maximum of three pages)

A discussion of typical factors that can impact the calculated baseline and the company's general approach to adjusting the calculated baseline if one or more of these factors are present. Include how the Facility Owner is involved for agreement on any adjustments. Note any changes that will be made to comply with requirements for the CEO's EPC Program.

5.5 M&V Methodology (maximum of three pages)

A discussion about the firm's approach to developing and implementing a measurement and verification plan as part of an EPC. Provide an overview of the approach to using IPMVP methodology, educating the client on M&V, integration of M&V into project development, and selection of M&V options for energy conservation measures.

6.0 MANAGEMENT APPROACH

6.1 Project Management and Coordination (maximum of five pages)

6.1.1 Organizational Structure

Show a typical/generic organization chart for implementing and managing a project.

6.1.2 Local Staffing and Support

List the office location (city and state) for personnel proposed for projects under the CEO's EPC Program. Describe the extent of local staffing and support for the each phase of a typical CEO supported project

6.1.3 Approach to Subcontracting

Describe the types of services (both professional and construction services) that your company offers in-house and the services typically offered through subcontractors.

6.1.4 Colorado Statutory Requirements

Indicate how you meet state statute requiring a Colorado PE on your team. Indicate how you meet state statute requiring 80% Colorado labor requirement.

6.2 Personnel and Staffing (maximum of two pages – Resumes attached in Appendix)

Provide a table to show your personnel pool of individuals who will potentially be assigned responsibility for each task and phase of a project under the CEO’s EPC Program. Also include any added expertise and capability of staff available through other branch offices, subcontracts, etc., that you can provide back-up strengths.

Name	Title	Staff or Subcontractor	Potential Role	Academic/ Professional Qualifications	Level of Expertise	Base Location

Potential role: technical analysis, engineering design, construction management, construction, training, post-construction measurement and verification, support, and other services.

Level of expertise: years in industry or other brief description

Base Location: Permanent office in Colorado; On assignment from other state; Out-of-state support.

7.0 COST AND PRICING

The cost of a project is the cost of the Investment Grade Audit and the Energy Performance Contract.

7.1 Investment Grade Audit Costs (this section in presented for information only, it is not part of the scoring)

The Investment Grade Audit (IGA) is an audit that fulfills the obligations outlined in Exhibit A of the CEO IGA Contract. The cost for the IGA is based on cost per square foot as outlined in the CEO IGA table and is intended to be the market rate for an Investment Grade Audit. It is subject to review and change by the CEO.

Base costs of the IGA are determined by CEO based on a prescribed formula that factors square footage and facility location. All ESCOs are required to use the CEO-developed IGA costs in their proposals to Agencies. Agencies with buildings outside of a typical scope of work (e.g. waste water treatment, baseball fields, pools, street lighting, etc.) should incorporate language about these facilities in their RFP. The additional costs for performing the IGA on these buildings should be negotiated after ESCO selection has taken place. The cost calculation for the audit is outlined below:

Tiered CEO Pricing (\$/sq.ft.)		Total Project Size (sq.ft.)		
		Under 250K	250-500k	500k+
Distance from CEO Office	Under 75 Miles	\$0.250	\$0.225	\$0.200
	75-150 Miles	\$0.275	\$0.250	\$0.225

	Over 150 Miles	\$0.300	\$0.275	\$0.250
--	----------------	---------	---------	---------

7.2 Energy Performance Contract Costs

The maximum rates that ESCO’s propose for any Energy Performance Contract are submitted as part of the ESCO’s Request for Proposal to CEO. The CEO Cost Estimate Guide spreadsheet is unique to each ESCO and indicates the project percentages they have agreed to for all projects. The actual cost shall be equal to or less than the maximum established percentages, based on the size, scope and location of any specific project.

The ESCO’s submit as part of their Request for Proposal to CEO the general cost for a project as indicated on the Cost Estimate Summary tab of the spreadsheet. The Project Estimate tab is completed as part of the project proposal for review and acceptance. The following definitions, one through six are for the project estimate tab. Definitions seven through nine apply to the Cost Estimate Summary tab.

7.3 The CEO Cost Estimate Guide spreadsheet definitions:

(As part of the RFP, only submit the Cost Estimate Summary tab. The Project Estimate tab is submitted as part of the IGA Project Proposal)

7.3.1 Implementation Costs

7.3.1.1 Pre-Construction Costs

Pre-Construction Cost is all costs, except for costs contained in the IGA, which are required prior to commencing construction of all measures in the EPC.

- **Design and Other Engineering**

Design and other engineering includes all professional architecture and engineering costs required to design and specify projects to be installed as part of the Work. If design work is completed in-house, this includes burdened labor associated with design of measures included in the EPC. If design work is subcontracted to an A&E firm, this is the quoted cost from the A&E firm plus burdened labor from ESCO energy engineers to oversee and direct A&E design services. Design and other engineering services include applicable code review costs. Any non-billable time or non-engineering supervision of engineers associated with engineers and/or design efforts will be included in the Other Pre-Construction Costs category.

Energy engineering is all energy modeling, energy savings calculations and any additional energy engineering costs that were not accounted for in IGA costs. Costs include burdened labor, any non-billable time for energy engineers, supervision of energy engineers or other support, training costs for energy engineers shall be included in the Other Pre-Construction Indirect Costs category.

- **Pre-Construction Services**

Pre-construction services include both construction management as well as project development services.

In order to coordinate and bring many complex technical details together and present such proposal to the client, ESCO's may employ Business Development

Representatives, Project Developers, and/or other resources that act as the key contact between the client and the ESCO. This line item includes all burdened labor, commission, and any other direct cost associated with presenting the best information to the client in an understandable format.

As an additional level of coordination, ESCOs may utilize a construction manager prior to construction of projects to solicit bids for final construction and also help review designs to ensure constructability. This cost includes all burdened construction manager costs associated with these efforts, if applicable.

- **Other Pre-Construction Costs**

Site visits and client meetings are necessary before construction to ensure designs and equipment meet customer needs and fit project objectives. Other Pre-construction Costs may include but are not limited to: administrative support, legal review, accounting services, printing, copying, binding, office supplies, business travel, business meals and supervision of project development staff.

7.3.1.2 Construction Costs

All costs in this category are the direct costs from the subcontractors, vendors, and material providers to complete the Work Product, but shall not include any ESCO profit. The ESCO may add profit to these services but ESCO profit is not to be included in this line item. Profit shall be identified in the profit line item of the estimate summary.

- **Trade Subcontractors**

Trade subcontractors are construction contractors that are subcontracted directly to the ESCO. These subcontractors are selected by the ESCO from bidding on specifications developed by the ESCO. Such subcontractors may include lighting contractors, sheet metal contractors, piping contractors, electricians, plumbers, carpenters, controls contractors, and other trade contractors as necessary to complete the Work.

- **Design-Build Subcontractors**

Design-build subcontractors are construction and design contractors that are subcontracted directly to the ESCO. Design-build subcontractors act as their own design agent and finalize the design of the Work Product to be installed. Such subcontractors include lighting contractors that complete their own audit and design; mechanical contractors that coordinate all of their own electrical, sheet metal work, piping and other support work; specialty contractors like pool cover vendors, and other specialty contractors necessary to complete the Work are included in this category. The design-build subcontracts work will be through the ESCO, with the ESCO approving all drawings specifications prior to construction and with the ESCO taking responsibility for the performance of the design-build subcontractors.

- **Direct Purchase Equipment**

Any equipment that is directly purchased by the ESCO is included in this category.

- **Construction Management**

Construction Management includes the burdened labor cost of a construction manager and site superintendent directly supporting the implementation effort required and to oversee and coordinate subcontractors on the project.

- **Project Engineering**

During construction the ESCO's design engineers or contract A&E firm may make periodic inspections of work and support the construction manager with engineering analysis of required field modifications. This cost includes the burdened cost of engineering labor or quoted subcontract A&E services to support the construction manager in this effort.

- **General Conditions**

General Conditions may be required on larger and longer term projects. General conditions may cover miscellaneous non-staffing costs directly related to the project, such as; job trailer, trailer office equipment, temporary utilities, permanent utility connection fees, barriers/security fencing, scaffolding, equipment rental, site guards, cleaning and trash and recycling dumpsters.

- **Construction Completion**

Commissioning

At the completion of the construction, the ESCO shall complete pre-functional and post-functional tests of all installed measures to ensure proper operation. This work is normally completed by commissioning agents. If this scope is complete by ESCO employees, it includes the burdened cost of commissioning staff. If this scope is outsourced to a commissioning firm, this cost includes the turnkey cost to provide necessary commissioning services.

Construction M&V

At the completion of construction, the ESCO shall complete the measurement and verification of installed equipment to verify post-retrofit energy efficiency and operation. This effort is necessary to ensure systems will meet the guaranteed energy savings and start the M&V Services phase. If completed by ESCO staff, this cost shall include burdened labor of Measurement & Verification Engineers. If completed by external M&V agency, this cost includes the turnkey cost to provide necessary measurement & verification services.

O&M Manuals

At the completion of projects, the ESCO is required to provide complete Operation and Maintenance Manuals to the client to allow for quick reference to written documents to provide sufficient maintenance to installed equipment. O&M manuals shall include necessary as-built architectural or engineering drawings. The cost to prepare most operations and maintenance raw materials should be included in relevant subcontractor costs above. This cost is to combine all subcontractor provided material into single O&M

Manuals; print, copy, bind and deliver both printed and electronic copies to the client.

Training

Training costs may be provided by subcontractors and as such will be included in their subcontractor bid. However, if the ESCO plans to provide training to the client, the burdened labor cost for such training shall be included in this line item. In addition to labor, this line item may include formal classroom training, training videos, online training programs, and other training efforts that include labor and materials required to provide necessary training to the client. This line item cannot be a repeat of training provided directly by subcontractors in subcontractor costs. Training labor may be utilized to supervise and coordinate subcontractor training sessions with the client.

▪ **Other Construction Costs**

Site visits and client meetings are necessary at the conclusion of construction to ensure the project has been completed properly before client signs final acceptance notification. Such items as administrative support, legal review, accounting services, printing, copying, binding, office supplies, business travel, business meals and supervision of staff are all considered acceptable post-construction indirect costs. Other construction costs may include;

Permits

Construction is completed in various jurisdictions requiring compliance with jurisdictional codes. ESCO's must pay code reviewers to review design drawings; and render decisions on designs meeting code. In addition, the ESCO must apply for and receive any necessary construction permits based on designs and/or code review. These line items include all costs associated with paying code reviewers and application fees and inspections fees for such permits. This line item does not include design fees or engineering labor to work with code officials or submit permit applications. These labor fees shall be included in the engineering and/or construction management categories listed above.

Insurance

ESCOs may be required to possess various levels of Builder's Risk Insurance, Automobile Liability Insurance, Professional Liability Insurance, and other General Liability Umbrella policies. This line item shall include an average amount of insurance that would be attributed to this project. Worker's Comp Insurance is not included in this line item and shall be included in the appropriate burdened labor cost categories.

Performance & Payment Bonds

All ESCO's are required to bond the performance and payment of all work by a reputable surety approved for such work. The cost of the performance and payment bond shall be included in this category for the anticipated amount of work to be completed without expending contingency funds. If and when

contingency funds are expended, any increase in bond cost must be included with contingency cost expenditure proposals.

Warranty Labor

Warranty labor is the burdened labor cost associated with time anticipated to be expended by ESCO staff in supporting their direct purchase equipment warranties; and/or equipment provided by subcontractors. All actual warranty replacement costs shall be included with the three line-items above and shall not be included in this line item.

7.3.2 Implementation Cost Subtotal

This is a subtotal of all the implementation cost expended by the ESCO to complete the Work for the client. No profit can be included in this subtotal for the ESCO or any close affiliate, parent, or subsidiary entity belonging to the ESCO. The client is entitled to audit or request as part of any pay application any and all costs included in any and all cost categories to ensure that all costs can be accounted for within standard Generally Acceptable Accounting Principles (GAAP).

7.3.3 Profit

The anticipated, but not guaranteed, gross profit associated with the project.

7.3.4 Estimated Project Amount

The estimated project amount is the Pre-Construction, Construction, and Profit associated with the construction project.

7.3.5 Contingency

The project contingency is the asset of the Agency, and is held in escrow or encumbered, with the project total financed funding. As part of the project's overall budget, it is co-managed by the Agency and Contractor. The intended purpose of the project contingency is to provide funds for unforeseen elements of the scope of work, which may become known only after implementation of the scope of work has begun. The Contractor will identify any unforeseen scope of work items, as well cost impact for those unforeseen scope of work items, to the Agency for review and approval prior to any of the project contingency being spent. Contractor will maintain an on-going record of the project contingency throughout the project. If, once all of the contracted scope of work has been completed or is nearing completion and there are project contingency monies remaining the Contractor will work with the Agency to determine the best use of the remaining funds. One option is for the Agency to consider additional energy conservation or capital improvement measures for implementation utilizing the remaining contingency dollars. Contractor and Agency will work together to review the potential added measures with the finance company to assure that the potential added measures are acceptable to the finance company.

7.3.6 Total Funded Amount

The Total Funded Amount includes all costs associated with the EPC including IGA Costs, Estimated Project Amount, and the Contingency.

7.4 Annual Cost Categories

7.4.1 Warranty

Warranty is the burdened labor cost associated with time anticipated to be expended by ESCO staff in supporting their direct purchase equipment warranties; and/or equipment provided by subcontractors. This warranty cost may also include costs for extended equipment warranties in those cases where the required/specified equipment warranty is longer than the equipment warranty offered by the manufacturer.

7.4.2 Measurement and Verification

The Measurement and Verification Services cost is the cost for the services necessary after acceptance of the project to annually verify the Energy Performance Contract guarantees. The State requires a guarantee of Utility Cost Savings for a minimum of three years. The cost for the guarantee is based upon the M&V option utilized, the risk of savings failure, the field time to measure building performance, and the time to document and present the report.

7.4.3 Other

Define on spreadsheet the significance of Other.

7.5 Equipment/Labor Cost Competition (maximum of two pages)

Describe your company's process to solicit bids on equipment/labor or to ensure price/cost competition and the best value for the Facility Owner.

7.6 Open Book Pricing (maximum of one page)

Open book pricing is full disclosure by the contractor to the Facility Owner of all costs and markups for materials, labor, and services received during the project development, implementation, construction, and performance period phases. Open book pricing requires such that all costs, including all costs of subcontractors and vendors, are fully disclosed if requested by the Facility Owner at any time in a project, not just at the closing of the project. Describe your company's approach to open book pricing and its method for maintaining cost accounting records on authorized work performed under actual costs for labor and material, or other basis requiring accounting records.