

Ohio School Facilities Energy Conservation Financing Program

Frequently Asked Questions

(2/23/07)

1. DOES THE COMMISSION PROVIDE FINANCING FOR HB-264 PROJECTS?

No. The OSFC by law only reviews and approves HB-264 Projects for Ohio school districts. However, the Ohio Department of Development/ Office of Energy Efficiency (ODOD/ OEE) is a resource for information concerning potential opportunities and sources of supplemental funding.

2. WHERE SHOULD THE PROGRAM DOCUMENTS BE SUBMITTED FOR REVIEW?

The documents should be mailed or delivered to:

The Ohio School Facilities Commission
10 West Broad Street, Suite 1400, Columbus, OH 43215
To the attention of Mark Wantage

3. WHAT IS THE PREFERRED FORMAT TO BE USED FOR THE SUBMISSION OF THE PROPOSED PROJECT?

THE HB-264 **PROPOSAL FORMAT** IS LOCATED ON THE HB-264 WEBSITE AND IS AVAILABLE AS A DOWNLOADABLE DOCUMENT. THIS FORMAT IS TO HELP CLARIFY WHAT IS NECESSARY FOR REVIEW OF THE PROJECT. ITS USE WILL HELP IN THE TIMELY REVIEW OF SUBMISSIONS. PROPOSALS MUST USE THIS FORMAT.

The proposal must be written with a minimum ten-point Times New Roman or equivalent print size and font.

4. WHAT INFORMATION SHOULD BE INCLUDED IN THE REPORT?

The following list should be included in the report:

a) **Operation and Maintenance Savings:**

Projects that include maintenance or operational savings:

- I. Actual maintenance or operational cost for the past three (3) years on systems affected by the proposed improvements.
- II. A signed letter from the School District Treasurer may serve as a substitute in order to reduce the paperwork to be submitted. All of the costs still must be outlined. It must be recognized that these records are subject to audit and may have to be produced in that event.
- III. Another substitute is the printout of the Repair Cost Analysis method as supported by the IFMA (Integrated Facilities Management Association) and ASHRAE data.

b) **Cost Summary Breakout:**

All energy conservation measures (ECM) including quantities and unit costs for all work.

- I. *Example:* If the ECM is re-roofing then provide square footage per type of roofing and unit cost per square foot.
- II. *Example:* If the ECM is an Energy Management System then provide the cost per square foot and square footage of building area to be controlled by the system.

c) **Factory specification sheets on new equipment to be installed.**

(i.e., chillers, boilers, air handlers, cooling towers, etc.).

d) **Efficiency report/test results on equipment to be replaced.**

(i.e., boilers, chillers, etc.).

e) **Steam trap survey, if applicable.**

- f) **Load analysis report/printout comparing existing and proposed systems.**
 - I. Show assumptions and sample calculations.
 - II. The load calculations shall demonstrate how any ECM affects another ECM. (Example: installing insulation will reduce the energy being consumed by the HVAC, etc.)
- g) **List of all building automation system points to be connected.**
(i.e. control systems).
Include the system operational designed intent and the sequence of operation.
- h) **Utility billing summary for the past two (2) years.**
- i) **Any other pertinent documentation**
...That could expedite the technical review of the project, such as age of the equipment to be replaced, previous annual reports on similar projects, etc.
- j) **Calculations for energy and operational savings.**
- k) **Light Retrofits:**
 - I. All pre/post retrofit calculations must be documented.
 - II. If the number of lamps or total wattage of lights I reduced:
Include an analysis that shows that the foot-candle level **will not** be less than the existing or reduced foot-candle standard stipulated in the most recent publication of the *OSFC School Design Manual (OSDM)*.
- l) **Reduction of the Outside Air volume Intake:**
The proposed outside air design [*measured in cubic feet per minute (CFM)*] must meet all current code requirements.

5. IS IT PERMISSIBLE TO USE AN INFLATION FACTOR FOR THE FUTURE COST OF ENERGY OVER THE LIFE OF THE PROGRAM?

No. All calculations shall use energy costs effective at the time of the original program submission.

6. CAN DISTRICT PERSONNEL WAGE SAVINGS THAT DIRECTLY RESULT FROM THE ECM BE INCLUDED AS OPERATIONAL SAVINGS FOR THE PROPOSED PROJECT?

No, though there is an exception for any savings that are a direct function or result of the ECM. For example, if a position such as that of a *Boiler Operating Engineer* is being eliminated, the wage savings could be included since the ECM is yielding a reduction in district operating costs.

7. CAN A SCHOOL DISTRICT REDUCE THE TOTAL PROJECT COST, AND HENCE REDUCE THE PAYBACK PERIOD, BY MAKING A PAYMENT OUT OF AN EXISTING PERMANENT IMPROVEMENT FUND.

Yes. Provided that the program is compliant with the fifteen-year or shorter payback provision of the legislation, *without considering the cost reducing payment*.

Example: A program would not be approved if the above referenced payment had to be considered to make the program compliant with the fifteen-year payback provision. In other words **you cannot "buy-down" a program** to get under the fifteen-year statutory requirement.

8. IS IT NECESSARY TO BORROW TO IMPLIMENT A HB-264 PROGRAM OR CAN A DISTRICT HAVE A PROGRAM THEY SIMPLY PAY FOR OUT OF EXISTING FUNDS?

No. Borrowing is not a requirement of the program.

9. CAN ECM'S, WHICH CONSERVE WATER OR SEWER EXPENSES, QUALIFY UNDER HB-264?

Yes. Both of these can yield savings to the district.

10. MUST THE FINANCING COST BE INCLUDED ON THE COST SIDE OF THE PAYBACK FORMULA?

Yes. The financing cost from the cash flow analysis should be included as a lump sum at the end of the ECM List.

11. CAN A DISTRICT RESTRUCTURE AN EXISTING HB-264 PROGRAM TO TAKE ADVANTAGE OF

→ ANY RECENT CHANGES IN THE LEGISLATION.

→ EXCESS SAVINGS NOT PREDICTED AT THE BEGINNING OF THE PREVIOUS PROGRAM OR

→ ADDITIONAL OPPORTUNITIES AFFORDED FROM A PAYBACK PERIOD GREATER THAN THAT ALLOWED UNDER THE ORIGINAL LEGISLATION?

Yes to all three. A revised program proposal that has been approved by resolution of the local board of education should be submitted to the OSFC. A Commission approval letter will be issued if the project revisions are found to be compliant with the legislation. The vendor for the revised project must be the same as the original project.

12. WHAT ARE THE HB-264 PROGRAM REQUIREMENTS IF A SCHOOL DISTRICT WANTS TO ADD TO OR MODIFY AN EXISTING APPROVED PROJECT?

→ Does the change require Commission approval?

→ Would the change have to be included in the original fifteen-year time frame, that is, if the change occurred in the fourth year, would there only be eleven years of savings that could apply to the project?

YES. Any changes to the project as approved by the commission require Commission approval prior to making the changes.

Yes. The energy savings resulting from the changes would be constrained to the remaining time left on the original project time frame. If the modification were approved in the fourth year of the original project savings period, the new ECM's associated with the proposed changes would be required to have an eleven-year payback.

13. CAN SAVINGS RESULTING FROM RE-NEGOTIATION OF A DISTRICT'S UTILITY RATE BE CONSIDERED UNDER HB-264?

Yes. Only if a written agreement with the utility is included in the submission and then only for the time period covered by that agreement. This essentially represents a savings with no cost component.

14. CAN AN UNBUILT DESIGN FOR A SCHOOL LIGHTING SYSTEM BE UP-GRADED (*PRECONSTRUCTION*) TO T-8 LAMPS AND ELECTRONIC BALLASTS AS A PART OF A HB-264 PROGRAM?

No. All HB-264 savings must be based on an **existing** verifiable energy consumption and cost data baseline (minimum of one year). In this case there is no **actual** baseline data for the proposed lighting system.

15. If a program is being financed for ten years, is it permissible to have a simple pay back period of up to 15 years?

Yes. The length of loan repayment period (*and early repayment*) is left to the discretion of the school district. The only program requirement is that the loan period is to be no more than fifteen years.

Note: The interest cost shown in the program proposal must be the actual cost over the real term of the loan.

16. CAN THE PROGRAM CAPTURE SAVINGS THAT WERE ACHIEVED FROM *PROPOSED ECM'S* THAT WERE IMPLIMENTED PRIOR TO THE PROJECT BEING SUBMITTED FOR COMMISSION APPROVAL?

No. There is no look-back provision for savings.

17. CAN CONSTRUCTION YEAR SAVINGS BE LUMPED INTO THE ANNUAL SAVING SIDE OF THE PAYBACK FORMULA?

No. Any savings realized during the construction period is a onetime savings and **not** annual savings. All savings shall be categorized and totaled for up to a fifteen-year period (*not fifteen-years plus a fraction of a year during the construction period*).

18. WHO MONITORS THE PROJECTS AFTER THEIR APPROVAL BY THE COMMISSION?

The school districts are required to maintain records of performance and the resulting savings from their project. The Commission will on occasion request and review this information. **All project documents and Commission materials are subject to audit by the Ohio State Auditor.**

19. CAN AN EDUCATIONAL PROGRAM AIMED AT INCREASING STUDENT AWARENESS OF ENERGY RELATED BUILDING ISSUES BE PART OF A DISTRICT'S HB-264 PROGRAM?

No. That is not included in the list of Energy Conservation Measure categories in O.R.C.3313.372.

20. CAN HB-264 BE USED IN CONJUNCTION WITH ANY NEW CONSTRUCTION?

No. It is not possible to calculate the savings without a history of energy consumption.

21. CAN ECM WORK COMPLETED PRIOR TO APPROVAL, BE INCORPORATED INTO A HB-264 PROGRAM?

No. The proposal must have written Commission approval prior the signing of any contracts or the start of any work on proposed ECM's.

22. CAN BUILDING COMMISSIONING BE INCORPORATED INTO A HB-264 PROGRAM?

No. That is not included in the list of Energy Conservation Measure categories in O.R.C.3313.372.

Caveat: *Retro Commissioning and Recommissioning are valuable tools for garnering the optimum performance from the facilities systems. The commissioning effort is a process of identification and recommendation and therefore by itself does not provide for direct energy savings and does not meet the requirements of the House Bill.*

Note. Retro Commissioning and Recommissioning can be included as a component of the HB-264 proposed project as a component that does not provide for an energy savings. The project must maintain the fifteen-year total payback provision. Commissioning contracts or any other action taken prior to receiving Commission approval is not allowed.

(Example: Commissioning of the building controls systems could be planned for the fifth, tenth and fifteenth years of the energy savings project timeline.)

23. DOES THE STATE REQUIRE CONTRACTORS AND VENDORS TO BE PRE-APPROVED?

No. There are currently no requirements levels or pre-approval requirements in the law. It is recommended that the firm selected to prepare the proposal have proven and verifiable experience of successfully performing similar type and size projects. Contractors selected to perform the actual work should meet the same requirement.

24. DOES THE STATE MAINTAIN A LIST OF PROFESSIONALS, FIRMS, CONTACTORS OR VENDORS?

Yes. A list of firms that have submitted proposals that have been approved is available by contacting the Commission at (614) 466-6290.

25. WHAT IS THE BASIS FOR SELECTING A VENDOR?

Energy Service Companies (ESCO's) and other energy design professional organizations market their services to Boards of Education. Normally the vendor is selected based on interviews before the Board.

26. ARE THERE REQUIREMENTS FOR SELECTING A VENDOR?

Currently there is no state requirement for vendor qualifications. The recommendation is to consider the following list in your consideration and selection process.

- Training and education
- Relevant past experience
- Similar sized projects.
- Recent projects of similar function (education)
- Examples of actual past projects and the results
- Contact the customers from past project
- Other standard contracting considerations