

MINUTES

CALLED MEETING OF THE
COLQUITT COUNTY BOARD OF COMMISSIONERS
Thursday, March 5, 2015
10:00 a.m.

CALL TO ORDER: The meeting was called to order at 10:00 a.m. by Chairman Terry R. Clark. The purpose of the meeting was to discuss energy performance contracting proposals and any other county business deemed necessary. The meeting was duly called and advertised.

PRESENT: Those present were Commissioners Marc DeMott, Donna Herndon, Johnny Hardin, and Chairman Terry R. Clark. Also present were County Administrator Chas Cannon, Finance Director Wayne Putnal, and County Clerk Melissa Lawson.

ALSO PRESENT: Representatives of Johnson Controls and ABM Building Solutions.

ABSENT: Commissioner Luke P. Strong, Jr. and Commissioner Winfred Giddens.

COUNTY ENERGY AUDIT: Mr. Cannon urged the board to take into consideration the fact that a county energy audit had never before been conducted and also requested that the board consider whether or not the county possessed the necessary staff to perform such a project themselves. In addition, Mr. Cannon urged the board to consider the potential savings and also, the path ahead if the county chose not to enter into an energy performance contract with either company.

Mr. Cannon stressed the need to do everything possible to regulate and manage energy costs. He explained that several county facilities contained outdated systems and explained that ABM Building Solutions and Johnson Controls, who both specialize in energy efficiency, were in attendance to present their respective proposals regarding energy performance contracting.

JOHNSON CONTROLS PRESENTATION: Representatives of Johnson Controls began by introducing themselves.

Mike Migilaccio, Account Services Manager, stated that his company specialized in energy performance contracting (EPC) and was well versed in the state laws that govern EPC.

Larry McCarthy, local General Manager of Service and Installation, informed all present that Johnson Controls performed extensive HVAC work in the Courthouse Annex and was very familiar with the infrastructure.

Mike Coley, General Manager, stated that he was responsible for all local business in the Southeast Region and gave an overview of his background experience in the field of energy.

Tom Walters introduced himself, stating that his specialization was providing energy support across the Southeast region.

March 5, 2015

Page 2

Mr. Migilaccio stated that in previous meetings Johnson Controls explained in detail the concept of energy performance contracting. In the months since, he further stated that Johnson Controls staff has toured buildings, collected data and information, and was in attendance to present those findings. Mr. Migilaccio urged the board to ask questions and offer suggestions.

At this time, Tom Walters compared the maintenance of an older vehicle to the purchase of a new one, stating the same basic financial concepts also applied to energy performance contracting.

Mr. Walters stated that he understood the fiscal constraints of most counties, but declared that SPLOST funds could be utilized to provide upgrades and channel substantial savings.

Mr. Migilaccio stated the main objective was to minimize energy expenditures in the operating budget.

Mr. Cannon agreed, stating that the overall objective was to reduce energy costs.

Mr. Migilaccio stated that with the implementation of energy performance contracting, anticipated repair costs on equipment would be reduced, which in turn provides relief to maintenance staff and reduces overtime. He further stated that a proactive stance, in comparison to a reactive one, was a more cost efficient way of operating facilities.

Mr. Migilaccio stated that as a result of energy performance contracting, county buildings would be much safer and more comfortable.

Mr. Walters stated that implementing energy performance contracting would demonstrate good stewardship of taxpayer funds, while reducing operating costs.

Mr. McCarthy stated his team possessed the knowledge to create the right environment for energy efficiency, mentioning that even the small details, such as relocating the thermostat located directly over the copier, would be addressed.

Commissioner Herndon asked for information regarding the recently implemented energy performance program at Colquitt County Schools.

Mr. Walters stated an obvious advantage was his team's longevity and experience in the field of energy, and the fact that Johnson Controls manufactured their own equipment. He further stated that studies have proven that the level of comfort in the learning environment of a child directly influenced that child's ability to learn.

Mr. Walters stated that his company would determine individual standards of comfort and strive to meet those standards.

Mr. Migilaccio stated most electricity was spent in two main focus areas: water and electricity. He further stated that existing, inefficient technology would be replaced with more efficient technology, maintaining a certain level of comfort but lower operating costs.

Mr. Walters stated that the best way to perform this action was to measure energy use, retrofit and replace technology. He further stated the best way to measure savings would be to measure the energy used, not the cost of the energy. Mr. Walters stated that energy savings would be validated on an annual basis, and in the event that they were not achieved, a check would be written to compensate for the difference.

Discussion ensued regarding lighting sensors and controls, with Mr. Cannon stating that he often switched lights off himself before exiting the Annex at the end of the day.

Mr. Migilaccio presented a three year trend of increasing energy expenditures for Colquitt County.

Mr. Walters stated that the national rate of energy use was increasing at a rate of 3% annually. Taking these trends into consideration, he stated it was only natural to assume that the need for electricity would be greater than the ability to provide it.

Mr. Migilaccio presented budget expenditures relating to equipment maintenance.

Mr. McCarthy mentioned several benefits of newer technology and equipment, including warranties, self diagnostics, and less maintenance. He also declared Johnson Controls commitment to train staff thoroughly and to routinely perform preventative maintenance.

Mr. Migilaccio guaranteed a total savings of \$276,500.00 to come out of the operating budget, and stated his recommendation that the county use SPLOST funds.

At this time, Wayne Putnal, Finance Director, asked if Johnson Controls possessed the trained staff to research available grant opportunities. Mr. Migilaccio replied that Johnson Controls had a department committed to seeking out grant revenues.

Mr. Putnal further questioned the impact on the proposal if key offices located in the Courthouse were moved to the third floor of the Courthouse Annex.

Mr. Migilaccio stated that they were fully prepared to adapt to such changes, with a similar situation occurring during a current project at the University of Georgia. He further stated the requested changes were implemented with no delays or conflicts.

Mr. Walters stated that the proposal submitted by Johnson Controls included the built in capability to accommodate changes and vowed that his company could model, design, and guarantee energy use and savings.

Mr. Cannon stated the county preferred that the total scope of the project not exceed \$1,500,000.00 - \$2,000,000.00.

Commissioner Herndon questioned the commitment the company was proposing, in terms of total years.

Mr. Migilaccio stated that decision was ultimately up to the board, but suggested fifteen years, which was included in the Request for Proposal.

March 5, 2015

Page 4

Mr. Walters stated that while Johnson Controls was not in the financing business, it maintained an excellent relationship with several banking institutions.

Mr. Migilaccio presented infrastructure improvements to the mail focus areas of the Jail, Prison, Courthouse, and Courthouse Annex, stating at the end of the day, the board would decide the project that best suited their needs.

(Commissioner Nagy entered the meeting at 10:50 a.m.)

Commissioner Herndon questioned how a total dollar figure could be obtained without the company having knowledge of the exact scope of the project.

Mr. Walters agreed, stating that the board would have to prioritize projects.

Mr. Cannon suggested the board focus on the most inefficient county buildings.

Mr. McCarthy stated that Johnson Controls possessed the advantage of manufacturing its own equipment. In addition, Mr. McCarthy mentioned the established relationship that his company had with the county, stating energy performance contracting would be an extension of that existing relationship.

Again, Mr. Migilaccio stated that Johnson Controls made every effort to train staff efficiently, and stated his company had the resources, tools, timing, and mobility to implement a successful energy performance contracting program for the county.

Mr. Coley reiterated Mr. Migilaccio's statement, assuring the board that savings would be realized by the General Fund, staff would perform less maintenance, thus making them more efficient, and the overall life of county buildings would be extended.

Mr. Coley suggested implementing the project using SPLOST funds, and declared that Johnson Controls would guarantee savings, and offer open book pricing.

In closing, the Johnson Controls team thanked the board for the opportunity to present and stated that they looked forward to the possibilities ahead.

At this time, the board recessed for a ten minute break.

ABM BUILDING SOLUTIONS PRESENTATION: Jason Anderson introduced fellow ABM representatives Joel Lowery and Ray Jordan, and proceeded to present key initiatives for Colquitt County.

Mr. Anderson stated the necessity of a self-funded program, providing relief to the county's general fund while making main county facilities mechanically sound for the long term.

March 5, 2015

Page 5

Mr. Anderson proposed the upgrade and replacement of HVAC systems, control system upgrades, and suggested the implementation of new revenue sources to help offset budget shortfall.

Mr. Anderson presented a summary of his company's Request for Proposal, consisting of energy and operating savings in excess of \$250,000.00 annually, while creating a self-funding proposal of \$4,000,000.00.

Mr. Anderson gave an overview of ABM's progress to date, beginning with mechanical inventory and preliminary analysis, and, if chosen, proceeding with an investment grade audit.

Mr. Lowery stated that more confident savings numbers could be obtained as a result of the investment grade audit.

Mr. Anderson stated that most counties chose ABM Building Solutions due to their ability to fund the gap between increasing resource demands and decreasing revenues.

Mr. Anderson stated that ABM understood needs that are specific to counties, consisting of general fund relief, new revenue streams, and job creation. He further stated his company began by benchmarking data and understanding how funds are being spent on energy.

Mr. Anderson stated time was of the essence to implement an energy savings program, with energy costs rising above the cost of capital.

Mr. Anderson presented Phase I of the proposal, consisting of county buildings and energy conservation. He stated that 48% of counties were above the national energy median, with Colquitt County included in that percentage. Mr. Anderson stated that the goal was to decrease Colquitt County's energy costs and achieve a number below the national median.

Mr. Anderson presented existing conditions of the county's HVAC systems, stating that no matter the decision, major financial investments would be necessary because of the age of the HVAC equipment.

Discussion ensued regarding the condition of county HVAC equipment, controls, and maintenance.

Commissioner Herndon stated that it was imperative to have knowledgeable staff to maintain and service equipment.

Mr. Lowery presented ABM's Executive Summary, declaring that ABM was committed to opening a branch office in Moultrie, thus establishing the presence of local service technicians.

Mr. Cannon questioned the total cost to achieve maximum energy efficiency in county buildings. Mr. Lowery anticipated total costs of approximately \$4,500,000.00.

March 5, 2015

Page 6

Mr. Anderson stated that ABM would focus on lighting and controls, with those changes reflecting energy savings faster.

Mr. Putnal questioned ABM's ability to research grant opportunities. Mr. Lowery replied this was definitely a possibility, and also mentioned the availability of special funding.

In regards to energy savings opportunities, Mr. Anderson declared that the Prison was the most inefficient facility, and as a result, suggested several changes to be implemented.

Mr. Anderson declared total savings for Colquitt County to be approximately \$340,000.00, projected across the four main focus areas of the Jail, Prison, Courthouse, and Courthouse Annex.

Mr. Anderson presented several financing options to the board. Discussion ensued regarding these options.

ABM staff presented several building upgrades, specific to the four main county facilities.

Mr. Lowery presented Phase II of the project, which thoroughly investigated the creation of a Waste to Energy plant at the county's existing transfer station. He stated that the plant would take existing trash, treat and burn it, and as a result of this process, produce energy.

Mr. Lowery stated that ABM had been in contact with Colquitt EMC, GreenPower EMC, and the Chamber of Commerce regarding the feasibility of this venture. He further stated that GreenPower EMC was awaiting a proposal, and had already indicated that if the project came to fruition, they would be interested in purchasing power.

Mr. Lowery estimated approximately \$2,500,000.00 in additional revenue to the county as a result of the creation of the plant, with the costs to operate consisting of approximately \$1,000,000.00 in salaries.

Commissioner Nagy inquired as to the background of GreenPower EMC. Mr. Lowery explained that GreenPower EMC represented all Electric Membership Corporations in the state, requiring a certain percentage of all power produced to be green energy related. Collectively, Mr. Lowery explained, GreenPower EMC would be the organization to sign a power purchase agreement with the county if the project was pursued.

Commissioner Nagy asked if ABM possessed any experience constructing these plants in the state of Georgia. Mr. Lowery replied that they did not, with the closest plant being located in the state of Kentucky.

Commissioner Nagy questioned potential problems that may have been encountered from environmentalists.

Mr. Anderson declared that Phase I of the project was in no way contingent upon the implementation of Phase II.

Commissioner DeMott questioned the possibility of ABM collaborating with the county on the Waste to Energy plant, even if they were not chosen for energy performance contracting.

Mr. Lowery replied that he would not rule it out, and proceeded to present the dynamics of a Waste to Energy system.

Phase II costs and financing options were presented.

Commissioner DeMott questioned the specifics of financing the operation and questioned the possibility of emissions resulting from plant operation.

Mr. Lowery stated the system was developed in conjunction with the Environmental Protection Division, and further stated he did not anticipate any issues.

Commissioner Hardin questioned how many similar plants were in operation in the United States. Mr. Lowery replied that there were several plants in operation, most of them being privately owned. Mr. Lowery noted that the Kentucky plant was owned by a local municipality.

Discussion ensued regarding the addition of modules to Phase II.

Mr. Lowery cited the benefits of Waste to Energy, most specifically to include the addition of a stable, consistent revenue source for the county.

At this time, Ray Jordan, former Turner County School Superintendent, praised the accuracy of ABM's guaranteed savings. Mr. Jordan stated that, to his knowledge, only one check was ever remitted to cover a shortfall in guaranteed savings. Mr. Jordan further stated that in most instances, ABM exceeded their projected, guaranteed savings.

Mr. Anderson stated that Colquitt County was part of the South Georgia Regional Development Authority, making it eligible for upgrades and lower financing rates.

Mr. Anderson declared that ABM was the company to bring the most savings to Colquitt County.

Commissioner Herndon questioned where ABM headquarters were located. Mr. Lowery replied that the main office was located in Alpharetta, Georgia.

In closing, Mr. Anderson stated that ABM possessed an excellent local reference in the form of the Colquitt County School System, and looked forward to a mutually beneficial, long term partnership with Colquitt County.

Discussion ensued amongst the board regarding the feasibility of energy performance contracting.

Mr. Cannon recommended energy performance contracting, stating it was an excellent way to address the county's aging infrastructure.

March 5, 2015
Page 8

Commissioner Hardin voiced his concern regarding the use of SPLOST funds, and the projected shortfall regarding SPLOST collections.

Commissioner DeMott stated that he was very much in favor of energy performance contracting, and recognized the substantial benefits.

Discussion ensued regarding financing and upfront costs.

Mr. Cannon proposed that the board vote on the matter at the upcoming Mid-Month Review Called Meeting on Tuesday, March 17th.

There being no further matter to come before the board, the meeting was adjourned at 12:56 p.m.

Respectfully submitted,

Terry R. Clark
Chairman

Melissa Lawson
County Clerk

Approved: _____