



Working with an Energy Service Company - Frequently Asked Questions

Q: Why not just budget \$300,000-\$400,000 a year and contract the work out?

A. *The answer to this question has many facets:*

- a. **Scope of Work:** *The proposed set of projects are intended to remedy all aspects of our infrastructure that are causing issues; particularly heating, ventilation, and roofing. Many of the infrastructure systems in our buildings are at the end of (or beyond) their life expectancy. They need substantial investment in order to keep our schools open and safe.*

RSU 63 needs to move away from a “patching and reacting” approach and to a more planned, system-replacement approach.

- b. **Professional Engineering:** *Professional Engineers are ensuring the comprehensive infrastructure projects will work as a system, be code compliant, and minimize the chances of catastrophic failure for at least the next five years.*
- c. **Timing of Construction:** *Even if we approved \$300-400K in June, Jake would not have enough time to develop a refined scope of work, seek out qualified contractors, and receive bids in time for the summer construction season. With the proposed approach, these steps have already taken place. Pre-qualified contractors have already bid on a comprehensive set of plans and have reserved a spot for RSU 63 for the summer construction season.*
- d. **Warranty and Workmanship:** *All of the new equipment being proposed as part of the comprehensive approach comes with a **minimum** of a three-year warranty. The work will be supervised by a full-time project manager to ensure the quality of the construction and the compliance with all local, state and federal regulatory and safety standards (OSHA, etc). The work would be bonded and guaranteed.*



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Q.: Why is all of this work necessary to do at once? What if we spread the work out over several years?

A. RSU 63 will experience the greatest financial, safety, and functionality by doing the proposed comprehensive project work this coming summer.

The “single component” or “patchwork” approach leaves us exposed to facility failure that could result in a school building(s) being unavailable for days if not weeks.

If we spread the work out over five years, then any component in the system that has not been replaced/refurbished/updated will have the likely chance to fail (based on age, condition and recent experience).

Q. Why is the financing term fifteen years?

A. The assets being replaced have a typical fifteen-year average lifespan and will permanently become part of our schools. Matching the fifteen-year financing period to the expected useful life of the assets lowers our annual repayment amount. This approach keeps our buildings in good shape even if we decide to consolidate to one campus, close, and sell any of the facilities.

Q. Does the proposed energy service company, ESG (Energy Systems Group) have a good reputation?

A. ESG was one of two responses to our “Request for Qualifications” process. Both companies provided extensive background information as requested by our legal counsel. Both companies met with an RSU 63 Screening Committee (consisting of Rusty Gagnon, John Hutchins, Jake Morgan, Susan Smith, and Kelly Theriault). ESG’s references, past projects, and guarantees were checked and found to be sound. The Screening Committee unanimously recommend ESG.

ESG has voluntarily and at its own expense completed an extensive facilities assessment, met several times with RSU 63 Administrators and Board Members, been extremely respectful of the needs of the staff and students, and honored their commitment to financing both the Oak Point study and temporary infrastructure fixes this fall and winter.

ESG has committed to having the selected infrastructure projects done and completed by beginning of School – Fall 2019.



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Q. What input has RSU 63 had in selecting individual projects at individual schools?

A. Throughout the last nine months of the engineering evaluation period, RSU 63 Administrators and Board Members have provided input to the ESG project development team. The project list presented is representative of the set of projects we feel bring the highest value of infrastructure improvements, safety, and savings while keeping the annual expense at a level we feel is reasonable.

Q. Does the proposed financing organization (Sterling Bank) have a good rate and reputation?

A. Yes, in fact, the rate of 3.492% over fifteen years compares very favorably to the 4.5% interest rate that was utilized in calculations with previous financial scenarios. Given that financing rates have recently gone up substantially, the 3.492% rate is extremely competitive.

Sterling Bank financed the infrastructure upgrade projects at RSU 74 in North Anson. under the terms of Maine Statute 15915.

Q. What other guarantees does this project provide?

A. This is another question that has many facets:

- a. **Financial Guarantee:** The proposed set of projects has an energy savings guarantee that, throughout the financing term, must be achieved. In simple terms, if the annual savings is not met each year, then ESG has to write RSU 63 a check for the shortfall. The new equipment being installed as part of the project combined with the retrofit of existing equipment will reduce the amount of emergency expenses we currently pay.*
- b. **Equipment Guarantee:** Any new equipment installed as part of the project receives a minimum of a three-year guarantee. This will help lower the operating expenses of RSU 63 because operational and emergency expenses will be lowered.*



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- c. **Payment and Performance Bonds:** *The entire project will be bonded by ESG. Any non-performance by any contractor will be handled by ESG and not affect us or the positive outcome of the project. The bonds ensure that the project is constructed from beginning to end (beyond punch list) by financially viable contracting organizations.*

Q: Why now?

A. We have experienced several extreme problems has over the last 12 months. These major facility failures included heating systems, electrical systems, and roofing systems. Additionally, we are concerned about the potential of mold and harmful levels of carbon dioxide. While spending \$300-400K a year would be a move in the right direction, the patching of our systems (heating, roof, electrical, ventilation, etc.) will leave us exposed to the same possibility of a disastrous failure because the “systems” will have not been upgraded together.