CITY OF COLUMBIA HEIGHTS
PRELIMINARY REPORT PRESENTATION

CINDY AULD
SENIOR ACCOUNT EXECUTIVE

JOSH HOUNSELL
CENTRAL REGION ENERGY SALES LEADER

BILL RANDEL
SENIOR SALES ENGINEER

February 10, 2026

Honeywell

AGENDA

1. **Introductions**
2. **Performance Contracting Program**
3. **Utility Baseline**
4. **Preliminary Results & Recommendations**
5. **Project Estimates**
   - Rough Order of Magnitude
6. **Next Steps**
7. **Q & A**

ENERGY SAVINGS PERFORMANCE CONTRACTING (ESPC)

✓What is an ESPC?

- **Budget-neutral approach** to making building improvements that **reduce utility usage** and **increase operational efficiency**
- Pay for today's facility upgrades with tomorrow's utility savings, **without tapping into capital budgets**
- **Savings/performance are guaranteed** by the Energy Service Company (ESCO)

✓Enabling legislation in MN

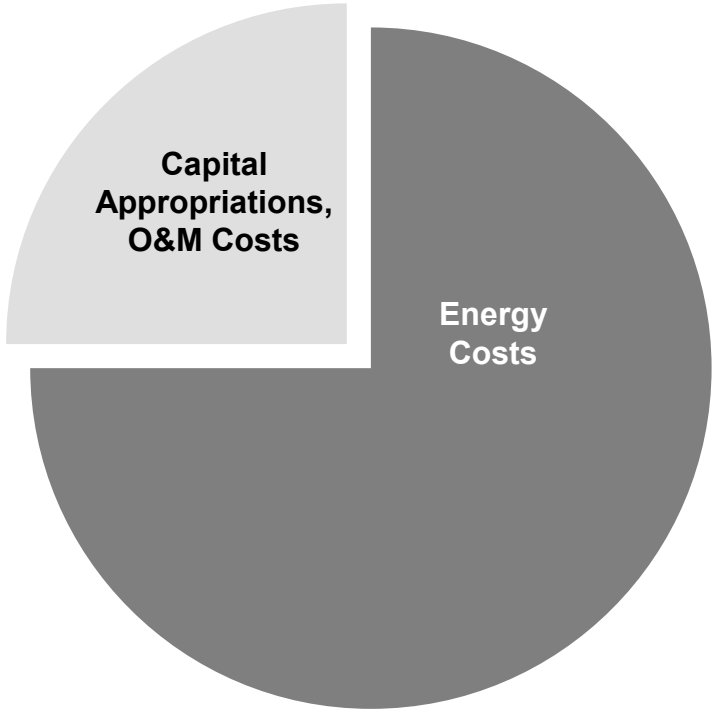
- Statute Chapter 471.345; Subdivision 13

✓Honeywell pioneered the ESPC industry over 40 years ago

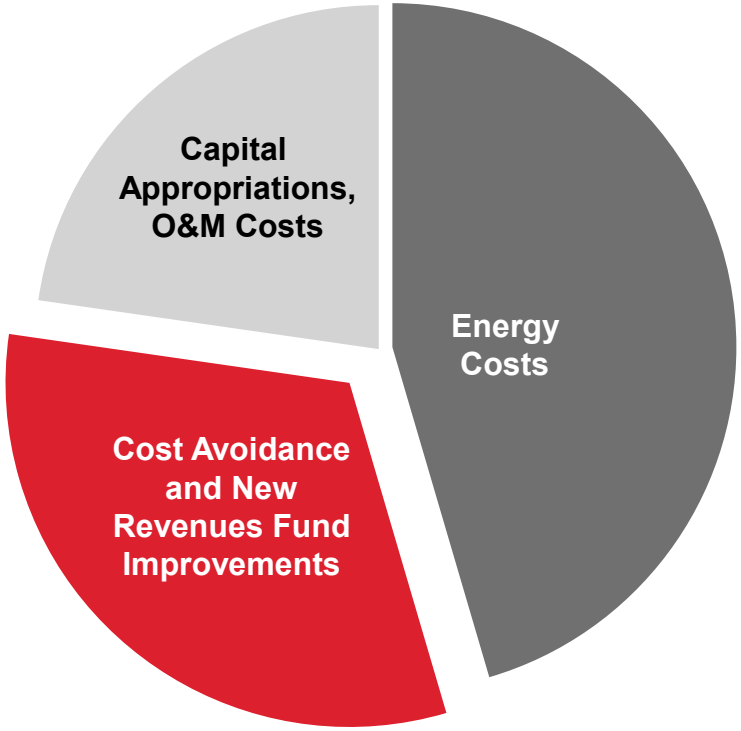
- We have a large performance-based contracting portfolio
- 7000+ energy projects with $6B in guaranteed savings
- Experience and expertise
- Low interest financing options

PERFORMANCE BASED OUTCOMES

Before Improvements



After Improvements



PROGRAM HIGHLIGHTS

FUNDING SOURCE

Honeywell funds development and helps secures financing

GUARANTEED RESULTS

Honeywell stands behind project performance

SINGLE POINT OF ACCOUNTABILITY

Turnkey Program

Honeywell audits, designs, bids, constructs and verifies savings

PERFORMANCE CONTRACTING PROCESS

1	2	3	4	5	6
No-Cost Energy & Facilities preliminary assessment	Review initial recommended ECMs, savings, & pricing with customer	Investment Grade Audit – detailed design & engineering	Project financing & contract development; grant, incentive, & rebate sourcing	Project deployment	Assurance through Measurement & Verification

Selection, Deployment, and Implementation of our solutions, so you are set up for sustainable success…

We have you covered throughout the entire process!

BUILDINGS ASSESSED

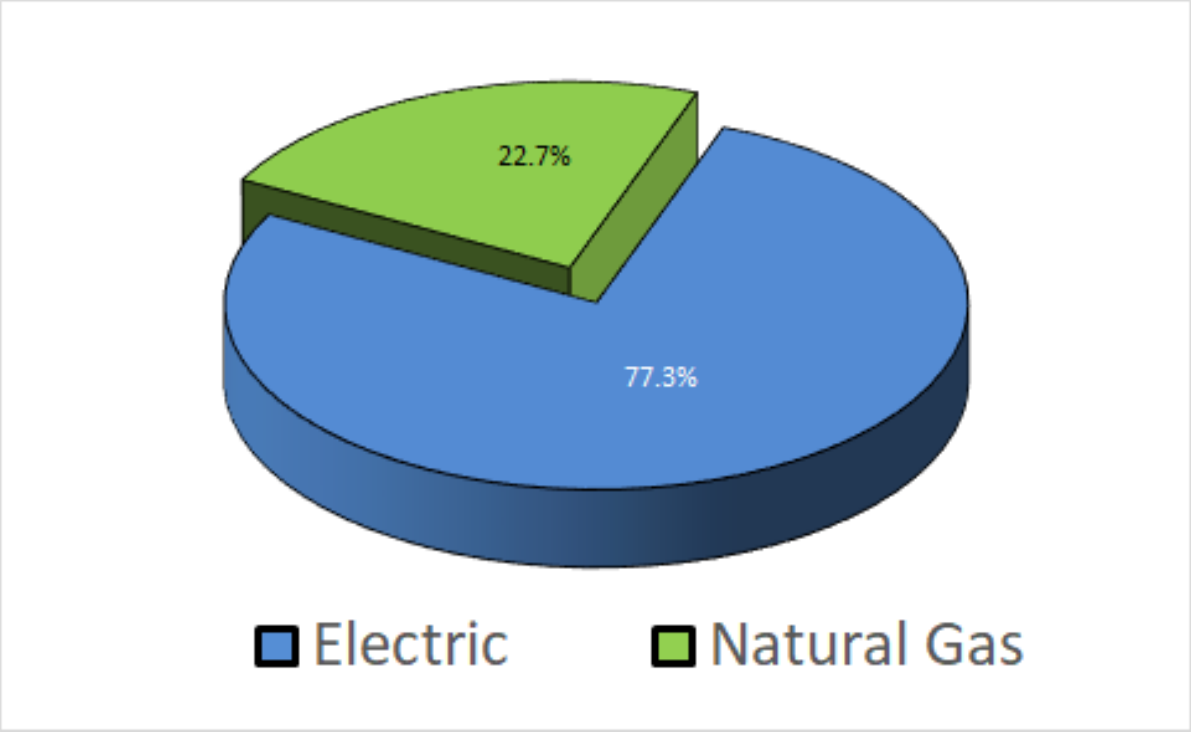
- **Liquor Store #1,** 4950 Central Avenue
- **Liquor Store #2,** 2105 37th Avenue NE
- **Public Safety,** 825 41st Ave NE
- **Library,** 3939 Central Ave NE
- **Murzyn Hall,** 530 Mill St NE
- **Public Works,** 637 38th Ave NE

UTILITY BASELINE

BUILDING NAME	GROSS AREA (Sq.Ft.)	UTILITY ELECTRIC CHARGES ($)	CONSUMED (KWH)	Winter (kW)	Summer (kW)	RATE ($ / KWh)	Power EUI (KBTU/Sq.Ft.)
Liquor store 1 4950 Central Avenue	11,238	$ 24,417	198,023	288	193	$0.1233	60.12
Liquor store 2 2105 37th Avenue NE	10,850	$ 19,893	165,610	259	184	$0.1201	52.08
Public Safety 825 41st Ave NE	54,300	$ 90,905	818,916	706	404	$0.1110	51.46
Library 3939 Central Ave NE	22,600	$ 25,294	229,947	920	460	$0.1100	34.72
Murzyn Hall 530 Mill St NE	24,000	$ 28,180	182,653	464	394	$0.1543	25.97

BUILDING NAME	GROSS AREA (Sq.Ft.)	UTILITY Natural Gas CHARGES ($)	CONSUMED therm	RATE $ /therm	Fuel EUI (KBTU/Sq.Ft.)	TOTAL ENERGY ($)	($/Sq.Ft.)	Total Site EUI KBTU / Sq. Ft
Liquor store 1 4950 Central Avenue	11,238	$ 8,628	7,444	$1.1590	66.24	$33,045	$2.94	126.36
Liquor store 2 2105 37th Avenue NE	10,850	$ 9,075	7,949	$1.1417	73.26	$28,968	$2.67	125.34
Public Safety 825 41st Ave NE	54,300	$ 9,052	8,413	$1.0760	15.49	$99,957	$1.84	66.95
Library 3939 Central Ave NE	22,600	$ 11,889	11,617	$1.0234	51.40	$37,183	$1.65	86.12
Murzyn Hall 530 Mill St NE	24,000	$ 16,800	16,800	$1.0000	70.00	$44,980	$1.87	95.97

UTILITY BASELINE



Utility Summary	
Utility	**Cost**
Electric	$188,690
Natural Gas	$55,444
Total	$244,134

PRELIMINARY RESULTS & RECOMMENDATIONS

RECOMMENDED ENERGY CONSERVATION MEASURES

Building	Liquor Store #1	Liquor Store #2	Public Safety	Library	Murzyn Hall
Lighting: Interior	x	x	x		x
Lighting: Parking Lot	x	x	x		x
Darcy GSHP & HVAC	x	x			
Boiler Replacement				x	
Rooftop Solar PV		x			

ECM 1 | LIGHTING

Scope of Work:

A lighting assessment was completed documenting an opportunity for interior and parking lot LED lighting retrofits at 4 buildings.

- Liquor Store #1
- Liquor Store #2
- Public Safety
- Murzyn Hall

Upgrading to LED lighting offers significant benefits including:

- Energy savings
- Improved equipment longevity
- Reduced maintenance and operational costs
- Ecologically friendly, free of toxic chemicals

ECM 2 | HVAC EQUIPMENT REPLACEMENT

Scope of Work:

The existing HVAC equipment for **two city owned Liquor Stores** is reaching economic end of life; installed during original construction in 2007.

Upgrade to “In-Kind” more efficient and extend the life of the building. Expect cooling and fan, power savings.

RTU #	Qty	Liquor store #1
1	1	YHC048E3RHA05H2C0A2B00100
2	1	YHC036E3RHA05H2C0A2B00100
3	1	YHC036E3RHA05H2C0A2B00100
4	1	YHC048E3RHA05H2C0A2B00100
5	1	YHC048E3RHA05H2C0A2B00100
6	1	YHC048E3RHA05H2C0A2B00100
7	1	YHC036E3RHA05H2C0A2B00100
	2	LDT1200M6C Heatcraft
	3	Modine Hot DAWG HDB

RTU #		Liquor store #2
1	1	YHC048E3RHA05H2C0A2B00100
2	1	YHC036E3RHA05H2C0A2B00100
3	1	YHC048E3RHA05H2C0A2B00100
4	1	YHC036E3RHA05H2C0A2B00100
5	1	YHC048E3RHA05H2C0A2B00100
6	1	YHC036E3RHA05H2B00100
	2	LDT1200M6C Heatcraft
	6	Modine Hot DAWG HDB

ECM 3 | GROUND SOURCE HEAT PUMPS

Scope of Work:

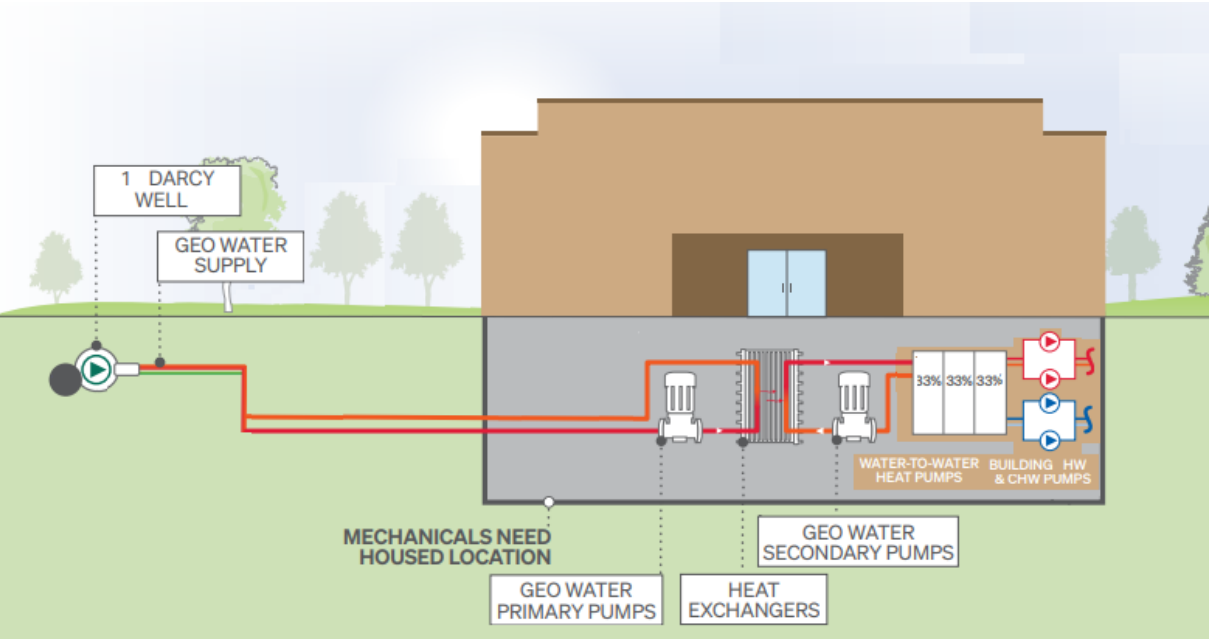
Upgrade the HVAC system to geothermal heat pump system.

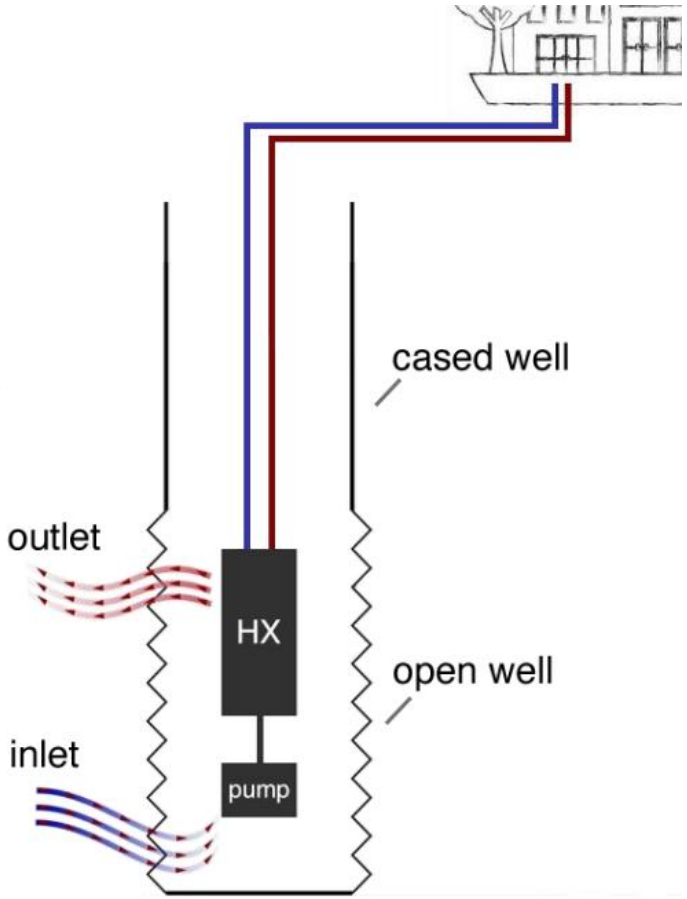
Benefits include:

- Highly efficient system
- Significant savings on utility bills
- Fully electric heating and cooling eliminates on-site fossil fuel; reduce carbon emissions
- Federal ITC funding is available
- Meet the SB2030 Net Zero Carbon Buildings requirement

Sizing engineering has determined each store would require one geothermal well to provide heating, cooling and refrigeration. Store #1 has internal space to install HVAC and geothermal equipment for the project. Store #2 will require a small footprint mechanical room addition to house the geothermal equipment with HVAC equipment placement possible inside the building.

DARCY GEOTHERMAL





An 80% Gas RTU = 4.4 kW/ton A 13 EER DX = .92 kW/ton

Chilled Water Mode / Hot Water Mode / Simultaneous Mode

Line Item / Tag	Nom. Tons	Chiller Data			Evaporator				Condenser				Electrical	
		FLA	kW Rating	kW/Ton max	GPM	Delta P max	EWT	LWT	GPM	Delta P max	EWT	LWT	Voltage	Max Amp
# 1 (30-Ton Variable Speed Module)	30	136.1	20.39 kW	0.6651	75.79 GPM	3.75 PSI	54.00°F	43.99°F	59.93 GPM	2.71 PSI	74.00°F	89.05°F	208-230/60/3	250
			28.13 kW	1.092	72.64 GPM	3.47 PSI	39.00°F	33.01°F	31.47 GPM	0.993 PSI	110.00° F	130.07° F		
			28.04 kW	0.5413	54.15 GPM	2.08 PSI	54.00°F	44.05°F	36.70 GPM	1.33 PSI	110.00° F	130.06° F		

ECM 4 | BOILER REPLACEMENT

Scope of Work:

There are plans to replace heat exchangers in the Library's two existing heating hot water boilers for the third time in 10 years.

It was requested that alternate project pricing be developed to replace the complete boiler units with units expected to provide better operational life.

This provides an opportunity to seek a slightly higher efficiency gas boiler replacement or consider an additional one well geothermal installation to replace these units.

ECM 5 | ROOFTOP SOLAR PV

Scope of Work:

Rooftop solar for **Liquor Store #2**. We developed a 50-kW array size reflecting the existing equipment arrangement, and a max roof cover of 65-kW array size if the geothermal retrofit work moves most of that roof top equipment inside the building.

ONE BIG BEAUTIFUL BILL ACT DEADLINES

Solar

- Federal Tax Credit Deadline – July 4th, 2026
- Safe Harbor - Projects must incur at least 5% of total project cost “start of construction”
  - Xcel Interconnection Application Complete

Geothermal

- Geothermal and other "baseload" technologies (like storage, nuclear) can qualify for full investment tax credits or production tax credits if construction begins by 2033

PROJECT ESTIMATES

ROUGH ORDER OF MAGNITUDE

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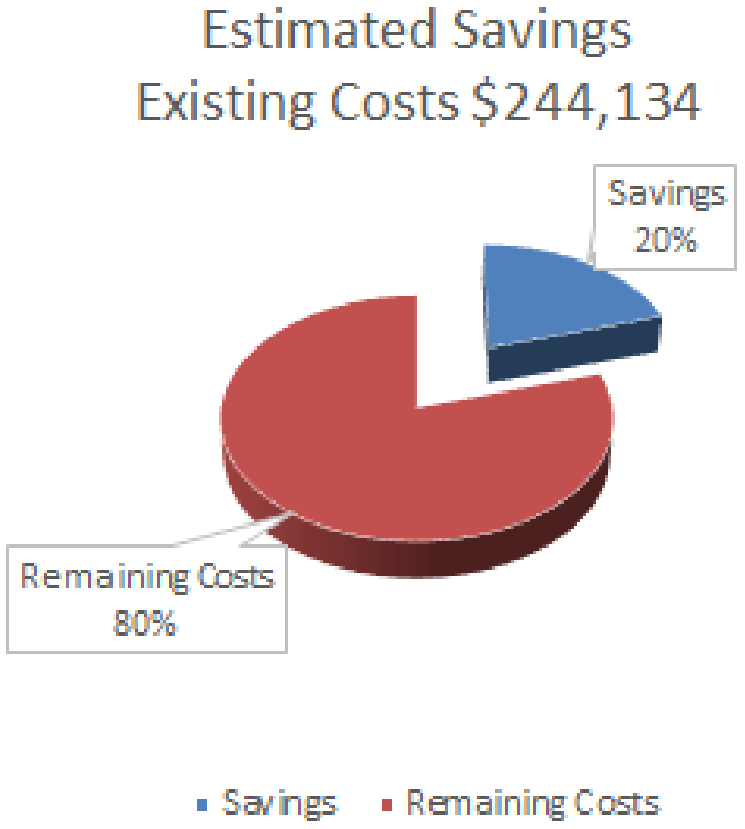
ENERGY SAVINGS ESTIMATE

Reduction Measure (Annually)	
Lighting Upgrade	$ 22,211
Geothermal Heat & Cooling	$ 22,278
In-Kind HVAC Upgrade	$ 9,836
Solar 50 kW	$ 8,085
Total Lighting/Solar/Boilers/Geo	**$ 49,655**
Total Lighting/Solar/Boilers/HVAC	**$ 37,213**



ROUGH ORDER OF MAGNITUDE FINANCIALS

Project	Lighting, Solar, Boilers, Geo	Lighting, Solar, Boilers, HVAC	Lighting, Solar, Boilers
Cost Estimate	$12,470,000	$2,470,000	$808,000
Energy Savings	$49,655	$37,213	$27,377
Operational Savings & Solar Production Credits	$108,558	$26,953	$14,033
ITC (estimated at 40% Geo, 25.5% Solar)	$4,806,780	$66,000	$66,000
Utility Rebates - Lighting & Solar*	$60,315	$60,315	$60,315

*Doesn't Include HVAC, Geo and Boiler Rebates

PROJECT ESTIMATE CASH FLOW EXAMPLE - $12,470,000

Option 1: Lighting/Solar/Boilers/Geo

YEARS	PROJECT FUNDING						PROJECT COSTS			CASH FLOW ANALYSIS	
	Construction Savings	Energy Savings	Operational Savings	Utility Rebates	IRA Credit	Total Savings	Financing Costs	M&V Costs	Total Costs	Annual Savings/Costs	Cumulative Savings/Costs
1	$9,646	$0	$ -	$0	$0	**$9,646**	($467,016)	$0	**($467,016)**	($457,370)	**($457,370)**
2	$0	$24,828	$ 54,279	$60,315	$4,806,780	**$4,946,202**	($5,373,571)	($30,000)	**($5,403,571)**	($457,370)	**($914,739)**
3	$0	$49,655	$ 108,558	$0	$0	**$158,213**	($584,533)	($31,050)	**($615,583)**	($457,370)	**($1,372,109)**
4	$0	$51,641	$ 112,358	$0	$0	**$163,999**	($589,232)	($32,137)	**($621,368)**	($457,370)	**($1,829,478)**
5	$0	$53,707	$ 116,290	$0	$0	**$169,997**	($627,366)	$0	**($627,366)**	($457,370)	**($2,286,848)**
6	$0	$55,855	$ 120,360	$0	$0	**$176,215**	($633,585)	$0	**($633,585)**	($457,370)	**($2,744,218)**
7	$0	$58,089	$ 124,573	$0	$0	**$182,662**	($640,032)	$0	**($640,032)**	($457,370)	**($3,201,587)**
8	$0	$60,413	$ 128,933	$0	$0	**$189,346**	($646,715)	$0	**($646,715)**	($457,370)	**($3,658,957)**
9	$0	$62,829	$ 133,445	$0	$0	**$196,275**	($653,645)	$0	**($653,645)**	($457,370)	**($4,116,326)**
10	$0	$65,343	$ 138,116	$0	$0	**$203,459**	($660,828)	$0	**($660,828)**	($457,370)	**($4,573,696)**
11	$0	$67,956	$ 142,950	$0	$0	**$210,906**	($668,276)	$0	**($668,276)**	($457,370)	**($5,031,066)**
12	$0	$70,675	$ 147,953	$0	$0	**$218,628**	($675,998)	$0	**($675,998)**	($457,370)	**($5,488,435)**
13	$0	$73,502	$ 153,132	$0	$0	**$226,633**	($684,003)	$0	**($684,003)**	($457,370)	**($5,945,805)**
14	$0	$76,442	$ 158,491	$0	$0	**$234,933**	($692,303)	$0	**($692,303)**	($457,370)	**($6,403,174)**
15	$0	$79,499	$ 164,039	$0	$0	**$243,538**	($700,907)	$0	**($700,907)**	($457,370)	**($6,860,544)**
16	$0	$82,679	$ 169,780	$0	$0	**$252,459**	($709,829)	$0	**($709,829)**	($457,370)	**($7,317,914)**
17	$0	$85,986	$ 175,722	$0	$0	**$261,709**	($719,078)	$0	**($719,078)**	($457,370)	**($7,775,283)**
18	$0	$89,426	$ 181,873	$0	$0	**$271,298**	($728,668)	$0	**($728,668)**	($457,370)	**($8,232,653)**
19	$0	$93,003	$ 188,238	$0	$0	**$281,241**	($738,611)	$0	**($738,611)**	($457,370)	**($8,690,022)**
20	$0	$96,723	$ 194,826	$0	$0	**$291,549**	($748,919)	$0	**($748,919)**	($457,370)	**($9,147,392)**
	$9,646	**$1,298,250**	**$2,713,916**	**$60,315**	**$4,806,780**	**$8,888,908**	**($17,943,113)**	**($93,187)**	**($18,036,300)**	**($9,147,392)**	

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PROJECT ESTIMATE CASH FLOW EXAMPLE - $2,470,000

Option 2: Lighting/Solar/Boilers/HVAC

YEARS	PROJECT FUNDING						PROJECT COSTS			CASH FLOW ANALYSIS	
	Construction Savings	Energy Savings	Operational Savings	Utility Rebates	IRA Credit	Total Savings	Financing Costs	M&V Costs	Total Costs	Annual Savings/Costs	Cumulative Savings/Costs
1	$9,646	$0	$ -	$0	$0	$9,646	($110,387)	$0	($110,387)	($100,741)	($100,741)
2	$0	$37,213	$ 26,953	$60,315	$66,000	$190,481	($285,222)	($6,000)	($291,222)	($100,741)	($201,481)
3	$0	$38,702	$ 27,896	$0	$0	$66,598	($161,129)	($6,210)	($167,339)	($100,741)	($302,222)
4	$0	$40,250	$ 28,873	$0	$0	$69,122	($163,436)	($6,427)	($169,863)	($100,741)	($402,963)
5	$0	$41,860	$ 29,883	$0	$0	$71,743	($172,483)	$0	($172,483)	($100,741)	($503,703)
6	$0	$43,534	$ 30,929	$0	$0	$74,463	($175,204)	$0	($175,204)	($100,741)	($604,444)
7	$0	$45,275	$ 32,012	$0	$0	$77,287	($178,028)	$0	($178,028)	($100,741)	($705,185)
8	$0	$47,086	$ 33,132	$0	$0	$80,218	($180,959)	$0	($180,959)	($100,741)	($805,925)
9	$0	$48,970	$ 34,292	$0	$0	$83,262	($184,002)	$0	($184,002)	($100,741)	($906,666)
10	$0	$50,929	$ 35,492	$0	$0	$86,421	($187,161)	$0	($187,161)	($100,741)	($1,007,407)
11	$0	$52,966	$ 36,734	$0	$0	$89,700	($190,441)	$0	($190,441)	($100,741)	($1,108,147)
12	$0	$55,084	$ 38,020	$0	$0	$93,104	($193,845)	$0	($193,845)	($100,741)	($1,208,888)
13	$0	$57,288	$ 39,351	$0	$0	$96,638	($197,379)	$0	($197,379)	($100,741)	($1,309,629)
14	$0	$59,579	$ 40,728	$0	$0	$100,307	($201,048)	$0	($201,048)	($100,741)	($1,410,369)
15	$0	$61,962	$ 42,153	$0	$0	$104,116	($204,856)	$0	($204,856)	($100,741)	($1,511,110)
16	$0	$64,441	$ 43,629	$0	$0	$108,070	($208,810)	$0	($208,810)	($100,741)	($1,611,851)
17	$0	$67,019	$ 45,156	$0	$0	$112,174	($212,915)	$0	($212,915)	($100,741)	($1,712,591)
18	$0	$69,699	$ 46,736	$0	$0	$116,435	($217,176)	$0	($217,176)	($100,741)	($1,813,332)
19	$0	$72,487	$ 48,372	$0	$0	$120,859	($221,600)	$0	($221,600)	($100,741)	($1,914,073)
20	$0	$75,387	$ 50,065		$0	$125,452	($226,192)	$0	($226,192)	($100,741)	($2,014,813)
	$9,646	$1,029,729	$710,405	$60,315	$66,000	$1,876,096	($3,872,271)	($18,637)	($3,890,909)	($2,014,813)	

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PROJECT ESTIMATE CASH FLOW EXAMPLE - $808,000

Option 3: Lighting/Solar/Boilers

YEARS	PROJECT FUNDING						PROJECT COSTS			CASH FLOW ANALYSIS	
	Construction Savings	Energy Savings	Operational Savings	Utility Rebates	IRA Credit	Total Savings	Financing Costs	M&V Costs	Total Costs	Annual Savings/Costs	Cumulative Savings/Costs
1	$9,646	$0	$ -	$0	$0	**$9,646**	($10,885)	$0	**($10,885)**	($1,239)	**($1,239)**
2	$0	$27,377	$ 14,033	$60,315	$66,000	**$167,725**	($163,964)	($5,000)	**($168,964)**	($1,239)	**($2,477)**
3	$0	$28,472	$ 14,524	$0	$0	**$42,996**	($39,060)	($5,175)	**($44,235)**	($1,239)	**($3,716)**
4	$0	$29,611	$ 15,033	$0	$0	**$44,643**	($40,526)	($5,356)	**($45,882)**	($1,239)	**($4,955)**
5	$0	$30,795	$ 15,559	$0	$0	**$46,354**	($47,593)	$0	**($47,593)**	($1,239)	**($6,194)**
6	$0	$32,027	$ 16,103	$0	$0	**$48,130**	($49,369)	$0	**($49,369)**	($1,239)	**($7,432)**
7	$0	$33,308	$ 16,667	$0	$0	**$49,975**	($51,214)	$0	**($51,214)**	($1,239)	**($8,671)**
8	$0	$34,641	$ 17,250	$0	$0	**$51,891**	($53,129)	$0	**($53,129)**	($1,239)	**($9,910)**
9	$0	$36,026	$ 17,854	$0	$0	**$53,880**	($55,119)	$0	**($55,119)**	($1,239)	**($11,148)**
10	$0	$37,467	$ 18,479	$0	$0	**$55,946**	($57,185)	$0	**($57,185)**	($1,239)	**($12,387)**
11	$0	$38,966	$ 19,126	$0	$0	**$58,092**	($59,330)	$0	**($59,330)**	($1,239)	**($13,626)**
12	$0	$40,525	$ 19,795	$0	$0	**$60,320**	($61,558)	$0	**($61,558)**	($1,239)	**($14,864)**
13	$0	$42,146	$ 20,488	$0	$0	**$62,633**	($63,872)	$0	**($63,872)**	($1,239)	**($16,103)**
14	$0	$43,831	$ 21,205	$0	$0	**$65,036**	($66,275)	$0	**($66,275)**	($1,239)	**($17,342)**
15	$0	$45,585	$ 21,947	$0	$0	**$67,532**	($68,770)	$0	**($68,770)**	($1,239)	**($18,581)**
16	$0	$47,408	$ 22,715	$0	$0	**$70,123**	($71,362)	$0	**($71,362)**	($1,239)	**($19,819)**
17	$0	$49,304	$ 23,510	$0	$0	**$72,815**	($74,053)	$0	**($74,053)**	($1,239)	**($21,058)**
18	$0	$51,277	$ 24,333	$0	$0	**$75,610**	($76,848)	$0	**($76,848)**	($1,239)	**($22,297)**
19	$0	$53,328	$ 25,185	$0	$0	**$78,512**	($79,751)	$0	**($79,751)**	($1,239)	**($23,535)**
20	$0	$55,461	$ 26,066	$0	$0	**$81,527**	($82,766)	$0	**($82,766)**	($1,239)	**($24,774)**
	$9,646	**$757,555**	**$369,870**	**$60,315**	**$66,000**	**$1,263,387**	**($1,272,629)**	**($15,531)**	**($1,288,161)**	**($24,774)**	

**Notwithstanding any other provision of this document, this budgetary proposal is provided for information and planning purposes only, is non-binding, and does not constitute an offer capable of acceptance. Honeywell will be pleased to provide a firm price proposal upon request, subject to its internal approval requirements.*

NEXT STEPS

SUGGESTED TIMELINE / NEXT STEPS

February 10, 2026

Presentation of the Preliminary Assessment Findings

February 23/March 9, 2026

Presentation to the Board for Approval to move to Investment Grade Audit (IGA)

March 2026

Begin IGA

- Refine Scope

March 2026 – May 2026

IGA in Process

- Customer Workshops
- Contract Development

May 2026

Complete IGA

- Review and Finalize Scope

May 2026

Finalize Contract

- Customer Workshops

June 2026

Final Selection

- Financials Approved
- Sign Contract

June 2026

Timeline Event

- Project Deployment

Q&A

THE FUTURE IS WHAT WE MAKE IT.

What if your toughest challenges dissolved into a single solution, making City of Columbia Heights smarter, faster, and safer?