

Contract #161436

ENERGY PERFORMANCE **CONTRACTING SERVICES**

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and RFP # 161436**

1. Negotiations/Clarifications



702 E. BELL RD, STE 121
PHOENIX, AZ 85022
480.407.4672 • MCKINSTRY.COM

September 15, 2016

Dan Longanecker, CPPB
Principal Contract Officer
City of Tucson – Department of Procurement
255 W. Alameda
P.O. Box 27210
Tucson, AZ 85726-7210

**RE: RFP NO. 161436 – ENERGY PERFORMANCE CONTRACTING SERVICES –
MCKINSTRY RESPONSE TO NOTICE OF INTENT TO NEGOTIATE**

Dear Mr. Longanecker,

We sincerely appreciate the opportunity to work with the City of Tucson on this important endeavor for Energy Performance Contracting Services.

In regards to our response to Form 4, Item 2: Abide by 3rd Party M&V to arbitrate savings disputes, I hereby confirm that McKinstry accepts this methodology and is legally able to abide by third party M&V to arbitrate savings disputes, should they arise, and for tracking ESA/ESP savings payments.

Please make note that our Phoenix office location has changed recently. The new address is:

McKinstry Essention, LLC
702 E. Bell Road, Suite 121
Phoenix, AZ 85022
480.407.4672 phone

Please feel free to contact me at 303.215.4044 or email me at lesliel@mckinstry.com should you have any questions. We very much appreciate your selection of McKinstry to move to the next stages for this project and look forward to working with you.

Best regards,

Leslie Larocque
Regional Director



**CITY OF
TUCSON**
DEPARTMENT OF
PROCUREMENT

sent via email this day EdR@mckinstry.com

September 12, 2016

Ed Rucker
Senior Account Executive
McKinstry Essention, LLC
3430 E. Shea Blvd., Suite 200
Phoenix, AZ 85028

**Subject: RFP No. 161436- Energy Performance Contracting Services
Notice of Intent to Negotiate**

Mr. Rucker,

The City of Tucson has completed evaluation of submittals received in response to the subject solicitation. Based on the recommendation of the evaluation committee, the City is inviting McKinstry to enter negotiations. This letter serves as notification of the City's intent to enter into negotiations. Specifically, the City intends to discuss the following:

1. Regarding your response to Form 4, Item 2: Abide by 3rd Party M&V to arbitrate savings disputes:

Confirm your firm's acceptance of this methodology, should the need to arise in any future project.

Notice of Intent to Negotiate is not an intent to award a contract and does not establish a contractual relationship between McKinstry and the City of Tucson. In the event that the City is not able to negotiate a satisfactory contract with McKinstry the City may terminate negotiations.

Response to be provided as soon as feasible but no later than September 16, 2016 at 5:00 p.m local AZ time. An authorized signature and date must be included in the response. Response can be emailed (Dan.Longanecker@tucsonaz.gov). The City of Tucson appreciates your interest in this contract. If you should have any questions, please feel free to contact me at 520.837.4125.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Longanecker", with a long horizontal flourish extending to the right.

Dan Longanecker, CPPB
Principal Contract Officer

From: Ed Rucker <EdR@McKinstry.com>
To: Dan Longanecker <Dan.Longanecker@tucsonaz.gov>
CC: Jason Laros <Jason.Laros@tucsonaz.gov>
Date: 6/2/2016 6:24 AM
Subject: Re: RFP 161436 Energy Performance Contracting: Clarification

Thank you Mr. Longanecker,

Our response should have had that section completed. Did you have any questions specific to our completion of that form?

If you have any questions, please let me know and we will help in any way we can.

Respectfully,

Respectfully,

Ed Rucker, CEM
Account Executive
P 602-526-7152<tel:602-526-7152>

McKinstry
Consulting | Construction | Energy | Facility Services
FOR THE LIFE OF YOUR BUILDING
www.mckinstry.com<<http://www.mckinstry.com/>>

On May 31, 2016, at 12:59 PM, Dan Longanecker
<Dan.Longanecker@tucsonaz.gov<mailto:Dan.Longanecker@tucsonaz.gov>> wrote:

The City of Tucson is in receipt of your response to Request for Proposal No. 161436: Energy Performance Contracting Services.

Due to an oversight in our response instructions, we are requesting a response to question # 2 on Form 4 from all offerors. If your initial submission did not include this, then please email this to me using Form 4 as soon as feasible but no later than June 2, 2016.

Thank you.

Dan Longanecker, CPPB
Principal Contract Officer
City of Tucson Procurement
(520) 837-4125
[Dan.Longanecker@tucsonaz.gov](mailto:837-4125Dan.Longanecker@tucsonaz.gov)<<mailto:837-4125Dan.Longanecker@tucsonaz.gov>>

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2. Response to RFP #161436 and RFP # 161436



City of Tucson

Energy Performance Contracting

RFP No. 161436

TUCSON, ARIZONA
17 MAY 2016

ORIGINAL

WELLS FARGO BANK
TUCSON, ARIZONA
17 MAY 2016



3240 E. SHEA BLVD, SUITE 200
PHOENIX, AZ 85028
602.466.3191 • MCKINSTRY.COM

May 17, 2016

Mr. Dan Longanecker, CPPB
Principal Contract Officer
City of Tucson, Department of Procurement
255 W. Alameda, 6th Floor
Tucson, AZ 85701

RE: CITY OF TUCSON ENERGY PERFORMANCE CONTRACTING, RFP NO. 161436

Dear Mr. Longanecker,

On behalf of McKinstry Essention, LLC (McKinstry), we are honored to present our response to your request for proposal for energy performance contracting. We understand your goals to achieve significant long-term energy and operating cost savings in a cost effective manner to provide maximum funding for capital improvements. McKinstry's belief and philosophy is that reducing energy consumption at City facilities should come from both appropriate equipment replacements, and low cost operational improvements. We are uniquely qualified as the best fit for the City of Tucson for the following reasons:

1. Our services cost less. We are a privately owned, domestic-only company, with a full suite of services available in-house. This means no answering to Wall Street stockholders or capital management firms and no expensive international headquarters. Our in-house, best-in-class engineering design, construction management, commissioning, and measurement & verification reduce first cost through design excellence, as well as eliminating mark-ups on mark-ups.
2. Our innovative engineering team has the capability to uncover energy savings opportunities that others miss. We are committed and dedicated to providing unique, creative designs and financial solutions to find the lowest utility rate structures incorporating rebates and incentives.
3. We leverage our local team of contractors, suppliers and ongoing service providers to eliminate travel and overhead costs, ensure accountability, efficient service, and provide the overall best value.
4. We listen. Our co-authored approach will incorporate the City of Tucson team's valuable insight and experience.
5. We are not a manufacturer. This is a double bonus because we do not incur research and development costs and we have zero conflicts of interest when recommending the most beneficial brands for your projects.

We appreciate your consideration and look forward to an opportunity to interview with your team. If you have further questions, please do not hesitate to contact me at (602) 526-7152 or via email at edr@mckinstry.com.

Sincerely,

Ed Rucker
Senior Account Executive

Leslie Larocque
Regional Director, Signatory Authority

PAYMENT INFORMATION

1. As stated in the Instructions to Offerors, 7. Discounts, the price(s) herein can be discounted by 0%, if payment is made within _____ days. These payment terms shall apply to all purchases and to all payment methods.
2. Cooperative Purchasing Program: Will your firm provide the City of Tucson, as the lead agency on this regional contract, a rebate in the form of a percentage of sales based upon the other agencies sales?
_____ Yes ☒ No If yes, state proposed percentage: _____%
3. Will payment be accepted via commercial credit card? _____ Yes ☒ No
 - a. If yes, can commercial payment(s) be made online? _____ Yes _____ No
 - b. Will a third party be processing the commercial credit card payment(s)? _____ Yes _____ No
 - c. If yes, indicate the flat fee per transaction \$_____ (as allowable, per Section 5.2.E of Visa Operating Regulations).
 - d. If "no" to above, will consideration be given to accept the card? ☒ Yes _____ No
4. Does your firm have a City of Tucson Business License? ☒ Yes _____ No
If yes, please provide a copy of your City of Tucson Business license.

III. GENERAL

- A. **Shortlist:**
The City reserves the right to shortlist the offerors on any of the stated criteria. However, the City may determine that shortlisting is not necessary.
- B. **Interviews:**
The City reserves the right to conduct interviews with some or all of the offerors at any point during the evaluation process. However, the City may determine that interviews are not necessary. In the event interviews are conducted, information provided during the interview process shall be taken into consideration when evaluating the stated criteria. The City shall not reimburse the offeror for the costs associated with the interview process.
- C. **Additional Investigations:**
The City reserves the right to make such additional investigations as it deems necessary to establish the competence and financial stability of any offeror submitting a proposal.
- D. **Prior Experience:**
Experiences with the City and entities that evaluation committee members represent and that are not specifically mentioned in the solicitation response may be taken into consideration when evaluating offers.
- E. **Multiple Awards:**
To provide adequate contract coverage, at the City's sole discretion, multiple awards may be made.



City of Tucson

License Certificate

Business Name and Tucson Mailing Address:

MCKINSTRY ESSENTION LLC
ATTN: BUSINESS LICENSING
120 S CENTRAL AVE STE 400
CLAYTON MO 63105

License Number: 3032645

Type: Administrative Management and General Ma

Issue Date: December 16, 2015

Expiration Date: December 31, 2016

Owner:

MCKINSTRY ESSENTION LLC

This license / permit is **non-transferable** and must be posted
in a conspicuous place at the business location.

**THE ISSUANCE OF THIS LICENSE / PERMIT SHALL
NOT BE CONSTRUED AS PERMISSION TO OPERATE
IN VIOLATION OF ANY LAW OR REGULATION.**

FOLD HERE

CITY OF TUCSON, ARIZONA

FINANCE DEPARTMENT

REVENUE DIVISION - LICENSE

Expiration Date: December 31, 2016



Non-Transferable

3032645

**MUST BE DISPLAYED IN
A CONSPICUOUS PLACE**

Business License

For the payment of the license fee, the person or firm below is hereby licensed to conduct business in the City of Tucson.

Tax accruing to the City of Tucson shall be paid under provisions of Ch. 19, Tucson City Code. This license is subject to revocation for violation of Ch. 7 or Ch. 19 of the Tucson City Code.

Issued To: MCKINSTRY ESSENTION LLC

Located At: 5005 3RD AVE S, SEATTLE, WA 98134

Effective: January 01, 2016

Please refer to license number in all correspondence.

By

Finance Director

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OFFER AND ACCEPTANCE FORM

AMENDMENT ACKNOWLEDGMENTS

CITY OF TUCSON RFP 161436 - COPY

¹ Please note that this response provides the basic economic terms on which McKinstry would be willing to perform the scope of services outlined here. This response does not cover all of the terms and conditions relevant to a definitive agreement about these services. Nothing in this response approves legal terms such as warranties, indemnification, insurance requirements, and limitations of liability, even if those terms were included in the request for proposal. The details of those terms must be negotiated by the parties and set forth in a definitive agreement with respect to McKinstry's services.

Form: 1

Services Offered by Respondent

Instructions: Fill out Respondent name in cell B20 below. Review each of the 5 tabs. If respondent can and will offer a service offered under a given category represented on a tab, select "yes" from the dropdown. "Yes" is the only option. So if the Respondent will not offer a service, do not select anything. Due to the fact this may be a multiple-award contract, it is recommended that respondents offer services based on their firm's core strengths.

A Respondent may choose to offer any individual service or any combination of services, with the exception of Third Party Measurement and Verification (M&V). While any firm may measure and verify the performance of their services and projects, official Third Party M&V services must stand alone and cannot be offered in conjunction with other services.

Respondent/Company Name	McKinstry Essention, LLC
-------------------------	--------------------------

Analytical	
ASHRAE Level 1 Energy Audit (equivalent)	Yes
ASHRAE Level 2 Energy Audit (equivalent)	Yes
ASHRAE Level 3 Energy Audit (equivalent)	Yes
Code analysis	
Commissioning	Yes
Energy Modeling	Yes
Energy Monitoring and Analysis	Yes
Engineering Assessments	Yes
Equipment condition assessments	Yes
Facility Condition Assessments	Yes
Life cycle cost analyses	Yes
Monitoring systems optimization and upgrades	Yes
Permitting analysis	
Real time interval data/telemetry	Yes
Retro-commissioning	Yes
Schematic Design	Yes
Space allocation analyses	
Staff Awareness Survey	Yes
Standard Measurement and Verification*	Yes
Sub Metering	Yes
Utility Rate Audits	Yes

* As opposed to official 3rd party M&V

Official 3rd Party Measurement and Verification	
Provide Measurement and Verification Services in accordance with the International Performance Measurement & Verification Protocol (IPMVP)	
Corroboration of guaranteed savings	

Demand Reduction	
Advanced metering and meter reading - AMR, AMI	Yes
Battery energy storage systems	Yes
Biogas utilization	Yes
Bioreactors	
Building automation and controls	Yes
Buildings	Yes
Cogeneration and combined heat and power plants/upgrades	Yes
Controls systems repair	Yes
Cool roofs	Yes
Cooling tower optimization	Yes
Cooling towers	Yes
Curtailment	Yes
Deferred maintenance (energy/water related)	Yes
Deferred maintenance (Ex. Leak detection & repair, emitter repair, adjustment, etc)	
District Energy Systems	Yes
Duct leak repair	Yes
Dust mitigation	
Efficient driver training	
Efficient interior water fixtures (ex. Flush valves, toilets, aerators, shower heads, etc)	Yes
Electric Vehicle Fleets	Yes
Energy Recovery	Yes
Envelope modernization	Yes
Fault Detection Diagnostics	Yes
Fleet Modernization	Yes
Electrical Generation facilities (turbine engine, gas engine, etc.)	Yes
Gray water system design and installation (active and/or passive systems)	Yes
Heating Ventilation and Air Conditioning	Yes
Idle reduction programs and hardware	Yes
Insulation - buildings	Yes
Irrigation optimization and leak detection	Yes
Irrigation controls technology	Yes
Landfill gas utilization	Yes
Landscape maintenance best practices (for water efficiency)	Yes
Large scale energy storage	Yes
Large scale solar	Yes
Lighting - interior	Yes
Lighting - site	Yes
Like-for-like equipment replacement (efficiency upgrade)	Yes
Electric motor efficiency and optimization	Yes
Monitoring systems optimization and upgrades	Yes
Municipal water systems	Yes
Natural gas transport bypass	
Non like-for-like upgrades - HVAC re-engineering	Yes
On site fuel blending - biogas and biodiesel - renewable identification numbers	
Pump management	Yes

Pumped water energy storage systems	Yes
Rain & storm water harvesting installation (active and/or passive systems)	Yes
Real time interval data/telemetry	Yes
Retro-commissioning	Yes
Roof cooling	Yes
Shading - buildings	Yes
Small engines mitigation - landscape equipment, compactors, etc.	
Sub-metering	Yes
System modification or re-engineering	Yes
Thermal energy storage systems	Yes
Toilet flushing	Yes
Turf mitigation	Yes
Turf replacement with artificial or alternative equivalent	Yes
Vehicle replacement	Yes
Vehicle washing	Yes
Waste gasification/incineration	Yes
Waste to energy	Yes
Water systems efficiency upgrades	Yes
Weatherization leak repair (caulking, door sweeps, etc.)	Yes
Windows	Yes

Supply Management and Energy Purchasing	
Energy/fuel purchasing consulting/brokerage as needed	
Hedging energy costs	
Liquid fuel purchasing	
Natural gas purchasing	
Other	Yes
Power purchase agreements	Yes

Culture Change	
Community or staff involvement	Yes
Energy & water awareness, education, training	Yes
Ongoing culture change maintenance	Yes
Other	Yes
Program marketing	Yes
Staff surveys & analysis	Yes

Form: 2

Project Scenarios

Form 2: Project Scenarios

Scenario 1: The City identifies an aged, multi-floor building with 15 year old t-8 lighting fixtures, a 20 year old 4-pipe central plant with variable air volume with reheat, multiple envelope weatherization deferred maintenance and aging issues, single pane windows and drastically reconfigured floor plans since its initial design. The scenario facility is approximately 115,000 ft². It uses approximately 2.3MWh of electricity that costs \$250,000 per year. It uses approximately 17,400 therms of natural gas per year that costs \$17,000 annually.

Based on only the information above, the City Program Manager (PM) recognizes this facility as a good candidate for a full renovation with many potential ECOs. The City has not completed audits, but provides an equipment list, 2 years of utility consumption, cost and rate data.

The City Project Manager invites all of the ESA/ESP partner(s) to bid on the modernization.

Please respond to the following:

1. What are the top 5 next-most important pieces of information the ESA/ESP partner(s) should request regarding the facility in question, prior to onsite audits or advising a course of action?

1) City goals: Overview of short/long term goals. Deep energy savings retrofits, certifications (LEED, Zero Net Energy), improved occupant comfort, equipment replacement, renewables, & staff training.

2) Review known issues: Coordinated discussion with appropriate staff to deliberate existing building issues, pinch points, and system capabilities and deficiencies.

3) Financial parameters & opportunities: Discuss target finance term and process, utility escalation, use of CAPEX and OPEX, identified funding sources, grant and rebates programs.

4) Facility information: Communication channels, copies of existing drawings, utility data, any capital plans, building automation system trends, use schedule and occupancy.

5) Site access & safety: Identify background check & badging procedures, IT infrastructure, typical audit schedule and escorts, off hour audits, site specific safety plan (PPE requirements, hazmat surveys).

2. After gathering more basic information, what type or level of audit should the ESA/ESP recommend?

The next step is an ASHRAE Level 2 audit. Once the preliminary analysis is performed (ASHRAE Level 1) and the facility "benchmarked", it is recommended to conduct a survey and analysis that will provide a detailed breakdown of the existing systems and operations, a comprehensive utility data analysis, a rough order of magnitude of costs and savings of an array of energy efficiency and capital investment measures, identify prerequisite project goals and possible solutions, ultimately enabling the project team to prioritize the project scope and tasks to deliver the final analysis (ASHRAE Level 3) and final energy report. Final analysis and report will include guaranteed maximum level costs and guaranteed savings.

3. Describe the basic scope of work for the audit named in answer 2.

Evaluation of the building energy systems to formalize a scope of energy saving measures. This should include the envelope, lighting, HVAC, domestic hot water, plug loads, and process uses (if applicable). This study starts with a detailed analysis of energy consumption to quantify base loads, seasonal variation, and effective energy costs. From there, the study should include an evaluation of lighting, air quality, temperature, ventilation, humidity, and other conditions that may affect energy performance and occupant comfort. The process also includes detailed discussions with the building Ownership, Management, and Occupants to explore potential problem areas, and clarify financial and non-financial goals of the program. This effort should result in a report that summarizes the findings of the effort and can be used to develop a proposal for an Energy Performance Contract that contains guaranteed energy savings, guaranteed maximum price, commissioning and measurement & verification plans.

4. Describe the technologies that may be incorporated in the energy modernization of a building of this type.

Controls Upgrade: VAV reheat system duct static pressure and/or discharge air temperature reset to reduce fan energy and reheat energy. Duct reconfiguration and duct sealing may be needed if there exists floor-to-floor air flow distribution issues. Building envelope weatherization and floor-to-floor compartmentalization to minimize high-rise stack effect and achieve proper building pressure control. BAS system upgrade and using Skyspark to provide ongoing building performance monitoring, diagnostic and commissioning. Aged Equipment Replacement: condensing boilers, frictionless bearing chillers, large delta T heating coils to allow continuous condensing range operation. LED lighting and lighting control system (office and parking garage). High performance glazing retrofit with standard low-E or low-SHGC. Wall insulation retrofit. Premium / super-premium efficiency motors, variable frequency drives to control fans and pumps (parking garage CO exhaust control optimization if applicable). Solar PV.

Scenario 2: The City PM focuses on a service center campus that has 19 buildings totaling approximately 1,000,000 ft² of facilities with an annual utility expenditure of over \$500,000. Building uses are mixed ranging from office to warehouse and industrial processes. The site has extensive exterior lighting. The site stores many vehicles and other machinery in outdoor lots and conducts refueling, washing and maintenance on site. There is a nearby interstate natural gas line. The buildings are in varied states of repair with multiple equipment types ranging from split system heat pumps to a four-pipe, water-cooled central plant. There are multiple tenants on site who share utility costs. Not all of the tenants' utilities or infrastructures are funded from the same source. Some may be funded from the City's General Fund, others may have Federal dollars. The City intends to operate the site long term (25+ years).

The City PM asks the City ESA/ESP partner(s) assist the City in determining the full potential of the site for modernization and efficiency. The PM's only requirements are:

- The project must be able to be paid for using state-legal performance contracting financing.
- It is more important to fully modernize and optimize the site to the greatest extent rather than to have immediate or overall net savings. This is a long term investment.
- The project must maximize the use of renewable energy, as a secondary concern to increased utility and efficiency.
- The project must optimize opportunities to purchase energy at lower costs.

Answer the following in the space allotted.

1. Recommend a method of approach for initial site analysis and project scoping and describe how you would determine charges, if any, for initial analysis.

Contact all tenants and schedule a meeting to discuss the project intent, access procedures, and specific needs of each space. Submit a request for background data to each tenant that pays utilities to secure historical consumption data. Schedule site visits with each tenant and have knowledgeable staff escort audit team to give insight into building operational characteristics.

The initial, ASHRAE Level 1, site analysis, would be performed at no cost.

2. Given the complexity of the situation and site, what is largest challenge you would identify regarding project financing, repayment, measurement and verification?

Multiple entities needing separate agreements to cover all aspects of the project

3. Outline an approach for mitigating the challenge you named in question #2.

A challenge in bundling multiple entities into a single energy performance contract (EPC) contract is accurate accounting of project budgets and savings streams. In conjunction with audit McKinstry has the ability to deploy various system meters and logging devices to decipher energy usage relative to utility meter and tenant use. In some cases we have successfully launched our building analytics offering, Active Energy Management (AEM), to add another layer of data gathering and monitoring to assistance in how projects are developed, energy savings tracked, and budgets accounted for. Once AEM is installed the transfer of data can be easily disseminated into various accounting systems, energy performance dashboards, and on-going operation and maintenance tracking programs.

4. List up to five of the most unique opportunities that may be available on a site as described in scenario 2.

- 1) Extension of the interstate gas line to allow purchase of gas at City-gate pricing
- 2) Conversion of fleet to utilize compressed natural gas
- 3) Recycling of car wash water
- 4) Creation of a central utility plant to provide chilled and hot water to tenants
- 5) Large scale solar photovoltaic array

5. List up to five of the most likely practical opportunities that would be identified on a site as described in scenario 2.

- 1) Building automation systems
- 2) LED lighting
- 3) Water conservation
- 4) Variable frequency drives
- 5) Utility metering consolidation

Form: 3

Pricing

Form 3: Pricing

Instructions: Complete the pdf form. Answer "N/A" or "none" if applicable.

INVESTMENT GRADE AUDIT (IGA)

The City is requesting a price-per-foot for investment grade audit service for projects that require a detailed audit or IGA before price and savings numbers can be finalized. The following rates and charges are hereby proposed for IGAs:

\$ per square foot

☐ n/a

If offering IGA services, please enclose a sample IGA agreement with proposal that is representative of the typical IGA your firm will offer.

☒ Enclosed

SPACE UTILIZATION ASSESSMENTS

The City is requesting a price-per-foot for space utilization assessment service. The following rates and charges are hereby proposed for space utilization assessments:

\$ per square foot

☒ n/a

If offering space utilization assessment services, please enclose a sample agreement with proposal that is representative of the typical space utilization assessment your firm will offer.

☐ Enclosed

BUILDING, EQUIPMENT AND SYSTEMS CONDITION ASSESSMENT

The City is requesting a price-per-foot for condition assessment services. The following rates and charges are hereby proposed for condition assessments:

\$ per square foot

☐ n/a

If offering condition assessment services, please enclose a sample condition assessment agreement with proposal that is representative of the typical condition assessment your firm will offer.

☒ Enclosed

COMBINED ASSESSMENTS

The City is requesting a price-per-foot for firms able and willing to provide combined energy, space and condition assessments. The following rates and charges are hereby proposed for combined assessments:

\$ per square foot

☐ n/a

Comments regarding combined assessments:

If offering combined assessments, please enclose a sample combined assessment agreement with proposal that is representative of the typical combined assessment your firm will offer.

☒ Enclosed

ESCO MARKUP FEES

The City is requesting Open Book Pricing for the implementation phase of this project. If selected to implement Energy Conservation Measures (ECM's) eligible for funding and/or any additional ECM's, the above respondent will assess the following overhead and profit markup percentages:

Overhead %

Profit %

☐ n/a

Will your firm provide basic consultations, initial walk-through audits, and draft cost analyses at no charge to the City?

☒ Yes

☐ No

Comments

* McKinstry is proposing a range of cost for this activity to be negotiated based on the scope and size of the audit. A small, single building audit would fall at the higher end of the cost range, while large square footage (multiple properties bundled into a single audit) would fall at the lower end of the cost range.

Form 3 Attachments

Sample IGA Agreement

Sample Condition Assessment Agreement

Sample Combined Assessments Agreement



CONFIDENTIAL & PROPRIETARY
CITY OF TUCSON

INVESTMENT GRADE AUDIT AGREEMENT

THIS INVESTMENT GRADE AUDIT AGREEMENT ("Contract") is made and entered into effective as of _____ by and between McKinstry Essention, LLC, a Washington limited liability company ("McKinstry"), and _____ ("Customer").

RECITALS

McKinstry is a full-service design, build, operate, and maintain firm that provides Customers with consulting, design, construction, energy, facilities and program development services to help them realize operational excellence and energy efficiency in the built environment; and

Customer desires to receive professional services that specifically relate to Investment Grade Audit services to determine the feasibility of, among other things, entering into an energy performance contract; and

If such measures are determined to be feasible, Customer and McKinstry may negotiate an energy performance contract under which McKinstry will design, procure, install, implement, maintain and/or monitor such measures; and

This Contract is procured pursuant to the governmental Procurement Rules in the Arizona Administrative Code (A.C.C.) put into operation by the State Legislation pursuant to A.R.S. 34-105. McKinstry enters into this Contract in reliance on Customer's representations concerning the appropriateness and validity of the procurement mechanism(s) under which this contract is procured, and Customer as a fiduciary acknowledges such reliance by McKinstry; and

AGREEMENT

In consideration of the mutual agreements, covenants, and conditions herein contained, Customer and McKinstry agree as follows:

1. Performance of Work

McKinstry shall perform the scope of work ("Work") described in Exhibit B. McKinstry shall furnish all services necessary to perform the Work and perform the Work to completion diligently, expeditiously and with adequate forces. Customer shall use its best efforts to provide all information, materials, documents, and assistance that is reasonably required for McKinstry to perform any and all aspects of the Work.

2. Compensation

For performance of the Work, and subject to the provisions of this Contract, Customer shall pay McKinstry the contract price including its respective components ("Price") described in Exhibit D.

3. Compliance with Law

Customer and McKinstry shall comply with all statutory and regulatory requirements applicable to the Work. McKinstry shall obtain and maintain all licenses and permits pertaining to activities engaged in by McKinstry, including without limitation licenses and permits required to perform the Work except to the extent actually obtained and maintained by Customer.

4. Independent Contractor

McKinstry is an independent contractor and is not an agent of Customer. Customer shall in no way be liable as an employer to or on account of any of the employees of McKinstry.

5. McKinstry's Employees

McKinstry shall comply with all statutory and regulatory requirements related to McKinstry's employees, including but not limited to wage rates, hours of labor, and employee labor protections.

6. Insurance

McKinstry shall maintain insurance coverage in the following minimum amounts:

Type of Insurance	Coverage
General Liability	\$4,000,000 General Aggregate / \$2,000,000 Each Occurrence
Professional Liability	\$5,000,000 Policy Aggregate / \$5,000,000 Each Claim
Automobile Liability	\$1,000,000 Combined Single Limit
Workers Compensation	Statutory

7. Bonds

McKinstry shall, at Customer's expense, obtain and maintain performance and/or payment bonds, or other bonds, if directed by Customer.

8. Safety

McKinstry shall ensure the safety of people and property by employing a standard of care that is at least equivalent to the standard of care ordinarily used by members of the trade or profession under similar conditions in the same locality as the Project, or as required under this Contract, or as required by law, whichever standard of care is greater.

9. Subcontractors

McKinstry may hire subcontractors to perform any portion of the Work under this Contract. McKinstry is entirely and ultimately responsible for compliance with the provisions of this Contract and for any part of Work that is performed by a subcontractor.

10. Borrowed Equipment

If requested by McKinstry and if permitted by Customer's representative, McKinstry may use Customer's equipment in performing the Work. McKinstry, assumes full and complete responsibility for the use of the equipment, will ensure that only a competent operator will be permitted to use the equipment and only after fully inspecting the equipment, shall not modify the equipment, shall be solely responsible for all claims, demands, lawsuits, losses, expenses and/or liabilities that arise from its use of the equipment to the extent of McKinstry's negligence, and agrees that Customer makes no representation or warranty regarding the condition or suitability of equipment for any intended use.

11. Payments

Unless different payment terms are specified in this Contract, Customer shall pay McKinstry for the value of Work that McKinstry has completed, as the Work is completed. Customer shall pay McKinstry within fifteen (15) days of receiving an invoice. McKinstry will be entitled to interest at the rate allowed by law on all sums overdue and unpaid from the date due.

12. Warranties

McKinstry warrants the Work for one (1) year. McKinstry also warrants that the Work will not infringe any copyright, patent, trade secret, or other proprietary right held by any third party. Provided, however, that McKinstry makes no warranty whatsoever regarding products provided by third parties that are incorporated into the Work, but in such case the terms of the manufacturer's warranty or other warranty, if any, shall apply between Customer and the third party manufacturer of the product. THE WARRANTIES CONTAINED IN THIS CONTRACT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY.

13. Intellectual Property

Plans, designs, specifications, drawings, materials, exhibits, reports, memoranda, studies, software code, electronic data, and other intellectual information and materials provided by McKinstry to Customer (collectively the

"Intellectual Property") as part of the Work are instruments of service owned by McKinstry and are not "work made for hire" as such term is defined under U.S. copyright law. If this Contract is performed to completion, then McKinstry grants to Customer a limited license to use the Intellectual Property to operate, maintain, renovate, and manage the subject matter of this Contract. The Intellectual Property shall not be used on other projects or for completion of the Work by others, unless the McKinstry is adjudged to be in material breach of this Contract, in which case Customer shall hold McKinstry harmless from any and all errors or omissions in the Work.

14. Limitation of Liability

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR SIMILAR, DAMAGES OR LOSSES, INCLUDING LOSS OF PROFITS, ARISING OUT OF OR RELATING TO THIS CONTRACT, WHETHER BASED IN CONTRACT OR TORT OR ANY OTHER THEORY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHERMORE, THE TOTAL AGGREGATE LIABILITY OF EITHER PARTY, UNDER ANY THEORY, IS LIMITED TO THE CONTRACT PRICE.

15. Indemnification

To the fullest extent permitted by law, McKinstry shall indemnify and hold harmless Customer, Customer's consultants, and agents and employees of any of them from and against third party claims, damages, losses and expenses, including but not limited to attorneys' fees, directly related to McKinstry's performance of the Work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property other than the Work itself, but only to the extent caused by the negligent acts or omissions of McKinstry or anyone directly or indirectly employed by McKinstry or anyone for whose acts McKinstry may be liable. Such obligation shall not be construed to negate, abridge or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this section.

16. Claims

McKinstry may request payment for an amount McKinstry believes is due to it, or for additional time to perform under this Contract ("Claim") pursuant to the following procedure. Within thirty (30) days after the occurrence giving rise to the Claim, McKinstry shall provide Customer with a written statement of claim ("Statement of Claim") which shall describe with particularity the occurrence giving rise to the Claim, the reasons why the Claim should be accepted, and McKinstry's requested resolution. Customer shall determine whether to accept or reject the Claim.

17. Changes

The Scope of Work, Price, and time for performance may be changed pursuant to a written change order executed by an authorized McKinstry signer and Customer signer ("Change Order"). A Change Order is valid only to the extent that it changes the Scope of Work, Price, and/or duration of the Work. Any invalid portions of a Change Order shall be disregarded.

18. Termination

Termination for Cause. If McKinstry fails to perform under this Contract, Customer may notify McKinstry in writing of Customer's intent to terminate this Agreement along with a description of the alleged performance failure. If such failure is not corrected by McKinstry within fifteen (15) days after receipt of such notice, Customer may terminate this Contract, and McKinstry shall be entitled to receive payment for all amounts earned prior to termination. If it is determined for any reason that termination was improper, the termination shall be treated as a termination for convenience.

Termination for Convenience. Customer may terminate this Contract in whole or in part for any reason by providing written notice of termination to McKinstry and specifying the date on when the termination becomes effective. Upon receipt of such notice, McKinstry shall incur no further obligations in connection with the terminated work and will stop work to the extent specified. McKinstry shall also terminate outstanding orders and subcontracts as they relate to the terminated work. McKinstry shall settle liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work, and Customer shall pay McKinstry for such expenses, demobilization costs incurred by McKinstry due to the termination, and lost profits on terminated work. Such amounts shall be paid by Customer to McKinstry within fifteen (15) days of McKinstry's delivery to Customer of a request for payment. In addition, McKinstry may terminate this Contract in whole or in part for any

reason by providing written notice of termination to Customer and specifying when termination becomes effective. In such case, McKinstry shall refund to Customer all amounts prepaid by Customer and unearned by McKinstry as of the date of termination, and Customer shall have no payment obligation to McKinstry for unperformed Work.

19. Disputes

The Parties agree that the following process will be used to resolve any dispute between them. All dispute resolution shall be conducted in good faith, shall be confidential, shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall be inadmissible in any litigation, or other judicial proceeding. First, the Parties will attempt to negotiate a resolution. If a dispute remains unresolved more than thirty (30) calendar days after the commencement of negotiation and the Parties have not mutually agreed to extend the negotiation period, then the Parties shall pursue mediation. In mediation, the Parties shall mutually select a mediator, the cost of the mediator and other administrative costs shall be shared equally by the Parties, and each Party shall be responsible for its own costs and expenses. If any dispute remains unresolved more than sixty (60) calendar days after the commencement of mediation, and the Parties have not mutually agreed to extend the mediation period, then either Party may pursue arbitration. In arbitration, the Parties shall mutually select an arbitrator, and the non-prevailing Party shall reimburse the prevailing Party for all of its reasonable attorneys' fees, costs, and expenses related to the arbitration.

20. Notices

All notices to McKinstry shall be written, shall be sent via certified or registered mail or personally delivered, shall consist of one copy to McKinstry's General Counsel at McKinstry headquarters, and one copy to the primary McKinstry contact for the Work, and shall be deemed delivered when received.

21. Non-Solicitation of Employees

Customer shall not, so long as McKinstry is engaged by Customer and for twelve (12) months after such engagement ends, directly or indirectly solicit or recruit any employee of McKinstry to leave his or her employment with McKinstry. This provision does not apply if the McKinstry employee approaches Customer of his or her own accord.

22. Choice of Law, Venue

The validity, interpretation, and performance of this Contract shall be governed exclusively in accordance with and by the laws of the state in which the Work is performed. The venue for resolving any dispute shall be the county in which the Work is performed.

23. Flow Down

No provisions of, or obligations or duties of Customer under, any other agreement to which Customer is a party will flow down to McKinstry unless explicitly provided for in this Contract.

24. Force Majeure

Neither McKinstry nor Customer shall be considered in breach of this Contract to the extent that the Party's performance is prevented by an event or events that are beyond the control of such party, including but not limited to acts of God, fire, earthquake, flood, storm, war, rebellion, revolution, insurrection, riot, strike, nuclear contamination, and/or acts or threats of terrorism.

25. Assignment

McKinstry may not assign or transfer its rights and/or obligations under this Contract without the prior written consent of Customer which shall not be unreasonably withheld, unless the assignment is to an affiliate of McKinstry.

26. No Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver.

27. No Third Party Beneficiaries

There are no third party beneficiaries under this Contract or any portion thereof.

28. Severability, Survival

If any portion of this Contract shall be held invalid in whole or in part under any law, rule, regulation, or order, then such portion shall remain in effect only to the extent permitted, and the remaining portions of the Contract shall remain in full force and effect. Any invalid portions shall be substituted with an interpretation that most accurately reflects the Parties' intentions.

29. Tax Benefits

Unless otherwise specified in this Contract, McKinstry is solely entitled to claim tax benefits available under section 179D of the Internal Revenue Code (EPAAct), or its successor.

30. Waiver of Subrogation

The Parties waive all rights against each other and their directors, officers, agents, and employees, and other contractors, for damages or losses to the extent covered by insurance.

31. Amendment

This Contract may not be amended except pursuant to a written amendment signed by an authorized signer of each Party.

32. Headings

The headings of this Contract are for purposes of reference only and shall not limit or define the meaning of the provisions of this Contract.

33. Contract Documents

By this reference, the following exhibits are attached hereto and made a part of this Contract:

Exhibit A: Scope of Work

Exhibit B: Building Inventory and Square Footage

Exhibit C: Price

34. Complete Agreement

This Contract, including the exhibits attached hereto, is a fully integrated agreement, and contains the entire understanding between McKinstry and Customer with respect to the subject matter hereof. Any legal terms and conditions appearing elsewhere in this Contract shall be ignored to the extent they contradict or are inconsistent with the terms and conditions contained in the foregoing numbered list. All previous agreements between McKinstry and Customer as to the Work are superseded by this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the Effective Date.

MCKINSTRY

CUSTOMER

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

By: _____
Printed Name: _____
Title: _____
Date _____
Signed: _____

EXHIBIT A

SCOPE OF WORK

Introduction

The scope of work includes the services described in this exhibit and conforms to the Scope of Work described in the ARS 34-105. As applicable, the Investment Grade Audit shall be performed as described below, to the extent consistent with ARS 34-105 and with applicable laws and regulations.

<http://azleg.state.az.us/FormatDocument.asp?inDoc=/ars/34/00105.htm&Title=34&DocType=ARS>

Intent

The intent of the Utility Investment Grade Audit is to determine the feasibility and cost to implement energy and water saving measures for Customer, and based on such determination, for McKinstry to propose a plan for implementing such measures through Energy Performance Contracting (EPC), also referred to in statute ARS34-105 as a Guaranteed Energy Cost Savings Contract. The evaluation of the energy and water consuming devices will focus primarily on how they are consuming energy and may not include assessments of age and functionality of specific components. The Investment Grade Audit is not a comprehensive Facilities Condition Assessment and will focus on the major energy and water consuming devices in the facilities and the potential means to reduce their overall energy consumption or increase their efficiency.

Scope of Work

McKinstry shall collect data and background information from Customer. Customer shall make its best effort to assist McKinstry in performing the Investment Grade Audit and agrees to work diligently to provide McKinstry full and accurate information regarding the facilities that are the subject of the Investment Grade Audit. Customer acknowledges that McKinstry will rely on the accuracy of such information.

The Investment Grade Audit shall include, but not be limited to the following;

1. Interviewing the facility manager(s), maintenance staff, building occupants and/or others, regarding facility operation, as required, helping to identify key building operational characteristics that may be used in determining the baseline of each facility.
2. Reviewing equipment maintenance, as required, to allow McKinstry to determine specific maintenance expenditures on select pieces of equipment that may be recommended for repair, refurbishment or replacement.
3. Documenting Customer identified comfort problems. This will be used as part of the baseline operation of each facility and Customer must acknowledge that McKinstry is not responsible for addressing or remedying issues related to systems that they are not proposing to modify as part of the final Energy Performance Contract.
4. Occupancy and use schedules for the facility
5. Documenting modifications to each facility that may have occurred after the facility baseline is set, if such modifications are determined to impact the baseline.
6. Documenting proposed modifications to each facility that may have an impact to the baseline.
7. Inspect major energy-using equipment. Such inspections will be limited to identifying energy consumption specific to each major piece of equipment (either measured or from nameplate) but will not identify equipment defects (such as bad bearings, out of balance fan, motor insulation failure, etc.).
8. Establish base year utility consumption and reconcile with end use consumption estimates where possible. Customer shall make every effort possible to provide a complete 36 month utility bill history for all utility accounts associated with this Scope of Work. If utility data is not available at a building level, McKinstry may estimate building level consumption for the purpose of end use reconciliation. McKinstry shall examine utility bills for a minimum of 12 months using Customer provided utility data, and establish base year consumption for electricity, gas, steam, water, etc. in terms of energy units (kWh, kW, ccf, therms, gallons, or other units used in bills) and in terms of dollars. McKinstry shall describe the process used to

determine the base year (averaging, selecting most representative contiguous 12 months, etc.) and consult with facility personnel to account for any anomalous billings that could skew the base year representation.

9. Establish utility escalation rates to be used in developing total project financial pro-forma. These rates shall be agreed upon by Customer prior to including in future Energy Performance Contract Documents.

McKinstry's IGA Process:

1. McKinstry shall develop a preliminary analysis of potential Energy Conservation Measures (ECMs) and conservation programming which appear, in the judgment of McKinstry, to be likely to be cost effective or provide strategic benefit to the Customer and therefore warrant detailed analysis. For each ECM, McKinstry shall prepare a preliminary estimate of energy cost savings including description of analysis methodology, supporting calculations and assumptions used to estimate savings. For conservation programming, McKinstry shall prepare a preliminary program scope, estimated utility cost savings and program benefits analysis. This preliminary analysis will be reviewed with Customer to determine which ECMs should move forward to the more detailed analysis phase.
2. McKinstry shall analyze each ECM and consider technologies in a comprehensive approach. For each ECM, McKinstry shall follow the methodology of ASHRAE or other nationally-recognized authority and be based on the engineering principle(s) identified in the description of the retrofit option. McKinstry shall use best judgment regarding the employment of instrumentation and recording durations to achieve an accurate and faithful characterization of energy use and develop a preliminary measurement and verification plan for each ECM.
3. McKinstry shall prepare a draft proposal which may include, but is not limited to, a summary table of recommended ECMs, with each ECM's estimated design and construction costs, annual maintenance costs, the first year cost avoidance (in dollars and energy units), and simple payback. The draft proposal will include a summary description of each ECM, energy savings calculation methodology, and a proposed measurement and verification plan. McKinstry shall meet with Customer to review the ECM options proposed and assemble a package of options which are compatible with Customer's investment, programming and infrastructure improvement goals.

Future scopes of work may be added to this Contract by execution of one or more work orders between McKinstry and Customer.

EXHIBIT B

BUILDING INVENTORY AND SQUARE FOOTAGE

SAMPLE

EXHIBIT C

PRICE

To the extent consistent with applicable laws and regulations:

The maximum fee for the Investment Grade Audit shall be XXX thousand, XXX hundred and XXX dollars (\$____) as determined by the building inventory as listed in Exhibit C. McKinstry will perform the investment grade audit at no upfront cost to the Customer.

If Customer accepts the Investment Grade Audit and enters into an energy performance contract with McKinstry, Customer shall have no up-front payment obligations under this Contract, but acknowledges that the fee for the Investment Grade Audit shall become part of the compensation owed to McKinstry under the energy performance contract.

If the Investment Grade Audit demonstrates that an energy performance contract would result in net financial gain for Customer but Customer fails or refuses to enter into an energy performance contract with McKinstry within thirty business days after completion of the Investment Grade Audit, Customer shall pay McKinstry the fee listed above within 30 days of completion of the Investment Grade Audit, and this Contract will terminate without any further liability of either party.

If, during the Investment Grade Audit, Customer terminates this Contract, Customer shall pay McKinstry for work performed prior to such termination, calculated as a prorated portion of the fee listed above, within 30 days of completion of the Investment Grade Audit, and this Contract will terminate without any further liability of either party.



Client Name

Facility Condition Assessment
Proposal/Agreement

DATE

W L R G
I O S Z
F W O H
R L O K D
O F F L T
L T B

Overall Scope

Client has engaged McKinstry to complete facility condition assessments (FCA) in several Client owned and maintained buildings with the intent of enhancing the Client's capital planning and facility maintenance planning efforts. McKinstry will review the selected systems in the identified buildings documenting and recording the condition of equipment and building systems.

Actions to be performed:

- Perform a site investigation of the systems, including:
- Analysis of visually detectable equipment deficiencies in building components and systems
 - Age/Condition of systems
- Analysis of visually detectable building deficiencies
 - Integrity/Condition of Windows and Facades
- Discussions with facility operations & maintenance personnel to gather existing system operational data & system deficiencies, equipment utilization, and processes
- Identification of immediately needed repairs or maintenance
- Review of existing asset inventories
- Review of existing / ongoing campus master plan documents for future building additions to better understand future program needs and associated requirements.
- Scoring system development and determination of system priorities.
- Identification of visually detectable code and compliance issues.

The facility condition assessment process incorporates both quantitative and qualitative assessments of facilities. The qualitative assessment incorporates professional experience and first-hand knowledge derived from site assessments of particular building elements.

Utilizing non-invasive, non-destructive testing and observation methods (such as infrared thermographic imagery, where appropriate) our assessment consists of five key components:

1. Documentation review and interviews with key on-site personnel:

The condition assessment team will review available documents to familiarize themselves with the facilities and to verify the accuracy of information collected versus existing. Interviews with on-site occupants and maintenance staff is then performed to gather critical information on historic performance and known deficiencies.

2. Walk-through survey by a team of field observers representing key disciplines:

- a. Description of the building systems
- b. Determination of the estimated remaining life of each building systems;
- c. Identify major building and maintenance deficiencies (backlog maintenance) likely to be addressed over a time period by the owner;

- d. Identify and document specific deficiencies, and provide recommended methods for repairing/ replacing and the associated costs.

3. Prepare opinions of probable cost to address and remedy physical deficiencies:

Utilizing our team's experience with a variety of building systems, cost data, and the client's past experiences, an opinion of probable cost will be developed for each element within the report to assist in establishing appropriate repair budgets to be used in determining the Net Present Value of the Asset. McKinstry will utilize prior experience or RS-Means to determine probable cost of replacement for equipment valued over \$10,000 and correction of identified deficiencies above \$10,000.

4. Complete Line Item Equipment Inventory and Deficiency List

McKinstry will provide an asset list indicating the condition, description, life and probable cost for replacement for each piece of equipment or system. Additionally identified building deficiencies will be recorded and documented for Client review.

5. Present Findings to Client(s):

Findings will be summarized and prepared for presentation to the client and necessary personnel for review and discussion of report findings. A presentation meeting will provide an opportunity to answer questions with regard to report findings, methodology and opportunities within the facility condition assessment.

Specific Areas of Focus

Items below are intended to articulate areas of focus in specific buildings.

ADA Compliance

ADA compliance is a complex issue and complete verification of current code deficiencies is a multi-day process per building. Our understanding is that the County is interested in a high level review of potential major issues that may significantly limit access or compliance due to missing or damaged ADA compliance components. High-level review of potential issues with building access which make the building or critical components of it inaccessible to many individuals with disabilities. Some specific items that shall be investigated are as follows:

1. Building Access
 - a. Curb ramp issues
 - b. Available accessible parking
 - c. Available handrails on stairs or ledges
 - d. Inadequate door access
 - e. Door openers
 - f. Parking
2. Restroom Access
 - a. Door widths
 - b. Stall access

- c. Grab bars
- d. Door thresholds
- e. Signage

Mechanical Systems

1. Match existing equipment to provided asset inventory
2. Assess condition of existing equipment
3. Equipment configuration and type
 - a. Heating and cooling methods
 - b. Ventilation delivery type
4. Note potential issues lack of redundancy in critical components
5. Document deficiencies including:
 - a. Excessive corrosion
 - b. Missing components (door hinges, major nuts and bolts)
 - c. Leaking piping or fittings
 - d. Code deficiencies
 - e. Missing safety components
6. Exclude: system functional testing, HVAC load calcs or system sizing verification
7. Shutdown or opening of operating equipment will not be included without prior customer direction.

Electrical

1. Main electrical distribution panel assessments
 - a. Inspect the visual condition of the panel
 - b. Age, known defects and age/useful life (example being Federal Pacific Stab lok panels)
 - c. Note code clearance issues including storage, clutter or permanent installations that interfere with the NEC clearance requirements
 - d. Note availability of spare breakers
 - e. Circuit labeling – note if exists or not
 - f. Excluding electrical system thermography (IR scans)
 - g. Excluding circuit tracing, circuit label verifications
2. Motors
 - a. Visual inspection of existing conditions
 - b. Potential oil leaks – generally only applies to gear reduction motors
 - c. Potential missing parts such as guards, belts or electrical covers
 - d. Potential poor operating condition – sitting in water
 - e. Observation of rubber dust on the floor – indicating significant alignment issues and preliminary belt wear
 - f. If operating, observation of excessive noise indicating potential bearing issues, loose belts, or carrier frequency issues if used with a VFD
 - g. Name plate data collection if needed
 - h. Excluding: motor alignment testing

3. General
 - a. Visual inspection of outlets (old or misused)
 - b. Type of lighting (T-12, T-8, etc...), ballasting (electronic vs magnetic)

Life Safety

1. Note if labeled testing dates appear expired for fire/life safety systems
2. Signage for egress pathways, low overhead clearance, trip hazards, etc.
3. Access hatch, ladder, safety issues (loose, unavailable, missing components)

Roof

1. Debris on the roof
2. Gas pipe support issues
3. Inadequate drainage – plugged drains, low spots, missing gutters, incomplete downspouts, leaves or debris
4. Cracks, excessive patches
5. Missing shingles, multiple layers
6. Excludes accessing roofs with no permanent ladders or access points
7. General condition of the membrane, if applicable (burn spots on EPDM)

Parking Lot

1. Surface damage
2. Inadequate drainage – low spots, plugged grates, etc
3. Faded or missing striping – paved surface only
4. Damaged, missing or deteriorated parking blocks
5. Missing pipe ballads around equipment that should be protected

Building Structure

1. Visible cracking, settling
2. Building perimeter drainage issues
3. Excessive corrosion on metal components
4. Structural issues on base level
5. Visual inspection of expansion joints

Building Envelope

1. Missing or damaged weather stripping
2. Drafts
3. Window glazing cracked, missing components
4. Door closers missing or improperly adjusted
5. Condition of façade, drainage, flashing, etc.

Plumbing

1. Domestic hot water scald protection
2. Areas of water damage/leaks
3. Excessive scaling on water fixtures
4. Piping condition in mechanical and pumping rooms
5. Obscured floor drains

Fee/Cost Proposal

McKinstry will bill our services on a time and material basis for the total amount shown below.

\$xxxxxx

ASSUMPTIONS & EXCLUSIONS

- Both parties understand the terms and hereby releases and forever discharges the other from any liability, claims, demands, damages, costs, expenses, actions and causes of action in respect the parties transaction and expended credits:
- This Full and Final Release shall be valid and binding and insure for the benefit of the heirs, successors and assigns of both parties.
- Work will be executed during normal business hours (8AM - 5PM, M-F)
- Client will make the appropriate operations staff and building access available to participate this effort.

We are excited about the opportunity and look forward to working with you on this project. Please signify acceptance of this proposed scope of work by signing below.

ACCEPTED BY:

CLIENT

MCKINSTRY ESSENTION, LLC

Signature

Signature

Date

Date



Class Description	Hourly Rate
Business Development Director	\$ 225
Account Executive	\$ 165
Business Development Manager	\$ 185
Brand Development Specialist	\$ 85
Sr Brand Development Specialist	\$ 95
Cx Technician	\$ 105
Cx Engineer	\$ 125
Sr Cx Engineer	\$ 130
Commissioning Program Manager	\$ 145
Commissioning Manager	\$ 155
CAD Specialist	\$ 110
Design Engineer	\$ 130
Sr Design Engineer	\$ 160
Design Director	\$ 185
Energy Consulting Program Manager	\$ 130
Energy Auditor	\$ 110
Energy Engineer	\$ 125
Sr Energy Engineer	\$ 135
Development Program Manager	\$ 140
Sr Development Program Manager	\$ 150
Project Director	\$ 180
Regional Director	\$ 200
Estimator	\$ 165
Executive	\$ 210
Technology Solutions Engineer	\$ 115
Performance Assurance Specialist	\$ 110
M&V Manager	\$ 125
Intern	\$ 50
Project Coordinator	\$ 80
Project Engineer	\$ 85
Project Management	\$ 100
Site Superintendent	\$ 116
Construction Manager	\$ 130
Sr Construction Manager	\$ 160
Construction Services Manager	\$ 195
Safety Manager	\$ 170
Mileage	\$ 0.545/mile

Terms and Conditions

Terms and Conditions

PERFORMANCE OF WORK

McKinstry shall perform the scope of work ("Work") specified herein. McKinstry shall furnish all services necessary to perform the Work and perform the Work to completion diligently, expeditiously and with adequate forces. Customer shall use its best efforts to provide all information, materials, documents, and assistance that is reasonably required for McKinstry to perform any and all aspects of the Work.

PAYMENTS

Customer shall pay McKinstry the compensation specified herein ("Price") for the value of Work that McKinstry has completed, as the Work is completed. Customer shall pay McKinstry within fifteen (15) days of receiving an invoice. McKinstry will be entitled to interest at the rate of 1.5 percent per month on all sums overdue and unpaid from the date due.

WARRANTIES

Customer shall receive a one (1) year warranty that covers labor and materials provided by McKinstry as part of the Work. This warranty commences on the date that the portion of the Work warranted is substantially complete. However, McKinstry makes no warranty whatsoever regarding components of the Work provided by third parties, and in such case the terms of the third party's warranty, including manufacturers' warranties, if any, shall apply between Customer and the third party. The warranties in this section are exclusive and in lieu of all other warranties, whether express or implied.

TERMINATION

Either Party may terminate this agreement upon fifteen (15) days written notice to the other Party. In such case, the rights and obligations of each Party that arose prior to the termination date shall survive such termination.

DISPUTES

In case of dispute between the Parties, the Parties will attempt to negotiate a resolution. If a dispute remains unresolved more than thirty (30) calendar days after the commencement of negotiation, and the Parties have not agreed to extend such date, then the Parties shall pursue mediation. If any dispute remains unresolved more than sixty (60) calendar days after the commencement of mediation, then either Party may pursue arbitration. *No litigation will be commenced by either Party unless all of the foregoing steps have been pursued to completion.*

CHOICE OF LAW, VENUE

The validity, interpretation, and performance of this agreement shall be governed by the laws of the state in which the Work is performed. The venue for resolving any dispute shall be the county in which the Work is performed.

FORCE MAJEURE

Neither McKinstry nor Customer shall be considered in breach of this agreement to the extent that the Party's performance is prevented by an event or events that are beyond the control of such party, including but not limited to acts of God, fire, earthquake, flood, storm, war, rebellion, revolution, insurrection, riot, strike, nuclear contamination, and/or acts or threats of terrorism.



NO WAIVER

No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver.

INTELLECTUAL PROPERTY

Intellectual property provided by McKinstry to Customer as part of the Work are instruments of service owned by McKinstry and are not "work made for hire" as such term is defined under U.S. copyright law. When the Work is performed to completion, McKinstry grants to Customer a limited license to use the Intellectual Property to operate, maintain, renovate, and manage the subject matter of the Work.

DAMAGES LIMITATION

Neither party shall be liable to the other party for any consequential, indirect, special, incidental, exemplary, or similar, damages or losses, including loss of profits, arising out of or relating to this agreement, whether based in contract or tort or any other theory, even if a party has been advised of the possibility of such damages. Furthermore, the total aggregate liability of either party, under any theory, is limited to the agreement price.

INDEMNIFICATION

McKinstry shall indemnify and hold harmless Customer from and against all third party claims, damages, losses and expenses for bodily injury, sickness, disease, or death or destruction of tangible property, directly arising from McKinstry's performance of the Work, but only to the extent caused by the negligent acts or omissions of McKinstry.

SEVERABILITY, SURVIVAL

If any portion of this agreement shall be held invalid in whole or in part under any law, rule, regulation, or order, then such portion shall remain in effect only to the extent permitted, and the remaining portions of the agreement shall remain in full force and effect. Any invalid portions shall be substituted with an interpretation that most accurately reflects the Parties' Intentions.

AMENDMENT

This agreement may not be amended except pursuant to a written amendment signed by an authorized signer of each Party.

COMPLETE AGREEMENT

This agreement, including the exhibits attached hereto, is a fully integrated agreement. Any legal terms and conditions appearing elsewhere in this agreement shall be ignored to the extent they contradict or are inconsistent with the terms and conditions contained in the foregoing numbered list. All previous agreements between McKinstry and Customer as to the Work are superseded by this agreement.



**INVESTMENT GRADE AUDIT & FACILITY CONDITION ASSESSMENT
COMBINED AGREEMENT**

THIS INVESTMENT GRADE AUDIT & FACILITY CONDITION ASSESSMENT COMBINED AGREEMENT ("Contract") is made and entered into effective as of _____ by and between McKinstry Essention, LLC, a Washington limited liability company ("McKinstry"), and _____ ("Customer").

RECITALS

McKinstry is a full-service design, build, operate, and maintain firm that provides Customers with consulting, design, construction, energy, facilities and program development services to help them realize operational excellence and energy efficiency in the built environment; and

Customer desires to receive professional services that specifically relate to Investment Grade Audit services to determine the feasibility of, among other things, entering into an energy performance contract; and

If such measures are determined to be feasible, Customer and McKinstry may negotiate an energy performance contract under which McKinstry will design, procure, install, implement, maintain and/or monitor such measures; and

This Contract is procured pursuant to the governmental Procurement Rules in the Arizona Administrative Code (A.C.C.) put into operation by the State Legislation pursuant to A.R.S. 34-105. McKinstry enters into this Contract in reliance on Customer's representations concerning the appropriateness and validity of the procurement mechanism(s) under which this contract is procured, and Customer as a fiduciary acknowledges such reliance by McKinstry; and

AGREEMENT

In consideration of the mutual agreements, covenants, and conditions herein contained, Customer and McKinstry agree as follows:

1. Performance of Work

McKinstry shall perform the scope of work ("Work") described in Exhibit B. McKinstry shall furnish all services necessary to perform the Work and perform the Work to completion diligently, expeditiously and with adequate forces. Customer shall use its best efforts to provide all information, materials, documents, and assistance that is reasonably required for McKinstry to perform any and all aspects of the Work.

2. Compensation

For performance of the Work, and subject to the provisions of this Contract, Customer shall pay McKinstry the contract price including its respective components ("Price") described in Exhibit D.

3. Compliance with Law

Customer and McKinstry shall comply with all statutory and regulatory requirements applicable to the Work. McKinstry shall obtain and maintain all licenses and permits pertaining to activities engaged in by McKinstry, including without limitation licenses and permits required to perform the Work except to the extent actually obtained and maintained by Customer.

4. Independent Contractor

McKinstry is an independent contractor and is not an agent of Customer. Customer shall in no way be liable as an employer to or on account of any of the employees of McKinstry.

5. McKinstry's Employees

McKinstry shall comply with all statutory and regulatory requirements related to McKinstry's employees, including but not limited to wage rates, hours of labor, and employee labor protections.

6. Insurance

McKinstry shall maintain insurance coverage in the following minimum amounts:

Type of Insurance	Coverage
General Liability	\$4,000,000 General Aggregate / \$2,000,000 Each Occurrence
Professional Liability	\$5,000,000 Policy Aggregate / \$5,000,000 Each Claim
Automobile Liability	\$1,000,000 Combined Single Limit
Workers Compensation	Statutory

7. Bonds

McKinstry shall, at Customer's expense, obtain and maintain performance and/or payment bonds, or other bonds, if directed by Customer.

8. Safety

McKinstry shall ensure the safety of people and property by employing a standard of care that is at least equivalent to the standard of care ordinarily used by members of the trade or profession under similar conditions in the same locality as the Project, or as required under this Contract, or as required by law, whichever standard of care is greater.

9. Subcontractors

McKinstry may hire subcontractors to perform any portion of the Work under this Contract. McKinstry is entirely and ultimately responsible for compliance with the provisions of this Contract and for any part of Work that is performed by a subcontractor.

10. Borrowed Equipment

If requested by McKinstry and if permitted by Customer's representative, McKinstry may use Customer's equipment in performing the Work. McKinstry, assumes full and complete responsibility for the use of the equipment, will ensure that only a competent operator will be permitted to use the equipment and only after fully inspecting the equipment, shall not modify the equipment, shall be solely responsible for all claims, demands, lawsuits, losses, expenses and/or liabilities that arise from its use of the equipment to the extent of McKinstry's negligence, and agrees that Customer makes no representation or warranty regarding the condition or suitability of equipment for any intended use.

11. Payments

Unless different payment terms are specified in this Contract, Customer shall pay McKinstry for the value of Work that McKinstry has completed, as the Work is completed. Customer shall pay McKinstry within fifteen (15) days of receiving an invoice. McKinstry will be entitled to interest at the rate allowed by law on all sums overdue and unpaid from the date due.

12. Warranties

McKinstry warrants the Work for one (1) year. McKinstry also warrants that the Work will not infringe any copyright, patent, trade secret, or other proprietary right held by any third party. Provided, however, that McKinstry makes no warranty whatsoever regarding products provided by third parties that are incorporated into the Work, but in such case the terms of the manufacturer's warranty or other warranty, if any, shall apply between Customer and the third party manufacturer of the product. THE WARRANTIES CONTAINED IN THIS CONTRACT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY.

13. Intellectual Property

Plans, designs, specifications, drawings, materials, exhibits, reports, memoranda, studies, software code, electronic data, and other intellectual information and materials provided by McKinstry to Customer (collectively the

"Intellectual Property") as part of the Work are instruments of service owned by McKinstry and are not "work made for hire" as such term is defined under U.S. copyright law. If this Contract is performed to completion, then McKinstry grants to Customer a limited license to use the Intellectual Property to operate, maintain, renovate, and manage the subject matter of this Contract. The Intellectual Property shall not be used on other projects or for completion of the Work by others, unless the McKinstry is adjudged to be in material breach of this Contract, in which case Customer shall hold McKinstry harmless from any and all errors or omissions in the Work.

14. Limitation of Liability

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR SIMILAR, DAMAGES OR LOSSES, INCLUDING LOSS OF PROFITS, ARISING OUT OF OR RELATING TO THIS CONTRACT, WHETHER BASED IN CONTRACT OR TORT OR ANY OTHER THEORY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHERMORE, THE TOTAL AGGREGATE LIABILITY OF EITHER PARTY, UNDER ANY THEORY, IS LIMITED TO THE CONTRACT PRICE.

15. Indemnification

To the fullest extent permitted by law, McKinstry shall indemnify and hold harmless Customer, Customer's consultants, and agents and employees of any of them from and against third party claims, damages, losses and expenses, including but not limited to attorneys' fees, directly related to McKinstry's performance of the Work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property other than the Work itself, but only to the extent caused by the negligent acts or omissions of McKinstry or anyone directly or indirectly employed by McKinstry or anyone for whose acts McKinstry may be liable. Such obligation shall not be construed to negate, abridge or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this section.

16. Claims

McKinstry may request payment for an amount McKinstry believes is due to it, or for additional time to perform under this Contract ("Claim") pursuant to the following procedure. Within thirty (30) days after the occurrence giving rise to the Claim, McKinstry shall provide Customer with a written statement of claim ("Statement of Claim") which shall describe with particularity the occurrence giving rise to the Claim, the reasons why the Claim should be accepted, and McKinstry's requested resolution. Customer shall determine whether to accept or reject the Claim.

17. Changes

The Scope of Work, Price, and time for performance may be changed pursuant to a written change order executed by an authorized McKinstry signer and Customer signer ("Change Order"). A Change Order is valid only to the extent that it changes the Scope of Work, Price, and/or duration of the Work. Any invalid portions of a Change Order shall be disregarded.

18. Termination

Termination for Cause. If McKinstry fails to perform under this Contract, Customer may notify McKinstry in writing of Customer's intent to terminate this Agreement along with a description of the alleged performance failure. If such failure is not corrected by McKinstry within fifteen (15) days after receipt of such notice, Customer may terminate this Contract, and McKinstry shall be entitled to receive payment for all amounts earned prior to termination. If it is determined for any reason that termination was improper, the termination shall be treated as a termination for convenience.

Termination for Convenience. Customer may terminate this Contract in whole or in part for any reason by providing written notice of termination to McKinstry and specifying the date on when the termination becomes effective. Upon receipt of such notice, McKinstry shall incur no further obligations in connection with the terminated work and will stop work to the extent specified. McKinstry shall also terminate outstanding orders and subcontracts as they relate to the terminated work. McKinstry shall settle liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work, and Customer shall pay McKinstry for such expenses, demobilization costs incurred by McKinstry due to the termination, and lost profits on terminated work. Such amounts shall be paid by Customer to McKinstry within fifteen (15) days of McKinstry's delivery to Customer of a request for payment. In addition, McKinstry may terminate this Contract in whole or in part for any

reason by providing written notice of termination to Customer and specifying when termination becomes effective. In such case, McKinstry shall refund to Customer all amounts prepaid by Customer and unearned by McKinstry as of the date of termination, and Customer shall have no payment obligation to McKinstry for unperformed Work.

19. Disputes

The Parties agree that the following process will be used to resolve any dispute between them. All dispute resolution shall be conducted in good faith, shall be confidential, shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall be inadmissible in any litigation, or other judicial proceeding. First, the Parties will attempt to negotiate a resolution. If a dispute remains unresolved more than thirty (30) calendar days after the commencement of negotiation and the Parties have not mutually agreed to extend the negotiation period, then the Parties shall pursue mediation: In mediation, the Parties shall mutually select a mediator, the cost of the mediator and other administrative costs shall be shared equally by the Parties, and each Party shall be responsible for its own costs and expenses. If any dispute remains unresolved more than sixty (60) calendar days after the commencement of mediation, and the Parties have not mutually agreed to extend the mediation period, then either Party may pursue arbitration. In arbitration, the Parties shall mutually select an arbitrator, and the non-prevailing Party shall reimburse the prevailing Party for all of its reasonable attorneys' fees, costs, and expenses related to the arbitration.

20. Notices

All notices to McKinstry shall be written, shall be sent via certified or registered mail or personally delivered, shall consist of one copy to McKinstry's General Counsel at McKinstry headquarters, and one copy to the primary McKinstry contact for the Work, and shall be deemed delivered when received.

21. Non-Solicitation of Employees

Customer shall not, so long as McKinstry is engaged by Customer and for twelve (12) months after such engagement ends, directly or indirectly solicit or recruit any employee of McKinstry to leave his or her employment with McKinstry. This provision does not apply if the McKinstry employee approaches Customer of his or her own accord.

22. Choice of Law, Venue

The validity, interpretation, and performance of this Contract shall be governed exclusively in accordance with and by the laws of the state in which the Work is performed. The venue for resolving any dispute shall be the county in which the Work is performed.

23. Flow Down

No provisions of, or obligations or duties of Customer under, any other agreement to which Customer is a party will flow down to McKinstry unless explicitly provided for in this Contract.

24. Force Majeure

Neither McKinstry nor Customer shall be considered in breach of this Contract to the extent that the Party's performance is prevented by an event or events that are beyond the control of such party, including but not limited to acts of God, fire, earthquake, flood, storm, war, rebellion, revolution, insurrection, riot, strike, nuclear contamination, and/or acts or threats of terrorism.

25. Assignment

McKinstry may not assign or transfer its rights and/or obligations under this Contract without the prior written consent of Customer which shall not be unreasonably withheld, unless the assignment is to an affiliate of McKinstry.

26. No Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver.

27. No Third Party Beneficiaries

There are no third party beneficiaries under this Contract or any portion thereof.

28. Severability, Survival

If any portion of this Contract shall be held invalid in whole or in part under any law, rule, regulation, or order, then such portion shall remain in effect only to the extent permitted, and the remaining portions of the Contract shall remain in full force and effect. Any invalid portions shall be substituted with an interpretation that most accurately reflects the Parties' intentions.

29. Tax Benefits

Unless otherwise specified in this Contract, McKinstry is solely entitled to claim tax benefits available under section 179D of the Internal Revenue Code (EPAct), or its successor.

30. Waiver of Subrogation

The Parties waive all rights against each other and their directors, officers, agents, and employees, and other contractors, for damages or losses to the extent covered by insurance.

31. Amendment

This Contract may not be amended except pursuant to a written amendment signed by an authorized signer of each Party.

32. Headings

The headings of this Contract are for purposes of reference only and shall not limit or define the meaning of the provisions of this Contract.

33. Contract Documents

By this reference, the following exhibits are attached hereto and made a part of this Contract:

- Exhibit A: I G A Scope of Work
- Exhibit B: FCA Scope of Work
- Exhibit C: Building Inventory and Square Footage
- Exhibit D: Price

34. Complete Agreement

This Contract, including the exhibits attached hereto, is a fully integrated agreement, and contains the entire understanding between McKinstry and Customer with respect to the subject matter hereof. Any legal terms and conditions appearing elsewhere in this Contract shall be ignored to the extent they contradict or are inconsistent with the terms and conditions contained in the foregoing numbered list. All previous agreements between McKinstry and Customer as to the Work are superseded by this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the Effective Date.

MCKINSTRY

CUSTOMER

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

By: _____
Printed Name: _____
Title: _____
Date _____
Signed: _____

EXHIBIT A

IGA SCOPE OF WORK

Introduction

The scope of work includes the services described in this exhibit and conforms to the Scope of Work described in the ARS 34-105. As applicable, the Investment Grade Audit shall be performed as described below, to the extent consistent with ARS 34-105 and with applicable laws and regulations.

<http://azleg.state.az.us/FormatDocument.asp?inDoc=/ars/34/00105.htm&Title=34&DocType=ARS>

Intent

The intent of the Utility Investment Grade Audit is to determine the feasibility and cost to implement energy and water saving measures for Customer, and based on such determination, for McKinstry to propose a plan for implementing such measures through Energy Performance Contracting (EPC), also referred to in statute ARS34-105 as a Guaranteed Energy Cost Savings Contract. The evaluation of the energy and water consuming devices will focus primarily on how they are consuming energy and may not include assessments of age and functionality of specific components. The Investment Grade Audit is not a comprehensive Facilities Condition Assessment and will focus on the major energy and water consuming devices in the facilities and the potential means to reduce their overall energy consumption or increase their efficiency.

Scope of Work

McKinstry shall collect data and background information from Customer. Customer shall make its best effort to assist McKinstry in performing the Investment Grade Audit and agrees to work diligently to provide McKinstry full and accurate information regarding the facilities that are the subject of the Investment Grade Audit. Customer acknowledges that McKinstry will rely on the accuracy of such information.

The Investment Grade Audit shall include, but not be limited to the following;

1. Interviewing the facility manager(s), maintenance staff, building occupants and/or others, regarding facility operation, as required, helping to identify key building operational characteristics that may be used in determining the baseline of each facility.
2. Reviewing equipment maintenance, as required, to allow McKinstry to determine specific maintenance expenditures on select pieces of equipment that may be recommended for repair, refurbishment or replacement.
3. Documenting Customer identified comfort problems. This will be used as part of the baseline operation of each facility and Customer must acknowledge that McKinstry is not responsible for addressing or remedying issues related to systems that they are not proposing to modify as part of the final Energy Performance Contract.
4. Occupancy and use schedules for the facility
5. Documenting modifications to each facility that may have occurred after the facility baseline is set, if such modifications are determined to impact the baseline.
6. Documenting proposed modifications to each facility that may have an impact to the baseline.
7. Inspect major energy-using equipment. Such inspections will be limited to identifying energy consumption specific to each major piece of equipment (either measured or from nameplate) but will not identify equipment defects (such as bad bearings, out of balance fan, motor insulation failure, etc.).
8. Establish base year utility consumption and reconcile with end use consumption estimates where possible. Customer shall make every effort possible to provide a complete 36 month utility bill history for all utility accounts associated with this Scope of Work. If utility data is not available at a building level, McKinstry may estimate building level consumption for the purpose of end use reconciliation. McKinstry shall examine utility bills for a minimum of 12 months using Customer provided utility data, and establish base year consumption for electricity, gas, steam, water, etc. in terms of energy units (kWh, kW, ccf, therms, gallons, or other units used in bills) and in terms of dollars. McKinstry shall describe the process used to

determine the base year (averaging, selecting most representative contiguous 12 months, etc.) and consult with facility personnel to account for any anomalous billings that could skew the base year representation.

9. Establish utility escalation rates to be used in developing total project financial pro-forma. These rates shall be agreed upon by Customer prior to including in future Energy Performance Contract Documents.

McKinstry's IGA Process:

1. McKinstry shall develop a preliminary analysis of potential Energy Conservation Measures (ECMs) and conservation programming which appear, in the judgment of McKinstry, to be likely to be cost effective or provide strategic benefit to the Customer and therefore warrant detailed analysis. For each ECM, McKinstry shall prepare a preliminary estimate of energy cost savings including description of analysis methodology, supporting calculations and assumptions used to estimate savings. For conservation programming, McKinstry shall prepare a preliminary program scope, estimated utility cost savings and program benefits analysis. This preliminary analysis will be reviewed with Customer to determine which ECMs should move forward to the more detailed analysis phase.
2. McKinstry shall analyze each ECM and consider technologies in a comprehensive approach. For each ECM, McKinstry shall follow the methodology of ASHRAE or other nationally-recognized authority and be based on the engineering principle(s) identified in the description of the retrofit option. McKinstry shall use best judgment regarding the employment of instrumentation and recording durations to achieve an accurate and faithful characterization of energy use and develop a preliminary measurement and verification plan for each ECM.
3. McKinstry shall prepare a draft proposal which may include, but is not limited to, a summary table of recommended ECMs, with each ECM's estimated design and construction costs, annual maintenance costs, the first year cost avoidance (in dollars and energy units), and simple payback. The draft proposal will include a summary description of each ECM, energy savings calculation methodology, and a proposed measurement and verification plan. McKinstry shall meet with Customer to review the ECM options proposed and assemble a package of options which are compatible with Customer's investment, programming and infrastructure improvement goals.

Future scopes of work may be added to this Contract by execution of one or more work orders between McKinstry and Customer.

EXHIBIT B

FCA SCOPE OF WORK

FCA Scope

Client has engaged McKinstry to complete facility condition assessments (FCA) in several Client owned and maintained buildings with the intent of enhancing the Client's capital planning and facility maintenance planning efforts. McKinstry will review the selected systems in the identified buildings documenting and recording the condition of equipment and building systems.

Actions to be performed:

- Perform a site investigation of the systems, including:
 - Analysis of visually detectable equipment deficiencies in building components and systems
 - Age/Condition of systems
- Analysis of visually detectable building deficiencies
 - Integrity/Condition of Windows and Facades
- Discussions with facility operations & maintenance personnel to gather existing system operational data & system deficiencies, equipment utilization, and processes
- Identification of immediately needed repairs or maintenance
- Review of existing asset inventories
- Review of existing / ongoing campus master plan documents for future building additions to better understand future program needs and associated requirements.
- Scoring system development and determination of system priorities.
- Identification of visually detectable code and compliance issues.

The facility condition assessment process incorporates both quantitative and qualitative assessments of facilities. The qualitative assessment incorporates professional experience and first-hand knowledge derived from site assessments of particular building elements.

Utilizing non-invasive, non-destructive testing and observation methods (such as infrared thermographic imagery, where appropriate) our assessment consists of five key components:

1. Documentation review and interviews with key on-site personnel:

The condition assessment team will review available documents to familiarize themselves with the facilities and to verify the accuracy of information collected versus existing. Interviews with on-site occupants and maintenance staff is then performed to gather critical information on historic performance and known deficiencies.

2. Walk-through survey by a team of field observers representing key disciplines:

- a. Description of the building systems
- b. Determination of the estimated remaining life of each building systems;
- c. Identify major building and maintenance deficiencies (backlog maintenance) likely to be addressed over a time period by the owner;
- d. Identify and document specific deficiencies, and provide recommended methods for repairing/ replacing and the associated costs.

3. Prepare opinions of probable cost to address and remedy physical deficiencies:

Utilizing our team's experience with a variety of building systems, cost data, and the client's past experiences, an opinion of probable cost will be developed for each element within the report to assist in establishing appropriate repair budgets to be used in determining the Net Present Value of the Asset. McKinstry will utilize prior experience or RS-Means to determine probable cost of replacement for equipment valued over \$10,000 and correction of identified deficiencies above \$10,000.

4. Complete Line Item Equipment Inventory and Deficiency List

McKinstry will provide an asset list indicating the condition, description, life and probable cost for replacement for each piece of equipment or system. Additionally identified building deficiencies will be recorded and documented for Client review.

5. Present Findings to Client(s):

Findings will be summarized and prepared for presentation to the client and necessary personnel for review and discussion of report findings. A presentation meeting will provide an opportunity to answer questions with regard to report findings, methodology and opportunities within the facility condition assessment.

Specific Areas of Focus

Items below are intended to articulate areas of focus in specific buildings.

ADA Compliance

ADA compliance is a complex issue and complete verification of current code deficiencies is a multi-day process per building. Our understanding is that the County is interested in a high level review of potential major issues that may significantly limit access or compliance due to missing or damaged ADA compliance components. High-level review of potential issues with building access which make the building or critical components of it inaccessible to many individuals with disabilities. Some specific items that shall be investigated are as follows:

1. Building Access
 - a. Curb ramp issues
 - b. Available accessible parking
 - c. Available handrails on stairs or ledges
 - d. Inadequate door access
 - e. Door openers
 - f. Parking
2. Restroom Access
 - a. Door widths
 - b. Stall access
 - c. Grab bars
 - d. Door thresholds
 - e. Signage

Mechanical Systems

1. Match existing equipment to provided asset inventory
2. Assess condition of existing equipment
3. Equipment configuration and type
 - a. Heating and cooling methods
 - b. Ventilation delivery type
4. Note potential issues lack of redundancy in critical components
5. Document deficiencies including:
 - a. Excessive corrosion
 - b. Missing components (door hinges, major nuts and bolts)
 - c. Leaking piping or fittings
 - d. Code deficiencies
 - e. Missing safety components
6. Exclude: system functional testing, HVAC load calcs or system sizing verification
7. Shutdown or opening of operating equipment will not be included without prior customer direction.

Electrical

1. Main electrical distribution panel assessments

- a. Inspect the visual condition of the panel
 - b. Age, known defects and age/useful life (example being Federal Pacific Stab lok panels)
 - c. Note code clearance issues including storage, clutter or permanent installations that interfere with the NEC clearance requirements
 - d. Note availability of spare breakers
 - e. Circuit labeling – note if exists or not
 - f. Excluding electrical system thermography (IR scans)
 - g. Excluding circuit tracing, circuit label verifications
2. Motors
- a. Visual inspection of existing conditions
 - b. Potential oil leaks – generally only applies to gear reduction motors
 - c. Potential missing parts such as guards, belts or electrical covers
 - d. Potential poor operating condition – sitting in water
 - e. Observation of rubber dust on the floor – indicating significant alignment issues and preliminary belt wear
 - f. If operating, observation of excessive noise indicating potential bearing issues, loose belts, or carrier frequency issues if used with a VFD
 - g. Name plate data collection if needed
 - h. Excluding: motor alignment testing
3. General
- a. Visual inspection of outlets (old or misused)
 - b. Type of lighting (T-12, T-8, etc...), ballasting (electronic vs magnetic)

Life Safety

- 1. Note if labeled testing dates appear expired for fire/life safety systems
- 2. Signage for egress pathways, low overhead clearance, trip hazards, etc.
- 3. Access hatch, ladder, safety issues (loose, unavailable, missing components)

Roof

- 1. Debris on the roof
- 2. Gas pipe support issues
- 3. Inadequate drainage – plugged drains, low spots, missing gutters, incomplete downspouts, leaves or debris
- 4. Cracks, excessive patches
- 5. Missing shingles, multiple layers
- 6. Excludes accessing roofs with no permanent ladders or access points
- 7. General condition of the membrane, if applicable (burn spots on EPDM)

Parking Lot

- 1. Surface damage
- 2. Inadequate drainage – low spots, plugged grates, etc
- 3. Faded or missing striping – paved surface only
- 4. Damaged, missing or deteriorated parking blocks
- 5. Missing pipe ballads around equipment that should be protected

Building Structure

- 1. Visible cracking, settling
- 2. Building perimeter drainage issues

3. Excessive corrosion on metal components
4. Structural issues on base level
5. Visual inspection of expansion joints

Building Envelope

1. Missing or damaged weather stripping
2. Drafts
3. Window glazing cracked, missing components
4. Door closers missing or improperly adjusted
5. Condition of façade, drainage, flashing, etc.

Plumbing

1. Domestic hot water scald protection
2. Areas of water damage/leaks
3. Excessive scaling on water fixtures
4. Piping condition in mechanical and pumping rooms
5. Obscured floor drains

SAMPLE

EXHIBIT C

BUILDING INVENTORY AND SQUARE FOOTAGE

SAMPLE

EXHIBIT D

PRICE

To the extent consistent with applicable laws and regulations:

The maximum fee for the Investment Grade Audit & Facility Condition Assessment shall be XXX thousand, XXX hundred and XXX dollars (\$____) as determined by the building inventory as listed in Exhibit C. McKinstry will perform the investment grade audit & Facility Condition Assessment at no upfront cost to the Customer.

If Customer accepts the Investment Grade Audit & Facility Condition Assessment and enters into an energy performance contract with McKinstry, Customer shall have no up-front payment obligations under this Contract, but acknowledges that the fee for the Investment Grade Audit & Facility Condition Assessment shall become part of the compensation owed to McKinstry under the energy performance contract.

If the Investment Grade Audit & Facility Condition Assessment demonstrates that an energy performance contract would result in net financial gain for Customer but Customer fails or refuses to enter into an energy performance contract with McKinstry within thirty business days after completion of the Investment Grade Audit & Facility Condition Assessment, Customer shall pay McKinstry the fee listed above within 30 days of completion of the Investment Grade Audit & Facility Condition Assessment, and this Contract will terminate without any further liability of either party.

If, during the Investment Grade Audit, Customer terminates this Contract, Customer shall pay McKinstry for work performed prior to such termination, calculated as a prorated portion of the fee listed above, within 30 days of completion of the Investment Grade Audit & Facility Condition Assessment, and this Contract will terminate without any further liability of either party.

Form: 4

Financing Options

Form 4: Financing Options

Instructions: Complete the fillable pdf form

1. As a financier, can you provide the City with a service that allows it to aggregate project financials over time for disparate projects that are started and completed at different times?

☒ Yes

☐ No

Comments (200 words or less)

McKinstry works with national, regional, and local lenders to develop the financial structure that best meets the needs of our clients. We typically do not act as financier, but work with lenders who can offer lower rates and longer loan or lease tenors than we would be able to offer directly. If the City is interested in pursuing a Master Lease Agreement that gives flexibility in the size and timing of financing projects, McKinstry will work with the City and qualified lenders to develop a program that will work for the City.

Our financial approach is to assist clients and their teams to maximize project scope. Typically, all costs associated with projects, including most financial transaction fees, can be funded by the project. Typically, the project results in positive or budget neutral cash flow, resulting in no new budget expenses, but simply the redirection of existing budget dollars. McKinstry develops cash flow models with the collaboration of the City and project team. These models can be adjusted to show multiple scenarios, allowing the City to choose the optimal project and financial structure.

2. Is the respondent willing and legally able to abide by 3rd party M&V to arbitrate savings disputes, should they arise, and for tracking ESA/ESP savings payments?

☒ Yes

☐ No

Comments (200 words or less)

McKinstry is willing and legally able to abide by third party M&V to arbitrate savings disputes, should they arise, and for tracking ESA/ESP savings payments. We are recommending an alternate approach detailed in Form 12, as we believe having a third party perform M&V adds a level of complexity that can increase time and costs to a project and devalue true "ownership" of energy savings and risks associated. McKinstry takes these project risks seriously with an independently staffed department dedicated to performance assurance. To ensure open dialogue, we organize meetings throughout the EPC process to assure energy savings are clearly vetted and defined. Specifically, KPIs (key performance indicators) are identified to baseline, track, and measure energy savings calculations and performance. Our approach to M&V includes ongoing monitoring and engaging operations consulting throughout the life of the project. This approach ensures project savings and maximizes overall potential – and this has not been a role provided by most third party M&V companies directly. We recommend third party review of our calculations and performance assurance strategies as an independent auditor, as this additional level of assurance can provide an unbiased, yet more efficient and cost effective option.

3. Can you provide shared savings payback models wherein the City makes payments based on a percentage actual savings as measured using a pre-agreed method or 3rd party M&V provider?

☒ Yes

☐ No

Comments (200 words or less)

McKinstry is familiar with shared savings models as a potential financial solution. We know several respected financial partners who would be able to develop a structure that will meet the City's project and cash flow needs. McKinstry does not provide the financing structure; we are paid by the Financier at completion of the project. The savings over the term of the contract are shared between the Financier and the City.

Shared savings models have advantages, as little to no up-front capital is required, and the structure may not be considered debt, and may even be considered off-balance sheet if the arrangement complies with accounting standards for lease treatment. However, these structures are complex and may bring constraints related to ownership and maintenance of the installed equipment, cost and term length of the agreement. Any shared savings model should be evaluated on several metrics to ensure it is the right structure for the City.

Form: 5

Ability to Perform

Form 5: Ability To Perform

1. Provide evidence of your current status as an Energy Services Company expert in the field of energy and/or water conservation.

McKinstry has been in the construction industry for 56 years and the ESCO industry for 16 years. Over the last two decades, we have earned recognition as a leader in EPC, with a wealth of internal services such as design and energy engineering, commissioning and retro-commissioning, measurement and verification, warranty and issue management, utility bill tracking, and behavior-based energy savings programs. As a Department of Energy qualified ESCO, the knowledge store available to us means that we truly provide you with informed recommendations for ideal solutions.

ENERGY SERVICES CAPABILITIES AND FUNCTIONS

Active Energy Management --With Active Energy Management, McKinstry's teams work with clients to identify and drive solutions to set goals, increase efficiency, achieve cost savings, meet sustainability objectives, and accomplish actions that improve building performance on an ongoing basis.

Commissioning/Retro-Commissioning--For new construction, modernization projects, existing buildings, and facilities, McKinstry has a dedicated commissioning team independent of the project team.

Construction Management/Administration--We provide preconstruction planning and coordination; subcontractor & equipment procurement; safety management; quality management; schedule management; budget management; onsite supervision & coordination; and project closeout.

Design--We offer in-house engineering, drawing permitting & stamping, energy retrofits, sustainable design, operational modeling, BIM, CAD, CAD 3D & super plot drafting & detailing, Total Cost of Ownership analysis, guidance for critical decisions, code compliance, system selection, and LEED® certification. We have the in-house capability to design all aspects of energy/utility systems.

Energy Auditing--Our energy engineers develop energy models & analyze the various design scenarios by evaluating all potential options for improvement, including renewable options. Our engineering-based approach to auditing, coupled with extensive site investigations & interviews will generate a project that meets all of your financial, facility, and operational objectives.

Energy Savings Guarantees--McKinstry has executed projects that range in size from \$50,000 - \$20,000,000 that included utility rebates & resulted in significant annual energy & utility savings. The energy savings are derived from electrical, gas, water, and waste initiatives that are pursued. The energy savings are converted to a dollar figure (by using the units saved multiplied by the utility rate) & guaranteed up to 100%.

Equipment Acceptance Testing--McKinstry performs site acceptance testing using predictive maintenance technologies as an integral part of assuring equipment condition. Acceptance testing is performed in conjunction with the commissioning agent & does not replace commissioning, but enhances its effectiveness significantly.

Financing--We have close relationships with leading national and regional financiers who specialize in EPC financing. These financiers understand the cash flows of performance contracts, and the strength of the guarantee McKinstry provides. McKinstry will work with the City's team to develop the optimal financing structure for the City.

General Contracting--McKinstry manages the provision of material, labor, equipment, and services; hiring of subcontractors; procurement of building permits; site security; managing personnel on site; site surveying & engineering; disposing of or recycling construction waste; monitoring schedules & budget; and maintaining records.

Maintenance/Post-Installation Operation--McKinstry's strong background in engineering, construction, and commissioning enables us to deliver reliable systems that perform as designed throughout the life of the initiative. Our strategy is guided by our clients' needs & direction. Many of our clients have the in-house resources to maintain & operate their facilities. We develop an engineered maintenance plan that lists the various service tasks & frequency for all of the applicable system components.

Measurement & Verification--McKinstry adheres to the International Performance Measurement and Verification Protocol (IPMVP) while performing M&V procedures. Our capabilities include extensive logging equipment & a remote monitoring center staffed 24x7.

powerED--powerED is an energy awareness and behavioral management program that promotes staff engagement, increases building efficiency, and reduces costs through a three module approach. Adopting our cultural and operational program increases facility efficiency and results in measurable savings.

Remote Monitoring--We provide 24-hour remote monitoring throughout the United States. Via a modem, network connection, and building DDC controls, we are able to check system operations, temperatures, and foresee potential problems. Many system operation adjustments can be performed remotely.

Testing & Balancing--McKinstry performs all TAB work in accordance with the National Environmental Balancing Bureau (NEBB). McKinstry is an NEBB certified firm (#2728) & NEBB qualified supervisors perform or supervise all TAB work. Final TAB performance data is recorded onto appropriate forms where it is compared to the designed performance criteria given.

Training--We provide onsite training sessions for all appropriate aspects of the project with an engineer or vendor, as appropriate. McKinstry provides instruction on a proper maintenance plan & strategy.

Interior Water Conservation--McKinstry would investigate the feasibility for water conservation methods within the interior of City facilities. These utility savings would also be guaranteed under the EPC. In the sample facilities, measures could include items such as the replacement or retrofit of the toilets and urinals with ultra-low consumption fixtures or they can be retro-commissioned, and the sinks can be retrofit with low-flow aerators (if applicable).

However, most often existing fixtures in a facility consume more water per use than initially intended and simple retro-commissioning of fixtures will set them up to flow as designed. The retro-commissioning process involves measuring the current consumption of the fixtures to establish a baseline and then installing new flush valve kits that allow the fixtures to be set at their design consumption rates. A tuned flush curve allows the fixture to evacuate waste as originally designed. After installation, the only part of the valve that will need to be serviced is the diaphragm.

McKinstry has experience that shows that even in facilities with newly installed urinals and toilets, significant reduction in water consumption are recognized through proper retro-commissioning of the fixtures ensuring that they are operating as designed.

Exterior Water Conservation--Most typical irrigation systems utilize a time clock and sometimes a moisture sensor to control the amount of water applied to the turf and landscape features. McKinstry will investigate different external water conservation options such as the installation of a computer-controlled system that uses local microclimate data to help apply only the required amount of water to each type of vegetation. We will also look at flow meters that can be used to detect leaks and calibrate the irrigation models so the City will be able to minimize the amount of water waste associated with maintaining healthy turf and landscapes.

Water savings are guaranteed (if applicable) under an EPC.

MUNICIPAL EXPERIENCE

McKinstry understands the complex nature of public facilities and the important services provided at those facilities. Overall, McKinstry has performed more than 500 energy projects for over 85 municipalities, counties, or districts. Here's a more complete list:

Aberdeen, City of
Adams County
Appleton, City of
Aspen, City of
Bellevue, City of
Billings, City of
Boulder, City of
Brooklyn Park, City of
Burien, City of
Cameron County
Carrollton, City of
Cedar Hill, City of
Colorado Springs, City of
Commerce City
Coon Rapids, City of
Corpus Christi, City of
Cortez, City of
Covina, City of
Denver, City of
Des Moines, City of
Duncanville, City of
Eagan, City of
Eden Prairie, City of
Edina, City of
Everett, City of
Evergreen Parks & Recreation District
Fife, City of
Foothills Parks & Recreation District
Friday Harbor, City of
Gardena, City of
Golden, City of
Goliad, City of
Goodhue County
Grand Prairie, City of
Gresham, City of
Hearne, City of
Henrietta, City of
Hibbing, City of
High Plains Library District
Highlands Ranch Community Association
Hood River County

Iowa Park, City of
Issaquah, City of
Jackson County
Jefferson County
Jefferson County Public Library
Kent, City of
King County
Kitsap County
Lane County
Little Elm, Town of
Longmont, City of
Marion County
McKinney, City of
Minneapolis Parks & Recreation Board
Nampa, City of
New Hope, City of
Payette, City of
Pend Oreille County
Platte County
Plymouth, City of
Port Angeles, City of
Port of Bellingham
Routt County
Schertz, City of
Seattle City Light
Seattle Public Library
Seattle, City of
Sedalia, City of
Skagit County
Snohomish County
South Park Park & Recreation District
Spokane County
Spokane, City of
Steamboat Springs, City of
Sugar Land, City of
Tacoma, City of
Thurston County
Trenton, City of
Tualatin Hills Park & Recreation District
Tukwila, City of
Vancouver, City of
Walla Walla County
Washington County
Wenatchee, City of
Whitman County
Winona, City of

2. In list format, provide documentation of any and all certificates required or commonly held by ESCO professionals that are held by your firm. Answer in the space allotted (maximum 12 pt font)

84 Professional Engineers (PE)

62 Mechanical PEs

4 Electrical PEs

4 Civil/Structural PEs

14 Other PEs

5 Engineers In Training

66 LEED® Accredited Professionals

39 LEED APs

16 LEED AP BD+Cs

6 LEED AP O+Ms

5 LEED GAs

31 Certified Energy Managers

10 CAD Professionals

20 Detailers

2 Registered Architects

3. Outline your Firm's capacity to provide the services you selected in Form 1, Citywide. Answer in the space allotted (maximum 12 pt font)

SUMMARY OF FORM 1 CAPACITY TO PERFORM SERVICES

ANALYTICAL

Audits, Assessments, Evaluations, and Modeling--McKinstry has 16 years of experience with a multitude of projects that result in reduced annual utility costs and upgraded infrastructures. We provide integrated, turnkey solutions that create more efficient and sustainable operations. Our approach not only expedites the identification of improvement measures and their associated annual energy/utility savings, but also provides detailed professional design engineering services and guaranteed construction costs for implementing the recommended improvements.

McKinstry's auditing process is designed to systematically evaluate your facilities and strategically focus on initiatives that have a high probability of implementation and an impactful degree of energy and utility savings. Our auditing staff is comprised of extremely knowledgeable energy engineers, commissioning engineers, and design engineers that have hundreds of combined years of direct auditing and field experience. Many of our design engineers and program managers are also professional engineers.

Commissioning/Retro-Commissioning--McKinstry has in-house commissioning experts who provide valuable insights into building system performance. Most importantly, these individuals are able to investigate each system and provide modifications and recommendations that result in equipment performing as designed and desired.

Total Cost of Ownership Approach--McKinstry has a long track record of taking a life-cycle approach. Our business is structured around a cycle of services that span the life of a facility. Our integration helps us look at our clients' assets in the same, responsible way that they do. We consider design, construction, and commissioning to be an investment that pays off in lower service and facility management costs. Likewise, in our operationally focused groups, we develop preventive maintenance and facility management programs that reduce or eliminate the cost of future capital replacements and repair.

Utility Audits and Participation--We gather 12 to 36 months of historical utility data for all fuels and water from equipment logs, balancing reports, equipment specifications, and interviews with staff on the operation of the existing system. When necessary, McKinstry can collect this data using logging equipment. Our tools include standard hand held electrical and light level meters, combustion efficiency testing equipment, and data loggers for current, voltage and power, indoor air quality, air and water flow, occupancy, and hour meters.

Measurement & Verification--McKinstry has opted not to provide third-party measurement & verification (M&V) services per the direction of the RFP. Delivering guaranteed energy savings is the core of our EPC delivery. We have a dedicated M&V team that uses the latest remote monitoring technologies, loggers, and web-based services to enable the flow of data from and to our clients. We use the Department of Energy's International Performance Measurement and Verification Protocol (IPMVP) as our best practice standards.

DEMAND REDUCTION (DR)

Most of the selected services in this section are standard Energy Conservation Measures (ECM) that we evaluate in every EPC contract. Our breadth of experience includes:

Lighting--Our range of services includes design, indoor/outdoor projects, and daylighting. For design services, we provide schematic design, design development, and construction documentation, as well as concept development, luminaire selection, initial layout, layout refinement, lighting controls design, code compliance analysis, and bid documentation. Our innovative indoor/outdoor lighting solutions cover standards review, LEED and sustainability design guidance and oversight, purchasing and inventory control, and operations standardization. In addition, our experience includes daylighting system design in both side- and top-lighting applications with physical modeling to scale, overcast sky simulation, software daylighting simulations, daylight factor calculation and determination of appropriate building fenestration.

Heating--McKinstry's experience includes DOE 2.2 modeling analysis, custom calculations focusing on specific measures, heat recovery, combined heat and power analysis, steam and hydronic systems upgrades, boiler upgrades and replacements, coil cleaning, fuel supply, and other areas of expertise.

Ventilation and Indoor Air Quality--Our experience includes CO₂ analysis for conditioned spaces and CO measurement and analysis for indoor garages, as well as various HVAC systems.

Cooling--Our experience includes CO₂ analysis for conditioned spaces and CO measurement and analysis for indoor garages, as well as various HVAC systems.

Control and Building Automation--Our experience includes assessment, troubleshooting, and retrofitting existing systems, and design and installation of new systems. Services include sequence of operations review and functional performance testing of systems. We are proficient in the use of owner-directed systems (independent from controls industry) and existing control system optimization.

Fuel Switching--We perform life-cycle cost analysis of using other available fuels or a blended portion of different fuels as opposed to continuing to use the current fuel. Analysis includes consideration of utility company support for extending supply infrastructure, comparison of different rate schedules, and comparison of deregulated suppliers.

Central Plant--We can perform facility assessments; high-efficiency central plant equipment upgrades; central system operation and maintenance optimization; DOE 2.2 modeling analysis of different optimized control sequences of boiler, chiller, and domestic hot water plants; custom spreadsheets for determining optimal condenser water temperature resets; and analysis of variable flow.

Water-Consumption/Metering--We perform field auditing and analysis of building water use, including fixtures, toilets, urinals, lavatories, showers, kitchen equipment, single-pass condensers, cooling towers, chilled water systems, and boilers. We facilitate irrigation audits. We can install sub-metering for utility systems to help us quickly and efficiently track energy performance of systems for facilities remotely. We are also adept at gray water system design and installation, having installed the same in many of our own company facilities.

Energy Management--Some highlights of our expertise include auditing and analysis of building energy use and management practices; energy awareness campaigns; operations and maintenance procedures documentation, analysis, and recommendations based on best practices; behavioral modification training for maintenance, custodial, and end-user staff; identifying, designing, and implementing conservation measures, including retrofit and O&M for improved energy management; energy management work order tracking with 24/7 customer support and 24/7 control remote operations center.

Transportation: Fleet Fuel Management, etc.--We perform life-cycle cost analysis of using other available fuels or a blended portion of different fuels as opposed to continuing to use the current fuel. Analysis includes consideration of utility company support for extending supply infrastructure, comparison of different rate schedules, and comparison of deregulated suppliers.

ENERGY GENERATION

Fuel Cells--Fuel cells offer a high level of efficiency by reducing power lost in traditional energy transmission. They convert the chemical energy from a fuel into electricity through a chemical reaction with oxygen or another oxidizing agent. The fuel can be hydrogen, natural gas, or alcohols like methanol. McKinstry engineers are familiar with fuel cell system applications like creating power in a closed loop system and recovering the waste heat for use in the building. These and many other applications can be designed to save significant energy. Fuel cells can help realize 35-90% efficiency depending on system design and application.

Renewable and Alternative Energy Resources--Our experience includes feasibility, energy, and cost analyses, installation, dashboarding, and verification of performance for onsite renewable energy, including solar photovoltaic, solar-thermal, geothermal, and biomass, development of renewable projects in cooperation with utility, state, and federal incentives. We have installed multiple solar photovoltaic projects in the South and West regions. We have also installed numerous biomass boiler systems throughout the western U.S., including two pellet boiler systems, as well as multiple ground source heat pump systems including both horizontal and vertical loop fields.

Distributed Generation--We have performed energy and cost analyses of combined heat and power (CHP) technologies such as microturbines and internal combustion engines, hourly electric and heating coincident load analysis. We can provide comparisons of different systems and configurations. Skills include implementation of CHP cycle to save energy, reduce demand on power grid, and increase site electricity dependability and redundancy.

Microturbines--Microturbines are a type of combustion turbine that produces both heat and electricity on a relatively small scale. They offer several advantages as a technology for power generation. They have a small number of moving parts, compact size, are lightweight, offer greater efficiency, lower emissions, lower electricity costs, and opportunities to utilize waste fuels. Waste heat recovery can also be used with these systems to achieve efficiencies greater than 80%. McKinstry engineers can help you design a system utilizing microturbines for an efficient and clean method of powering your building.

Domestic Bio-reactor for Waste System--A bio-reactor system reduces the waste flow stream to the public utility, reduces the water required for mechanical make-up systems, provides low cost water for landscaping, and reduces water use for cooling equipment.

Solid Waste-To-Energy--McKinstry's experience includes four waste-to-energy projects, six wastewater projects, a citywide waste-to-energy business plan, and tire reclamation project plan. These projects utilize biomass, bio-sludge, bio-gas, animal waste, agricultural waste, municipal solid waste, tires, and low value recyclables.

SUPPLY MANAGEMENT AND ENERGY PURCHASING

McKinstry could provide PPA services within our EPC delivery.

CULTURE CHANGE

McKinstry provides culture-focused resource conservation management (RCM) services on all energy projects, as a matter of practice. We have developed a super-charged RCM program, powerED, which includes three modules: People, Process, and Performance. This robust enhancement to our RCM program supplies the City of Tucson with a suite of energy and sustainability messaging tools that empower staff and students to conserve resources in their facilities.

powerED is a systematic building efficiency and energy awareness program that helps clients achieve their environmental and fiscal goals with guaranteed results. It goes beyond typical energy services to engage the staff and users within your facilities, prompting them to take action to conserve resources. Using a highly collaborative approach, we provide three key elements of focus: People, Process, and Performance.

PROGRAM METHODOLOGY

PEOPLE--Collaborate with stakeholders; solicit commitment from building occupants, operators, and staff; implement awareness campaign

PROCESS--Work with building operators; investigate building systems; provide low- and no-cost recommendations; implement energy policy and sustainability guidelines

PERFORMANCE--Measure initial energy use and carbon footprint; set performance goals; monitor energy use and carbon reductions; integrate ENERGY STAR benchmarking and recognition programs; provide web-based progress reporting

4. Provide address for your Firm's main office and any satellite offices.

The main office for all City of Tucson's concerns will be our Phoenix location.

3420 E. Shea Blvd, Suite 200 | Phoenix, AZ 85028

602.953.5225 | phoenixoffice@mckinstry.com | mckinstry.com/regions/rocky-mountain

Other McKinstry offices around the United States include:

Bellingham, WA, Billings, MT, Bozeman, MT, Chicago, IL, Dallas, TX, Denver, CO, Des Moines, IA, Houston, TX, Madison, WI, Milwaukee, WI, Minneapolis, MN, Missoula, MT, Portland, OR, Pullman, WA, Quincy, WA, Salt Lake City, UT, San Antonio, TX, San Diego, CA, Seattle, WA, Spokane, WA, St. Louis, MO, Tacoma, WA, Tri-Cities, WA

5. Provide your firm's number of current employees dedicated to providing the types of services offered in form 1, average tenure, and turnover rate for the last three years.

McKinstry Essention, LLC employs 683 professionals, with an average tenure of 4 years and a 4.65% turnover rate.

6. Enclose an organizational chart, which clearly shows the reporting and lines of authority, to include all proposed key personnel and any proposed subcontractors. The organizational chart shall also list prime point of contact between the Proposers and the City of Tucson.

☒ Enclosed

7. Provide a list of proposed subcontractors, their contact information, certifications required for the performance of the Contract, and the Subcontractor's proposed responsibilities under the Respondent's proposal. If more room is needed than what the box below provides, enclose a list.

McKinstry intends to work in unison with the City of Tucson to utilize the local subcontractors where product quality, expertise, service quality and price point are in synch with our program guidelines. We have provided a listing of subcontractors that may be on an EPC team. Of course, we would ensure we are using subcontractors that meet the City of Tucson standards and/or are preferred. With the diverse City facilities and systems, it would be too extensive of a list to provide all potential subcontractors. Therefore, attached is a sample list of potential candidate subcontractors:

☒ Enclosed

8. List three (3) current or recent contracts, which may include contracts completed in the 12 months prior to the date of this solicitation. Include contact information, dollar amount of contract, length of contract, and any contract non-performance issues in the appropriate area of the solicitation. In-state and/or government contracts are preferred. Answer in the space allotted (max 12 pt font)

COOLIDGE UNIFIED SCHOOL DISTRICT

Contract Amount: \$3,400,000

Length of Contract: 2015 - ongoing

Contact: Michael Schmitt, Director of Plant Operations

Coolidge Unified School District

450 N. Arizona Avenue, Coolidge, AZ

520.723.2068 | Michael.Schmitt@coolidgeschools.org

Coolidge Unified School District and McKinstry completed construction of building improvements that will save the District \$245,000 annually through reduced energy expenses. The project included controls replacement and optimization, commissioning, and LED and T8 lighting retrofits across ten buildings in the District. The project also included three years of McKinstry's behavioral engagement program, powerED, across three schools. Total project cost was \$3.4M including extra allowance for STEM educational components to be incorporated within powerED and 1st year annual savings of about \$245,000 and \$6.7M throughout the lifetime of the project.

This project includes three years of McKinstry's behavioral engagement program, powerED. The powerED campaign successfully launched in January 2016 engaging several schools throughout the District with students and staff pledging to save personal energy and resources. Throughout the year, students, staff, and faculty participate in targeted activities and initiatives to help further decrease total greenhouse gas emissions alongside the performance contract. The Process Module provides the District ongoing commissioning and data analysis by gathering basic information about their systems, resources, and utility use. McKinstry's technical consultant utilizes SkySpark software (if necessary) to estimate the range of potential for energy efficiency opportunities, cost savings, and operational benefits. Along the way, we collaborated with Coolidge Unified School District on occupancy, systems, and scheduling to better understand the dynamics of their energy and resource use throughout the highest energy-using buildings on campus. The Performance Module provides an interactive dashboard to generate utility reports, produce ENERGY STAR scores, provide measurement and verification of savings, and compare savings of all buildings.

Paired with an EPC, the District was able to maximize the savings from powerED and utilize these savings to fund additional capital measures and deferred maintenance. powerED also provides a continuous measurement and verification tool for the District through the Performance Dashboard.

CITY OF BOULDER

Contract Amount: \$15,000,000 with \$4,700,000 in rebates, incentives, and grants

Length of Contract: 2010 - ongoing

Contact: Joe Castro, Facilities and Fleet Manager

City of Boulder

303.441.3163 | castroj@bouldercolorado.gov

In June 2009, the City of Boulder chose McKinstry as its energy performance contracting partner for energy savings upgrades to 66 city facilities, encompassing 1.5 million sq. ft. The City and McKinstry implemented three phases of EPC from 2010 to 2013, installing a combination of energy conservation measures, smart building solutions and renewable energy technologies to significantly reduce carbon emissions and costs. The work included:

- Large solar thermal installations for pool water heating (19,300 Therms/year)
- Solar photovoltaic installations at 12 buildings totaling 1.15MW
- Installation of energy efficient lighting and controls
- Retro-commissioning of several facilities to reduce consumption and improve comfort
- Process improvements at the City's Wastewater Treatment Plant
- Weatherization of building envelopes
- Mechanical replacements (chillers, boilers, air handlers, etc.) totaling \$1,830,000 in future capital avoidance
- Water conservation measures saving over 2.8 million gallons/year
- Systems integration of 22 building automation systems with Smart Buildings technology for real-time active energy management through remote monitoring
- powerED Energy Awareness and Behavior Modification Program
- Electric vehicle charging station installations at multiple locations using demand limiting controls

To offset project costs, McKinstry helped the City leverage nearly \$2 million in rebates through Xcel Energy, \$360,000 in grants from the US Department of Energy, and \$1.5 million in Conservation Bonds. In addition, the City of Boulder will be receiving over \$1 million over the lifetime of the solar PV array from Xcel Energy and \$50,000 for solar thermal installments from the Colorado Carbon Fund for selling the renewable energy credits associated with each project.

CITY OF LONGMONT**Contract Amount:** \$3,761,198**Length of Contract:** 2008 - ongoing**Contact:** Mike Frailey, Energy Manager

City of Longmont

350 Kimbark Street, Longmont, CO

303.774.4767 | mike.frailey@ci.longmont.co.us

McKinstry was chosen by the City of Longmont in April 2008 as its ESCO partner. For the first phase of work, the City and McKinstry expedited the site audit to apply for the Department of Local Affairs' New Energy Communities Initiative Grant, focusing on the six most visible, high-energy use buildings in Longmont.

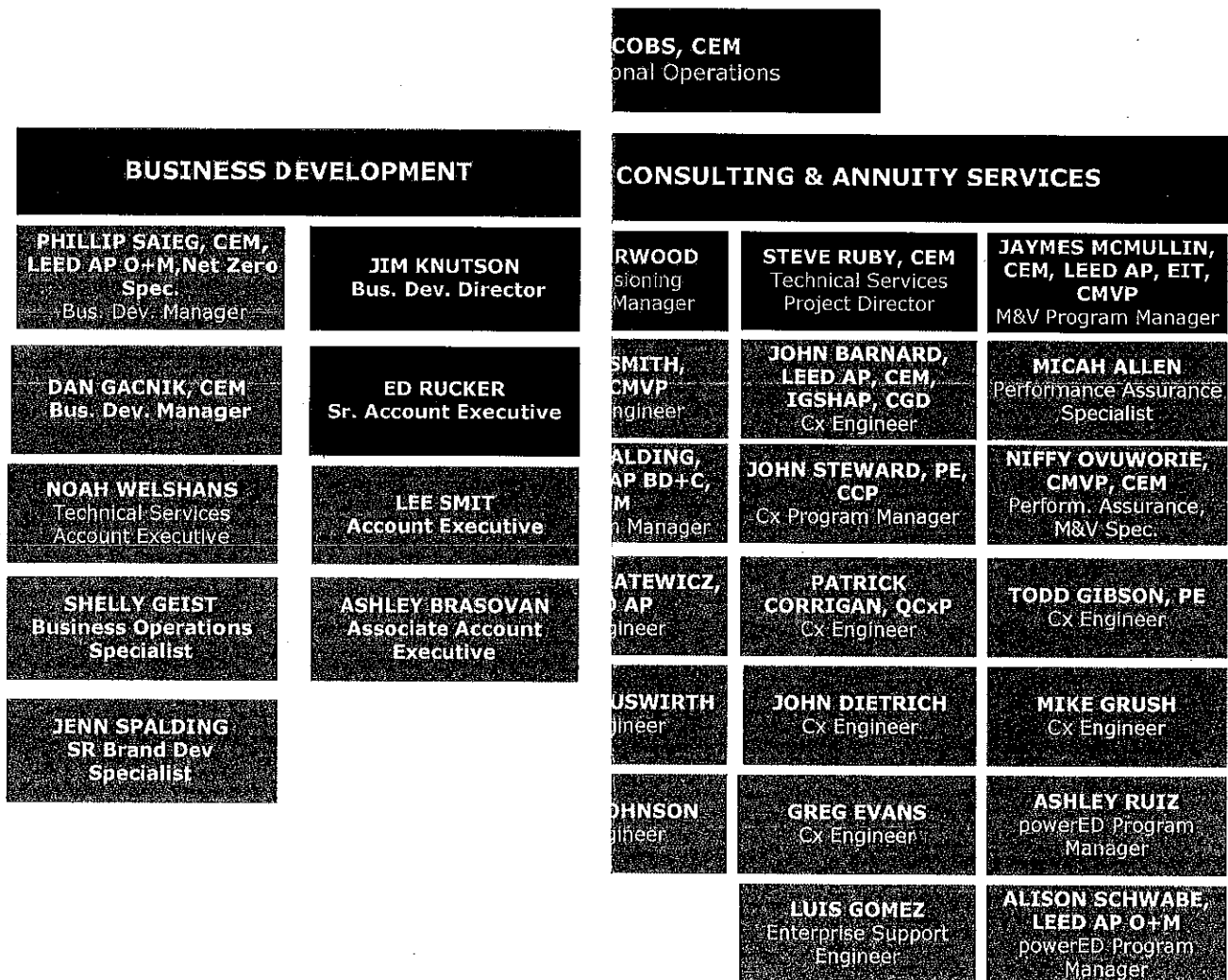
The first phase project included significant retro-commissioning of five buildings and high efficiency lighting retrofits in six buildings. The Recreation Center and the Centennial pool buildings received solar thermal installations, partially funded by grants and rebates. McKinstry also installed a demonstration project of PV skylights at the Civic Center, fully funded by grants. Finally, mechanical system upgrades were provided at the Centennial Pool, the Safety & Justice Center, and the Civic Center.

McKinstry is also providing energy management services, working directly with the City's Energy Manager to provide real-time utility data tracking, analysis and issue management.

The second phase of work included lighting upgrades at multiple buildings including the Centennial Indoor Pool, programming the HVAC system for unoccupied periods, desktop power management, new boilers at Centennial Pool, and automatic controls for the cabinet unit heaters at the Safety & Justice Building.

Form 5 Attachment

Organizational Chart



Form 5 Attachment

Potential Subcontractor List

Mechanical:

- Therm Air Systems, ROC C-39
929 S. Tyndall Avenue, Tucson, AZ 85719 | Rich French | 520.623.0656
- W.D. Manor, ROC C-37, C-39
1838 N. 23rd Avenue, Phoenix, AZ 85009 | Chris Dewitt | 602.253.0703
- Sun Mechanical, ROC B-1, C-16, C-37 & C-39
3951 E Columbia Street, Tucson, AZ 85714 | Jeffrey Hintz | 520.305.3855
- Pueblo Mechanical, ROC B-1, CR-39 & CR-74
6771 E. Outlook Drive, Tucson, AZ 85756 | Steve Berry | 800.840.9170
- City's preferred contractors

Controls Contractors:

- Therm Air Systems, ROC C-39
929 S. Tyndall Avenue, Tucson, AZ 85719 | Rich French | 520.623.0656
- Climatec, LLC, ROC C-11, C-16 & C-39
4585 S. Coach Drive, Tucson, AZ 85714 | Chad Ence | 602-980-2100
- Westover Controls, ROC B-1 & CR-67
4914 E. McDowell Road, Suite 107, Phoenix, AZ 85008 | Jay Chapman | 602.626.5000
- Pueblo Mechanical, ROC B-1, CR-39 & CR-74
6771 E. Outlook Drive, Tucson, AZ 85756 | Steve Berry | 800.840.9170
- City's preferred contractors

Lighting:

- City's preferred contractors

Electrical:

- City's preferred contractors

Air Balance:

- Ductz, ROC CR-5
20280 N. 59th Avenue, Suite 115-640, Glendale, AZ 85308-6850 | Vincent Divarco | 623.466.8625
- Arizona Air Balance, ROC CR-5
624 S. Perry Lane, Suite 101, Tempe, AZ 85281-2999 | Fredrick Seed | 480.966.2001
- City's preferred contractors

Specialty:

- Hydrametrics, ROC C-37
PO Box 250, Circle Pines, MN 55014-0250 | Paul Bechtold | 651.653.6845
- ECM Holdings, ROC C-39
- 2559 Badger Avenue, Oshkosh, WI 54904-8973 | Erik Larson | 920.267.6111



Form: 6
Warranties

Form 6: Warranties

Instructions: Provide details of warranties for the services, labor and materials your firm would be providing if selected to do ESA/ESP projects with the City. These are not intended to be all-inclusive and it is understood that ultimate equipment manufacturer and selection may impact warranty terms.

☒ Enclosed

☐ n/a

Form 6: Warranties

KEY POINTS

- One-year minimum warranty on all projects, starting at substantial completion or occupancy
- Controls set point adjustments are provided without charge for 30 days after acceptance
- Balancing work (certified at final acceptance) adjustments will be free of charge for 30 days after acceptance
- In or out of warranty, McKinstry responds to all issues
- Our buying power can extend or enhance typical equipment warranties

McKinstry's guarantee of performance allows us to commit to our clients that the equipment and systems installed will meet or exceed established performance standards. Our first priority will be to make certain that all newly installed equipment and systems will operate to ensure occupant safety, health, and comfort. The second priority will be to meet the project's operational and utility savings. If the equipment is maintained based on the manufacturer's guidelines, yet it does not meet the first and/or second priority, McKinstry will take the necessary steps to correct or improve equipment performance. If it is determined that the newly installed equipment has failed, we will find a final repair resolution or we will replace it.

McKinstry offers more options due to our network of buying power and our relationships with local equipment providers. We are able to reduce the initial cost of equipment, in addition to being able to arrange for extensions to the warranty period of the equipment. This combination of strong buying power and extended warranties gives us a value-added advantage we will pass on to you.

WARRANTY ENFORCEMENT ROLE

We will commission projects to ensure all equipment and systems installed will meet or exceed performance standards. We guarantee its installation and workmanship for one year against defects. Equipment typically carries the manufacturer's warranties, yet based on our relationship with vendors, we will extend warranties at no or low cost. Your warranty time period starts at date of substantial completion or occupancy. If equipment is used for temporary service, its warranty date typically will start when it is put into service.

COMMITMENT TO LONG-TERM PARTNERSHIP

McKinstry is very experienced in system performance and warranty concerns. We understand the value of equipment performing as intended. We routinely complete services—at no additional cost to the customer—after the original warranty expires to ensure our clients are satisfied and that the system operates as intended. McKinstry will provide the City of Tucson with a single point of contact for long-term accountability regarding maintenance and training on all new equipment installed as part of any project.

DELIVERABLES PROVIDED TO THE CITY AT PROJECT CLOSE

- Digitized O&M manuals
- Electronic record set as-builts
- Comprehensive owner training for all mechanical systems
- Factory training on major equipment
- DDC controls training
- TAB balancing reports
- Commissioning reports
- Equipment start-up logs
- Emergency procedures
- Warranty periods and expiration dates
- Vendor contact information



CONFIDENTIAL & PROPRIETARY
CITY OF TUCSON

Form 6: Warranties

VENDER NEUTRALITY

McKinstry is a vendor-neutral/product-neutral organization. Our engineers and project managers work with various product manufacturers and vendors to design the right fit solution for each of our clients. We believe in standardization within your own organization and will seek out your preferences to assure consistency and ease of serviceability. We will focus on the "right" solution needed to integrate the resources, services, equipment, and technology for your facility. McKinstry's vendor-neutrality means you get the best value and solution for your unique project. We are not limited by agreements with any manufacturers or vendors. Our neutrality allows your needs and preferences to guide selection.



CONFIDENTIAL & PROPRIETARY
CITY OF TUCSON

Form: 7

Customer Service

Form 7: Customer Service

Instructions: Answer the questions below and then provide a brief narrative with details regarding your firm's customer service best practices and services that will be available locally, in Tucson, to the City.

1. Will your firm provide a single point of contact to manage all aspects of coordination, warranties, financing and project management for City projects?

☒ Yes
☐ No

2. Will or does your firm have local support, within 150 miles of downtown Tucson?

☒ Yes
☐ No

3. Will your firm provide same-day response times for trouble calls?

☒ Yes
☐ No

Narrative

WE STAND BY OUR CUSTOMERS

Our business philosophy is built around a long-term focus rather than a short-term one. As our services evolved, McKinstry developed the *For the Life of Your Building* philosophy that supports our commitment to offer the best in design, construction and operation of our clients' facilities. McKinstry's full cycle of services incorporates our areas of expertise in design, pre-construction, construction, commissioning, maintenance, and management. Our philosophy and cycle of services guide our efforts as we move forward in developing innovative, cost effective facility solutions for our customers.

Our value statement is simple: *we are here to deliver a superior program to you and help you succeed --on time and within budget.* We understand the opportunity and risks the City is taking on in the process, and we are here to support you in this effort. We will do this by listening and understanding your needs, and employing expert problem solvers to develop and implement solutions that we stand behind--with both financial and project performance guarantees. We are confident in our ability to make quality recommendations, we are passionate about our work, and we stand ready to do what is right for the City of Tucson.

McKinstry creates success by adhering to a standard of high-integrity business practices designed to protect your financial interests and minimize project costs, thus allowing more project scope to be implemented for each dollar invested. Our philosophy of trust, collaboration, flexibility, and transparency will provide the City of Tucson with the greatest financial value without hidden costs, agendas, or savings manipulations. Below we describe several additional factors that differentiate us from our competitors.

Total Cost of Ownership Approach--McKinstry Total Cost of Ownership (TCO) modeling is a replicable, self-documenting decision-making process that considers first costs, life-cycle costs, and sustainability. The goal of TCO is to make design and construction choices that optimize the present value of all costs incurred and all of the value delivered over the life of your facility asset. Unlike other models used in the industry, TCO is not a one-size-fits-all tool. McKinstry's business analysis process allows us to customize our tool to your unique makeup. Only when this framework is in place do we work to model the specific design options that you are considering. Included in our tool is a deep and comprehensive list of equipment that is unique to municipalities.

Single-Point of Accountability--Our professional engineers will stamp our reports, demonstrating our professional responsibility for the services we provide. As a professional services company, McKinstry carries \$5 million in Errors & Omissions insurance, verifying our professional responsibility for our work. Furthermore, throughout the process our Project Director, Scott Shulda, will have the decision-making authority required to truly be a single point of contact for the City's project.

True Collaboration--McKinstry thrives on our ability to work well as a collaborative team with our customers to implement the best project for them. We come to the table ready to listen and understand your situation and goals, knowing that together we can craft the right energy and facility solutions for you. With McKinstry, you get an energy partner that is committed to all needs of the City --from current plans to a future vision. We will even look beyond our EPC scope of work to make certain we are contributing in the right ways to the greater vision and goals of the City that encompass many different projects to achieve better system performance.

We stand ready to provide insight to the City's project on how we can together push the envelope to achieve maximum building efficiency. McKinstry wants to collaborate with the City to technically improve their facilities, and we also want to collaborate on educating employees and citizens about what we are doing. We look forward to engaging with City staff in energy and water savings topics as well as creating presentations to showcase the City's good work. We have regularly submitted for awards, speaking engagements, and created widely published thought leadership articles in partnership with our clients.

VENDOR NEUTRALITY

We offer true objectivity on the selection and application of technology, and do not have internal markups across various internal departments when we select equipment. Therefore, we have *zero* conflict of interests when recommending equipment or brands. We do not manufacture any products and/or equipment. This contrasts sharply with some of our competition, who are vendor-specific. Vendor-specific companies are forced to push higher fees and margins on their clients. Our engineers and project managers work with various product manufacturers and vendors to design the right fit solution for each of our clients. We believe in standardization within your own organization and will seek out your preferences to assure consistency and ease of serviceability. We will focus on the "right" solution needed to integrate the resources, services, equipment, and technology for your facility.

Buying Power Through Bulk Purchasing--As a mechanical contractor with nearly \$600 million in annual revenues, McKinstry is a major buyer of mechanical equipment and controls systems. While we apply our vendor-neutral position in order to design the right solution for you, we are also a very large buyer that receives the same discounts as a firm who has aligned with a specific vendor to create a perceived buying advantage. Our procurement departments will leverage this buying power to receive the best equipment pricing and we will work to provide your specific requests and goals.

Innovative Technical Approach--McKinstry will go far beyond a cookie cutter performance contract when identifying the opportunities for the City's stakeholders to consider. We will use our *Total Cost of Ownership™ (TCO™)* economic modeling tool to compare and quantify the actual cost of systems over time, taking into account first costs, operational costs, future capital replacements costs, program flexibility costs, and operational risk. Our expertise in both energy and systems design allows us to bring multiple options to the table for consideration. The TCO tool also allows decision makers to look at various financial considerations for each option. As such, we provide *detailed analyses of facility life-cycle costs for various design scenarios to facilitate common-sense design decisions.*

Utility Rebates and Alternative Funding--Seeking and securing utility-based incentives for a customer is a critical part of the financing ability an ESCO brings to a performance contract, and McKinstry has the expertise and resources to secure these funds. Our local team in the Rocky Mountain Region has significant experience working with numerous utilities active in Arizona to secure demand-side management dollars for projects. Since 2007, McKinstry has implemented over \$150 million in energy performance contracts in the Region and approximately 20% of these project dollars have been provided through grants and rebates. Beyond rebates, we will also explore all available options to bring outside funding or utility cost efficiencies to your project.

Financial Creativity--We are the local experts when it comes to leveraging grant funding for energy efficiency projects. *We have helped our clients secure a total of \$293 million in grant funds, and \$37 million in rebates in the last 10 years.* Whether it be carbon footprint, other efficiency related grant opportunities, federal or state incentives, or local programs, McKinstry will seek out and apply for all opportunities that could support the City's goals. With McKinstry, you receive the greatest amount of capital infusion from outside sources for your project. Our team has a depth of knowledge in Arizona's local utility incentives and rebates, and is fully capable of handling the administrative tasks associated with obtaining them. We will handle the entire rebate from start to finish.

2015 MECHANICAL CONTRACTOR OF THE YEAR

McKinstry was named the 2015 Mechanical Contractor of the Year by Plumbing & Mechanical for "challenging the status quo." McKinstry CEO Dean Allen says, "We probably owe most of [our] innovative ideas to having good ears. If we listen to customers... we get good ideas we can use to change our industry."

This sets us apart from other ESCOs being a design-build-operate-maintain company with roots in mechanical contracting and a culture that promotes sustainability and innovation. We are more focused on the creation of new and innovative projects that yield the most for every energy expenditure. McKinstry calls this our "total commitment to collaboration" approach.

Form: 8

Additional Services

Form 8: Additional Services

Instructions: Provide information regarding up to five energy services that are not listed within this RFP (Form 1) that the respondent can provide to the City, funded using performance contracting financing principals. If there are no additional services that the respondent wishes to provide, this space may be used to describe the respondent's top five core competency areas as it relates to services listed in Form 1.

Briefly describe each service, the potential costs and benefits, and outline the basic method of approach for each given service.

powerED

A systematic behavior-based program that saves energy and the environment through implementation of low- and no-cost strategies that produce measurable results

powerED is an energy awareness and management program that promotes staff engagement, increases building efficiency, and reduces costs. McKinstry is dedicated to providing the most value-driven, flexible, and innovative solution through powerED. Using a highly collaborative approach, we provide three key elements of focus: People, Process, and Performance. The resources and activities associated with each of the three powerED modules are described below and can be integrated within an Energy Performance Contract as a facility improvement measure with guaranteed savings from behavior change. These elements are introduced over a 3-year program with the City of Tucson that is designed to be self-funding over the length of the program through energy and water savings. Specific costs will be determined by overall program scope and number of occupants and buildings to participate in the program.

Adopting our cultural and operational program increases facility efficiency and results in measurable savings. powerED's three module approach is described in depth below.

People --*Employ a comprehensive communication and educational platform regarding energy efficiency and environmental stewardship*

The primary goal of the People module is to eliminate waste and reduce energy use through energy awareness and behavior change. The powerED program offers strategies that encourage everyone in your facilities to get involved. McKinstry will work with entities throughout the City to coordinate and implement the People.Power.Planet campaign. This campaign will call people into action through the powerED program's People.Power.Planet website, posters, stickers, signs, energy messages, and other communication channels that have been designed to meet the needs and motivations of the employees within the City of Tucson.

McKinstry's powerED Program Manager will act as the account manager and main McKinstry point of contact for the City and will facilitate the powerED program action plan throughout the entirety of the program. Through our comprehensive approach that includes marketing tools, educational resources, and incentives for employees and the powerED Program Manager, participants will become motivated to take action, save energy, and promote positive changes within the department, facility, and community.

Process --*Identify and implement low- and no- cost operational and maintenance strategies to reduce energy use*

Through a proven process of identifying and implementing low- and no-cost operational and maintenance strategies is critical to driving deeper energy savings within an Energy Performance Contract and throughout the City. McKinstry will provide a powerED technical consultant to work with the building operations staff to investigate and report results from low- and no-cost energy savings opportunities and optimization. Our powerED technical consultant will take a serious look at your facilities and the potential for efficiency improvements in the identified buildings in this module. By gathering basic information about your systems, resources, and utility use, McKinstry's technical consultant will estimate the range of potential for energy efficiency opportunities, cost savings, and operational benefits. Along the way, we will solicit your ideas and input on occupancy, systems, and scheduling to better understand the dynamics of your energy and resource use throughout the highest energy-using buildings on campus.

When we investigate your systems, how they are controlled, as well as your operational characteristics, we document energy-saving opportunities specific to each of your facilities. Our technical consultant engages your building operations staff in this process to ensure we understand your operations, equipment, and scheduling. We offer advice and education to your building operators and equip them with the tools and information to sustain savings achieved through the powerED program.

Performance --*Measure, analyze, and quantify energy savings and carbon reductions to target opportunities, communicate performance, and promote success*

The third element of the powerED program emphasizes quantification of energy performance and environmental data. McKinstry's specialists track, analyze, and report progress information. We provide ENERGY STAR® benchmarking, utility tracking, measurement, and quantification of your program efforts to help you target opportunities, document progress, and promote success.

Our team performs ongoing accounting of your energy use and analyzes your usage patterns and costs. Web-based progress reports include detailed monthly energy and greenhouse gas savings by facility. This key component allows us to benchmark your building energy performance, assess energy management goals over time, identify strategic opportunities for savings, and support your recognition and promotion activities.

Program Value and Benefits

Since 2009, we have offered powerED to further assist in energy and resource conservation as a fun, creative way to help local governments achieve these key goals:

RESPONSIBILITY --Demonstrate fiscal responsibility and reduce unnecessary spending; promote efficient operations and use of critical resources; and reduce impact on the environment

LEADERSHIP --Mitigate operational, fiscal, and environmental risks; elevate leadership and accountability; and employ a comprehensive communication platform

RECOGNITION --Promote a positive public image; acknowledge employees and community participation; and uphold capacity to provide quality services

OPTIMIZATION --Promote efficient operations and use of critical resources; protect capital investments and maintain savings; and reduce your environmental footprint

ACTIVE ENERGY MANAGEMENT

Active Energy Management (AEM) employs remote energy system metering with trend log capability to identify previously unrecognized inefficiencies in energy system operations, facilitate the application of diagnostic protocols, document energy savings from operational improvements, and ensure persistence of savings through ongoing recommissioning after the construction has been completed in a Performance Contract. This is often integrated into an Energy Performance Contract post-construction to ensure that savings are continuous and that all equipment has been installed properly.

For the City of Tucson, McKinstry can utilize this approach to go beyond traditional Energy Performance Contracting in the City. We are able to utilize our AEM process to test 100% of installed equipment post-contract in the EPC process, which is a unique offering that McKinstry provides. Our engineers are able to tag equipment data from virtually any building automation and metering system, regardless of system type, and write diagnostic algorithms based on the intended sequence of operation to investigate any abnormalities of performance. Our team can then better define the root cause, outline a corrective action to move forward, and assist in solving these issues quickly and effectively.

AEM adds significant value to an EPC providing more efficient, accurate, and comprehensive data while not increasing the cost to the City of Tucson.

Our AEM approach includes: initial assessment to quantify energy and operational improvements; continuous commissioning of systems throughout the building commissioning process; monitoring-based commissioning; quick detection of outliers and under-performing equipment; equipment tracking and reporting; ability to scale across virtually all building automation systems; protection for your investment with persistent commissioning and historical reporting; and ongoing collaboration with the City to assure accuracy and the most efficient operations.

The benefits of AEM are: persistence of energy savings; increased visibility, increased savings; saves staff time; builds on existing SCADA-type systems; real time building performance monitoring; remote response to faults; root cause determination; and continuous facility optimization.

TOTAL COST OF OWNERSHIP™ (TCO™)

Optimizing All Costs of Ownership over the Lifecycle of the Facility

We believe that your facilities are part of your business strategy: they impact your costs, your brand and the productivity of your employees. The goal of our Total Cost of Ownership (TCO) approach is to make design and construction choices that optimize the present value of all the costs incurred and all of the value delivered over the life of your facility asset.

McKinstry's Total Cost of Ownership (TCO) modeling is a replicable, self-documenting decision-making process that considers first costs, life-cycle costs, and sustainability. The goal of TCO is to make design and construction choices that optimize the present value of all costs incurred and all of the value delivered over the life of your facility asset.

Unlike other models used in the industry, TCO is not a one-size-fits-all tool. McKinstry's business analysis process allows us to customize our tool to your unique "thumbprint". Only when this framework is in place do we work to model the specific design options that you are considering. Included in our tool is a deep and comprehensive list of equipment that is unique to municipalities.

We also work with you to quantify benefits in terms that match your assumptions: productivity, operational staffing preferences, and flexibility to alternative operational scenarios. We then model this in a way that matches up with your core values, such as resiliency and reductions in GHG emissions. Scenarios can be compared and shared with decision makers from different departments and with different perspectives. This tool brings an unbiased selection of the product or solution that best fits your makeup, considering all relevant factors.

MCKINSTRY: A TCO PARTNER WITH THE RIGHT APPROACH AND THE RIGHT EXPERIENCE

Our advantage as an innovator in this area is clear: we are uniquely positioned to bring together the financial expertise, design excellence and operational data-points to build a truly comprehensive model.

McKinstry has a long track record of taking a life-cycle approach. Our business is structured around a cycle of services that span the life of a facility. Our integration helps us look at our clients' assets in the same, responsible way that they do.

We consider design, construction, and commissioning to be an investment that pays off in lower service and facility management costs. Likewise, in our operationally focused groups, we develop preventive maintenance and facility management programs that reduce or eliminate the cost of future capital replacements and repair.

Our approach is more than just a philosophy. We have experience providing comprehensive facility services that optimize the life cycle cost. We were among the earliest contractors to embrace design-build, we have developed a unique total cost approach to managing critical environments, and we have service offerings that optimize facility operations.

FACILITY CONDITION ASSESSMENTS

A facility condition assessment (FCA) is an in-depth audit and report on the current conditions of your building structure, systems, and equipment along with recommendations for repair and replacement priorities. McKinstry's FCA process incorporates both quantitative and qualitative assessments of facilities. The qualitative assessment incorporates professional experience and first-hand knowledge derived from site assessments of particular building elements. Utilizing non-invasive, non-destructive testing and observation methods (such as Infrared thermographic imagery, where appropriate) our FCA consists of the following key components:

Documentation Review and Interviews

- Interview stakeholders
- Identify survey format
- Identify physical elements and systems to survey
- Develop project work plan
- Review existing plans
- Define key performance Indicators (KPIs)
- Determine schedule

Site Audit

- Identify and document facility deficiencies
- Review architectural, structural, mechanical and electrical elements
- Identify energy conservation opportunities*
- Identify safety and security enhancements*
- Consider sustainability and LEED certification opportunities*
- Review operations and maintenance practices and opportunities*
- Perform maintenance tasking assessment*

**Optional*

Estimating and Analysis

- Perform KPI data analysis
- Estimate repair costs
- Estimate replacement costs
- Estimate renovation and expansion costs
- Identify grants, rebates and incentives
- Quantify potential energy savings
- Draft capital expenditure plan
- Prioritize observed deficiencies

Report Preparation

- Draft presentation to stakeholders
- Review cost estimates
- Review KPIs and assess goal achievement

Presentation of Findings

- Physical condition of the structures and systems
- Estimated remaining life of the structure
- Estimated cost to repair or renovate the facility
- Anticipated long-term maintenance needs, schedule, and associated costs

COMMISSIONING

In January 2009, McKinstry became one of 16 U.S. service companies to receive a U.S. Department of Energy IDIQ Energy Savings Performance Contract (ESPC) that could result in up to \$80 billion in energy efficiency, renewable energy, and water conservation projects at federally owned buildings and facilities. In addition to energy audits and M&V, the ESPC scope of work includes commissioning, retro-commissioning and continuous commissioning. McKinstry has established and developed our own in-house commissioning team to commission your existing buildings. Our commissioning team has successfully implemented commissioning plans for a variety of projects over the years and has extensive knowledge of existing building project requirements and objectives. Proper commissioning/retro-commissioning lowers long-term operational and maintenance costs, ensures optimal operation through proper training, maintains asset values, and keeps occupants reliably safe and comfortable. We integrate our commissioning and performance assurance staff members during the investment-grade audit (IGA) to ensure the highest integrity of installed systems, resulting measurement, and verification.

At McKinstry, we take great pride in our ability to provide these services individually or in different combinations to offer our customers the most effective solutions. Often, when these services are combined and integrated into an EPC, we are able to help our customers take advantage of deeper savings opportunities. With these types of opportunities, programs that once did not exist in a traditional EPC or life-cycle cost model become viable and attainable.

Pricing for these systems vary depending on facility type, number of buildings, types of systems within buildings, etc. These varying factors make it difficult to give a flat price. If the City of Tucson would like to explore sample costing for any of their facilities and/or systems, we would gladly provide some sample pricing.

Form: 9

Measurement and Verification

Capabilities

Form 9: Measurement and Verification Capabilities

Instructions: Only for firms offering 3rd party M&V services, complete the pdf survey form and provide requested information from the list below in the form of an attachment. Maximum 20 pages, not including report samples.

1. Does the Respondent have at least 1 lead team member fully versed in providing measurement and verification services in accordance with the International Performance Measurement & Verification Protocol (IPMVP)?

☐ Yes

☒ No

2. Will a team member with these qualifications always be directly involved in M&V for City projects?

☐ Yes

☒ No

3. Our Company/Firm can provide M&V services for multiple projects on an ongoing basis for City projects, if needed.

☐ Yes

☒ No

4. Describe a typical M&V process that your firm would conduct for a complicated, multi-facility, multi-tenant and multi-payer account project. (Counts towards 20 page limit)

5. Describe a typical dispute arbitration process that your firm would conduct between and ESA/ESP partner and the City, if one were to arise. (Counts towards 20 page limit)

6. Please attach an M&V report sample for a multiple-facility project. (Does not count towards 20 page limit)

☐ Attached

McKinstry automatically measures and verifies every measure installed or implemented in our EPC projects. We are happy to work with any third party M&V firm commissioned by the City of Tucson in achieving their goals. This will not change our standard practice of ensuring the best possible project with our own measurement and verification practices, as they are already built into our overall approach and process.

Form: 10

Basic Respondent Information

Form 10: Basic Respondent Information

Instructions: Complete the fillable pdf form.

1. Provide the legal name and business address of Respondent, including any joint respondents or project partners:

McKinstry Essention, LLC
3420 E. Shea Blvd, Suite 200
Phoenix, AZ 85028

2. Respondent Company or Firm Established (year):

2000

3. Contiguous years of providing services like those offered in respondent RFP submittal:

16 years

4. Primary contact, telephone, email:

Ed Rucker, Senior Account Executive
602.526.7152
EdR@mckinstry.com

5. Type of organization (sole proprietorship, LLC, Partnership, Corporation, etc.):

In 2000, McKinstry Co., LLC's predecessor began offering energy performance contracting services, eventually transitioning that business line to an affiliated company, McKinstry Essention, LLC.

Form: 11

Relevant Experience

Form 11: Relevant Experience

Instructions: Complete the fillable pdf form to provide a *brief* overview of your team's capabilities and experience in the following areas, where applicable. Where not applicable, please indicate N/A.

1. Outline your Firm's experience with energy and water project master planning for large public sector and institutional clients: [250 words maximum]

McKinstry has partnered with several large public sector clients in long-term utility, water, energy and climate master planning. We perform an infrastructure analysis on the existing and future demands of energy and water. We help our clients develop a program moving forward that addresses capital needs, prioritizes maintenance projects, and identifies funding requirements associated with all utility systems. From here, we collaboratively create a long-term roadmap to meet energy and/or water goals and future programs. This program is then carefully aligned with the overall master plan, thus delivering optimal results for the master plan. When implemented with an EPC project, long-term energy and water master planning will ensure the continuous, reliable, and sustainable operations of all facilities.

At Seattle University, we collaborated with the institution to develop a Utility Master Plan analyzing heating, cooling and electrical requirements to determine future water and energy loads and associated capital requirements. Alongside this plan, McKinstry helped the University to create a Climate Action Plan that outlined steps the University needed to take in terms of energy, water, and overall resource reduction to become carbon neutral by 2020 and meet specific energy and water goals. This long-term planning allowed the campus to determine the potential for energy and water load reductions, which resulted in more specific project budgets, right-sized equipment, and better prioritizing of construction and renovation projects.

2. Demand side management and demand response development, design and implementation, including at a minimum;
 - a. Facility Condition Assessments [150 words]

The McKinstry team has developed more than 30 comprehensive facility condition assessments in the last 5 years alone, and this depth of experience has translated into a refined, real-world approach for developing detailed, action-oriented facility condition assessments. Our breadth of in-house systems expertise allows us to self-perform assessments of most facility systems, saving our clients the type of mark-up costs that often result when hiring a team comprised by individual systems expert firms. The result of our refined process is a meticulous report that focuses on a facility or portfolio's life-cycle, incorporating estimated replacement costs, demand-side management and estimated maintenance costs. (See Form 8, Additional Services, for further information.)

b. Level I-III ASHRAE audits (or equivalent) [150 words]

McKinstry provides ASHRAE Level I, II, and III audits, as well as energy use analysis through ENERGY STAR Portfolio Manager benchmarking tool. The audit phase of the project focuses on providing critical information necessary to achieve the best total solution. To facilitate this process, McKinstry utilizes a Total Cost of Ownership (TCO) model throughout development to evaluate options and optimal design scenarios. The goal of TCO is to make design and construction choices that optimize the present value of all the costs incurred and all of the value delivered over the life of a facility asset. Our energy engineers have the technical expertise to develop energy models and analyze the various design scenarios. Our audits do not focus solely on how our clients will achieve energy savings; we look at total solutions, and we will use an innovative approach to evaluate all potential options for improvement, including renewable options.

c. Deep energy efficiency auditing and project implementation [250 words]

We have performed numerous deep energy retrofits, and our in-house energy engineers have the technical expertise to develop energy models and analyze various design scenarios that can tunnel through cost barriers and generate deep, persistent energy savings. We look at total solutions and use an innovative approach to evaluate all potential options for improvement, including super-insulating facilities to dramatically reduce building loads so HVAC equipment can be sized as small as possible. We also investigate renewable options such as biomass, geothermal, solar and wind that may help a facility achieve lofty goals such as zero net energy. Our engineering-based approach to auditing, coupled with extensive site investigations and interviews generate projects that meet financial, facility, and operational objectives. We routinely perform deep energy retrofits that generate savings greater than 50% over baseline energy usage and have a deep bench of engineers, design experts, construction managers, project engineers, commissioning professionals, and safety personnel on our integrated team to effectively implement measures identified in the auditing phase. All team members are engaged from project start. Our dev. team engages CMs and estimators early in the design process to solicit valuable insight on cost, constructability, schedule, availability of local/recycled materials, and implications for construction waste. Clients and building occupant reps are key participants. Early inclusion of our industry experts coupled with immediate participation from our customer's teams have been instrumental in delivering successful deep energy efficient programs.

d. Knowledge and understanding of applicable Arizona Building Codes, including specific codes associated with pima county/city of Tucson [150 words]

McKinstry understands that the City of Tucson and Pima County have adopted the 2012 International Codes, 2011 National Electric Code and have their own amendments. We have extensive experience designing and constructing to these requirements and will ensure adherence to your particular amendments. We have performed over \$1.5 billion in Energy Performance Contracting projects nationally and greater than \$600 million in the Rocky Mountain Region. The ability to perform those magnitudes requires our team members to constantly stay abreast of codes and ordinances. Our teams are routinely educated on all local and national building codes. We have thoroughly reviewed and evaluated all codes and ordinances adopted by the City of Tucson listed on <https://www.tucsonaz.gov/pdsd/building-codes> website. We also understand the dark skies initiative.

- e. Knowledge and understanding of LEED, EPA ENERGY STAR, and other similar programs
[150 words]

McKinstry provides energy engineering expertise to help clients achieve ENERGY STAR Certification and enhance their score by tracking and managing energy use over time. Our process helps establish energy performance benchmarks through EPA's Portfolio Manager Tool and continues by providing required engineering skills to achieve ENERGY STAR Certification and recognition.

With over 60 LEED APs on staff, we provide key leadership and expertise to help our clients achieve LEED Certification. From project conception through completion, our consultants provide guidance through the LEED process using our extensive experience in both the administrative and engineering aspects of these rating systems coupled with our depth of knowledge in facility design, construction, operations, and maintenance. Collaboratively with building owners, designers, operators, and builders, we develop cost-effective, tailored solutions that have resulted in over 70 LEED projects.

3. Supply side management, including at a minimum;
 - a. Renewable energy assessment, feasibility, due diligence, interconnection agreements, financing, and development [500 words]

Although McKinstry has chosen not to provide supply side solutions for this RFP, we want to assure the City of Tucson that our team is highly competent in supply side technologies. We have provided supply side solutions to many of our customers and we have partnered with many other supply side solution providers. At McKinstry, we possess a thorough understanding of renewable energy solutions, the necessary due diligence required, interconnection agreements, financing and development. We believe that this experience will be extremely advantageous to the City of Tucson if selected as an EPC for your team. It is always a McKinstry goal to be more than a contractor--we strive to be your energy solution expert. This expertise and commitment allows us to seamlessly work with all stakeholders within complex energy performance programs.

b. Knowledge of cost-effective tools and technologies to assess onsite renewable capacity
[250 words]

When reviewing the potential for renewable technologies on any site, McKinstry utilizes a host of tools that are readily available for consumers. For simple PV applications, we use PVWatts, and for simple solar thermal applications, we use RETScreen International. For advanced modeling of renewables, we use computer models such as eQuest and Energy+ so that the interactive effects of actual facilities can be properly accounted for. For ground source heat pumps, we model the ground loops with Ground Loop Design by Gaia Geothermal along with actual thermal conductivity test data. Finally, we use multiple software applications for wind turbine modeling based upon site characteristics and available long-term wind profile data.

c. Large-scale solar PV and solar thermal development [150 words]

McKinstry's solar PV experience includes more than 4,800 kW roof-mount, ground-mount, and canopy systems. Our solar thermal systems are generating more than 87,800 therms/year. Our proposed team has worked with the City of Boulder on both of these renewable technologies in conjunction with our three EPC phases of work with the City.

Solar projects are highly scalable and can be tailored to meet budget requirements, financial cash flows, capture industry incentives, and public awareness/messaging needs. Throughout development, we use industry accepted solar modeling tools that help predict system performance. Our engineers calibrate solution parameters to optimize performance. We then balance our practical experience with model results to deliver guaranteed performance of the system. Our approach focuses on lowering first cost of installation for better ROI and we thoroughly explore different ownership models

d. Power Purchase Agreements [150 words]

McKinstry Capital has experience negotiating Power Purchase Agreements (PPAs) and establishing financial metrics for systems. PPAs allow entities to purchase renewable or conventional energy generated by a system owned by a third party on a per-kWh or per-Therm unit basis. PPAs allow entities to benefit from renewable energy without ownership responsibilities; furthermore, PPAs allow tax-exempt entities to indirectly monetize robust financial incentives available for renewable energy systems.

e. Microgrid and smart grid assessments, applications, and implementation [150 words]

Please reference 3(a).

f. Central plant and combined heat and power plant optimization [150 words]

We perform facility assessments; high-efficiency central plant equipment upgrades; central system operation and maintenance optimization; modeling analysis of different optimized control sequences of boiler, chiller, and domestic hot water plants; custom spreadsheets for determining optimal condenser water temperature resets; and analysis of variable flow. We analyze all systems for safe operation, proper operation and efficiency improvement. Below are a few of many customers where we have successfully delivered optimization strategies:

- City of Phoenix- City Hall Facilities, Phoenix, AZ
- University of Arizona, Tucson, AZ
- Washington State Capitol Campus, Olympia, WA

g. Utility infrastructure assessments and improvements [150 words]

Our team has the ability to create and analyze the current utility structure with clients and forecast the future utility needs and utility structure needed to support this growth. Based on this initial assessment, a Utility Master Plan can be produced to provide guidance on future utility requirements for heating, cooling, electrical and low voltage loads and the most efficient way to accomplish this using the latest technologies. As an example, our team created a Utility Master Plan for Seattle University developing a 15-year utility road map for the campus to help in improving the current Institutional Master Plan.

4. Techno-economic scenario development and analysis [1000 words]

With McKinstry successfully delivering more than \$1.5 billion in EPC for our customers, we have developed a strong understanding of the economic and technical impacts that our work has on the local communities. It is our team's priority to utilize our local community resources and local trade experts within our EPC programs. McKinstry has built and maintains relationships with a variety of local subcontractors in the City of Tucson and has built a vendor base that we can draw from that includes qualified construction firms. Having a local presence and relationships allows our team to effectively use vendors and products that have the greatest impact financially and economically for City of Tucson, saving you time and money on your project as well as creating local job opportunities and stimulating economic growth within your community.

It is our goal to be richly embedded in the communities we work in. We regularly invest in our communities with outreach programs. Community stewardship is woven into McKinstry's DNA and uniquely sets us apart from many other companies. From its birth in 1960, the company has played a leadership role in organizations that promote equality, advance education, and ensure the health of people and planet. Giving back to the communities in which we live and work is an integral part of McKinstry's identity. Each year, McKinstry teams support organizations and initiatives that align with McKinstry's key philanthropic priorities: education, nurturing children, and protecting the environment. In addition, since 1999, McKinstry has directed more than \$7 million to charities nationwide through the McKinstry Charitable Foundation.

McKinstry is able to assist and support the City's leadership team to effectively communicate EPC program benefits with your community members and constituents. We can work with City of Tucson representatives and relations team to help synergize a community message that communicates strong community leadership and stewardship of tax dollars.

powerED is McKinstry's solution for the behavioral and operational elements of energy and sustainability. McKinstry is dedicated to providing the most value-driven, flexible, and innovative solution for municipalities through powerED. Using a highly collaborative approach, we provide three key elements of focus: People, Process, and Performance.

powerED is a systematic building efficiency and energy awareness program that helps municipalities achieve their environmental and fiscal goals with guaranteed results. It goes beyond typical energy services to engage the staff and users within your facilities, prompting them to take action to conserve resources.

People Module --The People module of the powerED program was developed after careful research into the social and psychological science of behavior change. Its benefits are two-fold: it offers the tools to empower your building occupants to make conservation-minded decisions, and it allows you to demonstrate fiscal and environmental stewardship to your constituents.

Through the People.Power.Planet website your organization can share energy and environmental initiatives among your staff and within your community. Employees and community members log on to peoplepowerplanet.com to connect with the People.Power.Planet campaign, track their building and departmental results, and earn points toward rewards and recognition.

Themed posters and rewards, recognition, and competition elements complement the website to integrate messaging around energy and sustainability.

Process Module --Within the Process module, we work with you to establish or fortify an organizational energy policy. This helps to clarify the City's official direction for things like purchasing, operations, maintenance, and best practices.

Our technical consultant provides to your facilities staff operating recommendations, conservation checklists, and regular feedback on positive results and opportunities for greater efficiency.

Performance Module --The Performance module ensures that established goals and objectives are being met through measurement and reporting. Our measurement team uses your utility bill data to understand your electricity, gas, and water use, as well as your spending and carbon emissions. Through tools such as ENERGY STAR® Portfolio Manager and our powerED online reporting dashboard, your facilities are benchmarked and progress is tracked. The data from the Performance module not only feeds your robust progress dashboard, high-level data also appears on peoplepowerplanet.com to provide motivation and transparency to building occupants and constituents.

Promotional Campaign --McKinstry's powerED program relies on an energy awareness campaign called People.Power.Planet to engage the community in behavioral change. This campaign is the key piece to a detailed communication plan that follows four steps to adopting behavioral change: learn, engage, do, and share. All campaign materials and communications are centered on these themes.

The energy behavior program's success rests on the leadership of key stakeholders who communicate initiatives. McKinstry teams with the steering committee to develop and deploy an effective communication program that directly targets audiences such as community members, facility operators, and building occupants. Communications include print, web, and other program support materials tailored to the role of each audience. Initial and ongoing communication of the program's goals, benefits, and savings results will be essential to a successful program launch and continued program participation and support. Program progress should be communicated periodically through traditional and new communication methods (e.g., City of Tucson emails, peoplepowerplanet.com website).

A five-year campaign is deployed with an annual focus on specific energy savings and sustainability initiatives. Staff and community members have the flexibility to use these campaigns to create unique ideas and activities around these important subject matters.

The City of Boulder in Colorado is a great example of successful implementation of the powerED program and engaging the community in behavioral change. For more information, below is a link to the People.Power.Planet community web page:

<http://www.peoplepowerplanet.com/public/my-community.php?ckx=19441>

5. Identifying and securing project financing, including credits and incentives available through Federal, State, local and Utility Company programs [1000 words]

McKinstry is uniquely positioned to provide maximum financing flexibility to the City of Tucson via McKinstry Capital. McKinstry Capital is a dedicated team that works with business development managers and clients to develop financial solutions that fit the needs of the client. McKinstry Capital works to give our clients information on options, provide introductions to financiers who specialize in energy project finance, and consult with you throughout the financing process, at your discretion. We will coordinate with utility companies to secure any available incentives and rebates. McKinstry also offers support in sourcing, evaluating, applying for, and administering grants.

Our financial approach is to assist clients and their teams to maximize project scope. Typically, all costs associated with projects, including most financial transaction fees, can be funded by the project. McKinstry Capital develops cash flow models with the collaboration of the client and project team. These models can be adjusted to show multiple scenarios, allowing the client to choose the optimal project and financial structure. Typically, the project results in positive or budget neutral cash flow, resulting in no new budget expenses, but simply the redirection of existing budget dollars.

McKinstry Capital will consult with the City to ensure understanding of the wide range of financial products available for financing energy projects. We will work within your state's statutory debt limit and procurement legislation. Also, McKinstry Capital has up to date knowledge about the benefits of, and qualifications needed for federal, state and local government-led loan programs. McKinstry Capital helps clients reduce the amount of debt required by securing available grants, rebates and tax incentives, and gives clients information to select the optimal capital solution for their projects.

Funding Sources

Tax Exempt Bonds

A tax-exempt bond is debt instrument issued by a governmental entity, including states, cities, counties, school and fire districts, airports, and special purpose districts. Similar to a loan, the public entity issuer promises to pay the lender, or bondholder, interest and principle at agreed-upon rates and terms. Under the current tax code, the interest income paid to the bondholder is exempt from federal income tax, making these bonds highly attractive.

Tax-exempt bonds can be sold via a public sale or private placement. A public sale is typically held for larger issuances, while private placements are used for smaller or specialized debt issuances.

As in the case of leases, savings from energy efficiency improvements can be used as a repayment stream, resulting in budget-neutral or budget-accretive financing solutions.

Tax-Exempt Municipal Lease Purchase Agreement

Also known as a tax-exempt capital lease, a municipal lease purchase is an installment purchase contract that most public entities and private tax-exempt entities can use to finance equipment and capital projects at a low fixed-interest rate. The effective interest rate depends on the strength of collateral, the borrower's credit worthiness, the duration of financing and current market rates, but is typically approximately 2.5%-4.0%. In many states, savings from energy efficiency equipment installation can be used as lease payments, resulting in a budget-neutral solution.

Tax-Exempt Commercial Loans

Public entities can borrow directly from commercial banks and financiers; this method is advantageous for smaller projects as it lowers transaction fees and time to close.

Qualified Energy Conservation Bonds (QECB)

Qualified Energy Conservation Bonds (QECBs) are a low interest rate financing instrument available to state, local, and tribal governments to finance energy efficiency projects; projects outside the built environment like mass transit; Green Community Programs that cover a range of water and energy conservation projects; and renewable electricity production projects.

QECBs were authorized by the U.S. Congress in 2008 to promote energy efficiency in the built environment, develop clean energy technologies, and spur job growth in America. By providing an interest rate subsidy of almost 65%, QECBs allow a project owner to borrow at below-market interest rates. The effective rate depends on the overall credit of the borrower, the financing term, security pledged, and current tax credit and market rates, but can range from 1.0% - 2.5%.

Bonds can be issued for terms up to 20 years; the term limit may change at the discretion of the US Treasury.

6. City, Pima County and state of Arizona regulations and policies regarding public contracting and procurement [250 words]

McKinstry is very familiar with Pima County and state of Arizona regulations regarding public contracting and procurement. We currently hold a business license for the City of Tucson, license number 3032645. McKinstry's Arizona Registrar of Contractors number is 295672. We hold many other city business licenses in Arizona, as we perform services for other municipalities and governmental agencies. McKinstry is a qualified provider of services for Pima County and the University of Arizona.

McKinstry is an approved Energy Services Performance Contractor for the state of Arizona. Qualification for this contract required an RFP selection process demonstrating thorough knowledge of EPC and associated legislation ARS 34-105 and ARS 15-213.01.

7. Program/Project Management [250 words]

McKinstry has managed the construction of more than \$1.5 billion of system installations. The vast majority of this work has focused on mechanical and electrical system installations and upgrades including chilled water systems, heating systems (hot water and steam), ventilation systems, heat recovery systems (water and airside), building controls, lighting, motors, drives, and building envelope. Our construction managers have significant experience and are well-versed in the technical tools and planning processes needed to successfully implement energy services projects.

We manage all projects with a dedicated project manager. Additional management assets, like site superintendents and project coordinators are assigned to specific tasks, depending on the expertise required. Each project is assigned a dedicated safety coordinator and all field personnel are certified in first aid and OSHA 10/40. As your ESCO, prime contractor, and single point of accountability, your project will be site-managed by McKinstry personnel. We do not believe in briefcase management, and we do not believe it is in your best interest for subcontractors to manage themselves. Our delivery success hinges on our ability to quickly manage any and all questions and concerns at the work site while they are happening.

Our project managers understand construction means and methods and are acutely aware of the impact their attention to detail has on building energy use. Familiarity with ASHRAE design criteria, Arizona energy and building codes, and industry standards assure projects meet all applicable requirements.

8. Conventional and innovative and/or integrated project delivery methods [500 words]

INNOVATIVE APPROACHES TO IMPROVE EFFICIENCY

At McKinstry, we believe there is considerable waste under the standard industry delivery model. We are committed to driving that waste out of the design and construction process through integration of design and delivery, leveraging of technologies, and application of lean construction principles. The results are improved quality, lower cost, faster delivery, measureable results, and better solutions.

We encourage early involvement of all key project stakeholders, as it improves upfront project planning which, in turn, leads to more successful project outcomes. We are excited about the opportunity to fully collaborate with the City of Tucson to plan, develop, and implement a program that exceeds your facilities' operational, sustainable, and financial objectives. This includes getting your customers into fully functional facilities while maintaining the objective of driving the building to maximum efficiency.

We offer engineering, innovative value engineering solutions, financial modeling, drawing permitting and stamping, energy retrofits, sustainable design, operational modeling, integrated delivery, building information modeling (BIM), CAD, CAD 3D and super plot drafting and detailing, Total Cost of Ownership analysis, and guidance for critical decisions, code compliance, system selection, LEED® certification, and overall design process.

PUTTING STRATEGIES AND PROCESSES INTO ACTION

At McKinstry, we provide full design-build and general contracting services as an integrated part of our energy solutions. Locally, we have professionals in energy and design engineering, commissioning, modeling, performance assurance, and facility management analytics to assure that the design provides the best value while meeting the project's energy efficiency and operational goals. We always test ideas against the baseline and against true and accurate cost metrics to be sure equipment and systems are appropriate for the project.

PARTNERSHIP FOR LONG-TERM CAMPUS STRATEGY

We understand that this process is a long-term partnership with immediate goals and long-term solutions. Our approach will be customized to meet the short-term goals of every project with a long-term focus to driving the entire City towards energy initiatives and goals.

Whatever the ultimate plan for the future of the City of Tucson, how it is developed, or how it is phased, the strategies and processes will not change. Our objective is to co-develop a blueprint and approach for building high performance systems that are based on the foundations of the City's efficiency and Climate Action Plan standards and goals.

9. Please list at least three projects, with references, adhering to the following guidelines: [max 150 words/project listed, not included case studies published prior to this RFP release date.]
- All listed projects should have been completed within the past ten years
 - Identify clearly the contractors and/or personnel responsible in each case, and their relationships to the team for this project
 - Label clearly the location and dates of the work presented

COOLIDGE UNIFIED SCHOOL DISTRICT | Coolidge, Arizona | 05/2015 - ongoing
Mike Schmitt, Director of Operations | 520.723.2068 | Michael.Schmitt@coolidgeschools.org

Project included controls replacement and optimization, commissioning, and LED and T8 lighting retrofits across ten buildings in the District. Also included three years of McKinstry's behavioral engagement program, powerED, across three schools. Total project cost was \$3.4M including extra allowance for STEM educational components to be incorporated within powerED and first year annual savings ~\$245,000 and \$6.7M throughout the lifetime of the project. McKinstry also capture \$125,000 in utility rebates.

Dan Addink, Project Director*; Jim Knutson, Business Dev. Manager*; Bryan Hanson, Project Dev. Manager*; Ashley Ruiz, powerED Program Manager*; Kreischer Davis, Senior Energy Engineer*; Mark Keiser, Construction Manager*; Josh Harwood, Commissioning Manager*

CITY OF BOULDER | Boulder, Colorado | 10/2010 - 04/2013 (3 phases)

Joe Castro, Facilities and Fleet Manager | 303.441.3163 | castroj@bouldercolorado.gov
Project included upgrades to 66 city facilities over three phases to include solar thermal and solar PV installations, lighting and controls retrofits, retro-commissioning, wastewater treatment plant process improvements, building envelope weatherization, mechanical replacements, water conservation measures, building automation systems integration/active energy management, powerED behavioral engagement program, electric vehicle charging station installations. McKinstry helped the City leverage \$4.7M in rebates, incentives and grants. Project reduced City's utility budget by 20% and exceeded goal to reduce GHG emissions by 20%. In 2013, the City was awarded the American Council for an Energy Efficient Economy's national award for Exemplary Program that Saves both Water and Energy.

Dennis Jacobs, Project Director*; Leslie Larocque, Account Manager*; Steve Ruby, Lead Energy Engineer*; Ashley Ruiz, powerED Program Manager*; Dawn Smith, Commissioning Engineer*; Mark Keiser, Construction Manager*

UNIVERSITY OF ARIZONA | Tucson, Arizona | 07/2015 - ongoing

Chris Kopach, Asst. VP of Facilities Management | 520.621.1228 | ckopach@email.arizona.edu

Project included deployment of our Active Energy Management (AEM) program, which integrates remote energy system metering with trend log capability to identify previously unrecognized inefficiencies in energy system operations, facilitate the application of diagnostic protocols, document energy savings from operational improvements, and ensure persistence of savings through ongoing recommissioning. We also assisted the University with Master Systems Integration (MSI), which includes the thorough review of existing control and automation systems (hardware, software, and networking), development of solid specifications for future work, and master planning for the long-term sustainable operation of the assets and systems. Total project cost was \$562,000.

Scott Shulda, Project Director*; Jim Knutson, Business Dev. Manager*; Bryan Hanson, Project Dev. Manager*; Kreischer Davis, Senior Energy Engineer*; Mark Keiser, Construction Manager*; Dawn Smith, Commissioning Manager*; Steve Ruby, Technical Services Director*
Phillip Saieg, Technical Services Business Dev. Manager*

** Proposed team member for City of Tucson project*

10. Please list any projects where your firm has developed a similar scope of services for a client where: [maximum 100 words/project]

- a. A comprehensive energy program with a similar scope is proposed, and;
- b. Includes a structured financing approach that won support of by client stakeholders, and;
- c. Includes designing and implementing on-going M&V to ensure performance, and;
- d. Includes designing and implementing software applications to gather data, provide analysis, generate reports, and guide decision-making for capital, O&M, and energy projects.

UNIVERSITY OF ARIZONA

- a. A comprehensive energy program with a similar scope is proposed*

With the University of Arizona, we deployed our Active Energy Management (AEM) program, which integrates remote energy system metering with trend log capability to identify previously unrecognized inefficiencies in energy system operations, facilitate the application of diagnostic protocols, document energy savings from operational improvements, and ensure persistence of savings through ongoing recommissioning. We also assisted the University with Master Systems Integration (MSI), which includes the thorough review of existing control and automation systems (hardware, software, and networking), development of solid specifications for future work, and master planning for the long-term sustainable operation of the assets and systems.

- b. Includes a structured financing approach that won support of by client stakeholders*

The client did not finance this project.

- c. Includes designing and implementing on-going M&V to ensure performance,*

AEM in itself is a form of measurement and a means to ensure and verify the persistence of savings/performance through ongoing recommissioning.

- d. Includes designing and implementing software applications to gather data, provide analysis, generate reports, and guide decision-making for capital, O&M, and energy projects.*

Our team utilizes SkySpark software to deploy our AEM measure within projects. SkySpark in combination with a commissioning engineer makes the commissioning process under AEM more efficient and accurate while "touching" more equipment. While our approach to using technology is not a replacement for commissioning, the process helps make the whole construction verification and commissioning activities faster and increases quality and satisfaction by finding deficiencies that might "fly under the radar" and help drive decisions through actual data.

CITY OF BOULDER

a. A comprehensive energy program with a similar scope is proposed

Our five-year EPC contract/partnership with the City of Boulder included:

- Large solar thermal installations for pool water heating
- Solar photovoltaic installations at 12 buildings totaling 1.15MW
- Installation of energy efficient lighting and controls
- Retro-commissioning of several facilities to reduce consumption and improve comfort
- Process improvements at the City's Wastewater Treatment Plant
- Weatherization of building envelopes
- Mechanical replacements (chillers, boilers, air handlers, etc.) totaling \$1,830,000 in future capital avoidance
- Water conservation measures saving over 2.8M gallons/year,
- Systems integration of 22 building automation systems with Smart Buildings technology for real-time active energy management through remote monitoring
- powerED Energy Awareness and Behavior Modification Program
- Electric vehicle charging station installations at multiple locations using demand limiting controls
- Design-build renovations at the City's net zero waste site

b. Includes a structured financing approach that won support of by client stakeholders

McKinstry helped the city leverage nearly \$2M in rebates through Xcel Energy, \$360,000 in grants from the US Department of Energy, and \$1.5M in Conservation Bonds. In addition, the City of Boulder will be receiving over \$1M over the lifetime of the solar PV array from Xcel Energy and \$50,000 for solar thermal installments from the Colorado Carbon Fund for selling the renewable energy credits associated with each project. The project was financed through a local third party finance company and the loans are being continuously paid off through the utility savings from the energy-saving retrofits. This project has reduced the City's utility budget by over 20%, which has gone towards paying off this loan over time.

c. Includes designing and implementing on-going M&V to ensure performance

It is required by the Colorado Energy Office that the ESCO and City agree upon and implement at least two years of on-going M&V to ensure utility savings. The ESCO is required to make up for any savings not met, but guaranteed through the contract. McKinstry produces an annual report detailing the measurement and verification process agreed upon in the contract, and we have an in-house M&V team dedicated full-time to this work. Our M&V report shows how each improvement measure was verified and the annual savings yielded by each measure vs what was guaranteed in the contract. McKinstry is helping to save the City approximately \$668,000 annually over the three phases of EPC work.

- D. Includes designing and implementing software applications to gather data, provide analysis, generate reports, and guide decision-making for capital, O&M, and energy projects.*

The City of Boulder was the first government client to launch McKinstry's behavior modification program, powerED, in May of 2014. The campaign successfully launched engaging over 300 City employees with 250 of them taking the People.Power.Planet pledge to save personal energy and resources. Throughout the year, the City employees participated in targeted activities and initiatives to help further decrease total greenhouse gas emissions alongside the performance contract. The Process Module provides the City ongoing commissioning and data analysis by gathering basic information about their systems, resources, and utility use. McKinstry's technical consultant utilizes SkySpark software (if necessary) to estimate the range of potential for energy efficiency opportunities, cost savings, and operational benefits. Along the way, we solicited the City's ideas and input on occupancy, systems, and scheduling to better understand the dynamics of their energy and resource use throughout the highest energy-using buildings on campus. The Performance Module provides an interactive dashboard to generate utility reports, produce ENERGY STAR scores, provide measurement and verification of savings, and compare savings of all buildings.

UNIVERSITY OF COLORADO-BOULDER, MacALLISTER BUILDING

- a. A comprehensive energy program with a similar scope is proposed*

As part of the University of Colorado Boulder's new Sustainability, Energy, and Environment Complex construction, the MacAllister building was renovated to expand and enhance the environmental studies department. McKinstry performed a deep energy retrofit through an energy performance contract (EPC). Through a technical energy audit McKinstry revealed several opportunities for energy and operational cost savings measures, including the addition of high efficiency boilers, upgraded HVAC controls, new lighting and lighting controls, water conservation measures, and building envelop improvements.

The work performed assisted in driving additional energy savings in the building, helped provide budget relief for the original project, and self-funded the EPC work.

- b. Includes a structured financing approach that won support of by client stakeholders, and;*

Through this EPC, CU Boulder utilized a third party financing with a low interest rate. This was an EPC remodel project, so we used this method to lower the estimated costs on the original construction remodel project. McKinstry was also able to secure \$148,369 in utility rebates to lower the project costs even further.

- c. Includes designing and implementing on-going M&V to ensure performance, and;*

Our in-house M&V team will be performing 3 years of M&V on this project per the Colorado Energy Office policy to ensure the utility guarantees.

- d. Includes designing and implementing software applications to gather data, provide analysis, generate reports, and guide decision-making for capital, O&M, and energy projects.*

N/A

COOLIDGE UNIFIED SCHOOL DISTRICT

- a. A comprehensive energy program with a similar scope is proposed*

Project included controls replacement and optimization, commissioning, and LED and T8 lighting retrofits across ten buildings in the District. The project also included three years of McKinstry's behavioral engagement program, powerED, across three schools. Total project cost was \$3.4M including extra allowance for STEM educational components to be incorporated within powerED and 1st year annual savings of about \$245,000 and \$6.7M throughout the lifetime of the project.

- b. Includes a structured financing approach that won support of by client stakeholders, and;*

A third party financing company was used for this project over the 15-year financing period. McKinstry Capital can be utilized by the client as a financing resource. Coolidge Unified School District is able to pay back this loan through guaranteed energy savings over 15 years, which created a budget neutral project for the District. McKinstry was also able to capture \$125,000 in utility rebates for this project. This financing approach was approved by stakeholders throughout the District.

- c. Includes designing and implementing on-going M&V to ensure performance, and;*

Our in-house Measurement and Verification team designed an M&V plan to ensure and verify the persistence of savings/performance guaranteed in the Energy Performance Contract for all 15 years post-construction. This will ensure that guaranteed savings are measured and verified for the entire length of the contract.

- d. Includes designing and implementing software applications to gather data, provide analysis, generate reports, and guide decision-making for capital, O&M, and energy projects.*

Coolidge Unified School District launched McKinstry's behavior modification program, powerED, in January 2016. The campaign successfully launched engaging several schools throughout the district with many of them taking the People.Power.Planet pledge to save personal energy and resources. Throughout the year, students, staff, and faculty participated in targeted activities and initiatives to help further decrease total greenhouse gas emissions alongside the performance contract. The Process Module provides the City ongoing commissioning and data analysis by gathering basic information about their systems, resources, and utility use. McKinstry's technical consultant utilizes SkySpark software (if necessary) to estimate the range of potential for energy efficiency opportunities, cost savings, and operational benefits. Along the way, we solicited the School District's ideas and input on occupancy, systems, and scheduling to better understand the dynamics of their energy and resource use throughout the highest energy-using buildings on campus. The Performance Module provides an interactive dashboard to generate utility reports, produce ENERGY STAR scores, provide measurement and verification of savings, and compare savings of all buildings.

11. For your Firm, please list the following, as applicable:

a. Number of years your firm has been engaged in energy efficiency projects:

16 years

b. Number of years your firm has been engaged in renewable energy projects:

16 years

c. Overview of Resources that the your firm has committed and engaged in energy project planning:

The McKinstry family of companies employs 1,290 professionals, with 683 of those employees within our dedicated energy and facility solutions business.

Form: 12

Paramount Objections

Form 12: Paramount Objections

Instructions: Please use form 13 to specify issues the respondent's experts consider to be non-resolvable issues or services that you believe are impossible to provide, given the City's list of expectations or must-haves as stated within this and other sections of the subject RFP. This form shall not be used to expound on other competencies or services offered by the Respondent. This form is only to be used to list potentially insurmountable wants or needs outlined by the City. This form may be used to suggest alternatives to potentially insurmountable wants or needs. [Max 500 words]

THIRD PARTY M&V ALTERNATIVE

If the City's decision is to contract with a third party reviewer, we are happy to work with an acceptable/independent verification organization. We feel this does add some level of complexity to a project when defining roles and responsibilities and transfer of knowledge (who defines baselines, etc.). This complexity can increase project time and costs and devalue true "ownership" of the energy savings and risks associated. McKinstry takes these project risks seriously with an independently staffed department dedicated to performance assurance. Our process within our total cost of ownership model integrates our performance assurance specialists at the onset of development of the project and through construction. This assures that we can more effectively and efficiently develop and guarantee deep energy savings solutions. To ensure open dialogue, we organize several meetings throughout the entire EPC process to ensure energy savings are clearly vetted and defined. Specifically, KPIs are identified to baseline, track, and measure energy savings calculations and performance. Our approach to M&V typically includes ongoing monitoring and engaging operations consulting throughout the life of the project. We use this approach to both ensure project savings and maximize overall potential--this has not been a role provided by most third party M&V companies directly. We recommend third party review of our calculations and performance assurance strategies as an independent auditor. We are very transparent in our approach and this additional level of assurance can provide an unbiased, yet more efficient and cost effective option.

EPC FINANCING

McKinstry believes the most advantageous financing method for the City is traditional municipal lease purchase financing, where the City secures funding directly with a third party provider at low, municipal financing rates. This type of financing vehicle provides the lowest cost to the City as municipalities can receive much lower interest rates for efficiency projects than third party, private financiers.

McKinstry is also familiar with shared savings models as a potential financial solution. We know several respected financial partners who would be able to develop a structure to meet the City's project and cash flow needs. McKinstry does not provide the financing structure, we are paid by the Financier at project completion. The savings over the contract term are shared between the Financier and the City.

Shared savings models have advantages, as little to no up-front capital is required, and the structure may not be considered debt, and may even be considered off-balance sheet if the arrangement complies with accounting standards for lease treatment. However, these structures are complex and may bring constraints. Any shared savings model should be evaluated on several metrics to ensure it is the right structure for the City:

Ownership--Financier owns the equipment and thus is responsible for all costs to operate, maintain, and insure the equipment. These costs will be passed on to the City via the shared savings model.

Cost--Total lifecycle cost under a shared savings model is typically higher than traditional tax-exempt financed models. Developing, negotiating and closing contracts can be time consuming and costly. Tax and accounting advisors should be consulted to ensure structure will meet City balance sheet treatment goals.

Term Length--Contracts are typically shorter than traditional arrangements, and may limit the project scope. Also, at the end of agreement term, the City will have the option to renew the Agreement, have the equipment removed at the Owner's cost, or purchase the equipment at fair market value.

Offer and Acceptance

OFFER AND ACCEPTANCE

OFFER

TO THE CITY OF TUCSON:

The Undersigned hereby offers and shall furnish the material or service in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as if fully set forth herein.

For clarification of this offer, contact:

McKinstry Essention, LLC

Company Name

3420 E. Shea Blvd., Suite 200

Address

Phoenix AZ 85028

City State Zip

Leslie Larocque
Signature of Person Authorized to Sign

Leslie Larocque

Printed Name

Regional Director

Title

Name: Ed Rucker

Title: Senior Account Executive

Phone: 602.526.7152

Fax: N/A

E-mail: EdR@mckinstry.com

ACCEPTANCE OF OFFER

The Offer is hereby accepted. The Contractor is now bound to sell the materials or services specified in the Contract. This Contract shall be referred to as Contract No. 161436 - 07.

Approved as to form this 19th day of Oct, 2016.

[Signature]
As Tucson City Attorney and not personally

CITY OF TUCSON, a municipal corporation

Awarded this 18th day of October, 2016.

[Signature]
Marcheta Gillespie, CPPO, C.P.M., CPPB, CPM
As Director of Procurement and not personally

Amendments

CITY OF TUCSON

DEPARTMENT OF PROCUREMENT

REQUEST FOR PROPOSAL NO. 161436

Energy Performance Contracting

AMENDMENT NO. One (1)

DATE ISSUED: Friday, April 22, 2016

The referenced document has been modified as per the attached Amendment No. One (1).

Please sign this Amendment where designated and return the executed copy with the submission of your proposal. This amendment is hereby made part of the referenced proposal as though fully set forth therein. Any questions regarding this amendment should be addressed to Dan Longanecker, CPPB, Principal Contract Officer at (520) 837-4125 or Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL AMENDMENT

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
P.O. BOX 27210, TUCSON, AZ 85726
PHONE: (520) 837-4125/FAX: (520) 791-4735
ISSUE DATE: Friday, April 22, 2016
Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL NO.: 161436
RFP AMENDMENT NO.: One (1)
PAGE 1 Of 1

RFP DUE DATE: Tuesday, May 17, 2015 @ 4:00 P.M., Local AZ Time
PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB

A SIGNED COPY OF THIS AMENDMENT MUST BE SUBMITTED WITH YOUR SEALED PROPOSAL.
THIS REQUEST FOR PROPOSAL IS AMENDED AS FOLLOWS:

Energy Performance Contracting

ITEM ONE (1): RFP DUE DATE:

REMAINS: MAY 17, 2016 at 4:00 pm Local AZ Time.

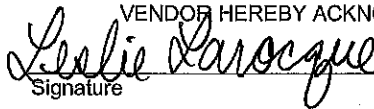
ITEM TWO (2): PRE-PROPOSAL CONFERENCE ATTENDANCE:

Attached is the list of attendees at the pre-proposal conference of April 13, 2016 (2 pages).

ITEM NO. THREE (3): ADDITIONAL INFORMATION/CLARIFICATIONS:

- A. Instructions to Offerors, 3. Inquiries: The deadline for submission of written inquiries is April 29, 2016.
- B. Pricing: Form 3 is for energy, space allocation and condition assessment audit pricing only. Do not use this form for any other service pricing. If the Offeror's firm wishes to provide financing or shared-savings payment models, then Form 4 will be a better space to discuss that. Also, Form 11 may be a good place to discuss the value (cost could be a factor) that the firm has provided to others in the past.
- C. Financing: The City did not provide a tab in form 1 to indicate Offerors wishing to provide financing. Responding to form 4 will indicate that an Offeror intends to provide the City with financing.
- D. Flexibility in responses: All forms should be used for the intended purposes. However, forms 5 (Ability to Perform), 7 (Customer Service), 8 (Additional Services), and 11 (Relevant Experience) all provide enough space for Offerors to elaborate on their unique offerings, competency and value of their services, within the context of those forms.
- E. For some responses in some forms, the directions indicate word or page limits. Word limits will not be enforced. Use the fillable PDF forms in the standard font and the text field will automatically limit responses. In multiple-page responses, the field may not automatically scroll from one page to the next. Offerors may need to select the text box in the next page to continue writing. Offerors may fill all the space, but that is not required. Do not add attachments unless requested in the form instructions. All attachments must be within page limits, if indicated, and must be relevant to the form.
- F. Form 11, #4: The phrase "techno-economic scenario development and analysis" is too obscure. The intent of the City is to get an understanding if the Offeror has experience with analyzing the relationships between technology, specifically developing efficiency projects, and the impacts on the economy. In other words, is the Offeror capable to provide the City with information about the external benefits in the community that can be expected from investments in efficiency in the City Government?
- G. Form 12: There is a reference to "form 13" which is a typo. It should read "form 12." There is no form 13.

ALL OTHER PROVISIONS OF THE REQUEST FOR PROPOSAL SHALL REMAIN IN THEIR ENTIRETY.
VENDOR HEREBY ACKNOWLEDGES RECEIPT AND UNDERSTANDING OF THE ABOVE AMENDMENT.

 5/17/16
Signature Date

Leslie Larocque, Regional Director
Print Name and Title

McKinstry Essention, LLC
Company Name
3420 E. Shea Blvd., Suite 200
Address
Phoenix, AZ 85028
City State Zip

CITY OF TUCSON
DEPARTMENT OF PROCUREMENT

REQUEST FOR PROPOSAL NO. 161436

Energy Performance Contracting Services

AMENDMENT NO. Two (2)

DATE ISSUED: Friday, May 6, 2016

The referenced document has been modified as per the attached Amendment No. Two (2).

Please sign this Amendment where designated and return the executed copy with the submission of your proposal. This amendment is hereby made part of the referenced proposal as though fully set forth therein. Any questions regarding this amendment should be addressed to Dan Longanecker, CPPB, Principal Contract Officer at (520) 837-4125 or Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL AMENDMENT

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
P.O. BOX 27210, TUCSON, AZ 85726
PHONE: (520) 837-4125/FAX: (520) 791-4735
ISSUE DATE: Friday, May 6, 2016
Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL NO.: 161436
RFP AMENDMENT NO.: Two (2)
PAGE 1 of 1

RFP DUE DATE: Tuesday, May 17, 2016 @ 4:00 P.M., Local AZ Time
PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB

A SIGNED COPY OF THIS AMENDMENT MUST BE SUBMITTED WITH YOUR SEALED PROPOSAL.
THIS REQUEST FOR PROPOSAL IS AMENDED AS FOLLOWS:

Energy Performance Contracting Services

ITEM NO. ONE (1): RFP DUE DATE:

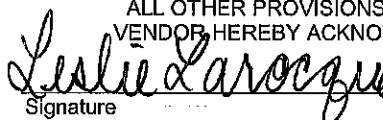
REMAINS: MAY 17, 2016 at 4:00 pm Local AZ Time.

ITEM NO. TWO (2): ADDITIONAL INFORMATION/CLARIFICATIONS:

A. Response Forms:

1. Offerors must respond using the 12 forms provided in Attachment A. Offerors may only submit one of each form (1-12) even if the Offeror is proposing to provide services in more than one (1) category. If a form does not apply to the Offeror's proposal, the offeror shall indicate "N/A" in the first field of the subject form and leave the rest blank. This indicates that the Offeror has reviewed the form and has decided it does not apply to their proposal.
2. Offerors shall **not** submit multiple versions of the same RFP forms for each service category offered. Information submitted on the forms must be sufficient to evaluate the Offeror's proposal for any and all categories of consideration identified.

ALL OTHER PROVISIONS OF THE REQUEST FOR PROPOSAL SHALL REMAIN IN THEIR ENTIRETY.
VENDOR HEREBY ACKNOWLEDGES RECEIPT AND UNDERSTANDING OF THE ABOVE AMENDMENT.

 5/17/16
Signature Date

Leslie Larocque, Regional Director
Print Name and Title

McKinstry Essention, LLC
Company Name
3420 E. Shea Blvd., Suite 200
Address
Phoenix, AZ 85028
City State Zip

Request for Proposal

CITY OF TUCSON

REQUEST FOR PROPOSAL

REQUEST FOR PROPOSAL NUMBER: 161436
PROPOSAL DUE DATE: Tuesday, May 17, 2016 AT 4:00 P.M. Local AZ Time
PROPOSAL SUBMITTAL LOCATION: Department of Procurement
255 W. Alameda, 6th Floor, Tucson, AZ 85701

MATERIAL OR SERVICE: ENERGY PERFORMANCE CONTRACTING

PRE-PROPOSAL CONFERENCE DATE: Wednesday, April 13, 2016

TIME: 3:00 P.M., Local AZ Time

LOCATION: City Hall, 1st Floor East Conference Room,
255 W. Alameda, Tucson, AZ 85701

PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
TELEPHONE NUMBER: (520) 837-4125
Dan.Longanecker@tucsonaz.gov

A copy of this solicitation and possible future amendments may be obtained from our Internet site at: <http://www.tucsonprocurement.com/> by selecting the Bid Opportunities link and the associated solicitation number. The City does not mail out Notices of available solicitations via the U.S. Postal Service. Email notifications are sent to those interested offerors who are registered with us and who have selected email as their preferred delivery method. To register, please visit www.tucsonprocurement.com, click on Vendors, then click on Vendor Registration. To update an existing record, click on Vendors, click on What's New?, and read the section titled "Notice of Solicitations." You may also call (520) 791-4217 if you have questions.

Competitive sealed proposals for the specified material or service shall be received by the Department of Procurement, 255 W. Alameda, 6th Floor, Tucson, Arizona 85701, until the date and time cited.

Proposals must be in the actual possession of the Department of Procurement at the location indicated, on or prior to the exact date and time indicated above. Late proposals shall not be considered. The prevailing clock shall be the City Department of Procurement clock.

Proposals must be submitted in a sealed envelope. The Request for Proposal number and the offeror's name and address should be clearly indicated **on the outside** of the envelope. All proposals must be completed in ink or typewritten. Questions must be addressed to the Contract Officer listed above.

DL/car

PUBLISH DATE: Friday, April 01, 2016

I. INTRODUCTION

The City of Tucson is requesting proposals from qualified firms to provide **Energy Performance Contracting Services**. The City intends to select and award an Energy Services Agreement to one or more qualified firms to provide ongoing technical support, construction, measurement and verification (M&V) and financing of energy and water efficiency modernization projects. Respondents' offerings may range from very limited and specialized services, to full, turnkey energy performance contracting services. The initial term of the contract shall commence upon award and remain in effect for a period of five (5) years. The City has the right to renew the contract for an additional five (5) year period (See Special Term and Condition No.3).

The City will be utilizing the 12 forms provided in Attachment A for evaluation purposes. All Offerors are required to complete and submit the forms to be considered for evaluation. The City has included Attachment B and C to provide additional information for the Offerors. Attachment B is the Arizona State Performance Contracting Statute and all firms must be in compliance with this statute as applicable. Attachment C provides Offeror's the City's Energy and Water Consumption Data.

II. GENERAL REQUIREMENTS

The Contractor(s) or Energy Services Partner(s) shall provide energy performance services such as analysis, project development, construction, measurement and verification, supply management and energy purchasing, organizational change management, performance guarantees and financing of energy and water savings projects.

III. TENTATIVE SCHEDULE

To the extent achievable, the following tentative schedule shall govern the review, evaluation and award of the contract. The dates are estimate only and the City reserves the right to modify the dates as necessary.

Activity	Date
RFP Published	April 2016
Pre-Proposal Meeting	April 2016
Proposals Due	May 2016
Proposal Evaluation	May-June 2016
Interviews (as determined by the committee)	June 2016
Negotiations	July 2016
Notice to Award	August 2016

IV. EXPECTATIONS FROM THE CITY

Proposals shall be based on no City support beyond that explicitly stated in the RFP. Any offerors proposal of City support/coordination shall be explicitly stated in the proposal as an exception to the City's RFP requirements and expectations. Any assumptions made by the Offeror are at their risk.

V. REQUIREMENTS and TECHNICAL NEEDS

The successful Offeror(s) must be able to provide expert technical support, construction, financing and performance monitoring for energy and water efficiency modernization of various City facilities and infrastructure. The successful Offeror(s) must also be able to provide consistent and ongoing high-level customer service and warranty support for projects they complete for the City, as applicable.

VI. SCOPE of WORK

The City intends to evaluate and award contracts with qualified Energy Performance Contracting Service providers to provide services including, but not limited to, those encompassed by the following 6 major categories:

1. Financing
2. Technical analyses
3. Measurement and verification (M&V)
4. Demand reduction (includes project design, construction and maintenance)

5. Supply management and energy purchasing
6. Culture change management

An offeror may choose to offer any individual service or any combination of services, with the exception of 3rd Party Measurement and Verification (M&V). Although it is expected that those building energy projects for the City will monitor their project performance, specific 3rd party M&V services must stand-alone and cannot be offered in conjunction with other services.

The Energy Performance Partner(s) will be required to collaborate with City staff to conduct facility infrastructure and process improvements as part of the City Energy Program. Specifically, the Energy Performance Partner(s) will assist in the evaluation, ranking, implementation and financing of applicable Energy Conservation Measures (ECM's).

A complete listing of potential services the City may request, or respondents may offer, is listed within the *Services Offered by Respondent* form (Form 1 in Attachment A).

The City's end goals for the product resulting from the work with its energy performance contracting services partner(s) are:

1. To finance capital investments that will dramatically improve the efficiency of the City infrastructure, facilities and fleet.
2. To reduce or eliminate the need for future 3rd party financing by applying savings, as much as possible, towards continuous resource efficiency and process improvement.

The Energy Performance Partner(s) shall support the City's goal of maintaining an energy savings program that accomplishes the following:

1. Achieves persistent long-term cost savings through reduced energy and water usage
2. Upgrades old and/or inefficient systems
3. Maintains consistent and reasonable levels of occupant comfort
4. Maintains building functionality and compatibility with existing equipment
5. Improves utilization of technology to achieve optimum performance and savings
6. Minimizes financial and technical risk to the City
7. Provides comprehensive funding solutions
8. Provides training to employees on energy awareness
9. Provides training to technicians on maintenance and repair of equipment and controls

The City has the following list of must-haves and list of expectations regarding services provided under this agreement. Some of these topics are reiterated in other parts of this solicitation. Respondents may use Form 13, *Paramount Objections*, to indicate what they believe to be non-resolvable issues associated with the City's list of expectations or must-haves as stated within this solicitation.

Must Haves: (Mandatory aspects for a successful energy services partnership)

1. The City shall have final decision regarding mixing, matching, phasing and bundling of projects, within the legal limits of the State (Arizona) Energy Performance Contracting Laws.
2. The City requires **collaborative** management and oversight of equipment purchase, installation and performance by Energy Services Partners and City Staff.
3. Work shall not be guaranteed to all Energy Services Partners. The City will utilize the services available through the Agreement as and when needed and as deemed in the best interest of the City.
4. The Agreement will include a single 3rd party that can validate actual project performance if and when needed to resolve disputes or required to track payments from the City to the Energy Services Provider or Financier.
5. Payments shall only be made based on energy savings realized unless otherwise agreed upon.
6. Savings shall be guaranteed and financially backed by the Energy Services Partner unless otherwise agreed upon.
7. With technical support from partners, the City shall guide the selection of projects to manage debt-to-equity ratios low and keep large capital expenditures off the City balance sheets.
8. The Energy Services agreements shall be transferable to new owners, ensuring that payback occurs even if a building or other asset is sold mid-way through the Financing term.

9. The City requires flexibility in deciding the length of contract financing terms (for early termination or transferability), within reason and legal limits.
10. The City requires quick funding of key retrofit projects and renewable energy projects so that funding does not unduly extend project timelines.
11. The contract shall allow the City to conduct performance contracting projects using a design/build process.
12. The contract shall allow the City to scale project volumes and work load to match staff capacity to manage and track.
13. The contract shall be a term contract, indefinite quantity. Pricing agreed upon between Customer and the Energy Services Companies (ESCOs) or Energy Services provider(s) shall be fixed price.
14. The contract shall allow the City to compete or choose financing options from either Energy Services Partners or other means such as bonds or other existing banking relationships.
15. The contract shall include initial analyses, level 1 audits, building walkthroughs and consultations at no cost to the City.

Expectations: (Preferred aspects to optimize value to the City)

1. The Agreement may be multiple-award and include overlapping provider capacities to maintain competitive pricing, balanced approaches and engagement of parties involved in this long-term Service Agreement.
2. The contract may include both standard, fixed pricing for more basic services and the opportunity to bid for custom or complicated services.
3. Project scopes can include deferred maintenance items as long as there is a clear operational savings associated with completion of the given project.
4. The City wants the option to include 3rd party maintenance and ownership of new equipment.
5. The contract may include other services as deemed a benefit to the City such as maintenance, community involvement and Staff education.
6. The contract should include a menu of basic services and standard prices for analyses that assess facilities and rank energy conservation opportunities.
7. The City seeks funding that is structured as an operating expense, not as debt.

VII. MINIMUM REQUIREMENTS

Offerors seeking to provide energy analyses, audits, design, and/or construction of energy and water savings projects must prove proficiency in developing and implementing turnkey, comprehensive energy efficiency projects. ESCOs must prove that the individuals within their team comprise the experience and expertise to manage performance-based contracts (i.e., contracts that tie the compensation of the ESCO to the energy savings generated by the project). ESCOs must demonstrate the technical and managerial competence to design and implement projects involving multiple technologies, including:

- Lighting
- Motors and Drives
- HVAC Systems
- Control Systems
- Building Envelope Improvements

ESCOs must also demonstrate the ability to provide the full range of services required for a comprehensive energy efficiency project, including:

- Energy Audits
- Design Engineering
- Providing or Arranging Project Financing
- Construction Management
- Commissioning
- Operations and Maintenance of Energy Efficiency Technologies
- Verifying Energy Savings

Offerors who identify themselves as Energy Service Providers (ESPs) may offer all of the services offered by ESCOs (see above), and additionally offer energy supply options. These options can include:

- Development and implementation of build/own/operate distributed generation, cogeneration or combined heat and power (CHP) projects;
- Arrangement of firm contracting of energy supply.

Offerors who identify themselves as Energy Efficiency Contractors (EECs) may offer some, but not all, of the services of an ESCO (see above). EECs may concentrate on one category of energy efficiency measure (e.g., lighting) or one type of service (e.g., engineering or project management), but can offer multiple measures or services. EECs must demonstrate proficiency providing any and all of the specific services they are offering to the City.

Accreditation with the National Association of Energy Services Companies (NAESCO) and/or inclusion on the U.S. Department of Energy's (DOE) Qualified List of Energy Service Companies is not mandatory; however it would support establishing the Offeror's capability to provide the services it is offering.

Offerors seeking to specifically provide 3rd party measurement and verification (M&V) services must demonstrate up-to-date proficiency as practitioners of the International Performance Measurement & Verification Protocol (IPMVP).

VIII. AWARD OF INDIVIDUAL PROJECTS

As stated above, the intent of this solicitation is to select one or multiple long term Energy Services Partners. There will be a selection process established for individual projects conducted with Energy Services Partners *after contract award*. It is understood that the City and selected Energy Service Partner(s) will work collaboratively to strategically scope and bundle projects. However, the City will ultimately guide the process to control volume of work and bundling of energy conservation measures. Therefore, the general outline of the project selection process will be as follows:

1. The City Energy Program Manager (Energy Manager) will identify potential projects and solicit Energy Service Partner(s) with in-scope service offerings to perform cursory consultation, audits or analyses, as applicable to each situation.
2. The Energy Service Partner(s) will provide, at no charge to the City, initial project planning and cost/benefit analyses for the selected projects. For projects not requiring engineering, detailed design or investment-grade analyses, the City will either:
 - a. select a Partner to continue the project development process as originally scoped, based on the merits of the Partner's initial audit and qualifications to perform the type of work,
 - b. redefine or adjust scope and allow all Partners to adjust their analyses,
 - c. request firm offers from all Partners offering the subject services, or
 - d. abandon the project.
3. If the project requires investment grade audit, engineering or advanced analyses after the initial investigation, the City will request whole-project cost estimates from Partners to include firm offers for the investment-grade audits or other analysis and design work. It is understood whole-project cost/benefit will be early estimates and refined after the additional study is complete. However, the costs of the additional design or study will be firm, fixed price.
4. After Partners have provided project estimates and pricing offers on investment-grade analyses, the City will either:
 - a. select a Partner to continue the project development process as originally scoped, based on the merits of the Partner's initial audit, investment-grade analyses reports, cost/benefit estimates and qualifications to perform the type of work at hand, or
 - b. abandon the project.

All projects will only proceed with evaluation and concurrence from multiple City stakeholders, including but not limited to the City's Finance, Procurement General Services, and any major stakeholder Department(s). In situations where there are more than one Partner to select for a given project, the Energy Manager will convene an ad-hoc evaluation committee to include stakeholders from various City departments who is impacted by the specific project. In every case, projects will be awarded to the qualified firm whose proposal is deemed to be most advantageous to the City. No project shall be awarded solely on the basis of price however cost will be a factor in selection.

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL NO. 161436

PAGE 6 OF 23

PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
PH: (520) 837-4125 / FAX: (520) 791-4735

Being selected as an Energy Services partner with the City does not mandate or ensure that the Partner will be selected to complete projects or provide services to the City. It establishes a framework within which projects may then be negotiated.

INSTRUCTIONS TO OFFERORS

1. DEFINITION OF KEY WORDS USED IN THE SOLICITATION:

For purposes of this solicitation and subsequent contract, the following definitions shall apply:

City: The City of Tucson, Arizona

Contract: The legal agreement executed between the City and the Contractor/Consultant. The Contract shall include this RFP document incorporated herein by reference, all terms, conditions, specifications, scope of work, Amendments, the Contractor's offer and negotiated items as accepted by the City.

Contractor/Consultant: The individual, partnership, or corporation who, as a result of the competitive solicitation process, is awarded a contract by the City.

Contract Representative: The City employee or employees who have specifically been designated to act as a contact person or persons to the Contractor, and is responsible for monitoring and overseeing the Contractor's performance under this Contract.

Director of Procurement: The contracting authority for the City, authorized to sign contracts and amendments thereto on behalf of the City.

May: Indicates something that is not mandatory but permissible.

Offeror: The individual, partnership, or corporation who submits a proposal in response to a solicitation.

Shall, Will, Must: Indicates a mandatory requirement. Failure to meet these mandatory requirements, if they constitute a substantive requirement, may, at the City's sole discretion, result in the rejection of a proposal as non-responsive.

Should: Indicates something that is recommended but not mandatory. If the Offeror fails to provide recommended information, the City may, at its sole option, ask the Offeror to provide the information or evaluate the proposal without the information.

2. **PRE-PROPOSAL CONFERENCE:** If scheduled, the date and time of a Pre-Proposal conference is indicated on the cover page of this document. Attendance at this conference is not mandatory. Written minutes and/or notes will not be available, therefore attendance is encouraged. If an Offeror is unable to attend the Pre-Proposal Conference questions may be submitted in writing. Offerors are encouraged to submit written questions, via electronic mail or facsimile, at least five days prior to the Request for Proposal due date to the Contract Officer listed above. The purpose of this conference will be to clarify the contents of this Request for Proposal in order to prevent any misunderstanding of the City's position. Any doubt as to the requirements of this Request for Proposal or any apparent omission or discrepancy should be presented to the City at this conference. The City will then determine the appropriate action necessary, if any, and may issue a written amendment to the Request for Proposal. Oral statements or instructions will not constitute an amendment to this Request for Proposal.

3. **INQUIRIES:** Any question related to the Request for Proposal shall be directed to the Contract Officer whose name appears above. An offeror shall not contact or ask questions of the department for whom the requirement is being procured. The Contract Officer may require any and all questions be submitted in writing. Offerors are encouraged to submit written questions via electronic mail or facsimile, at least five days prior to the proposal due date. Any correspondence related to a solicitation should refer to the appropriate Request for Proposal number, page and paragraph number. An envelope containing questions should be identified as such, otherwise it may not be opened until after the official proposal due date and time. Oral interpretations or clarifications will be without legal effect. Only questions answered by a formal written amendment to the Request for Proposal will be binding.

4. **AMENDMENT OF REQUEST FOR PROPOSAL:** The Offeror shall acknowledge receipt of a Request for Proposal Amendment by signing and returning the document by the specified due date and time.

5. **FAMILIARIZATION OF SCOPE OF WORK:** Before submitting a proposal, each offeror shall familiarize itself with the Scope of Work, laws, regulations and other factors affecting contract performance. The Offeror shall be responsible for fully understanding the requirements of the subsequent Contract and otherwise satisfy itself as to the expense and difficulties accompanying the fulfillment of contract requirements. The submission of a proposal will constitute a representation of compliance by the Offeror. There will be no subsequent financial adjustment, other than that provided by the subsequent Contract, for lack of such familiarization.

6. PREPARATION OF PROPOSAL:

- A. All proposals shall be on the forms provided in this Request for Proposal package. It is permissible to copy these forms as required. Facsimiles or electronic mail proposals shall not be considered.
- B. At a minimum, your proposal should include the signed Offer and Acceptance form, signed copies of any solicitation amendments, completed Price Page and your response to all evaluation criteria.
- C. The Offer and Acceptance page shall be signed by a person authorized to submit an offer. An authorized signature on the Offer and Acceptance page, Proposal Amendment(s), or cover letter accompanying the proposal documents shall constitute an irrevocable offer to sell the good and/or service specified herein. Offeror shall submit any additional requested documentation, signifying intent to be bound by the terms of the agreement.

- D. The authorized person signing the proposal shall initial erasure, interlineations or other modifications on the proposal.
 - E. In case of error in the extension of prices in the proposal, unit price shall govern when applicable.
 - F. Periods of time, stated as a number of days, shall be in calendar days.
 - G. It is the responsibility of all offerors to examine the entire Request for Proposal package and seek clarification of any requirement that may not be clear and to check all responses for accuracy before submitting a proposal. Negligence in preparing a proposal confers no right of withdrawal after due date and time.
 - H. The City shall not reimburse the cost of developing, presenting, submitting or providing any response to this solicitation.
 - I. Offeror must list any subcontractors to be utilized in the performance of the services specified herein. For each subcontractor, details on respective qualifications must be included.
7. **PAYMENT DISCOUNTS:** Payment discount periods shall be computed from the date of receipt of the material/service or correct invoice, whichever is later, to the date City's payment warrant is mailed. Unless freight and other charges are itemized, any discount provided shall be taken on full amount of invoice. Payment discounts of twenty-one calendar days or more shall be deducted from the proposed price in determining the price points. However, the City shall be entitled to take advantage of any payment discount offered by a vendor provided payment is made within the discount period. The payment discount shall apply to all purchases and to all payment methods.
8. **TAXES:** The City of Tucson is exempt from federal excise tax, including the federal transportation tax.
9. **PROPOSAL/SUBMITTAL FORMAT:** An original and 12 copies (13 total) of each proposal shall be submitted in both hardcopy and electronic format. All proposal responses shall be submitted on the forms and in the format specified in the RFP. The electronic copies shall be submitted on a flash drive or DVD/CD in MS Office 2010 or .pdf format. Flash drives or DVD/CDs will not be returned. Any confidential information shall be submitted on a separate cd, disc or zip disc. The original copy of the proposal should be clearly labeled "Original" and shall be single-sided, three hole punched and in a binder. The hardcopies shall be bound. The material should be in sequence and related to the RFP. **The sections of the submittal should be tabbed, clearly identifiable and should include a minimum of the following sections: the completed Offer and Acceptance Form, all signed Amendments, a copy of this RFP document and the Offeror's response to the Evaluation Criteria including the completed Price Page.** Failure to include the requested information may have a negative impact on the evaluation of the offeror's proposal.
10. **EXCEPTIONS TO CONTRACT PROVISIONS:** A response to any Request for Proposal is an offer to contract with the City based upon the contract provisions contained in the City's Request for Proposal, including but not limited to, the specifications, scope of work and any terms and conditions. Offerors who wish to propose modifications to the contract provisions must clearly identify the proposed deviations and any proposed substitute language. The provisions of the Request for Proposal cannot be modified without the express written approval of the Director or his designee. If a proposal or offer is returned with modifications to the contract provisions that are not expressly approved in writing by the Director or his designee, the contract provisions contained in the City's Request for Proposal shall prevail.
11. **PUBLIC RECORD:** All proposals submitted in response to this Request for Proposal shall become the property of the City and shall become a matter of public record available for review subsequent to the award notification.
12. **CONFIDENTIAL INFORMATION:** The City of Tucson is obligated to abide by all public information laws. If an Offeror believes that any portion of a proposal, offer, specification, protest or correspondence contains information that should be withheld, a statement advising the Contract Officer of this fact should accompany the submission and the information shall be so identified wherever it appears. The City shall review all requests for confidentiality and may provide a written determination to designate specified documents confidential or the request may be denied. Price is not confidential and will not be withheld. If the confidential request is denied, such information shall be disclosed as public information, unless the offeror submits a formal written objection.
13. **CERTIFICATION:** By signature on the Offer and Acceptance page, solicitation Amendment(s), or cover letter accompanying the submittal documents, Offeror certifies:
- A. The submission of the offer did not involve collusion or other anti-competitive practices.
 - B. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal or State law.
 - C. The Offeror has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, meal or service to a public servant in connection with the submitted offer.
 - D. The Offeror hereby certifies that the individual signing the submittal is an authorized agent for the Offeror and has the authority to bind the Offeror to the Contract.

- 14. WHERE TO SUBMIT PROPOSALS:** In order to be considered, the Offeror must complete and submit its proposal to the City of Tucson Department of Procurement at the location indicated, prior to or at the exact date and time indicated on the Notice of Request for Proposal page. The Offeror's proposal shall be submitted in a sealed envelope. The words "SEALED PROPOSAL" with the REQUEST FOR PROPOSAL TITLE, REQUEST FOR PROPOSAL NUMBER, PROPOSAL DUE DATE AND TIME and OFFEROR'S NAME AND ADDRESS shall be written on the envelope.
- 15. LATE PROPOSALS:** Late proposals will be rejected.
- 16. OFFER AND ACCEPTANCE PERIOD:** In order to allow for an adequate evaluation, the City requires an offer in response to this solicitation to be valid and irrevocable for ninety (90) days after the proposal due date and time.
- 17. WITHDRAWAL OF PROPOSAL:** At any time prior to the specified solicitation due date and time, an offeror may formally withdraw the proposal by a written letter, facsimile or electronic mail from the Offeror or a designated representative. Telephonic or oral withdrawals shall not be considered.
- 18. DISCUSSIONS:** The City reserves the right to conduct discussions with offerors for the purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in the proposal in order to clarify an offer and assure full understanding of, and responsiveness to, solicitation requirements.
- 19. CONTRACT NEGOTIATIONS:** Exclusive or concurrent negotiations may be conducted with responsible offeror(s) for the purpose of altering or otherwise changing the conditions, terms and price of the proposed contract unless prohibited. Offerors shall be accorded fair and equal treatment in conducting negotiations and there shall be no disclosure of any information derived from proposals submitted by competing offerors. Exclusive or concurrent negotiations shall not constitute a contract award nor shall it confer any property rights to the successful offeror. In the event the City deems that negotiations are not progressing, the City may formally terminate these negotiations and may enter into subsequent concurrent or exclusive negotiations with the next most qualified firm(s).
- 20. VENDOR APPLICATION:** Prior to the award of a Contract, the successful offeror shall register with the City's Department of Procurement. Registration can be completed at <http://www.tucsonprocurement.com/> by clicking on Vendor Services. Please note that email notifications of newly published solicitations and amendments will be provided to those vendors that select email as their preferred delivery method in their vendor record.
- 21. CITY OF TUCSON BUSINESS LICENSE:** It is the responsibility of the Contractor to have a City of Tucson Business License throughout the life of this contract or a written determination from the City's Business License Section that a license is not required. At any time during the contract, the City may request the Contractor to provide a valid copy of the business license or a written determination that a business license is not required. Application for a City Business License can be completed at <http://www.tucsonaz.gov/etax>. For questions contact the City's Business License Section at (520) 791-4566 or email at tax-license@tucsonaz.gov.
- 22. UPON NOTICE OF INTENT TO AWARD:** The apparent successful offeror shall sign and file with the City, within five (5) days after Notice of Intent to Award, all documents necessary to the successful execution of the Contract.
- 22. AWARD OF CONTRACT:** Notwithstanding any other provision of the Request for Proposal, the City reserves the right to:
- (1) waive any immaterial defect or informality; or
 - (2) reject any or all proposals, or portions thereof; or
 - (3) reissue the Request for Proposal.
- A response to this Request for Proposal is an offer to contract with the City based upon the terms, conditions and Scope of Work contained in the City's Request for Proposal. Proposals do not become contracts unless and until they are executed by the City's Director of Procurement and the City Attorney. A contract has its inception in the award, eliminating a formal signing of a separate contract. All of the terms and conditions of the contract are contained in the Request for Proposal, unless any of the terms and conditions are modified by a Request for Proposal amendment, a Contract Amendment, or by mutually agreed terms and conditions in the Contract documents.
- 23. PROPOSAL RESULTS:** The name(s) of the successful offeror(s) will be posted on the Procurement Department's Internet site at <http://www.tucsonprocurement.com/> upon issuance of a Notice of Intent to Award or upon final contract execution.
- 24. PROTESTS:** A protest shall be in writing and shall be filed with the Director of Procurement. A protest of a Request for Proposal shall be received at the Department of Procurement not less than five (5) working days before the Request for Proposal due date. A protest of a proposed award or of an award shall be filed within ten (10) days after issuance of notification of award or issuance of a notice of intent to award, as applicable. A protest shall include:
- A. The name, address, and telephone number of the protestant;

CITY OF TUCSON DEPARTMENT OF PROCUREMENT
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701
Dan.Longanecker@tucsonaz.gov

REQUEST FOR PROPOSAL NO. 161436

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PRINCIPAL CONTRACT OFFICER: DAN LONGANECKER, CPPB
PH: (520) 837-4125 / FAX: (520) 791-4735

- B. The signature of the protestant or its representative;
- C. Identification of the Request for Proposal or Contract number;
- D. A detailed statement of the legal and factual grounds of protest including copies of relevant documents; and
- E. The form of relief requested.

PROPOSAL EVALUATION REQUIREMENTS

NOTE: The City will issue an amendment to provide additional information regarding the evaluation process.

As stated in the Instructions to Offerors, Item 9, Offerors must submit one (1) original and twelve (12) copies each in hard copy and electronic copy (flash drive or DVD/CD disc) format. For each energy performance contracting service category (financing, technical analysis, measurement & verification (M&V), demand reduction, supply management and energy purchasing, and culture change management), the Offeror may provide a letter of interest and must complete the following 12 forms.

1. Services Offered by Respondent (Offeror's must complete all 5 tabs on this form)
2. Project Scenarios
3. Pricing
4. Financing
5. Ability to Perform
6. Warranties
7. Customer Service
8. Additional Services
9. Measurement and Verification
10. Firm Information
11. Relevant Experience
12. Paramount Objections

All forms must be returned in the same file format as they were issued. Editable forms must remain in editable formats. Do not print and scan documents.

The City may select multiple service providers (partners, firms) with overlapping capabilities. It is understood that Offeror's may have the capacity to address multiple services or disciplines. However, it is recommended that Respondents focus on their core capabilities that they can offer to the City at the best financial value on an ongoing basis for the duration of the contract period.

Since financing or 3rd party measurement and verification (M&V) services may be offered as stand-alone services, or may not be offered by every respondent, they will be ranked based on their own merits. For example, if a respondent has elected to offer both energy auditing and culture change management services but has been deemed not qualified to provide culture change management services, they may still be considered for energy auditing services. Although it is expected that Offeror may include measurement and verification of the performance of their services or products, Offerors specifically offering third party M&V services may not submit for any other service category.

An appropriately qualified evaluation committee will be convened to review proposal responses and establish a list of firms eligible for award in the areas identified in Section VI: Scope of Work, major categories 1-6.

RESPONSE FORMS (1-12): All Offeror's must complete the 12 forms listed in Attachment A, as applicable to the services offered by the firm. These forms are not listed in any specific order of importance.

1. Do not alter file formats or file permissions. Printed hard copies provided in submittal will serve as master records.
2. Answer only in the space allotted using the default font.
3. Additional information may only be attached when indicated. Do not provide additional information or attachments that were not expressly requested in the RFP or forms instructions.
4. Additional information should be included in the appropriate folder. Folders have been named to coincide with forms that may have additional information included as part of the response. Do not rename, delete, change or add folders.
5. **All offerors should submit all forms.** If the form is not applicable to the major scope category(ies) you wish to be considered for, then indicate N/A.

Form 1: Services Offered by Respondent

Instructions: Open associated spreadsheet file and follow the instructions on the first tab.

Form 2: Project Scenarios

Instructions: Open associated pdf and complete the fillable PDF form. No attachments allowed.

Form 3: Pricing

Instructions: Complete the fillable pdf form. Answer "N/A" or "none" if applicable.

Form 4: Financing

Instructions: Complete the fillable pdf form

Form 5: Ability To Perform

Instructions: Respond to items A through H within the space limitations provided.

Form 6: Warranties

Instructions: Provide details of warranties for the services, labor and materials your firm would be providing if selected to do Energy projects with the City.

Form 7: Customer Service

Instructions: Provide details regarding respondents customer service best practices and services that will be available locally, in Tucson, to the City.

Form 8: Additional Services

Instructions: Provide information regarding energy services that are not listed within this RFP (Form 1) that the respondent can provide to the City, funded using performance contracting financing principals. Describe the service, the potential benefit and outline the basic method of approach for each given service.

Form 9: Measurement and Verification (M&V) capabilities

Instructions: Only for firms offering M&V services, complete the pdf survey form and provide requested information from the list below in the form of an attachment.

Form 10: Firm Information

Instructions: Complete the fillable pdf form.

Form 11: Relevant Experience

Instructions: Complete the fillable pdf form to provide a *brief* overview of your team's capabilities and experience in the following areas, where applicable. Where not applicable, please indicate N/A.

Form 12: Paramount Objections

Instructions: Use form 13 to specify issues the respondent's experts consider to be non-resolvable issues or services that are impossible to provide, given the City's list of expectations or must-haves as stated within this and other sections of the subject RFP.

PAYMENT INFORMATION

1. As stated in the Instructions to Offerors, 7. Discounts, the price(s) herein can be discounted by _____%, if payment is made within _____ days. These payment terms shall apply to all purchases and to all payment methods.
2. Cooperative Purchasing Program: Will your firm provide the City of Tucson, as the lead agency on this regional contract, a rebate in the form of a percentage of sales based upon the other agencies sales?
_____Yes _____No If yes, state proposed percentage: _____%
3. Will payment be accepted via commercial credit card? _____Yes _____No
 - a. If yes, can commercial payment(s) be made online? _____Yes _____No
 - b. Will a third party be processing the commercial credit card payment(s)? _____Yes _____No
 - c. If yes, indicate the flat fee per transaction \$_____ (as allowable, per Section 5.2.E of Visa Operating Regulations).
 - d. If "no" to above, will consideration be given to accept the card? _____Yes _____No
4. Does your firm have a City of Tucson Business License? _____Yes _____No
If yes, please provide a copy of your City of Tucson Business license.

III. GENERAL

- A. **Shortlist:**
The City reserves the right to shortlist the offerors on any of the stated criteria. However, the City may determine that shortlisting is not necessary.
- B. **Interviews:**
The City reserves the right to conduct interviews with some or all of the offerors at any point during the evaluation process. However, the City may determine that interviews are not necessary. In the event interviews are conducted, information provided during the interview process shall be taken into consideration when evaluating the stated criteria. The City shall not reimburse the offeror for the costs associated with the interview process.
- C. **Additional Investigations:**
The City reserves the right to make such additional investigations as it deems necessary to establish the competence and financial stability of any offeror submitting a proposal.
- D. **Prior Experience:**
Experiences with the City and entities that evaluation committee members represent and that are not specifically mentioned in the solicitation response may be taken into consideration when evaluating offers.
- E. **Multiple Awards:**
To provide adequate contract coverage, at the City's sole discretion, multiple awards may be made.

SPECIAL TERMS AND CONDITIONS

1. **INSURANCE:** Will be provided on a project by project basis. The following is the City of Tucson's standard coverage requirements for the type work contemplated under this contract:

The Contractor agrees to:

- A. Obtain insurance coverage of the types and amount required in this section and keep such insurance coverage in force throughout the life of this contract. All policies will contain an endorsement providing that written notice be given to the City at least 30 days prior to termination or cancellation in coverage in any policy, and 10 days notice for cancellation due to non-payment in premium.
- B. The Commercial General Liability Insurance and Commercial Automobile Liability Insurance policies will include the City as an additional insured with respect to liability arising out of the performance of this contract. Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract. The insurance hereunder will be primary and that any insurance carried by the City will be excess and not contributing.
- C. Provide and maintain minimum insurance limits as applicable.

COVERAGE	LIMITS OF LIABILITY
I. Commercial General Liability:	
Policy shall include Bodily Injury, Property Damage, Personal Injury and Broad Form Contractual Liability	
Each Occurrence	\$1,000,000
General Aggregate (including Per Project)	\$2,000,000
Products & Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Blanket Contractual Liability	\$1,000,000
II. Commercial Automobile Liability	
Policy shall include Bodily Injury and Property Damage, for any owned, Hired, and/or Non-owned vehicles used in the operation, installation and maintenance of facilities under this agreement.	
Combined Single Limit	\$1,000,000
III. Workers' Compensation (applicable to the State of Arizona)*¹	
Per Occurrence	Statutory
Employer's Liability	\$1,000,000
Disease Each Employee	\$1,000,000
Disease Policy Limit	\$1,000,000
IV. Professional Liability (Errors & Omissions) - In addition to I, II, III	
Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000
Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000
V. Environmental & Hazardous Waste - In addition to I, II, III, IV	project by project
Each Claim	
Annual Aggregate	

*¹ Sole Proprietor/Independent Contractor designation is given to those who desire to waive their rights for workers' compensation coverage and benefits as outlined in ARS§ 23-901 and specifically ARS § 23-961 (O). If applicable, please request the Sole Proprietor/Independent Contractor form from the Contract Officer listed in the solicitation.

D. ADDITIONAL INSURANCE REQUIREMENTS: Policies shall be endorsed to include the following provisions:

1. A waiver of subrogation endorsement in favor of the City of Tucson, for losses arising from work performed by or on behalf of the Contractor (Including Worker's Compensation).
2. The insurance afforded the contractor shall be primary insurance and that any insurance carried by the City of Tucson and its agents, officials or employees shall be excess and not contributory.
3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

E. NOTICE OF COVERAGE MODIFICATIONS: Any changes material to compliance with this contract in the insurance policies above shall require 10 days written notice from the Contractor to the City of Tucson. Such notice shall be sent directly to the Department of Procurement.

F. ACCEPTABILITY OF INSURERS: Contractors insurance shall have an "A.M. Best" rating of not less than A-VII. The City of Tucson in no way warrants that the required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

G. VERIFICATION OF COVERAGE: Contractor shall furnish the City of Tucson with certificates of insurance (ACORD form or equivalent approved by the City of Tucson) as required by this Contract. The certificates for each insurance policy are to be signed by an authorized representative.

All certificates and endorsements are to be received and approved by the City of Tucson before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work and remain in effect for the duration of the contract and two (2) years after completion. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal upon the City's request, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the Department of Procurement.

The City of Tucson project/contract number and project description shall be noted on the certificate of insurance. The City of Tucson reserves the right to require complete copies of all insurance policies required by this Contract at any time.

H. SUBCONTRACTORS: Contractors' certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall furnish to the City of Tucson separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

I. EXCEPTIONS: In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self- Insurance.

2. COOPERATIVE PURCHASING: Any Contract resulting from this solicitation shall be for the use of the City of Tucson. In addition, public and nonprofit agencies that have entered into a Cooperative Purchasing Agreement with the City of Tucson's Department of Procurement are eligible to participate in any subsequent Contract. See http://www.tucsonprocurement.com/coop_partners.aspx and click on Cooperatives for a list of the public and nonprofit agencies that have currently entered into Cooperative Purchasing Agreements with the City of Tucson. Additionally, this contract is eligible for use by the Strategic Alliance for Volume Expenditures (SAVE) cooperative. See <http://www.maricopa.gov/Materials/PubDocuments/SAVE-members.pdf> for a listing of participating agencies. The parties agree that these lists are subject to change.

Any orders placed to, or services required from, the successful Contractor(s) will be requested by **each** participating agency. Payment for purchases made under this agreement will be the sole responsibility of each participating agency. The Contractor may negotiate additional expenses incurred as a result of participating agencies' usage of this contract (i.e., freight charges, travel related expenses, etc.). The City shall not be responsible for any disputes arising out of transactions made by others.

The Contractor(s) will provide an electronic copy of the complete Contract to the City of Tucson Department of Procurement upon receipt of the Notice of Intent to Award. At the City's request, the successful Contractor(s) may also be requested to provide an electronic copy of the complete Contract to a participating agency.

3. **TERM AND RENEWAL:** The term of the Contract shall commence upon award and shall remain in effect for a period of five (5) years, unless terminated, canceled or extended as otherwise provided herein. The Contractor agrees that the City of Tucson shall have the right, at its sole option, to renew the Contract for an additional five (5) period or portions thereof. In the event that the City exercises such rights, all terms, conditions and provisions of the original Contract shall remain the same and apply during the renewal period with the possible exception of price and minor scope additions and/or deletions.
4. **BONDING:** Bonding may be required on a project by project basis. Bonds may include, but are not limited to: performance, payment, warranty, maintenance, etc.
5. **COMPLIANCE WITH ARIZONA REVISED STATUTES:** All design and construction activities to be compliant with Arizona Revised Statutes (ARS) Title 34 as applicable.

STANDARD TERMS AND CONDITIONS

1. **ADVERTISING:** Contractor shall not advertise or publish information concerning this Contract without prior written consent of the City's Director of Procurement.
2. **AFFIRMATIVE ACTION:** Contractor shall abide by the provisions of the Tucson Procurement Code Chapter 28, Article XII.
3. **AMERICANS WITH DISABILITIES ACT:** The Contractor shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101, et seq.) and applicable Federal regulations under the Act.
4. **APPLICABLE LAW:** This Contract shall be governed, and the City and Contractor shall have all remedies afforded to each, by the Tucson Procurement Code and the law of the State of Arizona. State law claims shall be brought only in Pima County Superior Court.
5. **ASSIGNMENT-DELEGATION:** No right or interest in this Contract shall be assigned by the Contractor without prior written permission of the City, and no delegation of any duty of the Contractor shall be made without prior written permission of the City's Director of Procurement. The City shall not unreasonably withhold approval and shall notify the Contractor of the City's position by written notice.
6. **CHILD/SWEAT-FREE LABOR POLICY:** The Contractor shall comply with all applicable provisions of the United States Federal and State Child Labor and Worker's Right laws and agrees if called upon to affirm in writing, that they, and any subcontractor involved in the provision of goods to the City, are in compliance.
7. **CLEAN UP:** The Contractor shall at all times keep the contract area, including storage areas used by the Contractor, free from accumulation of waste material or rubbish and, prior to completion of the work, remove any rubbish from the premises and all tools, scaffolding, equipment and materials not property of the City. Upon completion of the repair, the Contractor shall leave the work and premises in clean, neat and workmanlike condition.
8. **COMMENCEMENT OF WORK:** The Contractor is cautioned not to commence any billable work or provide any material or service under this Contract until Contractor receives purchase order or is otherwise directed to do so, in writing, by the City.
9. **CONFIDENTIALITY OF RECORDS:** The Contractor shall establish and maintain procedures and controls that are acceptable to the City for the purpose of assuring that no information contained in its records or obtained from the City or from others in carrying out its functions under the Contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under the Contract. Persons requesting such information should be referred to the City. Information pertaining to individual persons shall not be divulged other than to employees or officers of Contractor as needed for the performance of duties under the Contract, unless otherwise agreed to in writing by the City.
10. **CONTRACT AMENDMENTS:** The Procurement Department has the sole authority to:
 - A. Amend the contract or enter into supplemental verbal or written agreements;
 - B. Grant time extensions or contract renewals;
 - C. Otherwise modify the scope or terms and provisions of the contract.

This Contract shall only be modified with the approval of the Department of Procurement. Except in the case of a documented emergency, approval must be granted prior to performance. Any contract modification not explicitly approved by the Procurement Department through a written contract amendment or change order is performed at the sole risk of the Contractor and may not be eligible for payment by the City.

11. **CONTRACT:** The Contract shall be based upon the Request for Proposal issued by the City and the Offer submitted by the Contractor in response to the Request for Proposal. The offer shall substantially conform to the terms, conditions, specifications and other requirements set forth within the text of the Request for Proposal. The City reserves the right to clarify any contractual terms with the concurrence of the Contractor; however, any substantial non-conformity in the offer, as determined by the City's Director of Procurement, shall be deemed non-responsive and the offer rejected. The Contract shall contain the entire agreement between the City of Tucson and the Contractor relating to this requirement and shall prevail over any and all previous agreements, contracts, proposals, negotiations, purchase orders, or master agreements in any form.
12. **DEFAULT IN ONE INSTALLMENT TO CONSTITUTE TOTAL BREACH:** Contractor shall deliver conforming materials in each installment or lot of this Contract and may not substitute nonconforming materials. Delivery of nonconforming materials, or default of any nature, may constitute breach of the Contract. Noncompliance may be deemed a cause for possible Contract termination.

- 13. DUPLEXED/RECYCLED PAPER:** In accordance with efficient resource procurement and utilization policies adopted by the City of Tucson, the Contractor shall ensure that, whenever practicable, all printed materials produced by the Contractor in the performance of this Contract are duplexed (two-sided copies), printed on recycled paper and labeled as such.
- 14. EXCLUSIVE POSSESSION:** All services, information, computer program elements, reports and other deliverables created under this Contract are the sole property of the City of Tucson and shall not be used or released by the Contractor or any other person except with prior written permission by the City.
- 15. FEDERAL IMMIGRATION LAWS AND REGULATIONS:** Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214(A) and that it requires the same compliance of all subcontractors under this Contract. Contractor acknowledges that pursuant to A.R.S. § 41-4401 and effective September 30, 2008, a breach of this warranty is a material breach of this Contract subject to penalties up to and including termination of this Contract. The City retains the legal right to audit the records of the Contractor and inspect the papers of any employee who works for the Contractor to ensure compliance with this warranty and the Contractor shall assist in any such audit. The Contractor shall include the requirements of this paragraph in each contract with subcontractors under this Contract.

If the Contractor or subcontractor warrants that it has complied with the employment verification provisions prescribed by sections 274(a) and 274(b) of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A), the Contractor or subcontractor shall be deemed to be in compliance with this provision. The City may request proof of such compliance at any time during the term of this Contract by the Contractor and any subcontractor.

- 16. FORCE MAJEURE:** Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure shall not include late performance by a subcontractor unless the delay arises out of a Force Majeure occurrence in accordance with this Force Majeure term and condition.

If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practical, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

- 17. GRATUITIES:** The City may, by written notice to the Contractor, terminate this Contract if it is found that gratuities, in the form of entertainment, gifts, meals or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the City amending, or the making of any determinations with respect to the performing of such Contract. In the event this Contract is terminated by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Contractor the amount of the gratuity.
- 18. HUMAN RELATIONS:** Contractor shall abide by the provisions of the Tucson City Code Chapter 28, Article XII.
- 19. INDEMNIFICATION:** To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, shall pay, defend, indemnify and hold harmless City of Tucson, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, including claims of patent or copyright infringement, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of or resulting from any actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work, services and/or products provided in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. The Contractor agrees to waive all rights of subrogation against the City of Tucson, its agents, representatives, officers, directors, officials, employees and volunteers for losses arising from the work performed by the Contractor for the City of Tucson.

Contractor is responsible for compliance with the Patient Protection and Affordable Care Act (ACA), for its employees in accordance with 26 CFR §54. 4980H. Additionally, Contractor is responsible for all applicable IRS reporting

requirements related to ACA. If Contractor or any of Contractor's employees is certified to the City as having received a premium tax credit or cost sharing reduction which contributes to or triggers an assessed penalty against the City, or Contractor fails to meet reporting requirements pursuant to section 6056 resulting in a penalty to City, Contractor indemnifies City from and shall pay any assessed tax penalty.

- 20. INDEPENDENT CONTRACTOR:** It is understood that each party shall act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other party for any purpose.

The Contractor shall not be entitled to compensation in the form of salaries, holidays, paid vacation, sick days, or pension contributions by the City. The City of Tucson will not provide any insurance coverage to the Contractor, including Worker's Compensation coverage. The Contractor is advised that taxes, social security payments, and other withholdings shall not be withheld from a City payment issued under this Contract and that Contractor should make arrangements to directly pay such expenses. Contractor is responsible for compliance with the Affordable Care Act for Contractor and any of Contractor's employees.

- 21. INSPECTION AND ACCEPTANCE:** All material or service is subject to final inspection and acceptance by the City. Material or service failing to conform to the specifications of this Contract shall be held at the Contractor's risk and may be returned to the Contractor. If returned, all costs are the responsibility of the Contractor. Noncompliance may be deemed a cause for possible Contract termination.

- 22. INTERPRETATION-PAROLE EVIDENCE:** This Contract is intended by the parties to be a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in the Contract. Acceptance or consent in the course of performance under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or consenting party has knowledge of the nature of the performance and the opportunity to object.

- 23. LICENSES:** Contractor shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the Contractor as applicable to this Contract.

- 24. LIENS:** All materials, services, and other deliverables supplied to the City under this Contract shall be free of all liens other than the security interest. Security interest shall extinguish upon full payment made by the City. Upon the City's request, the Contractor shall provide a formal release of all liens.

- 25. NO REPLACEMENT OF DEFECTIVE TENDER:** Every tender of materials must fully comply with all provisions of this Contract. If a tender is made which does not fully comply, this shall conform to the termination clause set forth within this document.

- 26. NON-EXCLUSIVE CONTRACT:** Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of the City of Tucson. The City reserves the right to obtain like goods or services from another source when necessary.

- 27. OVERCHARGES BY ANTITRUST VIOLATIONS:** The City maintains that, in actual practice, overcharges resulting from antitrust violations are borne by the purchaser. Therefore, to the extent permitted by law, the Contractor hereby assigns to the City any and all claims for such overcharges as to the materials or services used to fulfill the Contract.

- 28. PAYMENT:** The City's preferred method of payment is via credit card. The City will issue a Purchase Order and, in some cases, either provide a credit card for payment at the time of ordering or pay subsequent invoices by credit card upon receipt of goods or services in good order. However, not all City employees will possess a credit card and, therefore, the City reserves the right to make payment by check as it deems necessary.

Unless payment is made by credit card at time of order or point of sale, a separate invoice shall be issued for each shipment of material or service performed, and no payment shall be issued prior to receipt of material or service and correct invoice. The invoice shall not be dated prior to the receipt of goods or completion of services.

The City shall make every effort to process payment for the purchase of materials or services within twenty-one (21) calendar days after receipt of materials or services and a correct invoice.

The Contractor's payment terms shall apply to all purchases and to all payment methods.

- 29. PROTECTION OF GOVERNMENT PROPERTY:** The Contractor shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation (such as trees, shrubs, and grass) on City property. If the Contractor fails to do so and damages such property, the Contractor shall replace or repair the damage at no expense to the City, as determined and approved by the City's Director of Procurement. If the Contractor fails or refuses to make such repair or replacement, the City will determine a cost and the Contractor shall be liable for the cost thereof, which may be deducted from the Contract price.
- 30. PROVISIONS REQUIRED BY LAW:** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall be amended to make such insertion or correction.
- 31. RECORDS:** Internal control over all financial transactions related to this Contract shall be in accordance with sound fiscal policies. The City may, at reasonable times and places, audit the books and records of the Contractor and/or any subcontractors. Said audit shall be limited to this Contract.
- 32. RIGHT TO ASSURANCE:** Whenever one party to this Contract has reason to question, in good faith, the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within five (5) days, the demanding party may treat this failure as the other party's intent not to perform and as a cause for possible Contract termination.
- 33. RIGHT TO INSPECT:** The City may, at reasonable times, and at the City's expense, inspect the place of business of a Contractor or subcontractor which is related to the performance of any Contract as awarded or to be awarded.
- 34. RIGHTS AND REMEDIES:** No provision in this document or in the Contractor's proposal shall be construed, expressly or by implication, as a waiver by either party of any existing or future right and/or remedy available by law in the event of any claim, default or breach of contract. The failure of either party to insist upon the strict performance of any term or condition of the Contract, to exercise or delay the exercise of any right or remedy provided in the Contract or by law, or to accept materials or services required by this Contract or by law shall not be deemed a waiver of any right of either party to insist upon the strict performance of the Contract.
- 35. SEVERABILITY:** The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract which may remain in effect without the valid provision or application.
- 36. SHIPMENT UNDER RESERVATION PROHIBITED:** No tender of a bill of lading shall operate as a tender of the materials. Non-compliance shall conform to the termination clause set forth within this document.
- 37. SUBCONTRACTS:** No subcontract shall be entered into by the Contractor with any other party to furnish any of the material/service specified herein without the advance written approval of the City's Director of Procurement. All subcontracts shall comply with Federal and State laws and regulations which are applicable to the services covered by the subcontract and shall include all the terms and conditions set forth herein which shall apply with equal force to the subcontract, as if the subcontractor were the Contractor referred to herein. The Contractor is responsible for contract performance whether or not subcontractors are used.
- 38. SUBSEQUENT EMPLOYMENT:** The City may terminate this Contract without penalty or further obligation pursuant to A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Contract, on behalf of the City, is or becomes, at any time while the Contract or any extension of the Contract is in effect, an employee of, or a contractor to, any other party to this Contract with respect to the subject matter of the Contract. Termination shall be effective when written notice from the City's Director of Procurement is received by the parties to this Contract, unless the notice specifies a later time.
- 39. TERMINATION OF CONTRACT:** This Contract may be terminated at any time by mutual written consent, or by the City, with or without cause, upon giving thirty (30) days written notice. The City, at its convenience, by written notice, may terminate this Contract, in whole or in part. If this Contract is terminated, the City shall be liable only for payment under the payment provisions of this Contract for services rendered and accepted material received by the City before the effective date of termination.

The City reserves the right to terminate the whole or any part of this Contract due to the failure of the Contractor to carry out any term or condition of the Contract. The City will issue a written ten (10) day notice of default to the Contractor for acting or failing to act as specified in any of the following:

In the opinion of the City, the Contractor provides personnel that do not meet the requirements of the Contract;

In the opinion of the City, the Contractor fails to perform adequately the stipulations, conditions or services/specifications required in this Contract;

In the opinion of the City, the Contractor attempts to impose personnel, materials, products or workmanship of an unacceptable quality;

The Contractor fails to furnish the required service and/or product within the time stipulated in the Contract;

In the opinion of the City, the Contractor fails to make progress in the performance of the requirements of the Contract;

The Contractor gives the City a positive indication that the Contractor will not or cannot perform to the requirements of the Contract.

Each payment obligation of the City created by this Contract is conditioned upon the availability of City, State and Federal funds that are appropriated or allocated for the payment of such an obligation. If funds are not allocated by the City and available for the continued purchase of the services and/or materials provided under this Contract, this Contract may be terminated by the City at the end of the period for which funds are available. The City will endeavor to notify the Contractor in the event that continued service will or may be affected by non-appropriation. No penalty shall accrue to the City in the event this provision is exercised, and the City shall not be obligated or liable for any future payments due or for any damages as a result of termination under this paragraph.

40. TITLE AND RISK OF LOSS: The title and risk of loss of material or service shall not pass to the City until the City actually receives the material or service at the point of delivery, unless otherwise provided within this Contract.

41. WARRANTIES: Contractor warrants that all material or service delivered under this Contract shall conform to the specifications of this Contract. Mere receipt of shipment of the material or service specified and any inspection incidental thereto by the City shall not alter or affect the obligations of the Contractor or the rights of the City under the foregoing warranties. Additional warranty requirements may be set forth in this document.

OFFER AND ACCEPTANCE

OFFER

TO THE CITY OF TUCSON:

The Undersigned hereby offers and shall furnish the material or service in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as if fully set forth herein.

For clarification of this offer, contact:

Company Name

Address

City State Zip

Signature of Person Authorized to Sign

Printed Name

Title

Name: _____

Title: _____

Phone: _____

Fax: _____

E-mail: _____

ACCEPTANCE OF OFFER

The Offer is hereby accepted. The Contractor is now bound to sell the materials or services specified in the Contract. This Contract shall be referred to as Contract No. 161436.

Approved as to form this _____ day of _____, 2016.

CITY OF TUCSON, a municipal corporation

Awarded this _____ day of _____, 2016.

As Tucson City Attorney and not personally

Marcheta Gillespie, CPPO, C.P.M., CPPB, CPM
As Director of Procurement and not personally

ATTACHMENTS

A. Proposal Evaluation: Forms 1-12

1. Services Offered by Respondent
2. Project Scenarios
3. Pricing
4. Financing
5. Ability to Perform
6. Warranties
7. Customer Service
8. Additional Services
9. Measurement and Verification
10. Firm Information
11. Relevant Experience
12. Paramount Objections

B. AZ State Performance Contracting Statutes

C. City Energy and Water Consumption Expenditure Data