



Performance Contracting

Xavier University of Louisiana

To complete an extensive facility improvement program, the university decided to enter into a performance contract by partnering with an energy services company (ESCO). This would be the first performance contract in Xavier University's more than 90-year history.

Performance contracting was advantageous for a number of reasons. First and foremost, the university could get a large volume of work done all at once, instead of making the improvements over many years as part of a long-term capital improvement program. Additionally, Xavier University could begin reaping the energy savings immediately.

Before issuing an RFP for an energy performance contract, the facilities professionals at Xavier University sought advice from trusted industry sources. As a result, when the RFP was issued and ESCOs responded, they were judged not only on the bottom-line savings guaranteed, but also on reputation and which company's capabilities would best fit the university's needs. Based on the knowledge they had gathered, criteria they set and past experiences, Xavier University selected Siemens.

The school has been a Siemens customer since 1980 and after 30 years of working together, a solid relationship and foundation of trust has been built. In March 2010, Xavier University signed a 10-year, \$4.3 million performance contract.

Facility Improvements

Siemens' energy engineers performed an investment-grade energy audit of the campus facilities and generated a list of approximately 40 different facility improvement measures (FIMs) for Xavier University's review. Payback for these FIMs ranged from two to 50 years. With this list in

hand, Siemens sat down with the university's facilities team to review the benefits and cost of each potential project. From this list, Xavier University chose five types of projects, which would make up the performance contract.

- Lighting Upgrades
- Chilled Water System Optimization
- Energy Management and Control Systems
- Mechanical System Improvements
- Water Conservation

The Benefits

The work performed under the performance contract will dramatically cut the university's utility expenses. Xavier wanted to be known as an energy-efficient campus, and thanks to the projects completed under this agreement, they have achieved that status. Siemens is guaranteeing annual savings of \$553,213, of which \$472,516 is due to the reduction in energy use.

Florida A&M University

In order to complete a substantial facility improvement program, the university looked for other financing alternatives. "Performance contracts are a very good mechanism in this economy because they allow us to get money to do these capital repairs, provided they pay for themselves," explains Clinton Smith, Professional Engineer with Facilities, Planning and Construction.

The university had a number of requirements for the energy services company (ESCO) it partnered with and the contract itself. First, the contract had to fund facility improvements out of the existing operational budget, using savings from efficiencies created to fund the upgrades. Money from existing capital budgets would not be used.

Secondly, the ESCO had to guarantee that the resultant savings were substantial enough to

exceed the total project costs, as required by Florida statutes. By mandating that the savings resulting from performance contracts be greater than the cost, the state or university is protected should energy prices spike or other unforeseen variables impact the savings-to-cost ratio.

Facility Improvements

Siemens started by performing an investment-grade energy audit, to assess what was needed to bring the campus to a high level of energy efficiency, cut down on waste and improve conservation. Siemens presented more than a dozen facility improvement measures (FIMs) to Florida A&M as potential projects. The university turned to an outside and impartial third-party engineer to evaluate Siemens' recommendations.

For Phase I, the university seized the opportunity to complete the projects with the shortest paybacks (i.e., the low-hanging fruit) – those with a payback of approximately five years or less. Phase I addressed three main areas: lighting, steam traps and pipe insulation.

The Benefits

Just one year after construction was complete on Phase I, Florida A&M was already reaping the benefits. "We have seen a significant change in our utility bills since these measures have been implemented," says Bakker in April 2011. Florida A&M will save more than \$350,000 annually. The break-out follows:

- \$240,000 per year resulting from lighting upgrades.
- \$50,000 per year from steam trap improvements.
- \$80,000 per year as a result of pipe insulation.

SIEMENS



Siemens Partnering for Higher Education



Chicago Public Schools (CPS) – Historically Black Colleges & Universities (HBCU)

Siemens Industry, Inc. in partnership with the CPS Office of College and Career Preparation supported an opportunity for more than 1,800 students from the graduating classes of 2012 & 2013 to connect with admissions personnel from over 31 HBCU's in one location.

During the day students had an opportunity to meet with admissions personnel to ask questions, provide academic records and complete application forms.

During the evening *invitation only* scholarship reception, academically deserving students were awarded partial and full ride scholarships of varying amounts from participating colleges and universities. Students who otherwise would not have had the opportunity, were collectively awarded more than \$30 million.



Chicago Housing Authority (CHA) – Next Steps Summer College Prep Program

In partnership with Windows of Opportunity, the nonprofit affiliate of the CHA, offers an opportunity for 75 selected Chicago Public School juniors and seniors residing in the CHA to participate in an 7 week summer program. This program designed to support both academic growth and career development. The CHA provides a stipend for participants.

Participation in the program is by application and interview. Determinations are made by Windows of Opportunity.

The program supports instruction in reading and math. Both pre and post assessments are administered.

Additional activities include resume writing, interviewing skills, etiquette training, guest speakers, and field trips. The program is concluded with a formal graduation.

Siemens Industry, Inc.
Building Technologies Division
1000 Deerfield Parkway
Buffalo Grove, IL 60089
Tel: (847) 215-1000

Copyright 2011
Siemens Industry, Inc.
All rights reserved.
(711)
153-EES-831

usa.siemens.com/buildingtechnologies