



# Federal Utility Partnership Working Group Seminar

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## Overcoming Real Project Challenges

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# Contracting Officer Threshold

## *Background:*

- Strong agency and utility teams, both experienced advocates of UESC projects
- Innovative and comprehensive UESC project encompassing multiple buildings
- Project evolved quickly and grew from PA (~\$27 million) to IGA (~\$40 million) adding sensible and cost effective ECMs



# Contracting Officer Threshold

## Challenge:

- Nearing the award of the task order (TO) for design and installation, the agency realized the contracting officer's warrant threshold was less than the negotiated TO amount
- The agency considered de-scoping the project, removing essential energy conservation measures (ECMs)



# Contracting Officer Threshold

## Solution:

- The agency brought in a contracting officer with a higher warrant threshold and the project was awarded



### *Best Practices*

- Verify contracting officer's warrant level up front
- Include a contracting officer with an unlimited warrant, if possible
- Keep management informed



# Engaging the Contracting Officer

## Background:

- The agency energy manager, a UESC champion, led a market survey and utility selection process
- The no-cost and no future obligation PA and the detailed IGA proved the comprehensive project was economically viable
- The project moved forward to the TO for design and installation without the contracting officer



# Engaging the Contracting Officer

## Challenge:

- The contracting officer was invited to the party after all the technical work was completed and “ready for award”
- Knowing the technical work was completed and having had no experience with UESC, the CO/KO was justifiably not willing to award the contract without due diligence



# Engaging the Contracting Officer

## Solution:

- Contracting officer reached out to FEMP for rapid UESC training and was able to award the project with confidence within weeks



## Best Practices

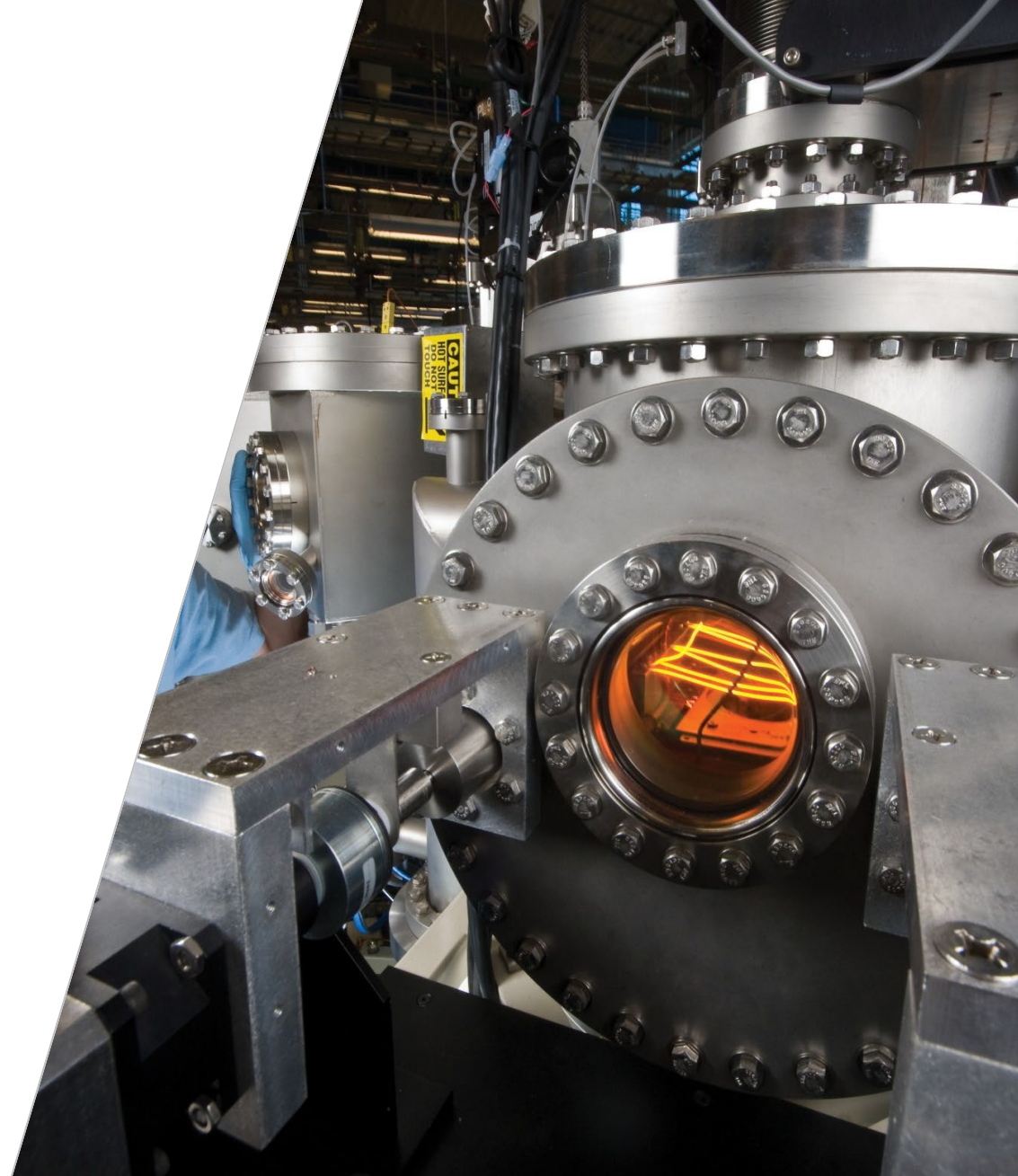
- Engage the CO/KO during acquisition planning and be sure they are familiar with UESCs
- The acquisition team, CO/KO and contract specialist develop the contract documents – the CO/KO is critical
- Contact FEMP and FEMP's Virtual Center of Expertise if training is required.



# The Financing Advantage

## Background:

- Management decided to use congressional appropriations to replace failing equipment
- Agency engaged team of key players, including decision makers, procurement staff, and engineers to participate in the UESC process
- Facility staff identified 10 unfunded infrastructure improvement measures which qualified as ECMs

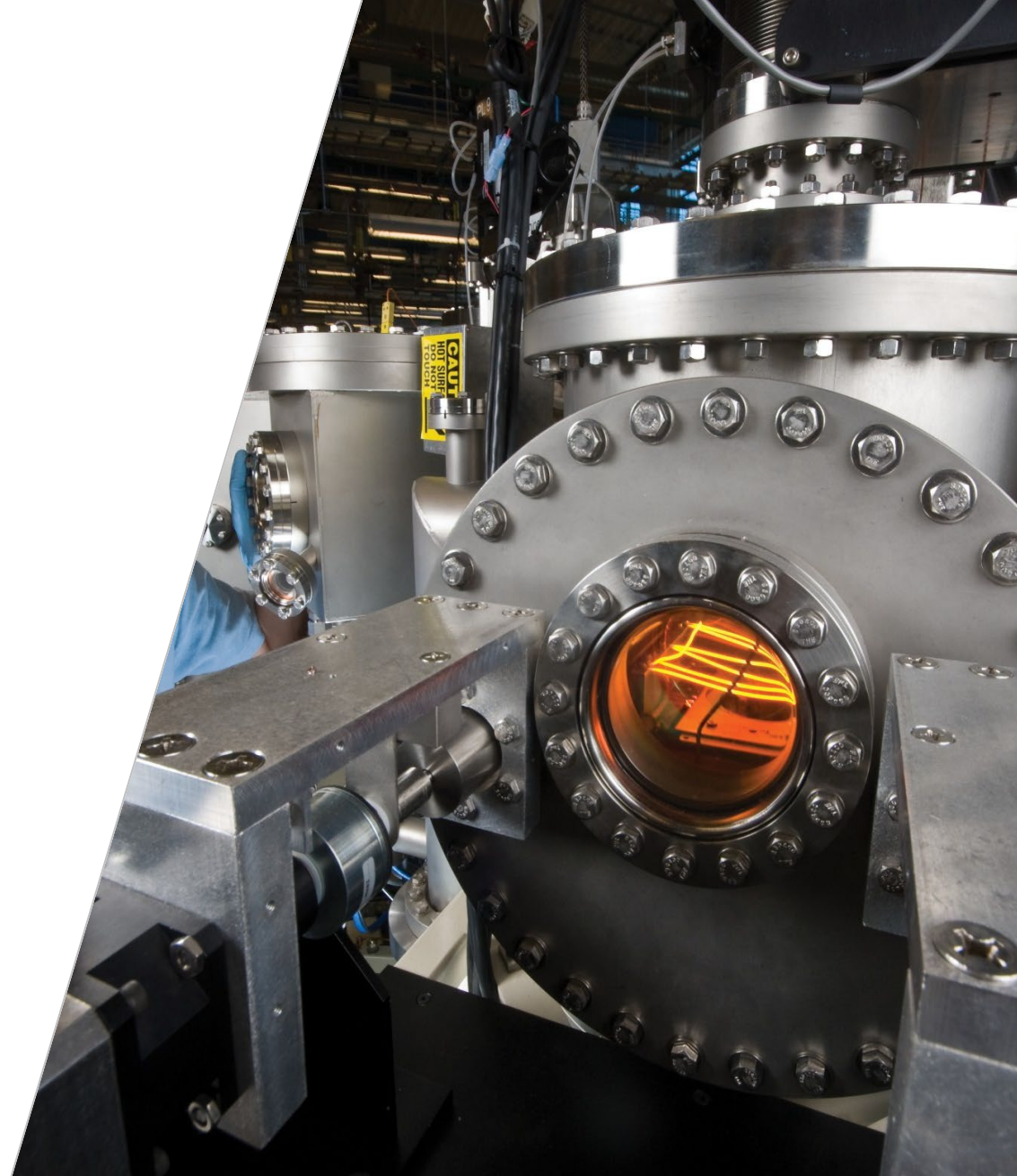




# The Financing Advantage

## Challenge:

- Available appropriations would only pay for one ECM
- Management was hesitant to pursue additional funding through financing (due to interest costs)
- Preferred to use available funds to address a single ECM and wait for future appropriations to upgrade and replace the others



# The Financing Advantage

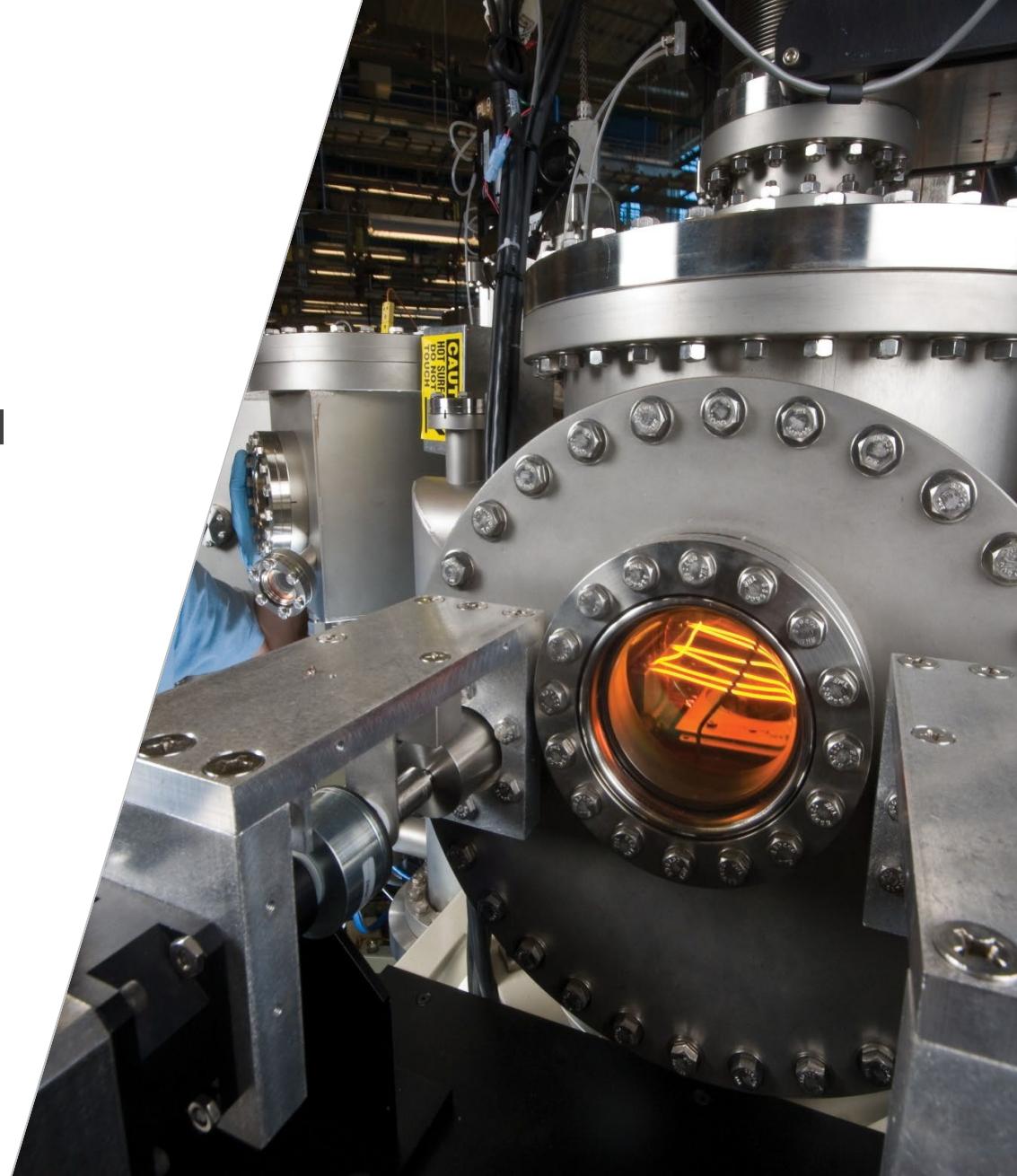
## *Solution:*

- Demonstrated that long term energy savings would outweigh interest costs by addressing all ECMs and implementing a comprehensive project
- Maximized funding through a combination of appropriations and financing



## *Best Practices*

- Maximize available agency funding by combining third party financing
- Be prepared with a briefing to gain approval for strategic use of funds



# Balancing Design Time and Detail

## *Background:*

- Agency wanted to replace existing boilers with natural gas cogeneration system
- Environmental mandate deadlines were approaching
- Objective was to quickly award a UESC project prior to funds expiring



# Balancing Design Time and Detail

## Challenge:

- Proposal included a design sketch with limited design detail (30%)
- Utility added cost estimates for contingencies to balance risk of unknown costs
- Agency and utility were not able to negotiate acceptable pricing and the project hit a major roadblock



# Balancing Design Time and Detail

## *Solution:*

- Since the PA was conducted at no cost and no future obligation, the agency decided not to move forward with the proposal
- The agency restarted the effort, allowing time to obtain thorough design estimates and competitive bids
- Project moved forward to award the task order for design and installation



# Balancing Design Time and Detail

## Solution:



### Best Practices

- Develop a clear scope of work and obtain a no-cost and no future obligation PA
- Obtain enough design detail to procure competitive pricing with minimal risk-associated contingency costs
- Use expiring funds strategically – pay for the IGA or resilience study
- Begin payments early on ECMs that can be installed quickly

