

19 January 2018

Ernie B. McNeely  
Township Manager  
Lower Merion Township  
75 E. Lancaster Avenue  
Ardmore PA. 19003-2323

Dear Mr. McNeely:

Thank you for inviting the team of Provident Energy Consulting and Foster Jacobs & Johnson to submit pricing for the first phase of a potential energy conservation and facilities improvement project being considered by Lower Merion Township. We are very pleased to hear that your review committee was impressed with our presentation and qualifications. As such, we are now eager to demonstrate that our vision for a long term energy strategy is closely aligned with that of the Township's.

We feel that our team of Provident Energy Consulting and Foster Jacobs & Johnson is an excellent fit for Lower Merion Township. The experience of our companies is quite comprehensive as it pertains to the areas of energy cost reduction and management, through both the facilities efficiency side and the critically complementary energy procurement aspect. Our individual team members have strong and lengthy experience in facility improvements through the Guaranteed Energy Savings Act ("GESA") and have worked together for many years in teaming arrangements to support successful client engagements. Furthermore, with detailed knowledge of our customer's energy utilization profile, we are well positioned to assist many governmental entities with purchasing in the competitive retail energy markets.

Please keep us informed of the selection process and any next steps. Feel free to contact us with any additional needed information or questions.

We hope that we will soon be helping Lower Merion Township to reduce and manage its energy costs for years to come.

Best regards,



Joseph S. Solomon  
President

Cc: Phil Solomon, Principal      Foster Jacobs & Johnson

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## Lower Merion Township Energy Program Proposal for Phase 1 Activities Estimated Hours and Costs

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Our team plans to provide a deliverable that includes: 1) viable energy savings projects, 2) calculations of potential savings, 3) cost estimates for each measure, and 4) recommendations on the best method(s) to undertake and accomplish project(s). Our approach to accomplishing these goals is reflected below as Phase 1 of what we expect will be a long range energy strategy.

### Phase 1

This task would start with a ‘kickoff’ meeting to include the PEC-FJJ team and the Lower Merion Township (“LMT”) administration team. The goals for this meeting would be to:

1. Introduce team members and roles/responsibilities
2. Review information available (reports, capital improvement plan, etc.)
3. Identify and request recent utility bills for energy baseline analysis
4. Discuss any high priority improvements for our team to focus on
5. Discuss audit process, timeline and expectations

After the kickoff meeting, our team would gather and review energy bills and consumption data for each facility to develop/update and energy utilization profile as a ‘baseline’. Subsequently, our team would spend 3 days auditing the highest energy using facilities within LMT for possible energy conservation opportunities. Based on our prior efforts and an understanding of LMT facilities, we anticipate that these facilities would include the following: the LMT Administration building; Public Safety building; seven (7) Libraries; seven (7) Community Centers; Fleet Maintenance Garage; Fleet Highways, Parks, and Shade Tree building; Pool Complexes; County Line Complex; and Large Pumping Stations (Mill Creek, Ardmore, Cynwyd, Glanraffon, Hollow Road).

As a parallel path activity, we would conduct a review of the most recent LMT Capital Improvement Plan for comparison to our independent findings. Thereafter, and upon completion of the facility audits, we would update the energy baselines and develop budgetary cost and savings estimates for each energy conservation measure (“ECM”) or Facility Improvement Measure (“FIM”) identified. These ECM’s or FIM’s would be bundled to provide a wide range of projects and approaches for consideration by LMT. For example, some ECM’s may lend themselves better to an approach following the guidelines of the Pennsylvania Guaranteed Energy Savings Act (“GESA”), while others, including FIM’s may be better suited to a “Design-Bid-Build” approach. This

information would be compiled for a presentation to the LMT administration, along with insights and recommendations, for feedback.

With feedback from the LMT Administration, project concepts would be reworked and a presentation prepared for two sequential workshops with the Board of Commissioners (“BOC”). The intent of the first workshop would be to provide an overview of our findings to the BOC, and to perform a “Needs Analysis” session with BOC members to prioritize projects. Our team will then develop various options for LMT to address those needs, including pros and cons associated with each option. The results of that exercise would be presented at a second workshop, along with recommendations on approach(es), with the intent of providing the BOC with the necessary information and insights needed for a decision on how to proceed.

The manner in which we would undertake these aforementioned activities is presented in Exhibit 1. This Exhibit also presents our view of how subsequent activities would be undertaken, should the BOC decide to move forward toward a Phase 2, which we call “Project Development and Implementation”. This Phase 2 effort would allow for both a “GESA” approach for appropriate ECM’s and/or a “Design-Bid-Build” approach for other ECM’s or FIM’s. The relationship of these approaches to the goals of LMT is depicted through ‘dashed’ lines in the Exhibit.

Other ‘dashed’ lines are shown in this flow diagram to represent OPTIONS for consideration by LMT.

- ◆ The first OPTION offers LMT the ability to have our team prepare added detail to any future GESA RFP or “Design-Bid-Build” work, through more detailed street lighting audits or such items as pre-design documents and/or schematics. The ‘pros’ and ‘cons’ of these optional elements would be discussed prior to moving forward with such an OPTION.
- ◆ The second OPTION involves LMT potentially joining in with many other governmental entities of a similar energy utilization profile to take advantage of a volume aggregation that includes local/regional Counties and Townships (Counties of Montgomery, Delaware, Bucks, Chester, and 10 or so others; Townships of Upper Darby, Springfield, Marple, and 15 or so others). Provident Energy Consulting is licensed by the Pennsylvania Public Utility Commission as both an Electricity Generation and Natural Gas Supplier and has assisted many others in this energy purchasing arena for decades. We approach this task for our clients with a focus on Transparency and Competitive Procurement, accompanied by expert consulting guidance toward intelligent long-term decision making.

## Exhibit 1

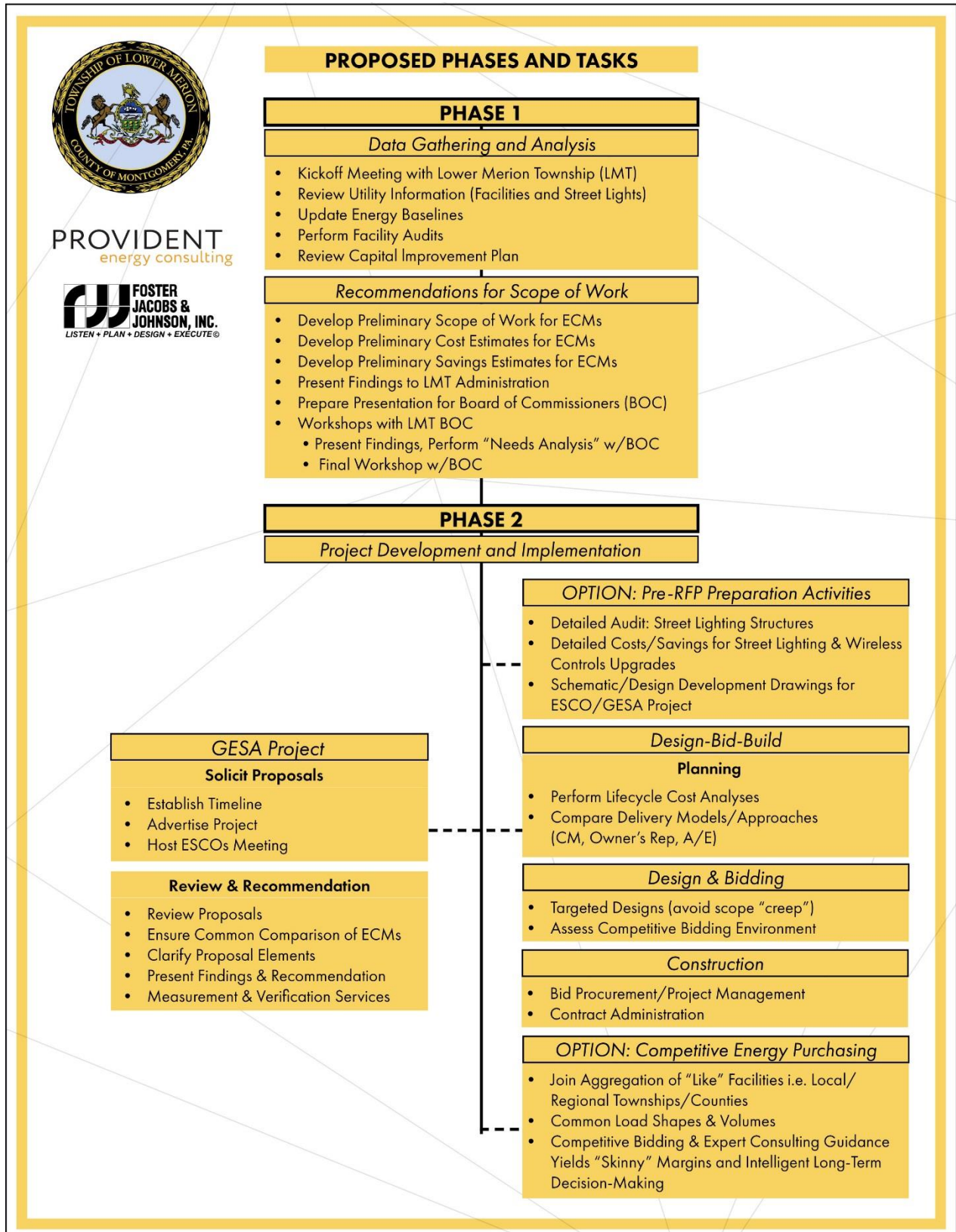


Exhibit 2 presents an overview of our proposed Phase 1 hours and costs. The details of each Task and Activity are delineated, including hours and rates for each individual. Two key things about the rates shown in the Exhibit 2 table must be noted.

- 1) Provident Energy Consulting generally approaches opportunities such as this, i.e., the pre-project activities identified as Phase 1 tasks, at our risk. Our business model is and has been to assume the risk of developing a project if we have sufficiently vetted the opportunity as being very viable.
- 2) The FJJ team is highly motivated to work with LMT and is willing to discount its normal hourly rates by 30% in an effort to show a commitment to producing a viable project that can be adopted by the BOC.

Should LMT decide to go forward with a project or projects in subsequent Phases and utilize the PEC-FJJ team, the method of compensation would vary depending on the vehicle utilized.

- ◇ With the GESA approach, we typically utilize a compensation structure that involves a percentage markup on the resultant GESA project, typically 4-6%, depending on scope. One benefit of this approach is that our fees would be included in the project financing, whereby the savings identified and guaranteed are effectively paying for our fee.
- ◇ In other approaches, including Design-Bid-Build, we anticipate using a fixed fee model, with a cost proposal(s) to be submitted for approval based on pre-defined and agreed to scope on a task-specific basis.

In summary, you can see from Exhibit 2 that our team agrees to provide the services of Phase 1 at a proposed 'Not-to-Exceed Cost' of \$16,870. Of course, we are willing to revise scope or individual tasks at LMT's discretion/direction.

We wish to thank Lower Merion Township for the opportunity to submit this proposal for this exciting endeavor. Our team would be honored to be chosen as your partner and we stand ready to quickly mobilize this effort.



## Exhibit 2

LOWER MERION TOWNSHIP

Energy Program Overview - Phase 1 Hours and Costs

			Hours (estimated)						Costs "Not to Exceed"	
			Provident Energy			Foster, Jacobs & Johnson				
			President	Principal	Sr. Analyst	Principal	Sr. Engineer	Estimator		
			Joe Solomon	Mike Lang	John Young	Phil Solomon	Tim Guider	Gene Alligood		
Task	Item #	Activity Description	\$0.00	\$0.00	\$0.00	\$129.50	\$105.00	\$94.50		
Data Gathering and Analysis	1	PEC/FJJ Kickoff Meeting with Lower Merion Township (LMT)	4	4		4	4		\$938	
	2	Review Utility Information (Facilities and Street Lights), Update Energy Baselines			16		4		\$420	
	3	Perform Facility Audits with Preliminary Plan (to be reviewed with LMT)							\$0	
	4	- Day 1: Township Admin Bldg., Public Safety Bldg., Ludington Library, Bala Cynwyd Library					8	8	\$1,596	
	5	- Day 2: Fleet Maint. Garage, Fleet Highway, Parks & Shade Dept. Bldg., Large Pumping Stations					8	8	\$1,596	
	6	- Day 3: Pool Complexes, Parks, Other Large Energy Consuming Buildings					8	8	\$1,596	
	7	Review Lower Merion Township Capital Improvement Plan		4			4		\$420	
Recommendations for Scope of Work	8	Develop Preliminary Scope of Work for Energy Conservation Measures (ECMs)					8	8	\$1,596	
	9	Develop Preliminary Cost Estimates for ECMs					4	16	\$1,932	
	10	Develop Preliminary Savings Estimates for ECMs			4		8		\$840	
	11	Compile Information/Create Materials to be Presented to LMT Administration	8	8	4	8	8		\$1,876	
	12	PEC/FJJ Present Findings to LMT Administration	2	2		4	2		\$728	
	13	Rework Information based on LMT Administration Feedback	4	4		8	4		\$1,456	
	14	PEC/FJJ Workshops with LMT Board of Commissioners (BOC):							\$0	
	15	- First Meeting: Present Findings, Perform "Needs Analysis" Workshop w/BOC	4	4		4	4		\$938	
	16	- Second Meeting: To be determined based on result of first meeting	4	4		4	4		\$938	
PHASE 1 TOTAL			26	30	24	32	78	48	\$16,870	