

**Town of Hudson, New Hampshire  
Municipal Budget Committee's**

**2007 Warrant Article Worksheet**

Warrant Article A

• **Name of Proposal** School Energy Performance Contract

• **Governing Body Approval**

Approved at a meeting held on November 6, 2006 by 4 to 0  
Date Yes No

• **“Snapshot” Description of the Proposal**

The Hudson School Board proposes to enter an energy performance contract with the Honeywell Corporation, to provide a series of energy improvements, as detailed in Appendix A. This will be a guaranteed maximum price design build contract, financed with a ten year municipal lease. The net effect on the total budget will be zero over the ten year period, since the costs of the lease will be covered by savings in energy units, state building aid, and energy rebates, as provided in Appendix B. Payments on the Municipal Lease will not begin until the completion of the work, and will not commence until FY 2009. The contract would be for \$2,190,096. The total cost, with an interest rate of 4.1% would be \$2,743,996. Revenues from building aid and energy rebates would total \$786,229. Savings through reductions in energy units would total \$2,124,381. If the projected energy unit savings are not achieved, Honeywell would be responsible for the difference.

This contract will not only increase energy efficiency, but it will also improve air quality and the quality of the learning environment in our schools. It will be a cost neutral improvement.

• **Fiscal Impact of the Proposal**

Total (Gross) Cost . . . . .	\$2,743,996
Less Offsetting Revenue . . . . .	\$786,229
Net Cost to be raised by taxes . . . .	-0-

This proposal has a tax rate Impact\* of \$ -0- per thousand

\* based upon the estimation that every \$ 2,531,352 of appropriation impacts the tax rate by one dollar per thousand dollars of assessed valuation

• **Appropriation Request**

**Direct Costs affiliated with this proposal**

<u>Item</u>	<u>Line Item Number</u>	<u>Amount</u>
Energy Municipal Lease		\$2,190,096
Interest		553,900

**Total of Direct Costs** \$2,743,996

**Additional Indirect costs that are affected by this proposal**

<u>Item</u>	<u>Line Item Number</u>	<u>Amount</u>
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**Total of Indirect Costs** -0-

**Explanation of why these indirect items are requested**

**Are these part of the 2007 Operating Budget?** Yes        No       

**If these indirect cost items are not part of the 2007 Operating Budget, then where is the money being appropriated from?**

**Total of all requested Appropriations (Direct and Indirect)** \$2,743,996

- **Additional Lines for Appropriation Requests**

Direct Costs affiliated with this proposal

<u>Item</u>	<u>Line Item Number</u>	<u>Amount</u>
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**Total of Direct Costs** \_\_\_\_\_

<u>Item</u>	<u>Line Item Number</u>	<u>Amount</u>
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**Total of Indirect Costs** \_\_\_\_\_ 0

## • Revenues Offsetting the Requested Appropriation

<u>Source of Revenue</u>	<u>Line from MS-7 or MS-27</u>	<u>Amount</u>
State Building Aid		\$736,229
Energy Rebate		50,000
Energy savings (not technically Revenue)		2,124,381
	<b>Total of Offsetting Revenue</b>	<u>\$2,910,610</u>

## • Proposal Rationale

The School Board views this warrant article as an opportunity for a major step forward in improving the quality of our facilities, utilizing a very economically advantageous approach. The Board and administration prepared an RFP for an Energy Performance Contract last year, and selected the Honeywell Corporation as its final candidate. The District has been working with Honeywell for over six months in preparation for this proposal. Honeywell actually submitted three options for infrastructure improvements (see Appendix C). This warrant article encompasses Option A, as proposed by Honeywell. Option B was not chosen because it required a fifteen year payback, and Option C, the most comprehensive, would have required costs beyond what could be recovered through cost savings and state building aid.

The School Board intends to prepare a fully developed long range facilities need report, including land usage, and needed additions and renovations for our facilities for the next budget cycle. The projects in Option A are so basic and cost effective that they will be appropriate no matter what other plans are developed for our facilities. The Board could not be confident that all the projects in Options B and C would fit with potential uses of our buildings.

This warrant article will improve our energy efficiency substantially, and will also have a dramatic impact on the quality of our learning environments. Air quality, air flow, and temperature management will be substantially improved. We will meet modern codes for air flow and air quality that were not in place when many of our facilities were constructed. Not all of our problems will be addressed here, but the Board is confident that this project, combined with a fully developed facilities plan, will provide solutions for our needs for years to come.

The School Board is committed, as expressed in its Strategic Plan, to provide appropriate learning environments for our students. At the same time, the Board is equally committed to making improvements in our facilities in the most economical fashion possible. This proposed Contract illustrates both of those commitments.

• **Sunset” Date**

Check below as to the type of warrant article that this proposal is intended to be and it’s proposed “Sunset” Date.

- Regular Warrant Article, expires on 30 June \_\_\_\_\_
- Designated as “Special” expires on 30 June \_\_\_\_\_
- Petitioned Article- “Special” expires on 30 June \_\_\_\_\_
- Non-Lapsing Fund expires on 30 June \_\_\_\_\_
- Bond Issue or Capital Reserve Fund
- Other, please list expiration date expires on 30 June \_\_\_\_\_

• **“Coming Attractions”**

Check below to indicate whether this is a single or multi-year proposal

- This is a one time appropriation
- This is a single year proposal with proposed multi-year appropriations
- This is a multi-year proposal that will have additional components brought forward in future years

• **Attachments**

Please indicate in the space below what attachments you have provided in support of your proposal

- Appendix A Summary of projects for Energy Improvements
- Appendix B Summary of funding mechanism
- Appendix C Summary of Options proposed by the Honeywell Corporation

