MEETING #3 January 25

At a Joint Meeting of the Madison Board of Supervisors and the Madison County School Board for a joint session on Wednesday, January 12, 2012 at 7:00 p.m. in the Madison County School Board Office, 60 School Board Court:

PRESENT: J. Dave Allen, Chairman
Doris G. Lackey, Vice-Chairman
Jerry J. Butler, Member
Jonathon Weakley, Member
V. R. Shackelford, III, County Attorney
Teresa Miller, Finance Director
Jacqueline S. Frye, Secretary/Acting Clerk

ABSENT: Pete J. Elliott, Member

Matthew Eberhardt, Superintendent
Jeff Early, Chairman
Jim Nelson, Vice-Chairman
Doreen Jenkins, Member
Martin Boone, Member
Tonya Taylor, Member
Tina Cropp, Finance Officer

Agenda:

1. Call to Order (Joint w/School Board) – Determine Presence of a Quorum:

Chairman, Jeffrey Early called the meeting of the Madison County School Board to order and noted that all members are present; therefore, a quorum was established.

Chairman Allen of the Madison County Board of Supervisors called the Board's session to order and advised that Supervisor Elliott will be absent from tonight's session, as he is out of town; otherwise a quorum was established.

2. Pledge of Allegiance & Moment of Silence (Joint w/School Board):

Both governing Boards then proceeded with the Pledge of Allegiance and a Moment of Silence.

3. Adoption of Agenda (as presented):

Chairman Early advised the Madison County School Board had already approved tonight's agenda as presented.

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Chairman Allen asked the Madison County Board of Supervisors if there were any deletions or corrections needed to tonight's Agenda.

Supervisor Lackey asked if the CIP could be discussed during tonight's session.

Chairman Allen advised the School Board has already adopted tonight's agenda and questioned their procedures for handling this request.

Chairman Early advised that tonight's Agenda can be amended after adoption.

After discussion, on motion of Supervisor Lackey, seconded by Supervisor Weakley, the Madison County Board of Supervisors adopted tonight's Agenda, with the following vote recorded:

J. Dave Allen	Aye
Doris G. Lackey	Aye
Jerry J. Butler	Aye
Pete J. Elliott	Absent
Jonathon Weakley	Aye

Chairman Early called for a motion from the Madison County School Board to amend tonight's Agenda to include discussion of the CIP.

After discussion, on motion of Board Member, James Nelson, seconded by Board Member, Doreen Jenkins, the Madison County School Board voted to amend tonight's Agenda to include discussion of the CIP, with the following vote recorded:

Jeffrey Early	Aye
James Nelson	Aye
Doreen Jenkins	Aye
Martin Boone	Aye
Tonya Taylor	Aye

Chairman Allen called for a motion from the Madison County Board of Supervisors to amend tonight's Agenda to include discussion of the CIP.

After discussion, on motion of Supervisor Lackey, seconded by Supervisor Weakley, the Madison County Board of Supervisors voted to amend tonight's Agenda to include discussion of the CIP, with the following vote recorded:

J. Dave Allen	Aye
Doris G. Lackey	Aye
Jerry J. Butler	Nay
Pete J. Elliott	Absent
Jonathon Weakley	Aye

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Presentation from Energy Systems Group (Energy Performance Products):

Dr. Matthew Eberhardt advised that Patrick Pettit of Energy Systems Group is present tonight to provide an overview of energy management projects.

Patrick Pettit, Business Development Manager for of Energy Systems Group, proceeded to provide a full review of services offered to assist with energy management projects.

Goals discussed included:

a) Gaining a working knowledge of performance contracting;
b) Performance contracting versus traditional design/bid/build projects;
c) Determining if Madison County Schools is a candidate for performance contracting;
d) Defining performance contracting;
e) Discussion of funding strategies;
f) Comparison guidelines;
g) Checklist (for performance contracting);
h) Overall performance contracting process;

Mr. Pettit advised that the project approach will be one that will provide energy savings and reduce costs and energy usage, and also provided information on funding strategies for performance contracting. Additionally, he advised there is a lease-purchase agreement in which and the company will guarantee savings to offset any shortfall, and everything can be financed under one contract. As with any project, there are usually unforeseen conditions; therefore, a contingency fund is built in to handle any change orders that may arise throughout a project and the risk will be absorbed by the company and not the client.

Furthermore, Mr. Pettit advised that Madison County is a good candidate for performance contracting as there are several:

a) Aging buildings and equipment;
b) Budget constraints;

Mr. Pettit explained the difference between an “RFQ” (i.e. request for quote) and an “RFP” (i.e. request for proposal) and the definition of a ‘walk away fee’ (i.e. negotiated fee).

In summary, he advised that many of the County’s facilities are in need of upgrades, and performance contracting is a project approach whereby the energy savings realized pay for the upgrades and is also a superior delivery method compared to a design/bid/build approach.

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Supervisor Butler questioned the amount of contingency percentage that will be required for any type of project and whether a savings of twenty-five percent (25%) to thirty percent (30%) can be based entirely on the County's HVAC project.

Mr. Pettit advised the amount will vary and is dependent upon the complexity of the project; however, the risk will be on the ESCO, as the ESCO only acquires a savings if the client saves.

Board Member, Martin Boone asked for an explanation of the project financing structure, as he had concerns about this being a burden on the local school system.

Mr. Pettit advised the company employs financial gurus who shop the best possible rate and attain financing from an array of lenders and then move toward establishing an escrow account to pay down the project. In closing, he advised that customers can also acquire their own financing if they desire.

Chairman Early asked about the difference between lease-purchase and a construction loan.

Mr. Pettit advised that lease-purchase projects aren't considered as a 'debt' on the schools' financial record, whereas a construction loan would be.

Teresa Miller, Finance Director, clarified that lease-purchase items are still treated as a debt service from an auditing standpoint.

Board Member, Tonya Taylor questioned the diagram that denoted an overlap between design and construction.

Mr. Pettit provided a schematic design and advised the numbers present are firm.

Supervisor Lackey verbalized concerns that an RFP doesn't always specify the type of equipment that a contractor will use and this information usually isn't advised until after they're hired.

Mr. Pettit explained that the idea of savings is generated based on the price of an overall project.

Supervisor Weakley questioned preventative maintenance and whether the firm will provide this, as well as auditing services to ensure there is a definitive savings.

Mr. Pettit advised the aforementioned request will be provided and denoted as a part of the exact details of the contract. In closing, he advised that all equipment purchased for a project must be properly maintained to ensure future savings on the part of the client,

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as it is anticipated the client will care for the system as one would do within their own home.

Mr. Boone questioned the pros and cons of an RFP versus an RFQ and whether there were any risks involved.

Mr. Pettit advised that an RFP takes time, but an RFQ actually saves time. In closing, he advised that all potential ESCO's must review everything and time is of the essence; therefore, an RFQ's will probably work best.

Supervisor Butler questioned whether the 'owner' has control over the selection of equipment, and if so, how would the County know what brand to select, as there are no experienced personnel on hand to make these types of decisions.

Mr. Pettit advised that the company relies on its operational staff and project managers to work with the best vendors.

Supervisor Lackey asked whether Energy Systems Group has a 'parent company', to which Mr. Pettit advised is Vectrem Utilities, Inc. located in Evansville, Indiana.

Supervisor Weakley asked for examples of the anticipated impact.

Mr. Pettit explained that the company looks at buildings and ways to generate future savings from lighting, HVAC, etc.; however, he advised that replacement windows don't offer a very good cost savings return in the long run.

Chairman Allen advised there are two (2) major school projects (i.e. $2,400,000.00 and $2,500,000.00 [HVAC and electrical]) and he questioned if such projects include many replacement items.

Mr. Pettit advised that he could take a look at the threshold and determine what areas that performance contracting could be a good benefit and what part would be used to base the contract savings. In closing, he advised the company can only do performance contracting on utilities, as replacement wiring doesn't provide an energy savings, but the equipment does.

Chairman Allen if lighting and HVAC are both replaced, which is used to base a cost savings.

Mr. Pettit advised that savings generated from equipment that is installed is all that can be claimed as a cost savings.

Chairman Early asked if the fee would be based on an evaluation of the savings.

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Board Member, Martin Boone questioned whether the low bidder is generally attained when equipment is being purchased.

Mr. Pettit advised that projects for equipment are done by bid; however, with performance contracting, the lowest bidder for equipment doesn't necessarily get selected, but is the case if a project is done by design/bid/build guidelines.

Concerns were also verbalized as to whether the aforementioned factor would include hybrid formula models, to which Mr. Pettit advised that these types of projects don't necessarily have to be awarded to the low bidder.

Supervisor Weakley questioned as to whether a project manager will be on site during construction, to which Mr. Pettit advised is correct and the individual will be required to 'sign in' and 'sign out' at the site.

Chairman Allen asked if the County could be provided with an exact amount rather than an initial assessment on a project.

Mr. Pettit advised that the range will be between fifteen to twenty percent (15%-20%); however, a comprehensive audit will need to be implemented.

Mr. Pettit also advised that the firm selects an ESCO by the interview process.

Mr. Boone questioned what resources are utilized to determine a comparison of companies who provide these services, to which Mr. Pettit advised the Department of General Services and the Department of Mineral & Energy are consulted for information.

In closing, members of both governing Boards thanked Mr. Pettit for tonight's presentation and general information.

Discussion of Supplemental Appropriation Request:

Dr. Eberhardt provided an overview of the school system's supplemental appropriation request for $425,000.00, along with a printed adjusted summary of school funding.

Supervisor Butler questioned what amount of funding would be placed into the school's personnel line item in the event the $425,000.00 was pushed into next year's budget.

Dr. Eberhardt advised that the $425,000.00 must be expended by June 30, 2012, and that local dollars aren't categorized into any positions. In closing, he advised the revenue stream flows into the instructional category.

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Supervisor Butler commended on a possible $700,000.00 budget shortfall in the area of comprehensive funds.

Supervisor Lackey questioned how the school system can account for the spending of $350,000.00 if these funds haven't already been utilized.

Ms. Cropp, provided a brief summary of the guidelines involved for the utilization of federal dollars and that the school system hasn't sought reimbursement for the amount of $350,000.00.

Dr. Eberhardt also advised that by law, the school system can only spend up to $350,000.00. Additionally, he advised that local and state dollars weren't separated in the past and that the school system can seek reimbursement for the $200,000.00 that is placed in the 'ed job fund for basic aide.

Concerns were verbalized by members of the Madison County Board of Supervisors that the funds being discussed don't need to be expended until next year.

Supervisor Weakley advised there is $225,000.00 in a contingency fund for the school systems, and questioned what these funds would be utilized for.

Dr. Eberhardt advised there was some earthquake damage to the brick on the front of the gymnasium at the Wetsel Middle School; although these funds are in the school's budget, the repairs are needed and could be accommodated by using the aforementioned funds.

Supervisor Weakley questioned whether these funds could be supplanted.

Supervisor Butler questioned whether there was a deadline on repairing earthquake damage and whether anything has been done to date.

Allan McLearan, Superintendent of Administration, advised there is no coverage for earthquake damage and that the damage sustained was minimal.

Dr. Eberhardt advised that the school system would like to submit a reduced request for an appropriation to the school board in the amount of $225,946.00.

Chairman Allen advised that the request submitted by the school system for $425,000.00 hasn't been withdrawn; however, the school system can submit a new request for the aforementioned reduced amount.

The County Attorney advised that no action has yet been taken on the part of the Madison County Board of Supervisors, and that it appears there is a 'carryover' of $200,000.00 in local dollars for the school system. In closing, he questioned if there was

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a way to use these federal dollars to replace local dollars in FY2012, and whether instructional funding could be returned to the County.

Dr. Eberhardt advised the $200,000.00 will be returned to the County's general fund.

Supervisor Butler questioned whether the school system has established a funding estimate based on the changes to the composite index, to which Dr. Eberhardt advised has been relayed onto the school board members.

Supervisor Lackey asked that Dr. Eberhardt address what he anticipates as 'essential work' needed for the school facilities and relay the information onto the Madison County Board of Supervisors

After discussion, the following was provided:

		HVAC/Electrical	Roof
a)	MCHS	$2,500,000.00	$500,000.00
b)	WMS	$2,400,000.00	$600,000.00
c)	MPS	$1,000,000.00	$500,000.00

Board Member, Tonya Taylor, questioned whether the HVAC repairs include replacing windows, wiring upgrades and lights, to which Dr. Eberhardt advised, were included along with surge issues discovered at the Waverly Yowell Elementary School.

Dr. Eberhardt also advised that he feels an ESCO can provide input or the County take the figures provided by Crabtree, Rohrbaugh, Inc. and have some experienced in this area compose an RFP.

The County Attorney questioned whether there have been any thoughts about utilizing geothermal equipment; however, it was advised that this type of equipment was cost prohibited.

Ms. Taylor also questioned whether grant funding is still available.

Chairman Early advised that the school system wants to spend as efficiently as possible.

Dr. Eberhardt advised that cameras were utilized to check all the pipes and everything was in good condition.

Board Member, Jim Nelson commented on health and safety issues denoted at the school facilities and also questioned whether keyless entry and video could be sought for the entrances. In closing, he suggested the County move forward.

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Supervisor Lackey also verbalized concerns that teachers don't have direct access to the principal's office at the high school.

Concerns were also verbalized among the members regarding ADA requirements and a low flow piping system.

With no further discussions being brought forth, the members of the Madison County School Board thanked the members of the Madison County Board of Supervisors for attending tonight's joint session.

Adjournment:

With no further action being required by both local governing Boards, on motion of Board Member, Jim Nelson, seconded by Board Member, Doreen Jenkins, Chairman Early closed the joint session of the Madison County School Board.

On motion of Supervisor Lackey, seconded by Supervisor Weakley, Chairman Allen closed the joint session of the Madison County Board of Supervisors, with the following vote recorded:

J. Dave Allen	Aye
Doris G. Lackey	Aye
Jerry J. Butler	Aye
Pete J. Elliott	Aye
Jonathon Weakley	Aye

_____
J. Dave Allen, Chairman
Madison County Board of Supervisors

_____
Jacqueline S. Frye, Acting Clerk for the Board

Date Adopted by the Board: _____

Copies: J. Dave Allen, Doris G. Lackey, Jerry J. Butler, Pete J. Elliott, Jonathon Weakley, V. R. Shackelford, III & Constitutional Officers

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