

**EXHIBIT C - ESCO PROJECT IMPLEMENTATION MAXIMUM PERCENTAGES**

ESCO:

Fiscal Year:

The Colorado Energy Performance Contract (EPC) Program requires open book pricing. Energy Service Companies (ESCOs) should be prepared to present direct costs and quotes to their clients as part of the project proposal development.

This fillable form provides the Colorado EPC Program, its clients, and its pre-qualified ESCOs with standard investment grade audit pricing details. Certain information is required of pre-qualified ESCOs, and other information is determined at specific steps during EPC project development.

Each ESCO identifies the maximum percentages it will charge any Colorado EPC Program client during the Colorado Energy Office (CEO) As-Needed ESCO contract year. The CEO maintains those maximum percentages as confidential competitive information.

Important note: Any individual category costs, whether ESCO-direct or purchased from contractors, vendors, material providers, etc., shall not include markups or profit. All ESCO profit shall be presented in profit line.

Please refer to the information below the table for each term's definition.

## PROJECT IMPLEMENTATION ESTIMATES TABLE

| **Project Implementation Factors** | **Maximum Percentages** |
| --- | --- |
| **Pre-Construction Costs** | Category Title |
| Design and Other Engineering |  |
| Pre-Construction Services |  |
| Other Pre-Construction Costs |  |
| **Pre-Construction Cost Subtotal** | See EPC Project Development report |
| **Construction Costs** | Category Title |
| Trade Subcontracts | See EPC Project Development report |
| Design/Build Subcontracts | See EPC Project Development report |
| Direct Purchase Equipment | See EPC Project Development report |
| Construction Management |  |
| Project Engineering |  |
| General Conditions |  |
| Construction Completion |  |
| Other Construction Costs |  |
| **Construction Cost Subtotal** | See EPC Project Development report |
| **Implementation Costs Subtotal** | See EPC Project Development report |
| Profit |  |
| Estimated Project Amount | See EPC Project Development report |
| Contingency |  |

## DEFINITIONS

**IMPLEMENTATION COSTS**

Implementation Costs for the project includes all the Pre-Construction Costs and the Construction Costs as explained later in this document. The cost includes training, commissioning, and any other applicable task as listed in the Closing the Project section of the Office of the State Architect’s Basic Steps Checklist Design/Bid/Build Projects document. The cost does not include any measurement and verification, any post acceptance warranty work, or other follow-up tasks.

## PRE-CONSTRUCTION COSTS

Pre-Construction Costs are all costs (except for costs contained in the Investment Grade Audit, or IGA, agreement) which are required prior to commencing construction of all measures in the Energy Performance Contract project.

Costs presented for ESCO-direct work shall not include profit. Profit for the project shall be identified in the profit line item in the ESCO Cost Estimate Summary.

### Design and Other Engineering

Design and other engineering includes all professional architectural and engineering costs required to design and specify projects to be installed as part of the Work. If design work is completed in-house, this includes burdened labor associated with design of measures included in the EPC. If design work is subcontracted to a professional firm, this is the quoted cost from the firm plus burdened labor from ESCO energy engineers to oversee and direct the design services. Design and other engineering services include applicable code review costs. Any non-billable time or non-engineering supervision of engineers associated with engineers and design efforts will be included in the Other Pre-Construction Costs category.

Energy engineering is all energy modeling, energy savings calculations and any additional energy engineering costs that were not accounted for in IGA costs. Costs include burdened labor, any non-billable time for energy engineers, supervision of energy engineers or other support, training costs for energy engineers shall be included in the Other Pre-Construction Indirect Costs category.

### Pre-Construction Services

Pre-construction services include both construction management as well as project development services.

To coordinate and bring together many complex technical details and present such proposal to the client the ESCO's may employ business development representatives, project developers, or other resources that act as the key contact between the client and the ESCO. This line item includes all burdened labor, commission, and any other direct cost associated with presenting the best information to the client in an understandable format.

As an additional level of coordination, ESCOs may utilize a construction manager prior to construction of projects to solicit bids for final construction and help review designs to ensure constructability. This cost includes all the burdened construction manager costs associated with these efforts, if applicable.

### Other Pre-Construction Costs

Site visits and client meetings are necessary before construction to ensure designs and equipment meet customers’ needs and fit project objectives. Other Pre-construction Costs may include but are not limited to administrative support, legal review, accounting services, printing, copying, binding, office supplies, business travel, business meals and supervision of project development staff.

### Pre-Construction Cost Subtotal

Pre-construction Cost subtotal is the total of all the early work prior to construction as describe above. The total is determined at the end of the audit and presented to the client in the EPC Project Development report.

## CONSTRUCTION COSTS

For any components in this category that are directly purchased by the ESCO, such as from subcontractors, vendors, and material providers, to complete the Work, the costs presented shall not include any ESCO markups or profit. Costs presented for ESCO-direct work shall not include profit, as profit for the project shall be identified in the profit line in the ESCO Project Implementation Maximum Percentages table. ESCOs should be prepared to present direct costs and quotes to the client through open book pricing.

### Trade Subcontractors

Trade subcontractors are construction contractors that are mutually selected by the ESCO and Client and subcontracted directly to the ESCO. These subcontractors are selected by the ESCO from bidding on specifications developed by the ESCO. Such subcontractors may include lighting contractors, sheet metal contractors, piping contractors, electricians, plumbers, carpenters, controls contractors, and other trade contractors as necessary to complete the Work.

### Design-Build Subcontractors

Design-build subcontractors are construction and design contractors that are subcontracted directly to the ESCO, with Client participation in the selection. Design-build subcontractors act as their own design agent and finalize the design of the Work Product to be installed. Such subcontractors include lighting contractors that complete their own audit and design; mechanical contractors that coordinate all their own electrical, sheet metal work, piping and other support work; specialty contractors like pool cover vendors, and other specialty contractors necessary to complete the Work, are included in this category. The design-build subcontracts work is completed through the ESCO, with the ESCO approving all drawings specifications prior to construction, and with the ESCO taking responsibility for the performance of the design-build subcontractors.

### Direct Purchase Equipment

Any equipment that is directly purchased by the ESCO is included in this category.

### Construction Management

Construction Management includes the ESCO burdened labor cost of a construction manager and site superintendent directly supporting the implementation effort required and to oversee and coordinate subcontractors on the project, as profit for the project shall be identified in the profit line item of the estimate summary.

### Project Engineering

During construction, ESCO’s design engineers or contracted professional firms may make periodic inspections of work and support the construction manager with engineering analysis of required field modifications. This cost includes the burdened cost of engineering labor or quoted subcontract design services to support the construction manager in this effort.

### General Conditions

General Conditions may be required on larger and longer-term projects. General conditions may cover miscellaneous non-staffing costs directly related to the project, such as job trailer, trailer office equipment, temporary utilities, permanent utility connection fees, barriers/security fencing, scaffolding, equipment rental, site guards, cleaning and trash and recycling dumpsters. Again, costs for General Conditions shall not include markups of profit, as profit for the project shall be identified in the profit line item in the ESCO Project Implementation Maximum Percentages table.

### Construction Completion

The following items are known tasks necessary to complete the construction phase of a project.

#### Commissioning

At the completion of the construction, the ESCO shall complete pre-functional and post-functional tests of all installed measures to ensure proper operation. This work is normally completed by commissioning agents. If this scope is completed by ESCO employees, it includes the burdened cost of commissioning staff. If this scope is outsourced to a commissioning firm, this cost includes the turnkey cost to provide the necessary commissioning services.

#### Construction M&V

At the completion of construction, the ESCO shall complete the measurement and verification of installed equipment to verify post-retrofit energy efficiency and operation. This effort is necessary to ensure systems will meet the guaranteed energy savings and start the Measurement & Verification (M&V) Services phase. If completed by ESCO staff, this cost shall include burdened labor of Measurement & Verification Engineers. If completed by an external M&V agency, this cost includes the turnkey cost to provide necessary measurement & verification services.

#### O&M Manuals

At the completion of projects, the ESCO is required to provide complete Operation and Maintenance (O&M) Manuals to the client to allow for quick reference to written documents to provide sufficient maintenance to installed equipment. O&M manuals shall include necessary as-built architectural or engineering drawings. The cost to prepare most operations and maintenance raw materials should be included in the relevant subcontractor costs above. This cost is to combine all subcontractor-provided material into single O&M Manuals; print, copy, bind and deliver both printed and electronic copies to the client.

#### Training

Training may be provided by subcontractors; if so, training costs will be included in their subcontractor bid. However, if the ESCO plans to provide training to the client, the burdened labor cost for such training shall be included in this line item. In addition to labor, this line item may include formal classroom training, training videos, online training programs, and other training efforts that include labor and materials required to provide necessary training to the client. This line item cannot be a repeat of training provided directly by subcontractors in subcontractor costs. Training labor may be utilized to supervise and coordinate subcontractor training sessions with the client.

####  Other Construction Costs

Site visits and client meetings are necessary at the conclusion of construction to ensure the project has been completed properly before the client signs final acceptance notification. Such items as administrative support, legal review, accounting services, printing, copying, binding, office supplies, business travel, business meals and supervision of staff are all considered acceptable post-construction indirect costs. Other construction costs may include:

#### Permits

Construction is completed in various jurisdictions requiring compliance with jurisdictional codes. ESCO's must pay code reviewers to review design drawings, and render decisions on designs meeting code. In addition, the ESCO must apply for and receive any necessary construction permits based on designs and code review. These line items include all costs associated with paying code reviewers and application fees and inspections fees for such permits. This line item does not include design fees or engineering labor to work with code officials or submit permit applications. These burdened labor fees shall be included in the engineering and/or construction management categories listed above.

#### Insurance

ESCOs may be required to possess various levels of Builder's Risk Insurance, Automobile Liability Insurance, Professional Liability Insurance, and other General Liability Umbrella policies. This line item shall include an average amount of insurance that would be attributed to this project. Worker's Comp Insurance is not included in this line item and shall be included in the appropriate burdened labor cost categories.

#### Performance & Payment Bonds

All ESCOs are required to bond the performance and payment of all work by a reputable surety approved for such work. The cost of the performance and payment bond shall be included in this category for the anticipated amount of work to be completed without expending contingency funds. If contingency funds are expended, any increase in bond cost must be included with contingency cost expenditure proposals.

#### Warranty Labor

Warranty labor is the burdened labor cost associated with time anticipated to be expended by ESCO staff in supporting their direct purchase equipment warranties; and/or equipment provided by subcontractors. All actual warranty replacement costs shall be included with the three line-items above and shall not be included in this line item.

### Construction Cost Subtotal

The construction cost subtotal is the total of all the work associated with construction to final acceptance of the work. The total is determined at the end of the audit and presented to the client in the EPC Project Development report.

### Implementation Costs Subtotal

This is a subtotal of all the implementation cost expended by the ESCO to complete the Work for the client. No profit can be included in this subtotal for the ESCO or any close affiliate, parent, or subsidiary entity belonging to the ESCO. The client is entitled to audit or request as part of any pay application all costs included in all cost categories to ensure that all costs can be accounted for within standard Generally Acceptable Accounting Principles (GAAP).

## PROFIT

The anticipated, but not guaranteed, gross profit associated with the project.

## ESTIMATE PROJECT AMOUNT

The estimated project amount is the Pre-Construction, Construction, and Profit associated with the construction project.

## CONTINGENCY

The project contingency is the asset of the Agency, and is held in escrow or encumbered, with the project total financed funding. As part of the project’s overall budget, it is co-managed by the Agency and Contractor. The intended purpose of the project contingency is to provide funds for unforeseen elements of the scope of work, which may become known only after implementation of the scope of work has begun. The Contractor will identify any unforeseen scope of work items, as well cost impact for those unforeseen scope of work items, to the Agency for review and approval prior to any of the project contingency being spent. Contractor will maintain an on-going record of the project contingency throughout the project. If, once all the contracted scope of work has been completed or is nearing completion and there are project contingency monies remaining the Contractor will work with the Agency to determine the best use of the remaining funds. One option is for the Agency to consider additional energy conservation or capital improvement measures for implementation utilizing the remaining contingency dollars. Contractor and Agency will work together to review the potential added measures with the finance company to assure that the potential added measures are acceptable to the finance company.

## TOTAL FUNDED AMOUNT

The Total Funded Amount includes all costs associated with the EPC including IGA Costs, Estimated Project Amount, and the Contingency.