

SPECIAL REPORT * Community college district awarded \$10.7-million construction contract designed to save money on utility bills. But as lack of competitive bidding is criticized . . .

Questions Cloud Project

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Because the calculations do not account for the present value of money, the estimate of savings the project is supposed to generate is larger than it would otherwise be.

Moreover, the contract projects energy savings of about 40% from what the district is currently paying on utility bills, even though air-conditioning is being added to about nine buildings, Coxsom said.

<http://articles.latimes.com/1999/dec/19/local/me-45543/4>

That is a relatively large, though not unknown, savings rate: "If I see someone saving 40%, I get nervous," said one Northern California-based energy consultant who asked not to be identified.

"Forty percent is a lot, and all our projects don't save that much," said Coxsom. But he said the City College project is exceptional because the college had been using such highly inefficient equipment, including outdated air conditioners, and a high-pressure steam system that provides heat.

City College officials praised Viron's work despite the controversy. The college had a critical need for air conditioning, which Viron has made possible, said President Mary Spangler.

Spangler added that she was under the impression that a sole-source contract was warranted because Viron was the only company that could do the type of work involved.

In fact, Viron is just one company in the highly competitive field of energy-services performance contracting.

One potential competitor, Siemens Building Technologies Inc., is sufficiently piqued by Viron's arrangement with the district that it sent its representatives to a trustees meeting recently, asking to be allowed to compete for future projects.

For the moment, Drummond has put a halt to any expansion of Viron's role with the district. An apparent addition of \$6.7 million worth of work to Viron's City College contract without bidding was pulled from a board of trustees agenda in November.

And while Viron has made presentations to other community college district campuses to do similar work, Drummond said he favors screening competitors before any new contracts are awarded.

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Cash-Strapped Colleges Turn to Businesses for Energy-Saving Deals

By Scott Carlson

Six years of hassle and headache came to an end with the swipe of a pen at the University of Kansas in January. In 2003 the university signed an \$18-million deal with a company, which was soon acquired by Chevron Energy Solutions, to install energy-efficient windows, lights, ventilation systems, and other conservation measures on the campus.

"They guaranteed us a million a year in energy savings," says Donald W. Steeples, senior vice provost for scholarly support. That money would be used to pay off the bond the university had taken out for the work. Unfortunately, he says, "we were getting about half that."

Each year that followed, the two parties held lengthy negotiations over the missing \$500,000 and how large a check Chevron should write. "We would end up arguing every year over every little thing we do that would affect our energy usage, positively or negatively," Mr. Steeples says. Finally, this year, the university and Chevron hammered out an agreement: The company will pay the university \$400,000 a year for the next 12 years, no questions asked.

<http://www.encyclopedia.com/doc/1G1-131702452.html> below

Chevron Energy Solutions, a ChevronTexaco subsidiary, today announced that it has acquired the non-federal business of Viron Energy Services (Viron) from CMS Energy. Viron is one of the oldest energy engineering firms specializing in performance contracting in the U.S. The acquisition significantly enhances Chevron Energy Solutions' capabilities in performance contracting, particularly in the education and state and local government markets, where Viron has secured hundreds of contracts.