

Valued Owner's Representation



CONSULTING, INC

TAX, LLC

Agenda

- Who's talking
 - Quick Speaker bios
 - Professional background
- The world of owner's reps
- Common owner's *mis*-representation
- The project lifecycle
 - Planning, development, & funding
 - Implementation & procurement
 - Operate & maintain
- The value of a *team* of experts
- Value from 4 corners (planning, funding, procurement, execution)
- Q&A (or as we go)

Who We Are

- Mike Piper, Partner, ICS Consulting, Inc. and CEO, ICS Tax, LLC
 - 13 Years experience in energy services, construction, and project finance
- Scott Johnson, Principal, ICS Consulting, Inc.
 - 25 Years experience in construction industry
 - Co-founder of ICS Consulting, Inc.

Who We Are

- ICS Consulting, Inc.
 - We provide customized planning and project-related consulting, management and owner representation services – integrating the intricate processes of planning, funding, design, construction and ongoing facility operations
 - Founded 2006
 - Staff of 40+ comprised of engineers, architects, energy engineers, finance, accounting, and professional project management

Owner's Representation

- *Typically* 3rd party retained to oversee project planning, development, construction, and closeout process
- Ensures owner's interests are protected
- More common on public and non-profit projects
- Growth trend parallels overall construction market
 - Need for more efficiency due to saturation of projects
 - Hiring market unstable for owners and project team members
 - Experience
 - Capacity

Owner's Representation: Common **Mis**-Understanding

- Owner's rep doesn't need to be involved the pre-construction and construction process
- Owner's rep serves as the general contractor / revenues construction contracts
- Owner's rep is there to ensure other parties "make no money" – yes, we've actually heard this

So What is **VALUED** Owner's Representation?

- 3rd Party ensures owner's interests are protected
- Collaboration ensures successful project outcome for ALL parties
- Begins in the needs assessment and planning phase
- Defines parameters and expectations clearly so everyone knows what they are getting into
- Bringing additional cost efficiency to a project
- Knowing requirements and regulations
- Continues into closeout/occupancy to ensure ongoing operation is sustainable

OPERATE + MAINTAIN

Efficient plans and processes must be developed and implemented to ensure that the life of the facility and its systems is maximized, and so that the facility enhances use by occupants. Obtaining, maintaining, and managing facilities-related information can be a time-intensive task.

IMPLEMENT

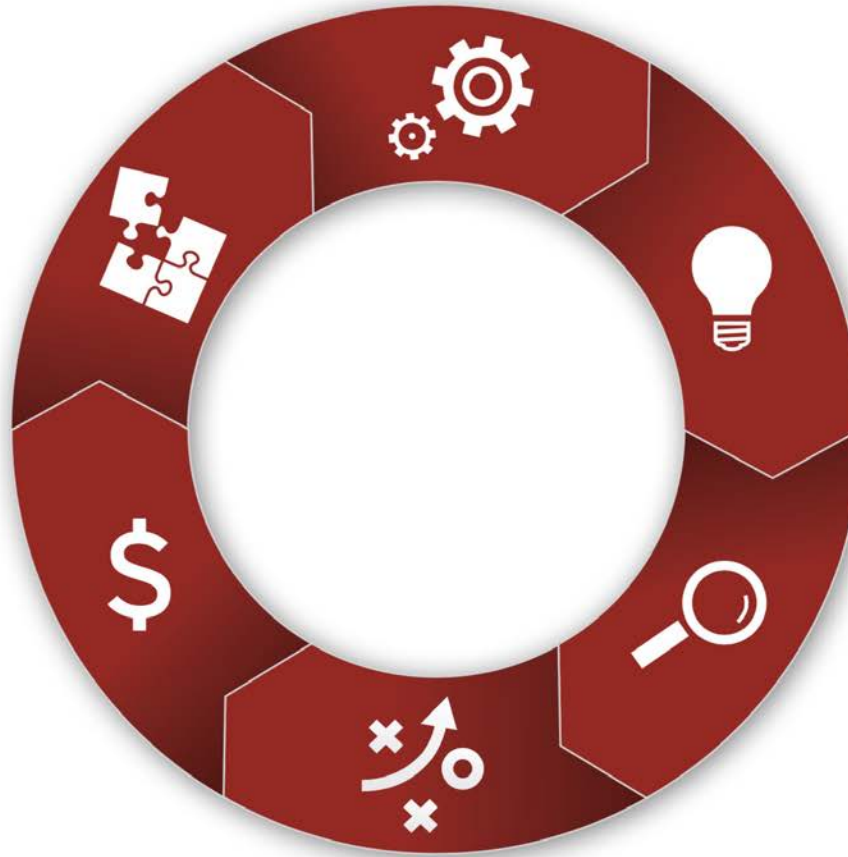
Planning, organization, communication, coordination and maintaining control are the key functions necessary to ensure a successful project outcome. Customized delivery and implementation strategies that are tailored to meet the specific needs of a project will ensure successful and cost effective outcomes.

FUND

Facility-related needs can be addressed and financed in many ways. Careful evaluation of all potential funding mechanisms and strategies prior to implementing solutions is critical to ensuring efficient use of financial resources.

PLAN

Efficient management of facilities requires looking at both short-term and long-term needs. Developing and maintaining a detailed facilities plan that is both comprehensive and dynamic is the most effective strategy to achieve this task.



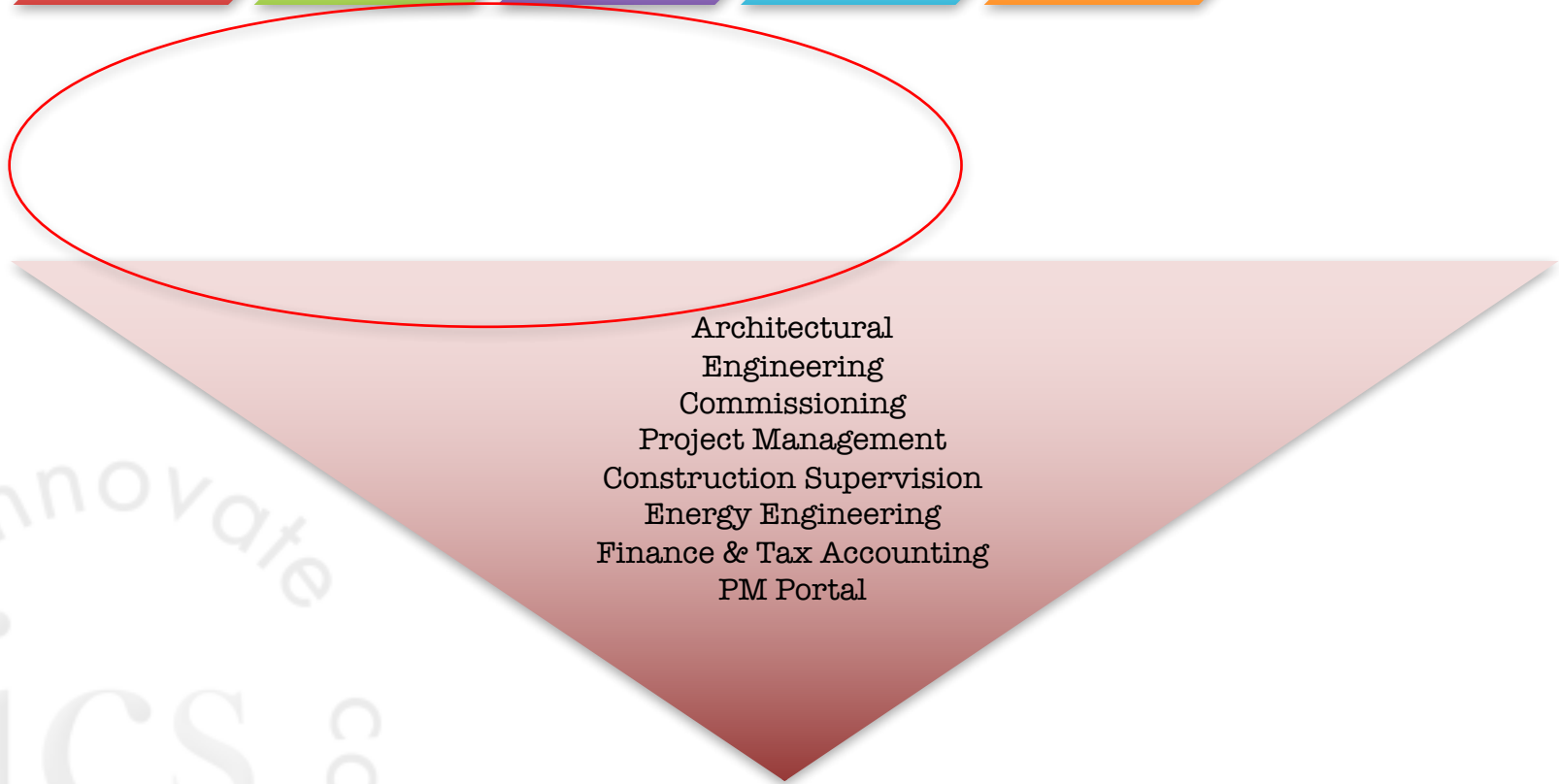
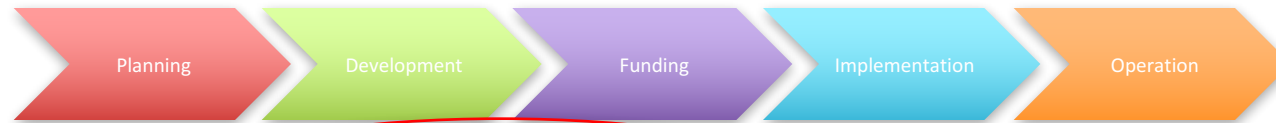
NEED

Both planned and unplanned issues and needs are common elements that arise in day-to-day facility operations. The key is to transition strategies to address these needs from reactive to proactive in an effort to reduce costs and minimize potential disruptions for occupants.

ASSESS

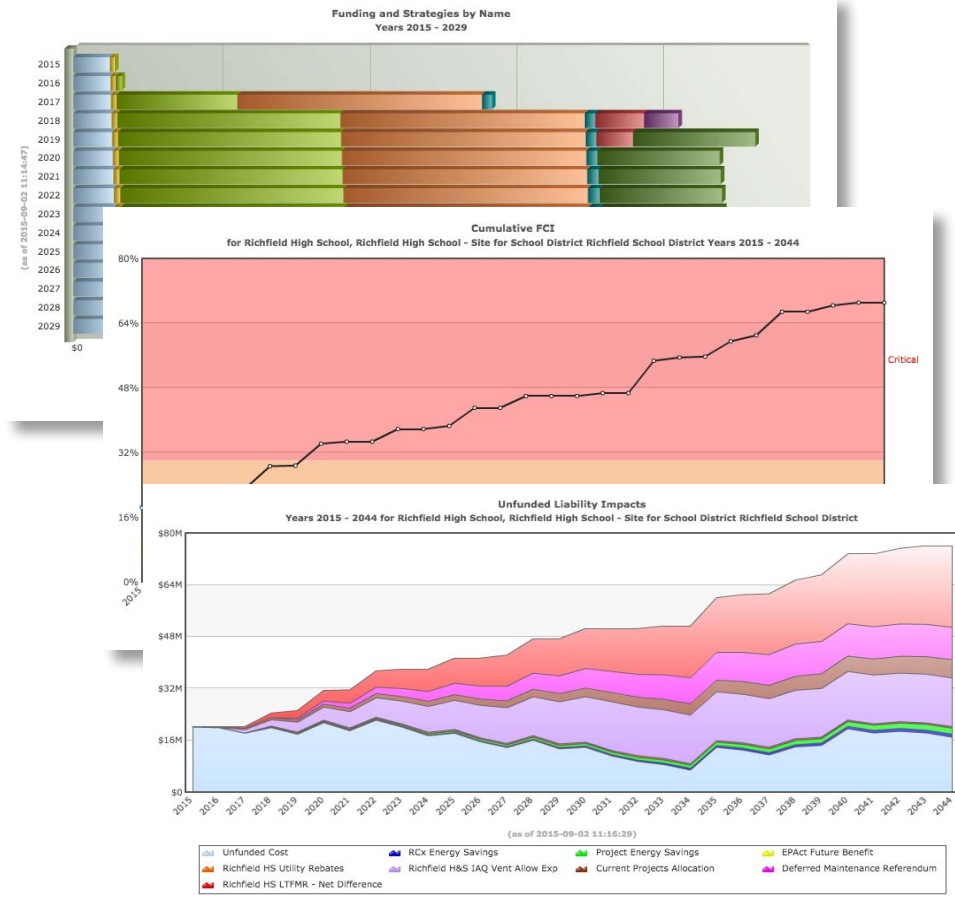
One of the most critical keys to addressing facility issues is to accurately and efficiently assess needs, and to develop and evaluate all potential alternatives prior to implementing a solution.

A Multi-Disciplined Approach



Planning & Development Phase

- Identify Needs
 - Physical – deferred maintenance, equipment replacement, etc.
 - Programmatic – is the space suitable for current use
 - Financial – cost of operation becoming prohibitive
 - Facility Condition Index
- Assess & Plan
 - Evaluate alternative solutions
 - Establish timelines and budgets
 - Stakeholder input



Planning & Development Phase

- Find the right team
 - Know current workload
 - Specialties and "good fit" for the project
 - Personalities and company approaches
- Design and constructability review
 - Cost estimating at each stage of design
 - Lifecycle and operational cost analyses
 - Systems, components, materials
 - Good fit? Availability? Pricing? New Technology?

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011	Chilled water system	Drawings and sequence of operations do not indicate flow switches for air cooled chillers, these need to be shown on drawings, schematics and sequence of operations.	
012	Chilled water system	Tube bundle pressure gauge not shown on air cooled chillers. This is important to have for flow verification of chiller bundle during start up, commissioning and future trouble shooting of chilled water system.	

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Commissioning Design Review

Date: Aug. 19, 2015
Project: Rushford Peterson Schools
Project No.: 5084
Reviewed by: Dana Fontaine
 Patrick Schaefer
 Andrew Terveer
Engineering Firm of Record: ATS&R
Submittal/Phase Reviewed: 100% CD Mechanical Review

The following comments are intended to identify Commissioning-related issues as they pertain to constructability testability, control, energy efficiency, maintainability, and user operability. No design direction is inferred or implied. Engineer-of-Record maintains all responsibility for the intent of the design as identified by the contract documents.

Item No.	Dwg./ Spec.	Comment	Response
001	All HVAC Drawings	Drawings indicate grilles to be balanced at face grille, recommend providing separate manual volume damper.	
002	All plumbing	No overall domestic water riser diagrams shown, only typical.	
003	All plumbing	No overall sanitary and vent riser diagram shown, only typical.	
004	All Plumbing	Recommend showing CBV valve at start of recirculation loop and note GPM to set at for balancer in lieu of downstream. This should	

Funding Analysis Phase Objectives

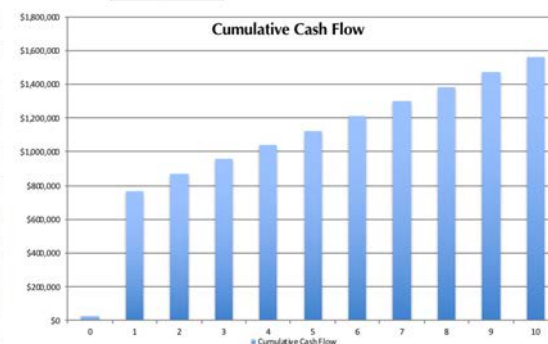
- Increase overall value of project
 - Reduce cost while maintaining quality
 - Increase efficiency of long-term operation
- Maximize alternative funding (cost offsets)
- Minimize capitalized expense
- Identify and establish financial objectives
 - Return on Investment (ROI), Simple Payback Period (SPP), Average Rate of Return (ARR), Hurdle rate, etc.
- Project financing options

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Client: MN TWINS Baseball Club
Project: Phase 1 2014.1
Table: Financial Analysis & Cash Flow
Scenario: Scenario 1

ROI	19%
NPV	\$1,124,795
SPP	0.4

Cash Flow Inputs	
Project Cost:	\$408,608
Others Project Cost:	\$4,500
Utility Rebate:	\$10,000
Reinvestment Project Costs:	\$0
Net Project Cost:	\$403,108
Additional Costs:	\$0
Total Net Project Cost:	\$403,108
Tax Add'l Cash Year 1:	\$1,071,396
Annual Utility Savings:	\$75,000
Annual Maint. & Repair Savings:	\$0
Annualized Cost Avoidance:	\$0
Financing Term (years):	1
Net Interest Rate:	0.00%
Payments Per Year:	1
MAV Set Up Cost:	\$0
Annual MAV Cost:	\$0
MAV Start / End Year:	0 / 0
Utility Savings Escalation:	4.3%
Year '0' Utility Savings:	11.0%
QAM Savings Escalation:	3.3%



YEAR	0	1	2	3	4	5	6	7	8	9	10	TOTAL
CASH OUTFLOW (ESTIMATED PAYMENTS):												
Estimated Principal:	\$0	-\$403,108	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$403,108
Estimated Interest:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Estimated Payment:	\$0	-\$403,108	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$403,108
Accumulated Payments:	\$0	-\$403,108	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$403,108
CASH INFLOW (ESTIMATED SAVINGS):												
Total Utility Savings:	\$24,750	\$75,000	\$78,150	\$81,432	\$84,852	\$88,416	\$92,130	\$95,999	\$100,011	\$104,232	\$108,610	\$933,604
Total Maint. & Repair Savings:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Annualized Cap Cost Avoid:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
After Tax NPV:	\$0	\$1,071,396	\$23,811	\$7,486	-\$2,565	-\$3,733	-\$3,420	-\$10,364	-\$17,407	-\$17,303	-\$15,919	\$1,031,902
Total Annual Savings:	\$24,750	\$1,146,396	\$101,961	\$88,919	\$82,288	\$84,683	\$88,709	\$85,635	\$82,544	\$86,929	\$92,691	\$1,965,506
Accumulated Savings:	\$24,750	\$1,171,146	\$1,273,107	\$1,362,026	\$1,444,314	\$1,520,997	\$1,617,706	\$1,703,342	\$1,785,886	\$1,872,815	\$1,965,506	XX
NET CASH FLOW												
Annual Cash Flow:	\$24,750	\$743,288	\$101,961	\$88,919	\$82,288	\$84,683	\$88,709	\$85,635	\$82,544	\$86,929	\$92,691	\$1,562,398
Cumulative Cash Flow:	\$24,750	\$768,038	\$869,999	\$958,918	\$1,041,206	\$1,125,889	\$1,214,598	\$1,300,234	\$1,382,778	\$1,469,707	\$1,562,398	XX

Funding Analysis Phase – Useful Ideas

Xcel Energy

INFORMATION MINNESOTA

Guide

Your First

Calling our en at 1-800-481 energyeffici discuss your e maximizing yc

Before you m project, take i help you make your proposal information al will be requir program inclu our engineeri

To calculate tl financial bene we'll need to about your pr

1. Bu

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KLN Enterprises / Tuffy's Pet Food
145 1st Avenue North
Perham, MN 56573

IRC § 179D ENERGY EFFICIENT COMMERCIAL BUILDING DEDUCTION – CERTIFICATION PACKAGE

for the

Tuffy's Pet Food Processing Plant
(2015 Addition)

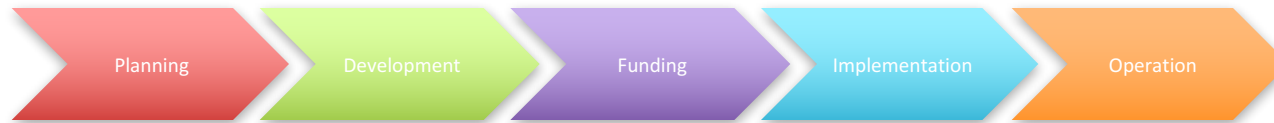
Tax Year Ending December 31, 2015

Prepared by: ICS Consulting, Inc.
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Blaine, MN 55449
P: 763-354-2670

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- Utility Rebates
 - Custom vs. prescriptive rebate programs
 - Alternative rebate recipients
 - Collaboration with utility providers
- Tax Incentives
 - Energy efficient commercial building deduction (§179D EPACT)
 - Cost segregation
 - Construction contract structure
 - Accelerated and bonus depreciation
 - Renewable energy incentives
 - R&D Tax Credit
- Leveraged Savings
 - Redirect energy and operational savings to project cost
 - Guaranteed savings arrangements
- Outsourced Equipment Ownership
 - LAAS
 - Solar Models

A Multi-Disciplined Approach



Architectural
Engineering
Commissioning
Project Management
Construction Supervision
Energy Engineering
Finance & Tax Accounting
PM Portal

Implementation Considerations

- Ensuring Quality Bidding
 - Pre-bid conferences
 - Review of existing building and site conditions
 - Market timing
 - Value analysis
 - Maintain network of good contractors
- Procurement Structure
 - Competitive bid off plans/specs
 - Design build/design assist
 - Cooperative purchasing
 - Leveraged savings contracts
- Quality Control
 - Comprehensive front-end specifications
 - Project manuals or Owner's Project Requirements (OPR)
 - Establish change order procedure

Primary Project Development Contract for Facility Projects

Attachment A: OWNER's Project Requirements

Building Owner: Tomah School District
Date: August 26, 2015

The intent of this document is to establish parameters under which the selected service provider, Market & Johnson (CONTRACTOR) shall adhere for the project development and project construction process. The document consists of requirements set forth by the building's OWNER as well as general obligations to be met by the CONTRACTOR. The OWNER has the right to modify this document at any time. By executing this document and incorporating it as an appropriate Exhibit or Attachment to either project development phase or construction phase contracts, CONTRACTOR understands that the requirements set forth below are hereby recognized as minimum standards for the proposed project and that the OWNER reserves the right to enforce any or all of the requirements.

1. General Requirements / Information

- The OWNER has retained ICS Consulting, Inc. (ICS) as owner's representative for the development and delivery of this project. All communications, information requests, payment requests, document reviews, etc. shall be made via the designated ICS representative. The designated representative from ICS for this project is Jeff Hilden, Program Manager, 608-381-9378.
- All contract documents, shop drawings, submittals, close out documents and As-built drawings will be completed in electronic format through the use of the Contractor's portal. If one is not available the contract will be allowed to utilize Procore as provided by the owners representative
- Administrative Requirements – See Exhibit 1
- Project Schedule Requirements – See Exhibit 2
- Closeout Procedures Requirements – See Exhibit 3

2. Scope of Work

- Priority Scope of work and minimum requirements for the project development process includes:
 - Roof Replacement at Camp Douglas Elementary
 - Replace sections 1 & 2
 - EPDM Single-ply membrane with River Washed Stone Ballast
 - Polyisocyanurate Insulation
 - R-value of 30 or higher
 - 20 year warranty with 30 year option
 - CONTRACTOR to provide design documents for review and comment by OWNER at SD, DD, and CD design phases for approval prior to ensuing phases
 - Partial Roof Replacement at Tomah High School
 - Replace sections 9, 30 and potential other problem areas.
 - EPDM Single-ply membrane with River Washed Stone Ballast
 - Polyisocyanurate Insulation
 - R-value of 30 or higher
 - 20 year warranty with 30 year option
 - CONTRACTOR to provide design documents for review and comment by OWNER at SD, DD, and CD design phases for approval prior to ensuing phases
 - Replace Five Roof Top Units at Tomah Middle School
 - Incorporate load calculations to properly size the equipment
 - Replace the units with variable air volume with modulated cooling and heating
 - Install additional VAV's so that each classroom/area has its own VAV to condition the space correctly
 - Each additional VAV will have a hot water reheat coil for future use
 - Include removal of existing roof top unit and installation of new along with all piping, ducting and any other ancillary equipment

Implementation Considerations

- Right-sized project oversight
 - Not a "one size fits all" approach
 - Established schedule
 - Construction meeting coordination
 - Meeting minutes – document, document, document
- Closeout procedures
 - Punchlist item management
 - Warranty walk throughs
 - 100% Commissioning
 - Monitoring-based Commissioning

Rushford-Peterson New K-12
Observation Report

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Picture No.: 03
Date: Wednesday, September 21, 2016
Time: 10:00am
Location: Various
Observation: Example of unprotected plumbing/piping.
Recommend:

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Observation Report
Project: Rushford-Peterson School District #239
New Early Childhood, K-12 School
1000 Pine Meadow Lane
Rushford, MN 55971
Comm. No.: 8060
Observation Info: General Observation 01
Contractor: Wieser Brothers, Inc.
Contact: Brian Pinnow
Observer: Dana A. Fontaine
Date: September 21, 2016
Time: 10:00am
Weather: 70°F / Calm / Cloudy
NOTE: This list is not to be construed as a complete tabulation of all items that are required for the project completion and does not relieve the contractor or contractors of work included in the contract documents.

Picture No.: 01
Date: Wednesday, September 21, 2016
Time: 10:00am
Location: Various
Observation: Example of unprotected plumbing/piping.
Recommend: Protect all from construction dirt and debris as to avoid future problems when building is in operation.

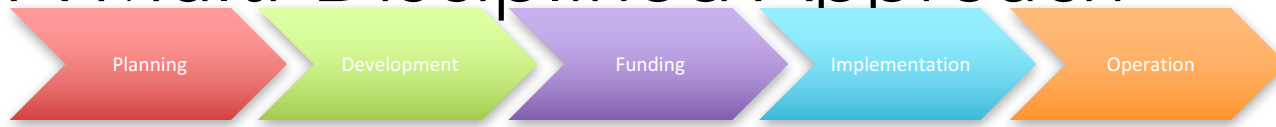
Picture No.: 02
Date: Wednesday, September 21, 2016
Time: 10:00am
Location: Various
Observation: Example of protected ductwork and controls/actuators.
Recommend: General observation.

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A Multi-Disciplined Approach



Architectural
Engineering
Commissioning
Project Management
Construction Supervision
Energy Engineering
Finance & Tax Accounting
PM Portal

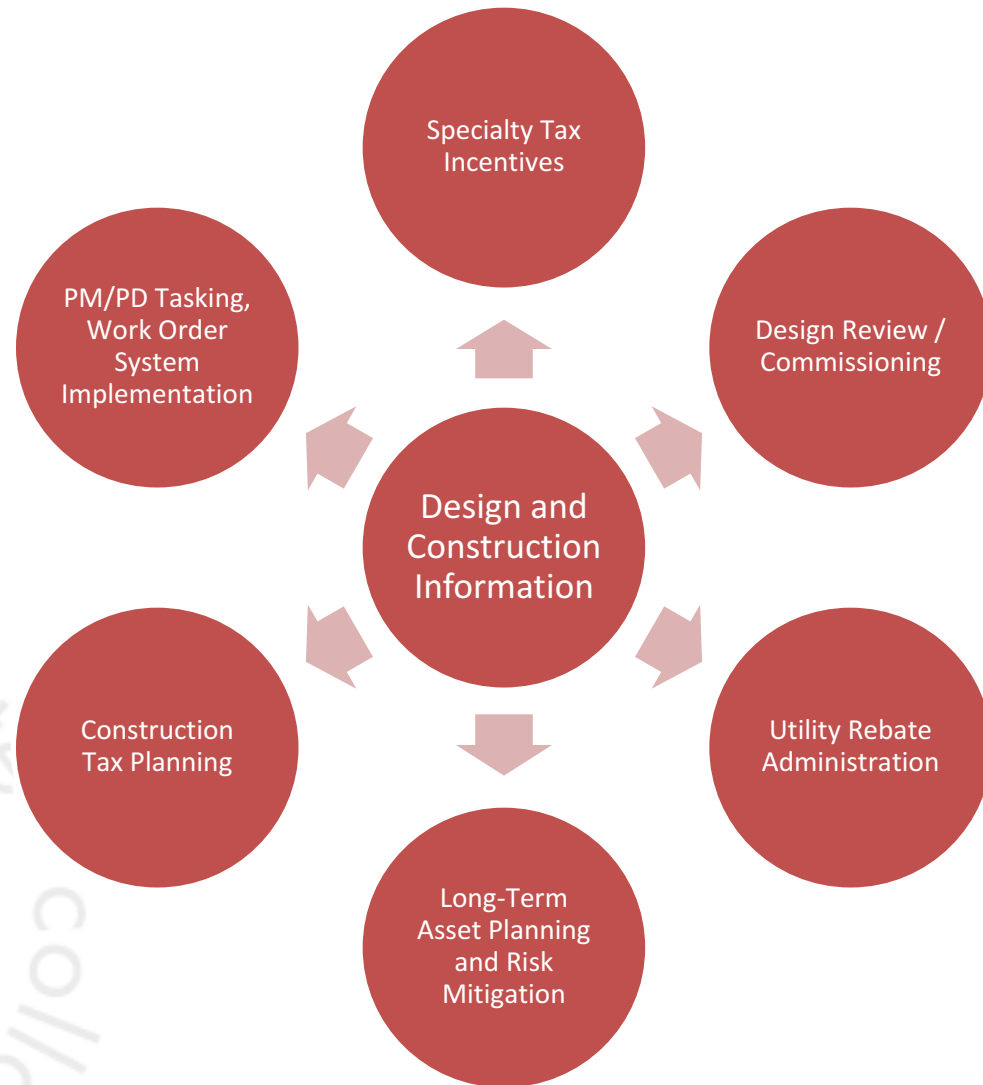


Strategic Planning to identify and prioritize objectives

Innovative Funding to eliminate budget impact

Smart Procurement to minimize risk and maximize control

Tax + Technical Services Bundled Services



Conclusion

- Owner's Representation is more than just project management
- A variety of services all geared towards owner's advocacy
- Success for owner and owner's rep means a successful, collaborative, quality project for ALL parties
- Questions??