

AT A SPECIALLY CALLED JOINT MEETING OF THE BOARD OF SUPERVISORS OF
ROCKBRIDGE COUNTY, VIRGINIA AND THE CITY OF LEXINGTON COUNCIL, HELD IN THE
ROCKBRIDGE COUNTY ADMINISTRATIVE OFFICE BUILDING AT
150 SOUTH MAIN STREET, LEXINGTON, VIRGINIA
ON THURSDAY, JULY 13, 2017 AT 6:00 P.M.

PRESENT: ROCKBRIDGE COUNTY BOARD OF SUPERVISORS - CHAIRMAN D.W.
HINTY, JR, VICE CHAIRMAN J.M. HIGGINS,
R.S. FORD, R.R. CAMPBELL, A.W. LEWIS, JR.

CLERK TO THE BOARD: S. H. SUTER
COUNTY ATTORNEY: V.L. HUFFMAN

CITY OF LEXINGTON COUNCIL MEMBERS: FRANK FRIEDMAN (MAYOR), LESLIE
STRAUGHAN, CHARLES SMITH, DAVID SIGLER, MARYLIN
ALEXANDER, MICHELLE HENTZ, PATRICK RHAMEY
CITY OF LEXINGTON STAFF: MANAGER NOAH SIMON, FISCAL DIRECTOR GARY SWINK,
SCHOOL SUPERINTENDENT DR. SCOTT JEFFERIES

Chairman Hinty and City of Lexington Mayor Frank Friedman convened
the meeting at at 6:03 p.m.

Rockbridge County School Superintendent Phillip Thompson welcomed the
Board and Council and introduced the main point of discussion - a review
of the proposed Trane performance contract involving Rockbridge County
High School (RCHS) and the Floyd S. Kay Technical Center (Vo-Tech)
buildings. Dr. Thompson then provided a brief history including:

RCHS is nearly 25 years old; Vo Tech building is 40 years old; the
HVAC units on each building are outdated and obsolete; both systems are in
a state of decline and repairs are needed often, with a scarcity of parts.

Dr. Thompson then reviewed the process by which Trane was selected as
the Rockbridge County Public School's (RCPS) energy partner/consultant,

which included proposals from over 18 companies. He then introduced the Trane team present, including Kathy Cox and Scott Wise.

Ms. Cox then described the project, which included an energy savings review of all RCPS buildings. She noted that this presentation would focus on the RCHS and Vo Tech building, but indicated that the total project, if implemented, would result in guaranteed energy savings of at least \$242,600, with a probable savings of \$283,985. In response to a question from City Councilwoman Leslie Straughan, Ms. Cox confirmed that this was system-wide savings.

Mr. Wise then noted that the energy savings were divided into four main areas: Lighting; Water; Building Envelope; and HVAC. After brief discussion of the first three, which were listed as "low cost, low hanging fruit", he focused on the most costly area - HVAC. He noted that the proposed replacement included all original HVAC equipment and system controls, including 11 rooftop units and 150 - 160 air handler units located above the drop ceilings. He explained that also included is a replacement of two boilers with a series of modular boilers which could be expanded in tandem if necessary in the future. He noted that all replacements would be more modern, energy-efficient components. He stated that multiple options had been explored including geothermal heating, but that the solution offered kept "rising to the top" of the list, based on the fact that it would reuse the existing piping infrastructure, which has a 50 year lifespan. He noted that the most critical/vulnerable area examined is the Vo-Tech building.

Ms. Cox noted that the total cost of the system wide project is \$6.2M and that Trane estimated that 75% of the cost would be attributed to the

RCHS and Vo-Tech Center. She then noted that, according to her understanding of the funding formula, the City of Lexington would be responsible for approximately \$866,706. She then reviewed the concept of the simple payback period for energy savings and reiterated that the low hanging fruit included everything other than the HVAC improvements.

In response to a question by Lexington City Manager Noah Simon, Ms. Cox indicated that the ongoing maintenance costs are totaled for each year. According to calculations based on projected improvements, the estimated cost of \$54K for FY18 would drop to around \$30K in FY2019.

Ms. Straughan asked how the energy improvements would dovetail with other potential modifications or additions to the buildings.

Dr. Thompson replied that any new installations would be reused if there were any other improvements to the buildings in the future.

Ms. Straughan then asked what the School Board wants to do with the VoTech building.

Dr. Thompson replied that it is his understanding that the School Board wants to do something with the building, but the final outcome has not been determined.

Ms. Straughan disagreed with the idea that reuse of installed components would be easy, noting that it would likely be difficult to properly scale and configure.

Ms. Cox noted that Trane used a third party engineer to assist in planning for scenarios where re-zoning of building heating cooling could occur in the future.

Ms. Straughan voiced concern that we would be limiting ourselves by doing these upgrades now, without an overall plan for building renovations.

Dr. Thompson reiterated that all components could be reused and that this was a key consideration in overall planning.

Ms. Straughan advised that we should be doing everything now, to include electrical upgrades, when the ceilings would be open.

Dr. Thompson noted that the HVAC systems may not survive until the final overall study is completed, as it may take another two years.

Ms. Straughan stated that the Board of Supervisors had tasked the School Board with completing an Capital Improvement Plan two years ago.

Chairman Hinty noted that the HVAC units were originally estimated to cost \$50K - \$75K each and that the overall A&E study is moving forward.

Dr. Thompson noted that the A&E study is a "30,000 foot" view.

Chairman Hinty stated that we have asked if the system components are modular and that they are. He noted that we have a current issue to address and that now is the time.

Mayor Friedman noted that this is an 18 month process and provided an example of paving a road and then tearing it up to replace utilities. He expressed concern about installing lighting components and then having to tear them out soon as part of a future renovation.

Ms. Cox noted that lighting can be moved. She further explained that adding square footage would be for new units and that the old will remain

or be reused. She added that with lighting changes, the saving starts immediately.

Mr. Sigler noted that this is a 15 year performance contract. He asked whether, if it is determined to make major renovations in 3 years, the performance contract resets or becomes null and void.

Mr. Wise responded that the contract would remain in force, but new baselines would need to be calculated. For example, he noted, if there was a building addition, the baseline would change.

Mr. Sigler stated, "basically, the changes will not pay for themselves in 15 years if we change the conditions."

Ms. Cox clarified that the energy savings do not pay for everything; rather that they create savings to help offset costs.

Mr. Sigler observed that we would not see enough savings to pay for the whole project.

Mr. Simon asked what percentage of the approximately \$2.95M would be allocated to the High School / VoTech center.

Ms. Cox explained that there would need to be an up-front cash infusion on the project.

Mr. Swink noted that the localities would need to know how the cost share is broken out.

Ms. Cox responded that the answer depends of whether cash is paid up front or the project is financed.

Dr. Jefferies asked how the overall project costs were broken out with regard to the portion relating to costs shared between the localities.

Ms. Cox explained that Trane allocated 75% of the total project costs to the High School and VoTech building.

Ms. Straughan asked if part of the project could be completed by the County. She used the example of pulling the lighting out.

Ms. Cox responded that the lighting was one of the "low hanging fruit" items.

Ms. Straughan noted that it costs as much to remove and store the lighting components (during a renovation) as it does to procure and install new components.

Ms. Cox noted that the first question that was asked during the preliminary discussions with the RCPS was, "Will any of the buildings in question be closed or renovated in the near future?" However, she added, "the VoTech building is failing and something needs to be done to address it, and there will be energy savings realized."

Ms. Hentz asked for clarification on the VoTech costs, which appear to be \$385K.

Ms. Cox explained that this is in fact the full cost.

Chairman Hinty then noted that the electrical capacity of the VoTech building is maxed out, explaining that when it was originally designed, there was no concept of having a computer running at every seat, which greatly increased the power drain. He further explained that energy savings will translate into more flexibility in power supply for other uses.

Dr. Thompson added that, currently, when a new piece of equipment is introduced at VoTech, the school has to determine what piece to take offline.

Ms. Hentz added that Council still has concerns about the VoTech building and would like to have more information.

Mayor Freidman then asked, "What is the future of the High School?"

Dr. Thompson replied that there had been major turnover in school administrative staffing over the past few months, and that the School Board has not yet had the opportunity to sit down and discuss that question in detail. He added that we need to start at the base level, which is providing a 21st century education for our children. This involves determining what kind of programming is most appropriate and build to meet that need.

Ms. Hentz then asked what would happen if the determination was made to move the VoTech center.

Ms. Straughan added her concern that the projects are not dovetailing. She noted that she understands that the HVAC needs to be updated, but that she is just not comfortable with the process.

Mayor Friedman noted that we need a more comprehensive plan - that we have the cart before the horse.

Dr. Thompson agreed that this is not the ideal situation, but that at the beginning of the project, the schools had asked Trane to ensure that whatever is recommended could be reconfigured and reused in any future scenario.

Ms. Alexander then asked what the lifespan of the current electrical wiring is.

Mr. Wise noted that the wiring has a 50 year lifespan and is fine. He reiterated that the loading is the real issue.

Mr. Smith asked how much we are spending in related maintenance each year.

Dr. Thompson advised that we are spending \$80K - \$100K annually.

Mr. Brooks noted that the biggest challenge is finding parts for old HVAC equipment.

Mr. Simon asked if there is any salvage value to the equipment that is proposed to be replaced.

Ms. Cox replied that we can reclaim refrigerant, but no salvage value was included in the formula.

Mr. Campbell then asked what the life expectancy is for each component in the plan, with regard to how total energy savings are calculated for new equipment.

Ms. Cox noted that in some cases, such as lighting, we can never be sure, based on technologic advancements. She further explained that the total average simple payback period is 33.9 years - and this is a 15 year project.

Mr. Suter clarified that the difference between 15 years and 33.9 years represents the cash infusion required up-front, via true cash or financing.

Mayor Friedman asked if we could get another 3 years of service from the units proposed to be replaced, to allow time for better planning. He then asked what decisions have been made.

Dr. Thompson replied that no decisions have been made yet, and that the HVAC units will not last another 3 years.

Chairman Hinty then noted that there have just been some major changes in school administration and that the Board of Supervisors is only just now beginning to look at the plan details.

Mr. Brooks stated, "Multiple barbs have been thrown at the School Board for lack of planning; these are not wants but needs." He added that it is clear that, based on the many debt service projects on the books, neither locality is going to be able to support a major expansion or renovation of the High School in the next 3 - 5 years. He concluded that such expansions would need to be put into the long range plan.

Mayor Friedman indicated that Council was just now finding out that we could be looking at a \$40M expansion.

Mr. Brooks replied that the HVAC replacement was in the school's CIP 2 years ago as a central component, and that Dr. Jefferies has been aware of that need for at least that long.

Mayor Friedman noted that these are not "barbs", but rather questions.

Chairman Hinty then asked to review some of the history. He described the fact that a line was created in the budget for roof replacement when he and Mr. Campbell were on the School Board. He

explained that this fund was sourced by year-end school savings at that time, and has been renamed the school CIP reserve fund. He noted that we now have a CIP which is becoming more refined, but that it will take more time to get it fully implemented. He noted that the need for the project at hand is critical. He shared that he would much rather build something new, but right now, we simply can't afford it.

Mayor Friedman noted that \$40M got Council's attention. He asked if this topic is on the Board of Supervisors agenda.

Mr. Suter noted that it will not be on the agenda until the Board directs it.

Chairman Hinty noted that the purpose of the meeting was to involve our partner.

Dr. Thompson then introduced the school's new Finance Director, David Daniels.

Mr. Higgins then asked to discuss the project schedule.

Ms. Cox explained that the process would typically start with approval by the School Board, followed by approval by the Board of Supervisors. She noted that the contract with Trane ends on September 30, 2017, and that in order to ensure completion and execution of a further contract to do the work, Trane would need the go-ahead to begin work on the documents by August 3. She then clarified that if a contract was signed by September 30, work would commence and be completed during the summer of 2018; and that if not, the next available opportunity would be the summer of 2019.

Chairman Hinty and Mayor Friedman asked if there were further comments or questions. There were none. Chairman Hinty thanked all for their attendance and participation. Mayor Friedman invited Dr. Thompson to come to a Council meeting any time he had new information.

On an motion from Mr. Higgins to close the meeting, with a second by Mr. Campbell, the meeting ended at 7:23 PM by unanimous vote of Board members present (Mr. Lewis had left to attend another the meeting at approximately 6:45).