FORUM TOPIC REQUEST

Each Board Member may request two forum topics per meeting; use this form for one topic.

TOPIC: Energy Savings Performance Contracting and Energy Service Companies

TIME SENSITIVE: ☒ Yes ☐ No

DESIRED DATE/TIME FRAME AND REASON:

FCPS has a deferred maintenance backlog of nearly $400 million, an increase of more than 60% from FY2025 estimates. Without additional funding, this backlog is expected to grow 8.5% annually to nearly $900 million by FY2036. Unnecessary delays in exploring additional ways to address the growing backlog can carry real financial consequences.

Energy Savings Performance Contracting (ESPC) is a net-zero budget option that would allow FCPS to make improvements with no upfront capital costs, using guaranteed energy savings to finance infrastructure upgrades. In addition to these benefits, upgrades are critical to meeting the Board's adopted Joint Environmental Taskforce (JET) goals.

BOARD MEMBER NAME:
Mateo Dunne and Karl Frisch

DATE SUBMITTED:
03/30/2026

FORUM TOPIC DETAILS:

Specify Topic's Relation to Student Achievement Goal, Operational Expectation, or Policy:

This Forum Topic is directly aligned with the Strategic Plan, particularly Pillar D, "Culture of Equity, Excellence, & Accountability," which emphasizes responsible resource allocation, data-driven decision-making, and continuous improvement in divisionwide infrastructure. It also supports Strategic Plan Goal 2 to ensure students are "Safe, Supported, Included, and Empowered," including maintaining learning environments that are safe, functional, and conducive to student well-being and academic success.

Additionally, this Forum Topic aligns with the School Board's policy objectives. The use of ESPCs aligns with Policy 8240 on Approved Methods for Procurement, which states FCPS facilities should "...strive to include the environmentally sustainable and optimal features that meet the needs and interests of Fairfax taxpayers. Public funding for facilities is limited, and as such, FCPS values a facilities construction, renovation, and maintenance contracting process that is effective, competitive, and satisfies all applicable legal requirements."

Further, Policy 8258 on Infrastructure Maintenance states that one goal of the Fairfax County School Board is "to provide for the systematic maintenance of major and critical building infrastructure components." Finally, in Policy 8542 on Environmental Stewardship and the Board's JET goals, FCPS affirms its commitment to "reducing energy and water consumption, lowering emissions, and fostering responsible resource management."

Objective of the Topic/Conversation:

To discuss the prospect of directing the Superintendent to report back to the School Board on the school divisions' current and potential future plans to use Virginia Department of Energy's (Virginia Energy) ESPC program to help address FCPS' deferred maintenance backlog.

What are Energy Savings Performance Contracts?

ESPCs are an agreement between a customer and an Energy Service Company (ESCO) to perform facility improvements as a condition of payment. The savings guaranteed by the ESCO are used to pay for project costs over time.

Virginia Energy's ESPC program, established in 2001, has facilitated 310 projects across the Commonwealth, generating over $1 billion in energy savings. The program enables state agencies, higher education facilities, and public bodies (including K-12 school divisions) to significantly reduce energy costs and renew infrastructure through conservation and operational efficiency measures.

Virginia Energy maintains a list of 19 pre-approved ESCOs. Using this statewide program would allow FCPS to streamline the procurement process while still receiving the advantage of competitive bids. Virginia Energy staff provide technical assistance throughout the project and post-project monitoring.

How do ESPCs work?

An ESCO would install energy-efficient systems in FCPS facilities that generate savings, which would be used to repay the financing borrowed to implement the

technology, requiring no cash up front. Public bodies, including school districts, can use a tax-exempt lease purchase agreement that can be obtained by the ESCO to provide initial financing. Virginia Energy simplifies the process by providing standardized forms and contracting documents as well as serving as a technical advisor throughout the process.



Source: Veolia, [The ESCO Model]

Why Use Virginia Energy's Program?

Developing and managing an ESPC requires specialized legal, engineering, and financial knowledge. Virginia Energy's program is specifically designed to help public bodies navigate this complex negotiation and manage the process throughout the length of the contract. Virginia Energy continuously screens prequalified vendors, providing high assurance that ESCOs can meet contract requirements.

The ESPC market is not a commodity market where prices are transparent and easily benchmarked. The savings projections, scope of work, equipment specifications, financing terms, and performance guarantees that an ESCO proposes are complex, interrelated, and difficult for a public body to evaluate in isolation. When multiple pre-qualified ESCOs compete for a project, each firm has an incentive to submit its most attractive proposal, offering deeper savings, better equipment, more favorable financing, or a broader scope of work to win the contract.

What can be included?

ESCOs provide comprehensive upgrades to school buildings. Projects can

include HVAC upgrades, chillers, building-envelope upgrades, window replacements, boilers, roofing, lighting retrofits, building automation systems, water-conservation measures, renewable energy installations, and charging stations.

Have other school districts used Virginia's pre-qualified ESCOs?

Several other school districts, including Charles County, Fredericksburg City, Loudoun County, Page County, and Shenandoah County, have successfully used Virginia Energy's program. Shenandoah County Public Schools reduced their electricity consumption by 33%, their natural gas consumption by 19%, and their water consumption by 36% through their ESCO.

DESIRED OUTCOME:

☐ Forum Discussion Only ☐ Refer to Committee

☒ Superintendent Action / Report ☐ Refer to Work Session

☐ Other:

Sources:

EPA. (2025). Performance Contracting and Energy Service Agreements.

Fairfax County Public Schools. (2026). Draft 2027-31 CIP.

US Department of Energy. (2016). Energy Savings Performance Contracting: A Primer for K-12 Schools.

US Department of Energy, Office of Energy Efficiency and Renewable Energy. (2017). Energy Savings Performance Contracting: Improving Infrastructure and Turning Waste into Wins.

Virginia Energy. (2025). Energy Savings Performance Contracting.

Virginia Energy. (2022). The Ins & Outs of Energy Performance Contracting Webinar. Virginia Energy Efficiency Council.

Virginia Energy (undated). Case Study: Page County Public Schools.

Virginia Energy (undated). Energy Performance Contracting in Action: Shenandoah Public School District.

Virginia Energy (undated). Energy Savings Performance Contracting Fact Sheet.

Virginia Energy (2021). Pre-qualified ESCOs.