



4720 Montgomery Lane  
Bethesda, Maryland 20814  
Eleven-story Class 'A' building with 2 garage levels, totaling approximately 110,000 sq ft.  
Built in 1964  
Partially renovated in 1994

### **BACKGROUND**

In June of 2009, Vanguard Realty Group was awarded the Commercial Property Management assignment for a Class 'A', owner-occupied, multi-tenanted building located at 4720 Montgomery Lane in the Commercial Business District of Bethesda, Maryland. The Client had previously contracted with an automation vendor to perform an upgrade to the existing building automation system (BAS). The assignment was transferred to Vanguard given the technical expertise of the staff assigned to the property.

### **ASSIGNMENT PART I – ENERGY DEMAND**

With the objective of improving tenant comfort and reducing energy costs for the property, the assignment tasks included completion of integration and commissioning of the BAS upgrade, identification of deferred maintenance tasks, implementation of enhanced operating procedures, and the improvement of equipment maintenance.

### **CHALLENGES**

Historically, the Client had enlisted various vendors for the maintenance and operation of building mechanical systems and controls, resulting in the absence of a coordinated approach towards efficient operating programs and procedures.

### **SOLUTION**

Vanguard assumed responsibility for completion of the BAS integration, adding monitored points to better manage the energy and improve environmental comfort, ultimately reducing the operational hours of the equipment. Through continuous commissioning the team was able to optimize operating efficiency and dramatically reduced the cost of energy consumption while also extending the life of the equipment. Today the client is operating at 20% energy savings and is experiencing a significant reduction in tenant complaint service calls.

### **BACKGROUND**

With more than a decade of establishing quality relationships with all major energy suppliers, Vanguard is capable of, and qualified to intelligently vie suppliers for your energy needs, providing you with the best possible pricing. Vanguard fully understands the complex nature of the supplier markets, and counsels clients during the procurement effort.

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### **CHALLENGES**

The Client had never conducted a bid process for energy supply and was on local utility default rates. The client was interested in an education on the process and program Vanguard would be offering in this regard; the road map, terminology, process, key groups involved, how the electric commodity is traded, what constitutes the regulated and deregulated portions of billing, what procurement fee Vanguard would receive and who pays that fee – all with full transparency.

The Client, the owner occupant of a multi-tenanted commercial office building, had significant concerns about rising utility costs. Due to the lease structure of the unrelated tenants, the Client received no reimbursement for operating expenses; an Energy Procurement process would provide a direct benefit to the bottom line for the Client. The Client preferred evaluating fixed price energy contracts over index pricing (daily market pricing), was preferred for budget certainty.

### **SOLUTIONS**

Vanguard provided the Client with an informational presentation regarding the program terminology, and the process, which included:

- An initial meeting with the Client to discuss their risk tolerances, operational functionality, and tenant lease structures and terms,
- Development of a request for proposal (RFP) to be issued to qualified suppliers,
- Solicitation of bids (issuance of the RFP) based on the Client's specific risk profile,
- Receipt of bids from suppliers,
- Review of bids to ensure compliance with the RFP,
- Presentation to Client with pricing matrix,
- Pricing results discussions, and potential contractual considerations,
- Request for refreshed pricing prior to final selection of supplier,
- Negotiation and provision of executed copy of the supply agreement.



## CASE STUDY FOR ENERGY SUPPLY and PROCUREMENT

### ASSIGNMENT PART II: ENERGY PROCUREMENT (cont'd)



#### SOLUTIONS

Vanguard received five supplier responses to the RFP and recommended the supplier best suited to meet the Client's needs, based on pricing and contract terms.

#### CONCLUSION

The Client selected a 30-month extension of the electric supply for the Building. Vanguard's efforts resulted in the Client receiving the best pricing available for energy supply, which resulted in an 18% savings (including Vanguard's fee) from the Landlord's previous rate. Vanguard's program and process enabled the Client to achieve both goals; that of obtaining fixed price contracts through competitive bidding, and achieving significant savings which the Client had been unable to achieve independently.