A Case Study of a Healthcare Energy Infrastructure Project:

OCHSNER MEDICAL CENTER

CampusEnergy2019

Introductions

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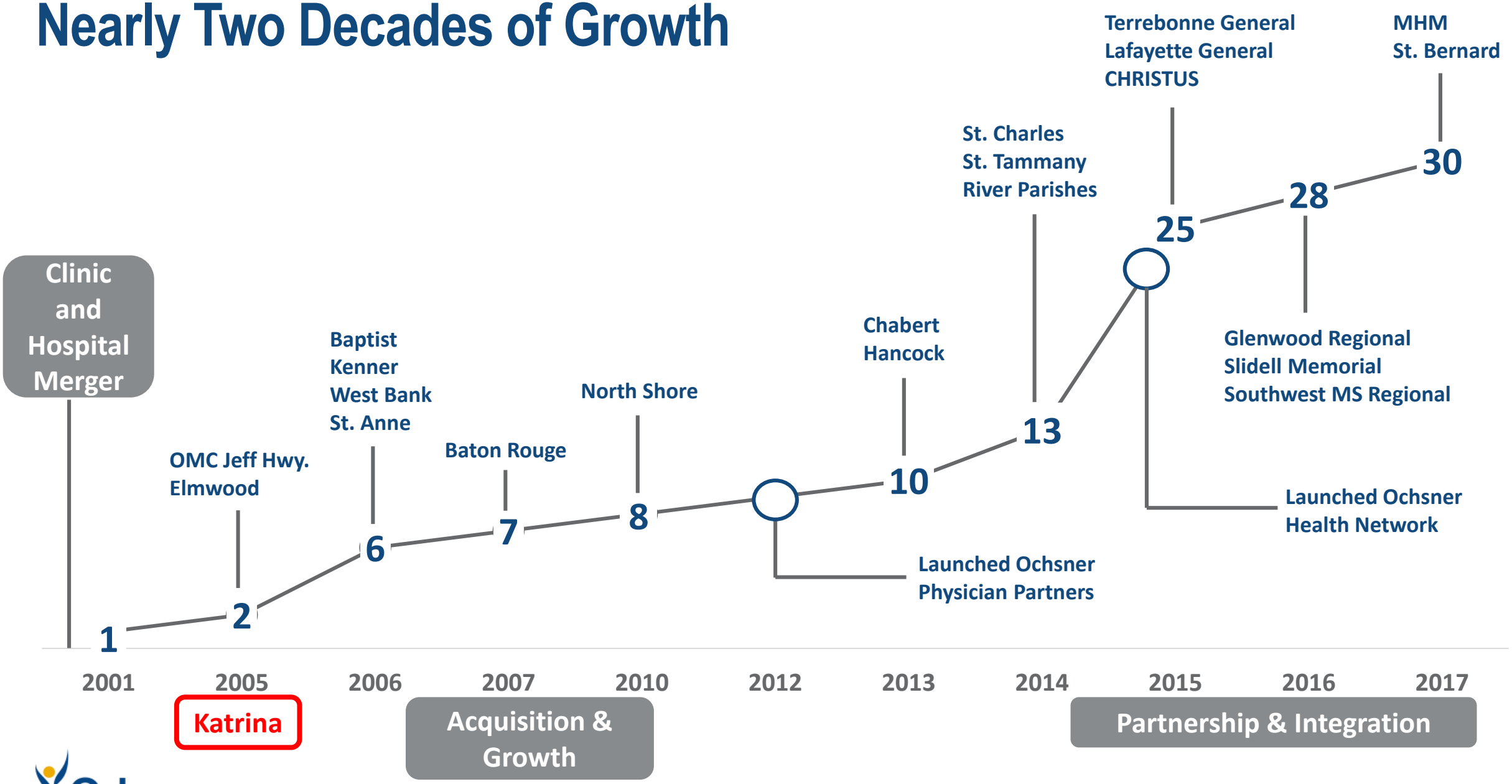
Learning Objectives

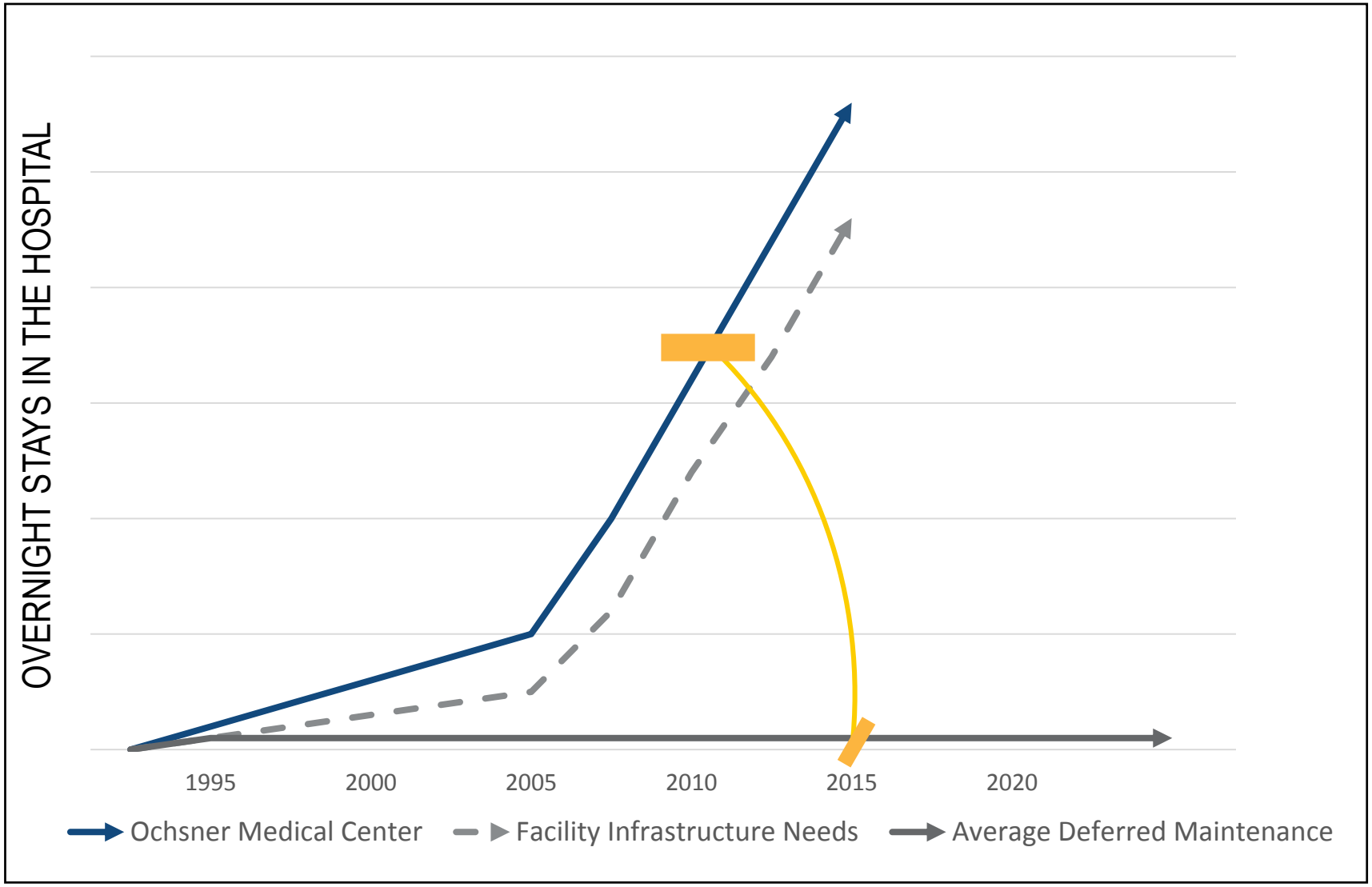
- Ochsner Challenges—Post Hurricane Katrina and Affordable Care Act
- How the Ochsner Bernhard Partnership Addressed these Challenges
- Lessons Learned

Post Hurricane Katrina

Nearly Two Decades of Growth



Ochsner Medical Center



468,023

PATIENT INCREASE
OVER THE PAST 12 YEARS

260 nurses

HIRED IN 2017

West Tower

- 7-story addition
- Single-room occupancy
- Increasing in-patient capacity to 767 beds

Benson Cancer Center

- 5-story addition
- 26 Additional Infusion Chairs
- Ochsner Precision Cancer Therapies Program – 2018 ACCC Innovator Award Winner

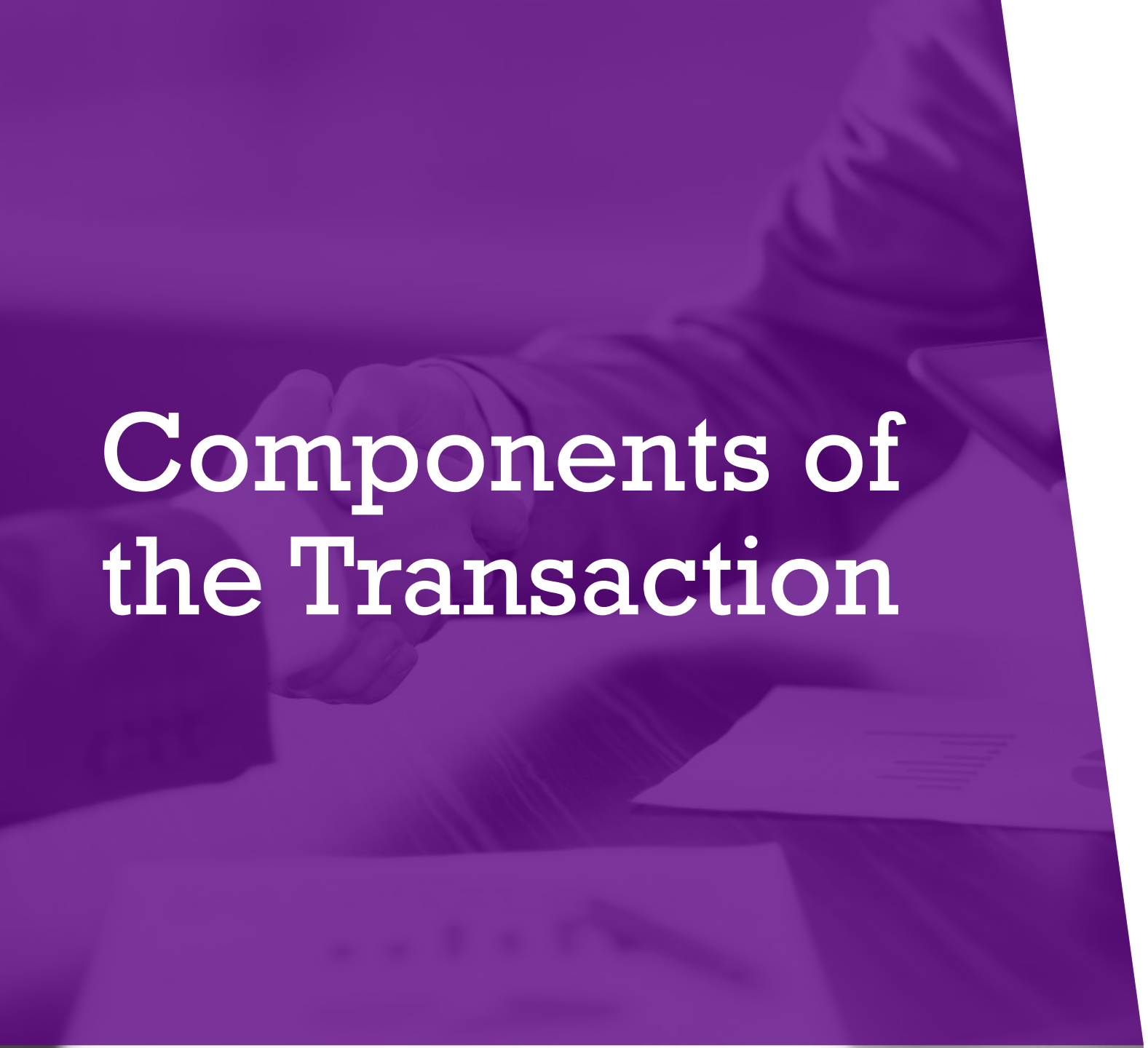
Ochsner Medical Center Key Challenges

- Competing Capital Funds
- Fluctuating Annual Budget
- Deferred Infrastructure Backlog
- Redundancy
- Increasing Utility and O&M Cost

ENERGY STAR

SCORE:
13

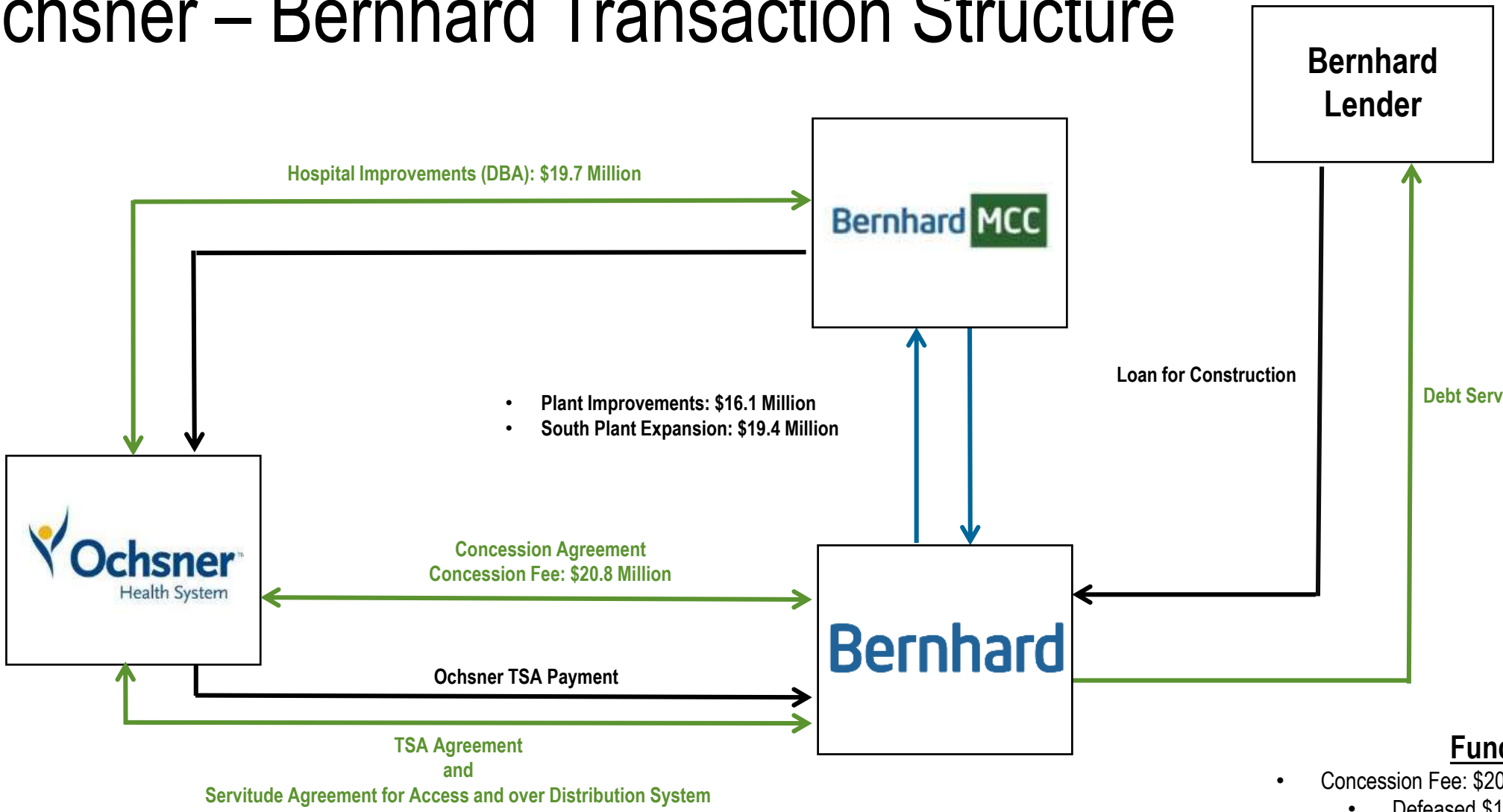

ENGINEERING
SOLUTION
LEGAL
FINANCING
CONSTRUCTION
AND O&M
PARTNERSHIP
Ochsner™



Components of the Transaction

- Advance Lease Payment
- Design & Construction
- Capital Funding-New Plant
- Risk Transfer
- Energy Savings
- Long Term O&M with Full Repair and Replacement
- Off Balance Sheet Treatment

Ochsner – Bernhard Transaction Structure



Security Package

- Payments
- Security Interest in Assets
- Servitude

- Design and Return Standards
- Rate Plan
- O&M Services
- Full Repair and Replacement

Funded by Bernhard

- Concession Fee: $20.8 Million
  - Defeased $1.1 Million of Tax Exempt Debt
  - Hospital Improvements: $19.7 Million
- Plant Improvements: $16.1 Million
- South Plant Expansion: $19.4 Million

Risk Transfer

- Transfers O&M Cost Risk
- Transfers Equipment Renewal & Replacement Cost Risk
- Increases Infrastructure Reliability & Resiliency
- Provides Flexibility
- Contains Safeguards

Improvements

Projects that Result in Utility Cost Savings

South Plant Expansion ▪ Upgrade Chilled Water System ▪ Initial Service Deficiency Corrections ▪ Upgrade Steam System ▪ Install Metering & Security Systems ▪ Retro-Commission and Upgrade BAS ▪ Upgrade HVAC Systems

Projects that Result in Labor Cost Savings

Train HVAC Technicians ▪ Reduce Lighting Operations & Maintenance ▪ Reduce Boiler Operations and Maintenance ▪ Reduce Chiller Operations and Maintenance

Operations and Maintenance Partnership

IMPROVES EFFICIENCY, LOWERS UTILITY COSTS

Annual Services Plan provides for flexibility over term of agreement

Ochsner Employees Operate Plant under Guidance of Bernhard Energy and Plant Manager

Full annual training to Ochsner employees

- Trained to correctly diagnose problems and fix underlying issues.
- Staff provided constant feedback through M&V for continuous improvement.

Performance Based Infrastructure-Project Benefits

EXISTING CONDITIONS	PROJECTED RESULTS
• 2,121,366 SQFT	• 2,501,366 SQFT
• Independent North and South Campus Central Plants	• Interconnected North and South Plants
• Annual Energy Cost: $9,498,468	• Annual Energy Cost: $7,087,271
• ENERGY STAR Score: 13	• ENERGY STAR Score: 80

Financial Impact ▪ Energy Impact ▪ Additional Benefits

Lessons Learned

Contract Negotiations

Construction Phase

Operations Phase

Questions?

THANK YOU FOR YOUR TIME

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