

Murphy spins off M360 energy-savings company

BY JASON ROSENBAUM

Olivette-based Murphy Co. Mechanical Contractors & Engineers has launched M360, a wholly-owned subsidiary focusing on saving companies energy and money through retrocommissioning, energy audits and other services.

Retrocommissioning identifies low-cost operational and maintenance improvements and typically targets optimizing, rather than replacing, existing energy-using equipment such as mechanical equipment, lighting and related controls.

Anne Murphy Hill, vice president of corporate development for M360, said the new company will work with facility owners to reduce the amount they're currently spending on expenses such as utilities and maintenance so the companies can use that money to invest in upgrading their buildings.

"We've actually, through Murphy Co., been providing energy solutions work for several years now," Hill said. "We've just decided with our expansion into the performance contracting aspect of energy savings that we really wanted to make this its own company and its own brand."

'We are one of the only (industries) to grow during the recession.'

Meghan Morrison Cieslak | NAESCO

M360 currently has 15 employees and plans to have 20 by the end of the year. The company will rent office space in the same building as Murphy Company at 1233 N. Price in Olivette.

Nationally, costs for retrocommissioning range from \$0.30 to \$1.16 a square foot for existing buildings, with a median whole-building energy savings of 16 percent and median payback time of 1.1 years, according to a 2009 report by the Lawrence Berkeley National Laboratory (LBNL) in Berkeley, Calif. Data was collected on 643 buildings, representing 99 million square feet of floor space from 26 states.



BRIAN CASSIDY

Anne Murphy Hill and Sterling Miller are part of the leadership team for M360.

Specific projects M360 can undertake include improvements to heating and air-conditioning systems, lighting upgrades, water conservation, utility purchase agreements, building automation upgrades and installing renewable technologies such as solar and wind power.

The company can also help identify energy incentives offered by utility companies such as AmerenUE and through governmental entities. The incentives can save anywhere from 15 percent to 25 percent on a company's overall utility budget through, for instance, the purchase of more efficient equipment.

Sterling Miller, M360 business unit manager, said one aspect of the company is guaranteeing an income stream to retire debt incurred through energy-efficiency projects.

"Typically we use third-party financing," Miller said. "It's not through M360 but through traditional financing operations — either a bank or some kind of investment vehicle to make a loan to the company involved. And that debt is retired from the energy savings. The difference in perfor-

mance contracting is we will guarantee that energy savings."

The company has already embarked on a number of retrocommissioning projects for several large hospitals mainly through the SSM system, including DePaul Health Center, St. Joseph Health Center and St. Mary's Health Center. The company is also working with St. Anthony's Medical Center to find energy conservation measures that can pay for themselves in a short time.

"Utilizing the utility incentives, we've been able to do very large control upgrades (and) system upgrades that give us less than a two-year payback," said Samuel Welge, an energy solutions manager for M360.

Miller said hospital projects ranged from major equipment replacements of boilers and chillers to maintenance and control upgrades. He added the company has seen 11 percent to 20 percent reductions in overall utility costs from the projects.

Hill declined to provide any specific revenue goals, but Miller said the company has "pretty aggressive growth goals." Murphy Co. had \$224.2 million in revenue in 2010. The company, which is looking to expand further into other states, operates in Missouri, Kansas, Illinois, Texas and Arkansas.

Meghan Morrison Cieslak, marketing and communications director for the National Association of Energy Service Companies (NAESCO), said energy-savings companies have been around for decades but have recently been growing in popularity.

She pointed to a 2010 joint study from the LBNL and NAESCO projecting energy service companies could reach revenue of \$7.1 billion to \$7.3 billion in 2011.

"We are one of the only (industries) to grow during the recession — nearly 7 percent," Cieslak said.

Miller said NAESCO, which includes M360 as a member, counts 10 to 11 energy service companies within the state. These include Kansas City-based Burns & McDonnell and St. Louis-based Control Technology and Solutions.

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