

ITEM: 156-1001-R0912

Authorization to Execute an Energy Performance Contract for the University Center; The University of Montana - Missoula

THAT

Consistent with provisions of MCA § 20-25-302, the Board of Regents authorizes The University of Montana-Missoula (UM) to proceed with an Energy Performance Contract to execute projects in the University Center not to exceed a total of \$1.7 million.

EXPLANATION

On October 6, 2011, the Commissioner of Higher Education authorized UM to contract for an energy audit of three auxiliary facilities for up to \$100,000 the result of which would lead to a defined set of energy conservation projects for which UM intended to subsequently enter into an energy performance contract as authorized by MCA § 90-4, Part 11.

Subsequently, UM followed statutory and Department of Environmental Quality processes and selected McKinstry Company, Inc., as the Energy Services Contractor to perform the energy audit and the eventual energy conservation work under an Energy Performance Contract. The energy audit included the University Center, Grizzly Pool and the Campus Recreation Facility. This phase involved the investigation of potential energy, water, and operating savings associated with energy consuming systems in buildings. An initial list of identified projects, or Facility Improvement Measures (FIMs), was reviewed and the campus determined that as a first phase University Center projects would proceed.

At the August, 2012 Regents meeting, UM presented an Information Item titled Energy Conservation Projects, University Center – UM which provided an update regarding the energy audit of the University Center. In that item, UM advised the Regents that after completion of the energy audit, the scope of overall energy conservation projects for the University Center would be established, and UM would return to the Regents to seek approval to enter into an energy performance contract.

This project authority totals \$1.7 million including \$1,615,982 for the energy conservation component and \$84,018 in contingency to eliminate any unforeseen asbestos and lead containing materials, which if found, could pose a human health problem. These costs for hazardous materials are not included in the ESCO contract with McKinstry. The payback period is approximately 19 years, extended from the preliminary estimate of 15 years, calculated with the finalization of the comprehensive audit.

This project will be funded as follows:

- University Center/Renovation Fee R&R Funds \$ 1,200,000
 - Revenue Bonds R&R Fund \$ 500,000
 - TOTAL** \$ 1,700,000
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ATTACHMENTS

Attachment 1 – Project Summary