November 21-22, 2024

ITEM 215-2004-R1124

Request Authorization to Execute Energy Performance Contracts (EPC) for Multi-year, Multi-phased Projects to Address Deferred Maintenance, Reduce Utility Costs and Improve Energy Efficiency; Montana State University

THAT

Consistent with MCA 90-4-1103 and BOR Policy 1003.7, the Board of Regents authorizes Montana State University to spend up to $50,500,000 to execute energy performance contracts (EPC) for multi-year, multi-phased projects to address deferred maintenance, reduce utility costs and improve energy efficiency.

EXPLANATION

1. MSU has utilized the energy performance audit and contracting process during the last 15 years to address deferred maintenance, reduce utility costs and improve building system efficiency. Prior requests for authorization to utilize energy performance contracts were submitted to the Board in a phased approach. MSU received authorization in January 2012 [ITEM 154-2005-R0112], November 2012 [ITEM 157-2009-R1112] and September 2016 [ITEM 172-2006-R0916] for window, lighting and HVAC system replacements in Auxiliaries facilities.
2. MSU received authorization from the Board in September 2023 [ITEM 208-2008-R0923] to prepare an investment grade audit as authorized by MCA 90-4-1113. MSU selected McKinstry, a qualified energy service provider, in coordination with the Montana Department of Environmental Quality as authorized by MCA 90-4-1112 to perform the audits.
3. MSU received authorization for energy performance contracts for projects at the May 2024 Board meeting [ITEM 212-2004-R0524, ITEM 212-2005-R0524] as authorized by MCA 90-4-1114. This included the campus geothermal bore field and South Campus Energy District Phase 2.
4. MSU requests authorization up to $50,500,000 for additional energy performance contracts, as authorized by MCA 90-4-1114, for multi-year, multi-phased projects in academic, administrative and research facilities to address more than $43,000,000 in deferred maintenance and system efficiencies:
    a. $9,000,000 in lighting upgrades in twenty (20) facilities to retire more than $6,000,000 in deferred maintenance, increase efficiency and reduce maintenance and utility costs.
    b. $20,000,000 in building mechanical system upgrades in three (3) facilities to retire more than $18,900,000 in deferred maintenance, improve safety and increase efficiency. Includes upgrading laboratory airflow/cooling systems and air handling systems that are beyond their useful life.
    c. $17,000,000 in Heat Plant system upgrades to retire $17,000,000 in deferred maintenance, improve continuity of operations and increase efficiency. The last major renovation was in 1996.
    d. $1,000,000 in plumbing fixture upgrades in approximately thirty-five (35) facilities to retire $700,000 in deferred maintenance, reduce potable water consumption, and reduce utility costs.
    e. $3,500,000 in district piping upgrades for geothermal assets.
5. MSU expects to finance this project through a combination of maintenance funds and debt financing. Energy savings will fund a portion of the debt service and are anticipated to be $1,000,000/year on average and near $2,000,000/year when fully implemented. This item authorizes MSU to negotiate the financial agreements in coordination with OCHE.
6. No additional operations and maintenance funding will be requested as a result of this project.

ATTACHMENTS

Attachment 1: Physical Plant 1003.7
Attachment 2: Priority Project List