

APPROVAL OF A GUARANTEED ENERGY SAVINGS CONTRACT FOR TWO BUILDINGS AT THE NORTH MERIDIAN CENTER CAMPUS IN INDIANAPOLIS, REGION 8/CENTRAL INDIANA

RESOLUTION NUMBER 2010-9

WHEREAS, the College is in need of several improvements to its two main buildings at the North Meridian Center campus that could be funded through energy savings over time, and

WHEREAS, a Qualified Energy Savings Project bid process has been completed in accordance with applicable statutes, Indiana Case Law and College procedures including State Trustee Resolution 2004-32 regarding the use of apprentices, and

WHEREAS, the best, and lowest, bid packages according to College procedures are from Honeywell International, Inc., and

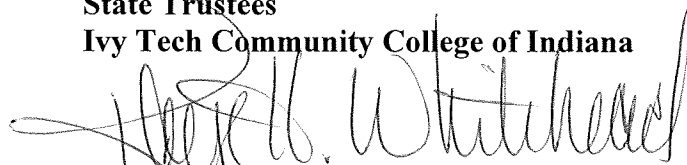
WHEREAS, the best base package proposed is for an amount not to exceed \$1,958,900 and the best alternate package proposed is for \$2,910,900, either of which requires approval by the State Trustees, and

WHEREAS, the Region 8/Central Indiana Board of Trustees has reviewed the project and made a recommendation on a contract award;

NOW THEREFORE BE IT RESOLVED, that the State Trustees do hereby approve the above stated project and approve a contract award to Honeywell International, Inc. for a base amount not to exceed \$1,958,900 or an alternate amount not to exceed \$2,910,900, which is to be paid out of guaranteed energy savings over time, and

FURTHER BE IT RESOLVED, that the State Trustees do hereby authorize and direct the President and any other appropriate, designated College employee to negotiate and execute a contract with said firm for either the base project or the alternate project if the alternate project can be completed within the requirements of IC 21-33-4 after the documents have been approved by the College General Counsel.

**State Trustees
Ivy Tech Community College of Indiana**



Kaye H. Whitehead, Chairman



Anne K. Shane, Secretary

Dated February 11, 2010

Buildings, Grounds, and Capital Committee
Approval of a guaranteed energy savings contract for two buildings at the North
Meridian Center location in Indianapolis
February 10 and 11, 2010

This item will approve a Qualified Energy Savings Project (QESP) and a guaranteed energy savings contract for the North Meridian Center and Glick Technology Center buildings in Indianapolis.

- Subsequent to preparing the State Trustee Agenda materials, staff have met with Honeywell to determine the energy conservation measures (e.g. replace old boilers, convert to current automation controls, retrofit lighting, seal building envelope, power management software and hardware, water conservation, electrical conservation, etc.) that are the best combination to pursue through a qualified energy savings project.
- Two levels of potential Qualified Energy Savings Projects have been identified for implementation at the North Meridian Center location in Indianapolis; a base project for \$1,958,900 that can be completed and paid for from energy savings over the next ten or less years and an alternate project for \$2,910,900 that can be completed and paid for from energy savings over the next thirteen or less years.
- The difference in components of the two projects is the inclusion of converting the whole North Meridian Center (NMC) to hot water heat by replacing the two current steam boilers in the building (the alternate project) instead of converting only the 1965 wing of the NMC to hot water boilers (the base project).
- The two steam boilers serving the whole building are well beyond their expected useful life, are in need of costly and hard to complete repairs, are experiencing inefficient operations, and need to be replaced before they fail.
- The cost of replacing the steam boilers with a hot water boiler system would increase the payback time using energy savings to more than 10 years under the current assumptions of financing rates and no use of offsetting one time funding.
- Current state law limits higher education Qualified Energy Savings Projects to a ten year payback period.
- However, House Bill Number 1297 in the 2010 General Assembly has a provision increasing the time for pay back from savings for QESP projects from 10 to 20 years that has passed the house and is being considered by the senate.
- If it passes the senate in the same form and becomes law, the College would like to be in a position to capitalize on the new, longer period of time for a payback.
- Or, if a combination of: other energy or maintenance savings can be found, a lower than anticipated interest rate can be used, or up to \$800,000 of one time money can be contributed by the College, so that the payback period can be reduced to ten years, the College would be better served by the alternate project.
- The College is therefore requesting authority to move to the larger project if its payback can fit within energy savings and the payback time according to state law.
- Funding will come from the energy and operational savings guaranteed by Honeywell.

Action requested: Approval of Resolution 2010-9 for a guaranteed energy savings contract for two buildings at the Indianapolis North Meridian Center campus.