

**TOPIC:** University of Maryland, College Park: Five-Year Energy System Operation and Maintenance Agreement, and Overview of Long-Term Energy System Renewal and Operational Plan

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** January 25, 2018

**SUMMARY:** The University's energy system is operated and maintained through two contracts with the Maryland Economic Development Corporation (MEDCO). The first, a ground lease agreement, expires in 2029. The second, an Energy Services Contract, may not be extended beyond its expiration in September, 2019. In addition, MEDCO has a Management, Operations and Maintenance Agreement with College Park Energy; this contract expires in September, 2019 and may not be extended.

The University plans, through MEDCO, to solicit a short-term replacement management operating agreement to allow time to develop a long-term energy system renewal and operational project.

The University proposes to move forward with a five-year agreement (2019-2024), expected to be in the range of the current average of \$6,500,000 annually plus a contingency for maintenance and repair of aging systems.

An RFP is expected to be issued in the spring and the University will return to the Board of Regents for action in fall, 2018.

**ALTERNATIVE(S):** There are none. An energy services operating agreement is essential and the current agreement may not be extended.

**FISCAL IMPACT:** Annual operating costs are expected to be in the range of the current average of \$6,500,000 annually plus the costs of any needed maintenance and repairs.

The estimated program cost is \$6,500,000 annually for 5 years (\$32,500,000), plus contingency for maintenance/repairs (amount to be determined).

**CHANCELLOR'S RECOMMENDATION:** This item is presented for information purposes.

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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SUBMITTED BY: Ellen Herbst (301) 445-1923

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