

Authorization of New Capital Improvements Project – Winston-Salem State University

G.S.143-64.17F authorizes state agencies to utilize guaranteed energy savings contracts as a method to reduce the state's increasing utility costs, improve efficiency of systems operations, and lessen environmental impacts. The President's Advisory Committee on Efficiency and Effectiveness (PACE) and the UNC Tomorrow Commission both identified guaranteed energy savings contracts as important tools to achieve facility efficiencies and promote environmental stewardship. G.S.143-64.12 requires that all state buildings reduce energy consumption per gross square foot 20% by 2010 and 30% by 2015 based on fiscal year 2002-2003 consumption. The UNC Sustainability Policy authorizes the implementation of sustainable practices in buildings to meet or exceed statutory requirements, to reduce energy and water consumption, while maintaining air quality and comfort and giving priority to the installation of high-efficiency equipment as part of an ongoing sustainability action plan.

The Board of Trustees of Winston-Salem State University requests authority to establish a capital improvements project and enter into a guaranteed energy savings contract. This contract will improve energy efficiency, address deferred maintenance issues by replacing inefficient equipment and infrastructure, and reduce water consumption on the WSSU campus. The project involves 24% of the campus buildings and includes the Anderson Center, Hauser Building, Hall Patterson Building, Blair Hall, O'Kelly Library, Thompson Student Center, Whitaker/Gaines Complex, Coltrane Hall, and the Old Maintenance Building steam and chilled water plants. Pegram Hall will have minor short term improvements considering its program change. The energy conservation measures include replacing faulty steam traps, the installation of efficient lighting and water fixtures, occupancy sensors, energy management controls, building envelope improvements, air handling unit refurbishment/replacements, connecting

Coltrane Hall to the central chilled water system, and retro-commissioning of existing buildings. Desktop computer energy management will further reduce what is known as electrical “plug load.”

Working with the State Energy Office and its list of pre-qualified energy service companies, WSSU selected Siemens Industry Inc. as the energy services company to execute the guaranteed energy savings contract. Siemens has validated the estimated project costs and utility savings and is willing to enter into a contract to guarantee that 100% of the projected savings will be achieved, and if not, Siemens, will be liable for any shortfall. The estimated cost of the project will not exceed \$7,000,000 and will be financed with a tax-exempt loan to be repaid within 15 years from utility savings. After the debt is paid, the savings produced by the improvements, estimated to be \$700,000 per year, will continue to accrue to WSSU and the State. The project is expected to substantially reduce the current energy consumption of ten campus buildings.

To finance this project, WSSU will solicit competitive proposals from qualified lenders. WSSU expects a finance rate not to exceed 5%. The term of the loan is 15 years after a one-year construction period. Construction is anticipated to commence in the Fall of 2011.

It is recommended that the request of the Board of Trustees of Winston-Salem State University be approved and that the proposed contract be forwarded to the Department of Administration, the Office of State Budget and Management, the State Treasurer, and the Council of State for final approval.

A RESOLUTION AUTHORIZING AN INSTALLMENT FINANCING
CONTRACT RELATED TO A GUARANTEED ENERGY SAVINGS
CONTRACT ON THE CAMPUS OF WINSTON-SALEM STATE
UNIVERSITY