



07 - 0194

DATE: January 18, 2007

TO: Tom Hanson, Commissioner, Department of Finance
Honorable Keith Langseth, Chair of the Senate Capital Investment Committee
Honorable Alice Hausman, Chair of the House of Representatives Capital Investment Committee

FROM: Dana B. Badgerow, Commissioner, Department of Administration

SUBJECT: Guaranteed Energy Savings Program Report

The Department of Administration in the 2006 fiscal year initiated three projects under the Guaranteed Energy Savings Program (Minnesota Statute 16C.144, enacted by the 2003 Legislature and amended in 2005). A summary of the three projects is included at the end of this report. The three projects are:

- Dakota County Technical College
- Central Lakes Collège (Brainerd and Staples)
- Minnesota State University-Moorhead

This report is prepared in compliance with subdivision 5 of this legislation, which requires the submission of a list of projects in state facilities that have been funded using guaranteed energy savings during the preceding biennium.

Minnesota Statute 16C.144 required the Department of Administration to develop "guaranteed energy-savings program guidelines" detailing policies, procedures and requirements of guaranteed savings contracts. Additionally, the legislation required the Department of Administration to select qualified guaranteed savings contractors through a competitive process in accordance with the guaranteed savings contracting guidelines within the Department of Administration.

Energy Management Services (EMS) of the Plant Management Division, Department of Administration, developed guaranteed energy-savings program guidelines in October 2003 in consultation with Materials Management Division of the Department of Administration, the Minnesota Attorney General's Office and the Minnesota Department of Finance. These guaranteed energy-savings program guidelines were subsequently updated when the legislation was amended in 2005.

Office of the Commissioner

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As outlined in the guaranteed energy-savings program guidelines, EMS developed and published a Request for Qualification in December 2003 seeking qualified contractors. EMS received eight (8) responses from various energy services companies across the United States. EMS formed an evaluation committee representing participating state agencies to evaluate the responses and to select qualified contractors. The evaluation committee in February 2004 selected all eight (8) companies as qualified providers. EMS is currently preparing a new Request for Qualification to update this list of qualified providers.

EMS subsequently issued Request for Proposals (RFP) for three projects in fiscal year 2006. The RFP's included a standardized "Guaranteed Energy Savings Agreement" which was developed in consultation with the Materials Management Division of the Department of Administration, the Department of Finance and the Attorney General's Office. The RFPs were issued to all eight (8) qualified contractors and the evaluation committees selected the contractors for each separate project.

As authorized State agent EMS developed and authored the appropriate lease purchase agreements, guaranteed energy savings agreements and inter-agency agreements for each project.

An energy-savings project was completed for Dakota County Technical College in August 2006. Final negotiation and project approval is in progress for Central Lakes Community and Technical College. Final project review is in progress for the proposed project for the Minnesota State University at Moorhead.

Executive Summaries

State Facility	Utility Cost Savings Measures	Project Cost	Guaranteed Annual Utility Cost Savings	Contract Term (Years)	Project Status
Dakota County Technical College	Lighting retrofit, energy management system upgrade, water system optimization & vending machine controls	\$567,556	\$69,915	10	Construction completed in August 2006; final lease payment on 6/30/2016.
Central Lakes College (Brainerd & Staples)	Lighting retrofit, energy management system upgrade, water system optimization & insulation	\$1,964,052	\$190,678	15	In progress; expected construction start date is 2/1/2007.
Minnesota State University – Moorhead	Lighting retrofit, energy management system upgrade & water system optimization	Under review	Under review	Under review	In progress; expected construction start date is 6/1/2007.