

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – E
DATE: December 11-12, 2024

SUBJECT

SDSU Campus Energy Performance Preliminary Facility Statement (PFS)

CONTROLLING STATUTE, RULE, OR POLICY

[SDCL § 5-14-1](#) – Classification of Capital Improvements

[SDCL § 5-14-2](#) – Supervision by Bureau of Administration of Capital Improvement
Projects – Payment of Appropriated Funds

[SDCL § 5-14-3](#) – Preparation of Plans and Specifications for Capital Improvements –
State Building Committees – Approval by Board or Commission in Charge of
Institution

[BOR Policy 6.4](#) – Capital Improvements

[BOR Policy 6.6](#) – Maintenance and Repair

BACKGROUND / DISCUSSION

South Dakota State University (SDSU) requests approval of this Preliminary Facility Statement to engage an energy service company (ESCO) in an energy performance contract (EPC) to complete a systems audit, documentation of existing conditions, design, and bid for campus wide energy conservation improvements. SDSU requests a building committee be formed to select an energy service company.

SDSU Facilities & Services will engage an Energy Service Company (ESCO) to conduct a comprehensive investment-grade energy audit of campus buildings and infrastructure. The audit will include an in-depth study of building energy usage, system performance, and areas for potential energy conservation improvements, including but not limited to mechanical, electrical, domestic water, sanitary sewer, and building envelope systems.

The university will utilize a guaranteed savings model under an Energy Performance Contract (EPC), a commonly adopted approach in North America and one that has been implemented at other Board of Regents (BOR) institutions. Through the EPC, the ESCO will commit to installing necessary equipment, building improvements, and upgrades, providing the university with guaranteed energy savings, which serve as a source of

(Continued)

DRAFT MOTION 20241211_7-E:

I move to approve SDSU’s Preliminary Facility Statement to engage in an energy performance contract funded by conservation loans repaid with energy savings or financed by the ESCO. A building committee representative should be appointed to select the ESCO.

revenue for the ESCO. The ESCO will structure ongoing payments to be less than the financial savings achieved from the energy conservation projects. The EPC will have a maximum term of 15 years, though it may be shorter depending on the energy conservation measures implemented. Project financing options will be determined as the university gains a clearer understanding of the improvements to be implemented.

IMPACT AND RECOMMENDATIONS

This project will combine a series of planned maintenance and repair projects to improve safety, reliability, and performance of facility systems and utility infrastructure across campus. The outcome will improve service performance, reliability, ease burdens on surrounding infrastructure and reduce emergency costs for the university and State of South Dakota.

FUNDING

The SDSU Energy Performance project would be candidates for energy conservation loans or financed by ESCO. The financing will be repaid using the guaranteed energy savings generated by the energy conservation projects.

ATTACHMENTS

Attachment I – SDSU Campus Energy Performance PFS



**SOUTH DAKOTA
STATE UNIVERSITY**

Facilities and Services
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South Dakota State University
Brookings, SD 57007-1698
Phone 605-688-4136
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**SOUTH DAKOTA STATE UNIVERSITY
TRANSMITTAL AND APPROVAL FORM
Preliminary Facility Statement – Board of Regents Document**

Project Name: CAMPUS ENERGY PERFORMANCE CONTRACT

For consideration by the Board of Regents at the December 2024 meeting.

Date & Contact: 10/29/24, Facilities & Services – Jeni Kindt #5961



Recommended by:

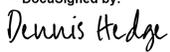
Department Contact (As applicable)	Date	Dean, Director or Vice President	Date
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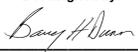
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 AVP, Facilities & Services Date

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 Michael Holbeck Date
 Vice President for Finance & Budget

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 Dennis Hedge Date
 Provost/VP for Academic Affairs

Approved:
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 Barry H. Dunn Date
 President

Approved at the _____ Board of Regents Meeting

**PRELIMINARY FACILITY STATEMENT
CAMPUS ENERGY PERFORMANCE CONTRACT
SOUTH DAKOTA STATE UNIVERSITY
PREPARED: OCTOBER 29, 2024**

South Dakota State University (SDSU) requests approval of this Preliminary Facility Statement to engage an energy service company (ESCO) in an energy performance contract (EPC) to complete a systems audit, documentation of existing conditions, design, and bid for campus wide energy conservation improvements. SDSU requests a building committee be formed to select an energy service company.

1. GENERAL PROGRAMMATIC NEEDS TO BE ADDRESSED:

SDSU Facilities & Services will engage an Energy Service Company (ESCO) to conduct a comprehensive investment-grade energy audit of campus buildings and infrastructure. The audit will include an in-depth study of building energy usage, system performance, and areas for potential energy conservation improvements, including but not limited to mechanical, electrical, domestic water, sanitary sewer, and building envelope systems.

The university will utilize a guaranteed savings model under an Energy Performance Contract (EPC), a commonly adopted approach in North America and one that has been implemented at other Board of Regents (BOR) institutions. Through the EPC, the ESCO will commit to installing necessary equipment, building improvements, and upgrades, providing the university with guaranteed energy savings, which serve as a source of revenue for the ESCO. The ESCO will structure ongoing payments to be less than the financial savings achieved from the energy conservation projects.

The EPC will have a maximum term of 15 years, though it may be shorter depending on the energy conservation measures implemented. Project financing options will be determined as the university gains a clearer understanding of the improvements to be implemented.

2. Analysis of the Student Body or Constituents to be Served:

This project will combine a series of planned maintenance and repair projects to improve safety, reliability, and performance of facility systems and utility infrastructure across campus. The outcome will improve service performance, reliability, ease burdens on surrounding infrastructure and reduce emergency costs for the university and State of South Dakota.

3. Additional Services to be Offered:

This project involves maintenance and repair work, consisting of improvements and/or upgrades to existing building systems and utility services. The scope of work includes enhancing mechanical, electrical, and plumbing systems within buildings, as well as upgrading the campus steam, chilled water, domestic water, sanitary sewer, and electrical infrastructure. These improvements will increase system reliability and efficiency, while reducing emergency maintenance costs, ultimately creating a better environment for students, faculty, and staff.

4. Compliance With Campus Master Plan:

This project addresses campus utility needs identified in specific utility studies conducted for the domestic water, sanitary sewer, and storm sewer systems throughout the campus. The ESC comprehensive energy audit and recommended upgrades will also align with the university's sustainability goals. All work will serve existing facilities and comply with the overall objectives of the campus Master Plan.

5. Analysis of Needs Assessment Based on the Facilities Utilization Report:

Not Applicable.

6. Location:

The projects will address campus energy conservation needs in multiple areas and buildings across the university. Work will be phased to provide coordinated outages and minimize impact to university functions. All projects implemented by the ESC will have a combined payback of not more than 15 years per **SDCL Administrative Rule 31:01:03:02 Criteria for energy conservation loans.**

7. Reallocation of Old Space, If Any:

Not applicable

8. Proposed Funding Source/Sources:

The projects will be candidates for energy conservation loans or financed by the ESCO. The financing will be repaid using the guaranteed energy savings generated by the energy conservation projects.

9. Budget for Development of a Facility Program Plan:

Preliminary planning work will be funded by the ESCO and FY25 M&R funds allocated to campus project planning.