

Lake Region State College, SBHE Meeting June 14, 2012

LRSC requests authorization to seek Budget Section authorization for change in project scope per NDCC 48-01.2-25; and, further, subject to Budget Section approval, request SBHE authorization to proceed with the Wind Turbine project at a cost of \$7,181,216, to be funded through energy performance contract, with initial \$2,609,920 general fund investment.

Project Description

LRSC will purchase and install a wind turbine to be utilized for its Wind Energy Technician Training Program, which was authorized by the SBHE in March 2009. The turbine will be a commercial 1.6MW turbine that will be utilized to train technicians and provide power for the campus. LRSC will replace one of its gas boilers with an electric boiler to utilize more of the electricity produced by the wind turbine and enhance the energy cost savings. The original plan was to locate the turbine on campus property, but in 2009 the Devils Lake Regional Airport extended their secondary runway. As a result, the FAA would not grant permission to locate the turbine on campus property for safety reasons. LRSC located a potential site on private land approximately 3.2 miles northwest of the campus and the landowner has agreed to a lease/easement for LRSC to install the turbine. LRSC received approval on the new site from ND PSC on 3/6/12 and from the FAA on 4/27/12. LRSC has been working unsuccessfully with manufacturers for three years to purchase a wind turbine. LRSC, working with EAPC Engineering, now has a manufacturer willing to sell a single turbine. In addition to the installation of the wind turbine, LRSC will have the opportunity to improve the campus heating plant infrastructure by replacing a boiler which has reached the end of its useful life with a hot water boiler and improve the plant reliability with equipment to allow redundancy in case of a heating plant emergency. The original plan presented to the legislature anticipated replacing all boilers; however, current planning suggests that repayment will not cash-flow over the 15 year energy performance contract terms.

The project, as presented to the legislature in 2009, anticipated the cost of the project at \$6,132,000. Since that time, LRSC incurred additional inflationary costs due to the delays in the project and costs associated with relocation of the wind turbine. These added costs total \$1,049,216 and have reduced the overall amount available for the project as originally anticipated. The cost differences between 2009 and 2012 are detailed below.

Costs in 2009		Costs in 2012	
\$3,341,000	Turbine/Turbine Electrical	\$2,254,000	Turbine
\$1,021,800	Misc/Construction	\$1,100,000	Turbine Electrical
\$4,362,800	Turbine Subtotal	\$1,050,000	Turbine Civil (Road, Foundation, Tower)
		\$33,000	Primary Loop Procurement
		\$200,800	Technical Tools
		\$191,615	Contingency
		\$1,334,968	Misc (Lab Safety Equipment, Model, Engineering, Construction Mgmt, Commissioning)
		\$6,164,383	- New Wind Turbine - Metering at Campus
\$274,000	Electric Blr/Gas Boiler	\$218,440	Replace Single Gas Fired Boiler - North Boiler
\$900,000	Maintenance Building	\$572,543	Central Pumping Station Upgrade
\$66,000	Pumps/Piping	\$187,412	Engineering, Project Development, Commissioning and Bond
\$409,200	Electrical Equip	\$38,438	Misc (Baseline Development, Annual M&V)
\$120,000	Transformer Panels	\$1,016,833	Infrastructure Improvements
\$1,769,200	Infrastructure Improvements		
\$6,132,000	Total Project	\$7,181,216	Total Project
		\$12,500	Legal Fees
		\$920	Preplanning/testing
		\$296,329	Payoff current Performance contract
(2,609,920)	ND Appropriation	(2,609,000)	ND Appropriation
\$3,522,080	Performance Contract Financing	\$4,881,045	Performance Contract Financing

Consistency with Campus Facility Master Plan and Budget

The Wind Turbine project was the #1 project in LRSC's Campus Facility Master Plan in 2007 and 2009 Legislative Sessions. It directly impacts LRSC's mission to meet the labor market needs of ND. Lake Region State College (LRSC) has a premier technical training program for wind turbine maintenance. The current agreement to shut down turbines owned and operated for profit by private corporations for classroom instruction continues to be problematic.

SBHE and/or Legislative History

The 60th Legislative Session approved the project in 2007 with a \$3,007,600 special fund authority. The \$3,007,600 special fund authority was replaced in the 09-11 biennium with a \$2,609,920 appropriation. The 61st Session appropriated the \$2,609,920 in two different ways:

- 1) State appropriation
- 2) Federal Stimulus Funds (special fund authority)

LRSC was instructed to apply for Federal Stimulus Grant funding and, if successful, any dollar of federal funds received would decrease the State Appropriation by one dollar. LRSC was not successful with its federal grant applications.

For the 11-13 biennium, the 62nd Session removed the Federal Stimulus Funds requirement and allowed the \$2,609,920 State Appropriation to carry over from the 61st Session.

Estimated Total Purchased or Donated Costs

	Amount
Planning, Permits and Insurance (design costs associated with current project, OMB preplanning revolving funds, architect and engineer fees, permits, insurance)	\$360,000
Land/Building Preparation and Purchase or Donated Costs (land acquisition and site preparation/development)	\$200,000
Demolition and Disposal	\$75,000
Construction (foundation and building construction or renovation, including fixed equipment, landscape, infrastructure and utilities, mechanical and electrical, parking and driveways or roadways)	\$6,196,216
Institutional work (value of work completed by institutional trade staff)	\$
Contingency	\$250,000
Hazardous Material Abatement	\$
Other, including 3rd party costs (please describe)	\$100,000
SUBTOTAL (if total exceeds \$250,000, requires SBHE approval)	\$7,181,216
Furniture, Fixture and Equipment (FF&E)	\$
TOTAL	\$7,181,216

No other work, other than that specified within this request, is required for the completion of the project nor is other work planned to supplement this project using funding or authority not included within this request.

Future Operating/Improvement Costs and Funding Sources

Operating and maintenance costs are included in the Energy Services Agreement and will be funded by utility savings.

Source and Availability of Funds (including FF&E)

The legislature appropriated \$2,602,920 for the project. The balance of the project will be funded through an Energy Services Agreement over a 15 year repayment period.

Estimated Project Timeline and Completion Date

Project to begin on June 25, 2012 and be completed by June 30, 2013.