

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 20
DATE: February 9, 2018

RECOMMENDATION

AGREEMENT WITH SOLAR TURBINES FOR SERVICE, MAINTENANCE, AND REPAIR OF TURBINE

ACTION REQUESTED

It is recommended that the Board of Regents approve and authorize the President to finalize and sign the attached Full Service Agreement with Solar Turbines Incorporated, providing for the regular service, maintenance, and repair of the new gas-fired turbine generator responsible for the university's power and heat co-generation services going forward.

STAFF SUMMARY

In 2016, the University signed an agreement with OpTerra Energy Services, providing for the construction of a new gas-fired turbine generator to provide over 90% of the heating and electricity services on campus. The turbine, which will provide substantial environmental and economic benefits to campus, is now near substantial completion. Solar Turbines built the turbine, working alongside OpTerra, and is expert in providing the regular repair, service, and maintenance such turbines require. An agreement for these services is required in the University's original agreement with OpTerra. Further, the University has high regard for Solar's expertise and state-of-the-art maintenance program and believes this agreement will best preserve its investment in the turbine. The University and Solar have successfully negotiated the terms of a 15-year Full Service Agreement which will, we believe, generate excellent value to the University. Solar will provide an on-site technician ("Fleet Manager") and a system for remote monitoring and diagnostics (the "InSight System,"). It will also respond to service calls regarding the turbine, complete regular maintenance, replace all package parts with certified replacement parts when necessary, and complete various repairs and turbine overhaul work as necessary.

FISCAL IMPLICATIONS

The University will pay Solar \$52,619.00 per month to provide these services. The amount is subject to no more than 3% escalation each year. This amount was included in the approval of Capital Project Expenditures for the Co-Generation Unit on June 21, 2016.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.



University Executive Officer
Gloria Hage
General Counsel

February 09, 2018

Date