

<b>Policy Name: Utility Reimbursement Guidelines</b>		
<b>Effective Date:</b> 02/01/2014	<b>Revision Date:</b> 12/21/2015	<b>Department/Area/Division:</b> CPP/BA/FA
<b>Department/ Area Policy #:</b> BACPP-3		<b>Departmental Contact:</b> Christina Mullis, Director of Process Review and Financial Compliance

**Purpose:**

To provide specific guidelines for utility reimbursement for all agreements and contracts for non-University entities.

**Policy Statement:**

The University of Alabama owns and operates electrical, natural gas, steam, and thermal water utility distribution systems. The University has agreements with our utility providers that must be strictly adhered to whenever the University provides electricity and/or natural gas to a non-University entity. The Energy Management Department shall be consulted to ensure that any utility reimbursements invoiced by the University do not violate these agreements.

**Policy:**

Types of utilities:

1. **Water:** The City of Tuscaloosa Water and Sewer Department provides domestic water and sewer service to the University of Alabama (UA) campus. Business Administration for Construction and Physical Plant (hereafter, the Business Administration Office) shall invoice customers for water and sewer charges incurred, unless otherwise noted in contract.
2. **Steam:** The UA Facilities Department operates and maintains a steam generation plant located at B.B. Comer Hall. Steam generated at this plant is distributed across campus to various customers. The Business Administration Office will distribute the operating costs of the B. B. Comer Steam Plant on the basis of a square foot percentage allocation and will invoice steam plant customers for these utilities as appropriate.
3. **Electricity and Natural Gas:** Utility meters shall be read monthly by the Energy Management Department. Meter readings will be provided to the Business Administration Office, and the Business Administration Office will invoice customers for these utilities as appropriate, unless otherwise noted in the University’s contract.
4. **Thermal Hot and Chilled Water:** The UA Facilities Department operates and maintains central energy plants which generate hot and chilled water for campus heating and cooling. Thermal Hot and Chilled Water BTU and/ or flow meters shall be read monthly by the Energy Management Department and these readings will be provided to the Business Administration Office, and the Business Administration Office will invoice customers for these utilities as appropriate, unless otherwise noted in contract.

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Lease Agreements:

On-Campus Lease Agreements:

- a. The preferred method is that the cost of electricity, natural gas, steam, and/ or thermal water shall be included directly in the lease rate, and the cost of water and sewer will be based on a lessee contract that is directly with the City of Tuscaloosa Water and Sewer Department. The Energy Management Department shall estimate the total annual utility cost for all electricity, natural gas, steam, and/ or thermal water based on historical usage data, engineering calculations, and information provided to UA by the lessee. This estimated electricity, natural gas, steam, and/ or thermal water cost shall be built directly into the total monthly lease rate. When possible, the total monthly lease rate shall be adjusted every year of the contract on October 1 based on any increase or decrease in the University's actual cost to deliver utilities.
  1. Utility meters shall be installed for all utilities and UA shall read all utility meters monthly. If the installation of meters is not practical for the application, the Energy Management Department must approve the deviation and an alternate method formulated for calculating energy use.
  
- b. If the cost of utilities cannot be included directly in the lease rate, electricity, natural gas, steam, and/ or thermal water shall be included in the Operation and Maintenance (O&M) fee as determined by the Energy Management Department. The O&M fee is a calculated fee based upon the estimated average usage of certain utilities and UA's cost of providing certain utilities and services. The lessee shall contract directly with the City of Tuscaloosa Water and Sewer Department for water and sewer. The O&M fee shall be adjusted every year of the contract on October 1 based on any increase or decrease in the University's actual cost to provide the O&M services. UA will not list the specific rates for utilities on invoices sent to the Lessee. This type of billing is required due to agreements UA has with utility providers.
  1. Utility meters shall be installed for all utilities and UA shall read all utility meters monthly. If the installation of meters is not practical for the application, the Energy Management Department must approve the deviation and an alternate method formulated for calculating energy use.
  
- c. Occupants of temporary space (swing space) shall not have their utilities included in the lease. The University shall invoice these groups directly for the utilities based on the O&M Fee determined by the Energy Management Department and/ or Financial Affairs in addition to natural gas and water charges incurred.

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- d. Governmental agencies occupying space shall be invoiced directly for the actual utility cost unless it is included in their lease payment or predetermined rate as specified per the approved lease agreement.

**Off-Campus Lease Agreements:**

- a. For tenants leasing UA property located outside the main UA campus, the preferred method is for the lessee to pay the utility companies directly.
- b. In the event UA elects to not have the lessee pay the utility companies directly, the secondary preferred method for tenants leasing UA property located outside the main UA campus is that the cost of electricity, natural gas, water, and sewer be included directly in the lease rate. The Energy Management Department shall estimate the total annual utility cost for all appropriate utilities based on historical usage data, engineering calculations, and information provided to UA by the lessee. This estimated utility cost shall be built directly into the total monthly lease rate. When possible, the total monthly lease rate shall be adjusted every year of the contract on October 1 based on any increase or decrease in the University's actual cost to deliver utilities. UA will not list the specific rates for utilities on invoices sent to the Lessee. This type of billing is required due to agreements UA has with utility providers.
- c. If the cost of utilities cannot be included directly in the lease rate, electricity, natural gas, water, and sewer shall be included in the O&M fee as determined by the Energy Management Department. The O&M fee is a calculated fee based upon the estimated average usage of certain utilities and UA's cost of providing certain utilities and services. The O&M fee shall be adjusted every year of the contract on October 1 based on any increase or decrease in the University's actual cost to provide the O&M services. UA will not list the specific rates for utilities on invoices sent to the Lessee. This type of billing is required due to agreements UA has with utility providers.
- d. Utilities for leased property occupied by University departments will be billed directly to the Business Administration Office. Those invoices will be charged to the appropriate FOAPAL depending on who is occupying the space.

**Construction Projects:**

- a. Temporary utility service provided to the construction site and/or on-site project office should comply with the Temporary Facilities (Section 015000) requirements outlined in the project bid documents. The University's utility distribution systems are to be utilized for all new construction projects. In instances where it is not financially justifiable to serve construction projects from UA's utility distribution system (as determined by the Energy Management Department) direct commercial service shall be used.

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Circumstances sometimes require that properties be served by a combination of UA distribution and direct commercial services. Construction project FOAPALs will not be (are not) charged for utility service to the construction site and/or on-site project office. Utility service to the on-site project office, provided strictly for the use of UA project management, (not including contractor trailers) will be paid by the University.

- b. Construction Projects on the University Distribution System - Construction contractors shall install all appropriate metering equipment prior to requesting start-up of UA supplied utility service. Utility meters shall be read monthly by the Energy Management Department. Utilities on the University distribution system are to be paid by the end user (E&G, Auxiliary, Athletics, etc.) and should not be budgeted in the total project budget.
- c. Construction Projects not on the University Distribution System - Contractor pays utility companies directly until the date of substantial completion of construction project unless otherwise noted in the construction contract documents. Utilities paid by the contractor are factored into the total budgeted cost of work; therefore, contractor will not seek reimbursement from UA.

Greek Housing:

- a. Greek Housing on the University Distribution System - The estimated cost of utilities shall be included in the O&M fee as determined by the Energy Management Department and Financial Affairs. O&M costs as well as Administrative costs shall be assessed. The Business Administration Office will invoice Greek houses based on the O&M fee. Utility meters shall be read monthly by the Energy Management Department. The O&M fee shall be adjusted every year on October 1 based on any increase or decrease in the University's actual cost to provide the O&M services. UA will not list the specific rates for utilities on invoices sent to the Lessee. This type of billing is required due to agreements UA has with utility providers. The Lessee shall contract directly with the City of Tuscaloosa Water and Sewer Department for water and sewer.
- b. Greek Housing on the University Distribution System and managed by Housing and Residential Communities - The preferred method is for Greek houses to pay Housing and Residential Communities based on the O&M fee determined by the Energy Management Department and/ or Financial Affairs. The estimated cost for natural gas, electricity, steam, and/ or thermal water shall be included in the O&M fee, unless otherwise noted in the contract. The Greek house shall pay Housing and Residential Communities for natural gas, water and sewer charges based on actual usage, unless otherwise noted in the contract.

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- c. Greek Housing not on the University Distribution System – Greek house shall pay utility companies directly for utilities.

Food Service:

Utility costs are reimbursed annually from the food service vendor based upon the food service contract. The preferred method is for all food service locations to be separately submetered and charged directly to Enterprise Operations (food service FOAPAL). For food service locations that are not separately submetered, utility costs are charged to the end user FOAPAL (Housing, E&G, etc.) and then reimbursed based on a percentage of sales. This payment is processed as a departmental transfer on a quarterly basis.

**Other Department and/ or Divisions:**

Construction Administration  
 Facilities and Grounds  
 Housing and Residential Communities  
 Enterprise Operations

Office of the Vice President of Financial Affairs:

Approved by: Duna Skeith

Date: December 21, 2015