

Utility Reimbursement Policy

Unit: Shared Administrative Services

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Contact: Christina Mullis

Title: Senior Director of Process Review and Financial
Compliance

Purpose

The purpose of this policy is to provide specific guidance for utility reimbursement for all agreements and contracts for University and non-University entities.

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

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 (BACPP) shall invoice customers for water and sewer charges incurred, unless otherwise noted in the contract.

Steam: The Facilities and Grounds Operations department maintains a steam generation plant located at B.B. Comer Hall. Steam generated at this plant is distributed across campus to various customers. BACPP distributes 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.

Electricity and Natural Gas: Utility meters shall be read monthly by the Energy Management department. Meter readings will be provided to BACPP in order for customers to be invoiced for these utilities as appropriate, unless otherwise noted in the University's contract.

Thermal Hot and Chilled Water: The Facilities and Grounds Operations department maintains central energy plants which generate hot and chilled water for campus heating and cooling. Thermal hot and chilled water meters shall be read monthly by the Energy Management department and these readings will be provided to BACPP in order for customers to be invoiced for these utilities as appropriate, unless otherwise noted in the contract.

Lease Agreements

For tenants leasing UA property located outside the main UA campus, the preferred method is for the lessee to pay the utility companies directly.

The preferred method for on-campus lease agreements (or secondary method for off-campus lease agreements) 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.

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 lessee shall contract directly with the City of Tuscaloosa Water and Sewer Department for water and sewer services.

Utility meters shall be installed for all utilities and the Energy Management department 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.

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 Finance and Operations in addition to natural gas and water charges incurred.

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.

Utilities for leased property occupied by University departments will be billed directly to BACPP. Those invoices will be charged to the appropriate FOAPAL depending on who is occupying the space.

Construction Projects

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. Circumstances sometimes require that properties be served by a combination of UA distribution and direct commercial services. Construction project FOAPALS are not to be 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.

For construction projects on the University distribution system, 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.

For construction projects not on the University distribution system, the contractor pays utility companies directly until the date of substantial completion 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

The estimated cost of utilities for Greek housing on the University distribution system shall be included in the O&M fee as determined by the Energy Management department and Finance and Operations. O&M costs as well as administrative costs shall be assessed. BACPP will invoice Greek houses based on the O&M fee. Utility meters shall be read monthly by the Energy Management department. The lessee shall contract directly with the City of Tuscaloosa Water and Sewer Department for water and sewer services.

Greek housing not on the University distribution system 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 sub-metered and charged directly to Enterprise Operations (food service FOAPAL). For food service locations that are not separately sub-metered, utility costs are charged to the primary 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.


Definitions

Operations and Maintenance Fee (O&M) - The O&M fee is calculated by the Energy Management department 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 based on any increase or decrease in the University's actual cost to provide the services. UA will not list the specific rates for utilities on invoices. This type of billing is required due to agreements UA has with utility providers.

Scope

This policy applies to all individuals or entities who seek reimbursement for utilities.

Office of the Vice President of Finance and Operations

Signed:  1/18/2019
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Cheryl Mowdy
Assistant Vice President for Finance and Operations