

MEMORANDUM OF AGREEMENT

**Between
Montana Department of Environmental Quality
And
Department of Corrections
Men's State Prison
Campus-wide Lighting Phase 1 Project
A & E #2015-12-02**

This Memorandum of Agreement (**MOA**) is made and entered into between the Montana Department of Environmental Quality, hereinafter referred to as DEQ, and the **Department of Corrections**, hereinafter referred to as the Agency.

Background

The State Buildings Energy Conservation Program (SBECP) reduces operating costs in state facilities by identifying and funding cost-effective energy and water efficiency improvements. All projects are designed so that cost savings resulting from the investments will be sufficient to repay the investments. In most cases, savings will continue well after the investment has been repaid.

This program uses state special funds and/or funds revolved from a federal grant from the Department of Energy specifically allocated to the program. DEQ in some cases augments the program funds with utility funding to complete the evaluation and implementation of efficiency improvements. The resulting cost savings are used, in turn, to pay back the funds for reinvestment in other energy and water efficiency projects.

DEQ, through established contracting policies and procedures, contracts with private engineering firms to perform comprehensive energy analyses of state facilities and may also engage the services of utility companies to complete audits of less complex state facilities or may use DEQ engineering staff to complete the audits. DEQ reviews the studies and recommends cost effective energy improvements for implementation.

Estimated energy and water cost savings are projected utility savings based on engineering models using average weather condition, anticipated occupancy, building operation parameters, and current fuel rates. These estimated savings are the source of funds for repaying the investment in the project and are captured by dividing the agency's utility budget into two portions, the amount of the budget that is still needed for utility costs, and the amount of the budget that is no longer needed for utility costs because of efficiency savings that is then used to repay the project costs. DEQ will bill the agency once a year to recover the project costs and deposit funds collected into the Energy Conservation Repayment Account. Savings are based on utility costs at the time an energy analysis is completed and on the known building use at the time of the energy analysis. The utility costs and savings estimates may be adjusted if there are additional energy consuming measures installed at the time of the project or if building use changes in a way that increases energy use.

The Department and the Agency recognize that the actual cost of the project could change the amount of the MOA, repayment period, total amount to be repaid, and accounting guidelines. Modifications to this agreement will be made through a memo from DEQ with a revised Attachment A. Agency shall pay in accordance with the revised Attachment A.

This Memorandum of Agreement shall remain in effect until the Agency has reimbursed DEQ for the Total Repayment indicated in Attachment A. The first year of billing will be FY 18.

DEPARTMENT OF ENVIRONMENTAL QUALITY

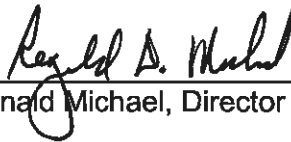
 7/31/17

Date

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DEPARTMENT OF CORRECTIONS



Date

Reginald Michael, Director

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