

Contact: Brad Berg

**RESOLUTION TO ESTABLISH UTILITIES SYSTEM AT
THE UNIVERSITY OF NORTHERN IOWA**

Action Requested: Consider adopting the following resolution:

A Resolution establishing a self-liquidating and revenue producing enterprise to be known as the Utilities System on the campus of the University of Northern Iowa in Cedar Falls, Iowa.

Executive Summary: The Board is asked to consider adoption of a resolution to establish a Utilities System at the University of Northern Iowa, similar to the systems currently in existence at the University of Iowa and at Iowa State University.

Under the provision of Iowa Code Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow funds to construct or improve these facilities.

The Utilities System will collect sufficient user charges to support the system. As a credit enhancement, the resolution also provides that the Board may establish a student fee for the use and availability of the Utilities System, although a student fee is not planned at this time.

The University of Northern Iowa has historically not utilized a full-cost allocation model for the steam and electricity production and for the distribution systems. As a result, a disproportionate share of utility costs were allocated to the general fund and deferred maintenance was not consistently addressed in a timely manner. Moving to a full cost allocation model will allow for equitable cost distributions and provide better responsiveness to deferred maintenance needs.

Two years ago, auxiliaries and quasi-auxiliaries were notified of the pending change. To minimize the impact of the change, a three year phase-in of the utility rates is currently underway. Full rate allocations will begin July 2018.

A copy of the entire resolution is available in the Board Office.