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University of Iowa Vows to Go Green with its Utility Public-Private Partnership.

The University of Iowa has entered into a 50-year utility public-private partnership (P3), engaging a private partner to operate, maintain, optimize, and improve the University's existing utility system and help the University transition to coal-free energy production by 2024. ENGIE North America and Meridiam will serve as the University's private partner. According to the University, the deal represents one of the first utility P3s entered into by any university in the country.

Under this 50-year P3 agreement, the University's private partner will provide steam, cooling, water, and electricity to the University's campus and auxiliary facilities. In exchange, the private partners will receive an annual fee, which is reportedly set at \$35 million annually for the first five years with an increase of 1.5% in subsequent years.

The University will retain ownership of its utility system and receive approximately \$1.165 billion in an upfront lump sum payment from its private partner. This payment will be placed into an endowment, which will be managed by a new 501(c)(3) called the UI Strategic Initiatives Fund. After paying off existing utility bonds and consulting fees, the endowment is expected to retain approximately \$999 million. The University anticipates these funds will enable it to invest \$15 million per fiscal year through grants issued to support its strategic plan and core missions of teaching, research, and scholarship.

Public-private partnerships appear to be trending in popularity among public universities seeking an avenue to uncover additional resources through strategic partnerships with the private sector. The first university campus expansion in the United States to be undertaken using the P3 availability payment model was the [Regents of the University of California's \\$1.3 billion UC Merced 2020 Campus Expansion Project](#). That project is expected to be complete in the fall of 2020.

By Joseph Gillman on 01.15.2020

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