

## **Action Item - 17**

**Board of Education Meeting Date:** 3/27/2025

**Title:** Settlement of Claim and Contract with Vicinity Energy, Philadelphia, Inc. - Steam Heat (\$7,100,000)

### **Action under consideration**

The Administration recommends that the Board of Education authorize The School District of Philadelphia, through the Superintendent or designee, to execute and perform a settlement agreement and contract, subject to funding, as follows:

**Settlement Agreement With:** Vicinity Energy Philadelphia, Inc.

**Purpose:** To settle claims against the School District

**Settlement Amount:** \$425,000

**Settlement Agreement Date:** On or after April 1, 2025

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**Contract for Services With:** Vicinity Energy Philadelphia, Inc.

**Purpose:** Supply of steam heat

**Amount not to Exceed:** \$6,675,000

**Contract Start Date:** May 1, 2025

**Contract End Date:** April 30, 2030

### **Description:**

#### **Why is this contract needed?**

The District has a long-term need for the supply of steam services for two of its schools. Additionally, the District has negotiated settlement of a termination payment due under its existing contract with Vicinity.

The District entered into a long-term contract with Vicinity (formerly known as Veolia Energy Philadelphia, Inc. and Trigen-Philadelphia Energy Corporation) for steam at four District buildings on May 31, 2004. In 2013 and 2019, the District stopped using steam heat at two of the four schools for which it was contractually required to utilize steam as its exclusive source of heat. In a lawsuit filed in 2023, Vicinity asserted that these terminations were a breach of contract. In December 2024, the parties reached a negotiated settlement related to the termination of the contract and agreed to pay a

\$425,000 termination payment and to enter into a new contract to continue to utilize steam heat at Franklin Learning Center and The Julia R. Masterman School for the next five years. The contract provides critical services to these two District-owned facilities.

**How will the success of this contract be measured?**

The success of this contract will be measured by the vendor's ability to provide steam to the District's buildings.

**Funding Source**

FY24-25 Operating

FY25-26 Operating

FY26-27 Operating

FY27-28 Operating

FY28-29 Operating

FY29-30 Operating

**Office Originating Request:**

Operations - Facilities