WHAT IS AN ENERGY REVOLVING LOAN FUND?

PRESENTED BY ANN JANDA, CHITTENDEN COUNTY REGIONAL PLANNING COMMISSION

A SPECIAL FUND TO PAY FOR ENERGY PROJECTS

• **DEFINITION:** A fund that finances energy projects within an organization

• **PROCESS:** Savings created by the projects are used to replenish the fund

• **ADMINISTRATION:** Savings go into the fund until amount is paid back

SOUTH BURLINGTON RESERVE FUND EXAMPLE

2019-1

Resolution to Create an Energy Project Reserve Fund

Whereas, the City Charter, section 13-310 (7) states, "The city council and the school based, by their own actions, may establish reserve funds to pay for public improvements, replacement or applement, and planmed or unplanmed operating expenditures. Monies to be deposited in any fund shall be included in a city or school district budget and shall not be excluded in unknutning the net cost of operation pursuant to subsection 1300(a) of this chapter. Reserve funds shall be kept in separate accounts and invested in the same manner as other public funds. The city council and the school board may, from time to time, expend menies in these funds for purposes for which they were established without voter approval."; and,

Whereas, the City of South Burlington has supported the efforts of the South Burlington Energy Committee in the past and has expressed continued support in a formalized plan moving forward; and,

Whereas, the Energy Committee was formed to help identify energy projects within the city that would create efficiencies and save tax dollars, which could be reinvested to create further efficiencies and savings; and,

Whereas, it is the desires of the Energy Committee and the City Council to transfer said funds into the specified City Reserve Fund; and,

Whereas, the fund is established to provide resources for the City to make capital improvements to City facilities to reduce the use of energy; and,

Whereas, the Energy Project Manager will be charged as the custofian of the money and ensure its appropriate use and disbursement and present financial reports to the Energy Committee and the City Council; and,

Whereas, all expenditures will be made in consultation with the Energy Committee and Staff; and,

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Now, Therefore, Be it Resolved, that the City Council hereby creates a Reserve Fund whose purpose is to secure and disburse these fands as deemed appropriate, with due diligence and oversight by the City; and,

Furthermore, Be it Resolved, that all money placed in this Reserve Pand shall only be disbursed for the uses identified in this Resolution.

Dated the 22rd day of January, 2019

SOUTH BURLINGTON CITY COUNC

Helen Richle, Chair

Menghan Unery, Vice Chair

Year created: 2019

Annual Income: \$100,000

Source of Capital: income from solar array on former landfill

Administration: Energy Coordinator and Finance Director

Typical pay back period: 3 to 20 years

SOUTH BURLINGTON PROJECT EXAMPLES





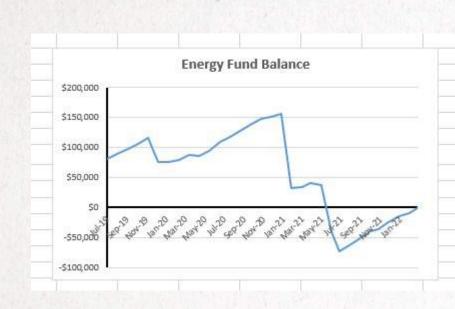
- LED Lights Police Station and Street Lights
- Corner Insulation Public Works
- Power Factor Capacitor No Power Saved but \$\$\$\$
- Small Landscaping Equipment Battery powered weed wackers, chain saws, etc.
- Hybrid Car







SOUTH BURLINGTON FUND ADMINISTRATION



				FY20												FY 21
				Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-2
Income																
Solar Array		Actual	\$77,726.84	\$8,682.83	\$8,288.82	\$8,364.69	\$9,292.86	\$10,217.19	\$4,003.86	3,697.55	\$3,806.95	\$7,662.09	\$10,733.75	\$9,456.23	\$9,761.90	\$9,929.2
Solar Array		Cum Sola	\$77,726.84	\$86,410	\$94,698	\$103,063	\$112,356	\$122,573	\$126,577	\$130,275	\$134,082	\$141,744	\$152,477	\$161,934	*****	*****
City Hall S	Solar	Actual														
olice Sta	ation Lights	Actual							\$12,000.00						\$2,840.40	\$315.6
/ermont	Gas Rebate	Actual														
ower Fa	ctor Capacitor	Actual														\$351.
tewards	hip Fund	Actual		\$5,820.00											\$4,950.53	
otal Inco	me Actual		\$77,726.84	\$14,502.83	\$8,288.82	\$8,364.69	\$9,292.86	\$10,217.19	\$16,003.86	\$3,697.55	\$3,806.95	\$7,662.09	\$10,733.75	\$9,456.23	\$17,552.83	\$10,596.0
um Total	Income Actual	Cum Tota	\$77,726.84	\$92,229.67	******	*****	*****	*****	******	*****	*****	******	*****	*****	*****	*****
iabilities																
ity Hall ·	Solar	Actual														
olice Lig	hts	Actual							\$55,292							
ower Fa	ctor Capacitor	Actual											\$7,000.00			\$2,053.0
Building	Study	Actual							\$1,207.50	\$4,255.00						
treet & T	Fraffic Lights	Actual					1,198.20	\$79.48								
ublic Wo	orks Ventilation	Actual														
ublic Wo	orks Insulation	Actual											3,485.00		3,485.00	
mall Ele	ectric Tools	Actual														
ublic Wo	orks Thermostat	Actual											1,825.00			
otal Expe	ense Actual			\$0.00	\$0.00	\$0.00	\$1,198.20	\$79.48	\$56,499.50	\$4,255.00	\$0.00	\$0.00	\$12,310.00	\$0.00	\$3,485.00	\$2,053.6
		Actual	\$10,331.32	\$10,331.32			1 N N N N N N N N N N N N N N N N N N N		1	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					1 N N N N N N N N N N N N N N N N N N N	
	ance	Actual		\$81,898	\$90,187	\$98,552	\$106.647	\$116,784	\$76,289	\$75,731	\$79,538	\$87,200	\$85,624	\$95.080	\$109,148	\$117,6

HOW SOUTH BURLINGTON GROWS THE FUND

80% OF THE ENERGY SAVINGS FROM PROJECTS GOES BACK TO THE FUND

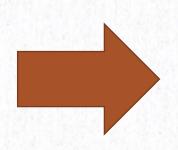
UNTIL 125% OF THE PROJECT COST IS REPAID

SOUTH BURLINGTON SAVINGS DETERMINATION

Police St	ation Lighting				
	Efficiency Vermont calculat	ed savings based on	wattage reduction	n was \$396.00 per month	
	80% savings is per month	\$316.80			
	Project cost was	\$55,292.00			
	Time (years) to pay back 125% of cost =	18.18			
Power F	actor Capacitor				
	Savings were based on a pro factor costs	evious year experien	ce with power	\$5,267.59	
	Current costs are zero				
	80% savings is	\$351.17			
	Project cost was	\$10,750			
	Time (months) to pay back cost =	38.26			
Hybrid (Car Purchase				
Savings	will be assumed to be cost of gasoline f	or miles driven of pr	evious year startir	ng Sept. 2021	
	Current costs are zero				
	Current Mileage				
	Previous Mileage	ý			
	Gas price				
	mpg if not hybrid	30			
	Savings				
	80% savings is				
	Project cost was	\$4,000			

KEY STEPS TO SOUTH BURLINGTON'S SUCCESS:

- 1. Clear outline of goals and benefits
- 2. Strong advocacy by Energy Committee, City Manager, and Finance Director
- 3. Project priorities identified early
- 4. **Partnerships** with Efficiency VT and VGS to identify projects
- 5. Source of income identified
- 6. Simplified administration of the fund



Resulted in

✓ City Council Support

✓ Approval of Energy Coordinator

✓ Resolution to approve the fund passed

MONTPELIER RESERVE FUND EXAMPLE



Net Zero Revolving Loan Fund

Overview

City Coundl's stated goal is for Montpelier to become the first state capital to produce or offset all of its energy needs from renewable energy sources by 2030. Montpelier's Net Zero Revolving Loan Fund has been established for the purpose of financing energy efficiency and renewable energy investments in the City. The purpose of the Fund is to capture and track savings from sustanability projects and to utilite part of those savings for subsequent projects. The Fund is a key tool that will enable implementation of energy efficiency projects of varying size and scope. It will provide a vehicle for municipal energy projects, and it will provide a structure for use, replenishment and management of those tinds.

Project Benefits

- Creates flexibility and allows the City to develop and implement projects quickly;
 Reduces the need to incur debt and maintains positive cash flow for each energy
- efficiency project;
 Works through and reduces deferred maintenance projects, lowering overall
- operating costs; • Leverages capital improvement project funds to significantly improve the efficiency
- Leverages capital improvement project tunds to significantly improve the encouncy of equipment;
- Leverages Efficiency Vermont incentives to invest in future energy savings retrofits;
- Improves the energy performance ratings of the municipal building portfolio; and
 Decreases the city's energy usage to reach the Net Zero by 2030 goal.

Eligibility

Funds may be used for:
Projects that directly address one or more of the City's Net Zero goals through
energy efficiency, renewable energy production, or reduction of energy-related
costs.

Year created: 2016

Fund Size: \$30,000

Source of Capital: \$20,000 in seed money

Administration: City staff with the support of the Montpelier Energy Advisory Committee and

Green Revolving Investment Tracking System <u>www.GreenBillion.org/GRITS</u> a customizable webbased project management tool for planning, tracking, and organizing GRF projects.

CRITERIA FOR PROJECTS – HARVARD EXAMPLE

Home > Programs >

Green Revolving Fund

A \$12 million revolving loan fund that provides up-front capital for projects that reduce Harvard's environmental impact.

- Reduce greenhouse gas emissions
- Reduce energy use
- Reduce water use
- Reduce sewage or stormwater
- Reduce pollutants
- Improve operations
- Educate occupants
- Install renewable energy

Source: https://green.harvard.edu/programs/green-revolving-fund

POSSIBLE PROJECTS TO BE FUNDED

- HVAC conversion to electricity
- Lighting transition to LED
- Installation of rooftop solar
- Installation of electric vehicle charging stations
- Weatherization
- Electric vehicles and equipment

HOW TO GET A FUND STARTED

SETTING UP THE FUND

- Legislative body must adopt a policy to establish the fund that should:
 - Designate a funding source or sources to start and/or provide income
 - Set the effective date and possible sunset date
 - Designate approved uses and any parameters

DEVELOPING THE PROCESS

- The fund would be considered a Special Revenue Fund
- Work with a finance director, accountant, or consultant to set up the fund
- Create criteria for projects
- Create process for determining savings to pay back the fund

POSSIBLE ONGOING FUNDING SOURCES

- A net metered energy project like South Burlington
- Start with seed money like Montpelier
 - Consider use of excess revenue due to ARPA to seed a fund
- Penny for climate change a new tax with designated purpose (requires residents to vote for approval)
- New line in the general fund budget called "transfer to RLF" approve as part of the regular budget cycle

CONTACTS FOR QUESTIONS AND ASSISTANCE

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