

Sustainability and Energy Reinvestment Fund

JULY 1, 2014

BACKGROUND

To overcome barriers to launching energy-efficiency and renewable projects, the County established the following goal as part of its “Reduce Energy Use” Strategic Goals for FY15-19.

By July 1, 2014, the County will establish a revolving fund for internal energy efficient/alternative energy projects. This will start with rebates received and may grow to include other funds or savings. *Coordination: Board of Supervisors, Finance Department, Physical Plant Department, Planning and Zoning/Sustainability staff, Treasurer’s Office*

The sustainability assistant, Becky Soglin, researched the topic for discussion.¹ County officials/staff attending one or more meetings were Janelle Rettig (Board of Supervisors); Dana Aschenbrenner, Dan Grady, and John Hannaford (Finance); and Josh Busard and Becky Soglin (Planning and Zoning). The team drafted a white paper, which was presented and discussed at the Board of Supervisors work session on June 18, 2014. At that meeting, the board decided the fund would be non-revolving.

The following policy outlines the Sustainability and Energy Reinvestment Fund for use regarding Johnson County internal operations. The fund will informally be known as the Internal Energy Fund. The fund is based on the idea that use of more efficient and/or cleaner energy leads to avoided energy costs², and these savings can then be invested into subsequent projects.³ While energy-related projects often involve building constructions or retrofits, this fund also could be used for energy-related major equipment purchases or modification and major programs to change procedures used by employees.

POLICY TO CREATE A SUSTAINABILITY AND ENERGY REINVESTMENT FUND (Internal Energy Fund)

Fund Purpose

- To help the County meet its overall goal to reduce energy use by 2% within five years
- To have a reusable source of funding dedicated to covering the incremental and initial cost increase of adding energy-efficient/renewable energy components to a project; in certain circumstances to cover the entire project cost
- To use, and promote the use of, less energy from traditional non-renewable utility sources
- To use, and promote the use of cleaner, i.e. renewable and sustainable, energy sources
- To reduce energy costs and operational expense
- To set an example for the community

¹ Primary references included a telephone conversation with Glenn Barnes, of the Environmental Finance Center at University of North Carolina– Chapel Hill; draft document by Barnes, “Setting up Internal Revolving Energy Funds”; and “Sustainability and Energy-Savings Reinvestment Fund” from Douglas County, Kansas.

² Barnes, “Setting Up Internal...Funds” (p. 1): “If 100 percent of ... avoided energy costs or revenues are returned to the ... fund, the rest of your entity will not actually see ‘savings’ overall. Instead, you will see lower energy bills and higher transfers into the fund.”

³Ibid.

Types of Projects to Be Funded

- Capital Improvement Plan projects with a sustainability or energy-saving focus (Physical Plant / Space Needs Committee input needed). *Examples: New building; retrofit of existing buildings*
- County-wide, departmental-specific or building-specific request or need for a sustainability or energy-saving project or equipment (i.e. cover the incremental cost difference). *Examples: Rooftop solar; outdoor lighting improvements; Energy Star or other high-efficiency equipment; Energy management software*
- Showcase / educational project as long as it has a reasonable return on investment

Eligible Units

- The County and its agencies

Establishing the Fund

- \$50,000 from general fund reserves
- Add \$28,000 (approximate amount) utility incentive once it is received (Secondary Roads project)

Maintaining the Fund

- \$25,000 annually allocated from the general fund
- Add any utility rebates, incentives or general grants received
- Make appropriate budget adjustments to reflect the value of estimated⁴avoided energy costs to the energy fund⁵
- Cap the fund at \$250,000

Identifying and Choosing Projects

- Primary: Coordinate with Capital Improvements Plan, including decision-making by the Space Needs Committee, and normal equipment replacement schedules
- Secondary: input from Departments and Green Team
- Tertiary: Use or conduct building audits, as needed
- Payback: Typically not more than 10 years but will be project-dependent

⁴ Estimated energy costs can be provided by the utility company and generally will be based on an energy model, audit, or reasonable projection.

⁵ If a prospective renewable energy project will *generate* revenue, a determination would be made on how and what portion of the revenue would be returned to the energy fund.

Measurement and Verification

- Use of utility projections
- Analysis of B3 benchmarking for buildings/retrofits
- Use of periodic audits
- If a project fails to realize energy-efficiencies and/or lead to avoided energy costs then we will identify causes, pursue remedies and ensure that the technique is not reused unless appropriately modified

Staffing

- No new personnel will be hired to establish or maintain this fund. These existing positions/committees will manage the fund:
- Physical Plant Manager or designee (project identification and selection)
- Space Needs Committee (project identification and selection)
- Sustainability Coordinator and/or Sustainability Assistant (project identification and selection; market program; measure and report results)
- Finance (benefit-cost analyses for project selection; replenish, manage fund; assist with annual reporting)
- Green Team (input on project selection; marketing/awareness)

Engagement/Internal Marketing of the Fund

- Educate department heads, elected officials and designees
- Report regularly on fund uses and results (can include appropriate external publicity)

Engagement/Awareness of Projects

- The effectiveness of some, if not all, projects supported by this fund will depend on employee behaviors. As needed, the Sustainability staff will help educate staff on how they can help by following new protocols, turning off lights, etc.