

Memorandum 10-43 Revolving Energy Fund

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MEMORANDUM 10-43
SPONSOR STATEMENT
ORDINANCE 10-14
Revolving Energy Fund

By
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The Homer City Council has made a strong commitment to reduce carbon emissions and lower energy costs. The Council has adopted a Climate Action Plan (Resolution 07-106), approved a Money, Energy, and Sustainability Policy Guide (Resolution 09-07), and established a Sustainability Fund (Resolution 08-07 A). The Council has commissioned a Climate Action Plan Implementation Study and received a final report (the Report) in December of 2009. This ordinance creates a Revolving Energy Fund which is recommended in the final report and is an important next step in the Climate Action Plan implementation strategy.

Chapter Three of the Report recommends that a Revolving Energy Fund be created, that seed money for the Fund be transferred from existing depreciation accounts, and that a fund balance of \$400,000 be attained by the end of calendar year 2010. The Revolving Energy Fund would be used to provide loans for capital projects that improve energy efficiency in City buildings and facilities. The loans would be repaid using the savings that are achieved through improvements and upgrades financed by the Fund. Depreciation funds are generally used for maintenance, repair, upgrades and other measures taken to extend the useful life of buildings and facilities and make them more efficient. Using depreciation funds to improve energy efficiency is therefore consistent with the purpose for which they were set aside.

This ordinance, if adopted, would establish the Revolving Energy Fund in the Homer City Code, much like the Permanent Fund. The Fund would be a segregated internal service fund and would be invested pursuant to the City's established investment policies. Loans from the Fund would be approved in advance by the Council and could only be made for projects with an approved Energy Conservation Plan. The savings in energy costs projected in the Energy Conservation Plan would be used to repay the loan. The regulations, policies, and procedures for the program would be adopted by resolution. Draft Bylaws are attached to illustrate what types of policies and procedures might be addressed in the resolution.

This ordinance also appropriates/transfers \$315,691 from 13 existing depreciation accounts to provide seed money for the Fund. It is important to note that this represents only 5% of total depreciation funds at the City's disposal. The ordinance provides that money can be added to the Fund through interest earnings, private contributions, Council appropriations, grants, and other methods approved by the Council.

The City of Homer spends more than \$1,000,000 a year in energy costs (fuel, electric, propane) at its buildings and facilities. A savings of 10% a year in energy costs could amount to approximately \$100,000; money that could be applied to other, more productive uses. Establishing the Revolving Energy Fund will make City operations more efficient, save the taxpayers money, and stimulate the economy by creating new job opportunities and jumpstarting a fledgling industry with great potential for growth.

Related Ordinances **Memorandum - Related Ordinances:** [Ordinance 10-14 Adopting HCC Chapter 3.14, Revolving Energy Fund, and Amending FY2010 Budgets to Provide Startup Funds](#)

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