

Burlington County Shared Services Program

Greenbacks-To-Go-Green

Date: September 27, 2011

PILOT PROGRAM



Bruce D. Garganio, Freeholder Director
Burlington County Freeholders



John B. Comegno, II, Chairman
Burlington County Bridge Commission

Opening Remarks

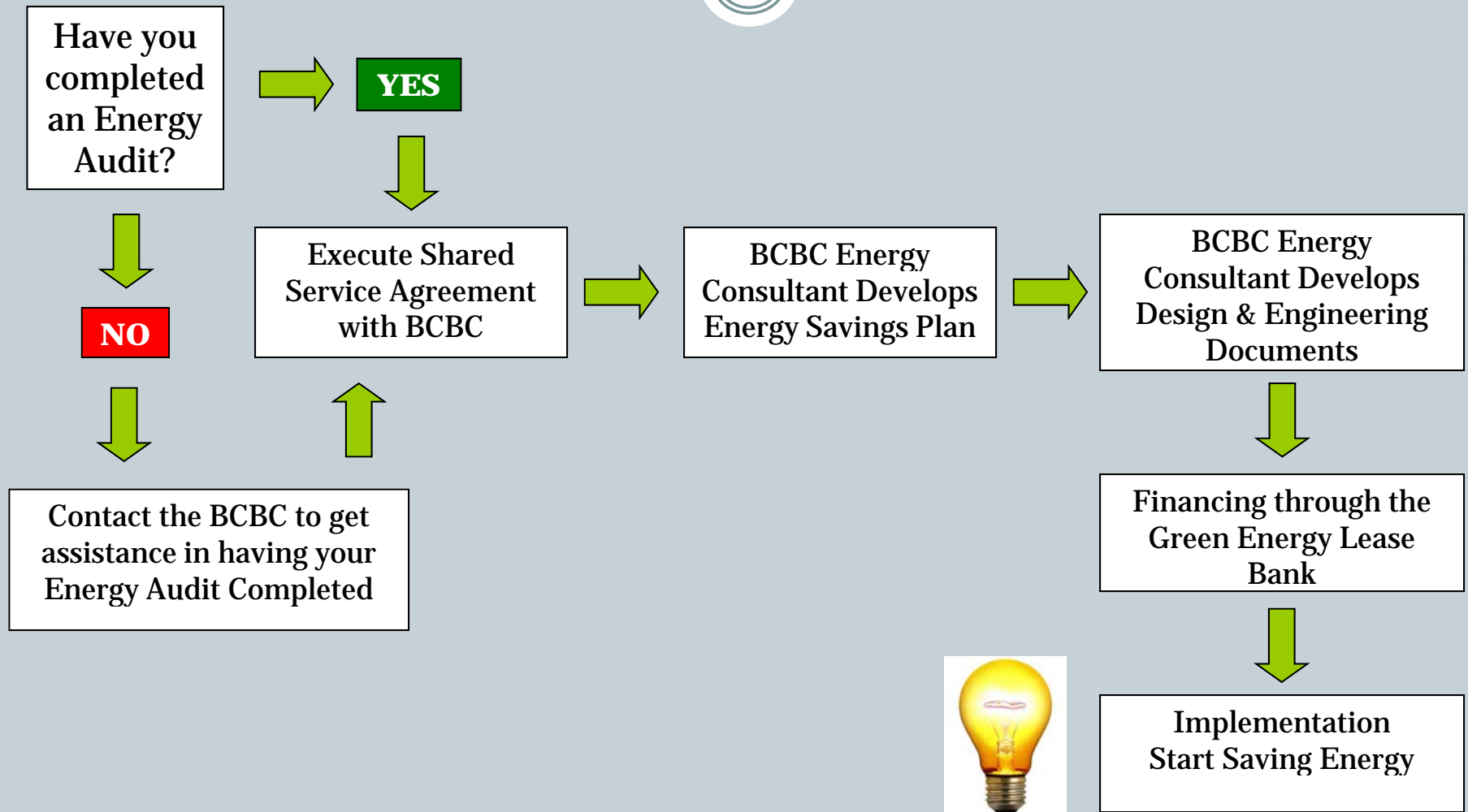
Christopher J. Brown, Deputy Director
Burlington County Freeholders

Jim Fattorini, Vice Chairman
Burlington County Bridge Commission

- **Greenbacks to Go Green Program Pilot Program**
 - ❖ Shared Service to encourage local governments to identify and implement cost-effective energy conservation measures to save taxpayer dollars
 - Energy Audit Services
 - Energy Savings Plan Services - Municipalities
 - Energy Savings Improvement Plan Services – School Districts
 - Engineering & Design Services
 - Financial Services

Pilot Program Flow Chart

3



Energy Audit

4

- The New Jersey Board of Public Utilities (NJBPU) Local Government Energy Audit program (LGEA) offers funding for energy audits.
- NJBPU provides full funding for the costs of the energy audit upon completion of an approved energy audit.
- The LGEA is the foundation for both potential savings opportunities and proposed energy conservation measures.
- The Burlington County Bridge Commission (BCBC) offers grant services through the firm of CGP&H who will assist with the preparation and submission of the LGEA application, the RFP process for selecting a BPU-approved energy audit firm and the coordination with the NJBPU.
- Interim funding of the costs of the LGEA is available through the BCBC Pilot Program until reimbursement is received from the NJBPU.

Energy Savings Plan - Municipal

5

- Once the LGEA is complete and approved by the NJBPU, the next step for Municipal participants is the preparation of an Energy Savings Plan.
- The Energy Savings Plan describes in detail the Energy Conservation Measures that will be implemented and the calculations that demonstrate how the Energy Savings Plan will pay for itself through reduced energy costs.
- **Basic Elements of the Plan include:**
 - ❖ Comprehensive Analysis of the preliminary findings contained in the LGEA.
 - ❖ Preliminary engineering for the Energy Conservation Measures resulting in technical energy savings recommendations.
 - ❖ Cash Flow analysis that sets forth how the costs of Energy Conservation Measures are paid back through energy savings.
 - ❖ Preparation of a Measurement & Verification Plan to measure and verify energy savings after installation of the Energy Conservation Measures.
- The BCBC's energy consultant will prepare the Energy Savings Plan.
- Under the Pilot Program the BCBC will provide interim funding to Municipalities to pay for the costs of preparation of the Energy Savings Plan. The Municipality will repay the BCBC for the costs of the Energy Savings Plan through the financing of the project.

Energy Savings Improvement Plan – School Districts

6

- Once the LGEA is complete and approved by the NJBPU the next step for School District participants in the preparation of an Energy Savings Improvement Plan (ESIP).
- The ESIP allows School Districts to use “energy savings obligations” to pay for the costs of the project.
- Basic elements of an ESIP:
 - ❖ Preparation of Energy Audit which is satisfied by LGEA
 - ❖ Preparation and approval of Energy Savings Plan
 - ❖ Independent third party verification of Energy Savings Plan
 - ❖ Submission of Energy Savings Plan to NJBPU
- The BCBC’s energy consultant will prepare the ESIP.
- Under the Pilot Program the BCBC will provide interim funding to School Districts to pay for the costs of preparation of the ESIP. The School Districts will repay the BCBC for the costs of the ESIP through the financing of the projects.
- The BCBC will provide guidance and support to the School District, if necessary, with third-party verification of the ESIP.

Engineering & Design

7

- **BCBC's energy consultant will prepare the Engineering Plans & Specifications for the acquisition and installation of the Energy Conservation Measures.**
 - ❖ **Plans and specifications will be used by the local government for permitting and procurement of the Energy Conservation Project.**
- **BCBC's energy consultant will prepare the Contractor Bid Packages**
 - ❖ **Bid will provide final pricing for the Energy Conservation Projects.**
 - ❖ **This pricing is then used by the local government to secure financing of the project through the Green Energy Lease Bank.**
- **BCBC will provide the local government guidance and support with construction management services during installation of the project.**
- **Costs associated with the above services can be financed through the Green Energy Lease Bank as part of the Energy Conservation Project.**

Financial Services

8

- **School Districts:** Chapter 4 of the Laws of 2009, the “Energy Savings Improvement Program”, provides school districts with a flexible tool to improve and reduce energy usage and authorizes the use of “Energy Savings Obligations” to finance projects, including lease purchase financing
- **Municipalities:** Finance energy reducing projects through traditional capital lease purchase financing
- **The BCBC established the Green Energy Lease Bank** to provide tax-exempt lease purchase financing to school districts and municipalities for Energy Conservation Projects. With the County’s support, the Green Energy Lease Bank will permit local governments to maximize cost savings through cost-effective and flexible financing.

Financial Services – Municipalities

9

BCBC Green Energy Lease Bank

- Maximum 15 year term tax-exempt lease
- Repayment based on useful life of projects
- Advantages:
 - ❖ Easy and fast access to tax-exempt capital leasing
 - ❖ Low tax-exempt interest rates based upon County Guaranty
 - ❖ Flexible repayment schedule (Principal repayments are not subject to Local Bond Law amortization requirements (i.e. “2 over 1 rule”))
 - ❖ Minimum fees to participants
 - ❖ Leases can be funded/completed quickly
 - ❖ Pursuant to Local Finance Notice 2011-3, capital leases through the BCBC are a statutory exclusion from the tax levy cap

Financial Services – School Districts

10

BCBC Green Energy Lease Bank

- Maximum 15 year term tax-exempt lease
- Annual appropriation lease, no referendum required
- Savings utilized to offset principal and interest
- Advantages:
 - ❖ Easy and fast access to tax-exempt capital leasing
 - ❖ Low tax-exempt interest rates based upon County Guaranty
 - ❖ Flexible repayment schedule (Principal repayments are not subject to Local Bond Law amortization requirements (i.e. “2 over 1 rule”))
 - ❖ Minimum fees to participants
 - ❖ Leases can be funded/completed quickly

Financial Services – Mechanics of Green Energy Lease Bank

11

BCBC Green Energy Lease Bank

- **Mechanics:**

- ❖ Bank of America was selected to serve as Master Lessor through an RFP process.
- ❖ The Master Lessor is committed to funding up to \$10,000,000 in approved lease transactions based on the County Guaranty.
- ❖ Each local government adopts a resolution (or a lease ordinance) authorizing a lease through the BCBC.
- ❖ The BCBC and the Master Lessor execute a lease agreement and the BCBC and the local unit execute a sub-lease to provide funding for the local unit's project.
- ❖ Interest rates are based on a set formula as shown on the next page
- ❖ Funds are released to local unit upon submission of appropriate invoices to the Master Lessor.
- ❖ Revolving loan (i.e. amounts local units pay down on the principal of their lease, become available for other local units).

Financial Services – Mechanics of Green Energy Lease Bank

12

Formula for Lease Interest Rate	Estimated Interest Rate
3 yr option: Average year (2 yrs) SWAPS x 65%, plus 91 basis points	1.24%
4 yr option: Average year (3 yrs) SWAPS x 65%, plus 89 basis points	1.37%
5 yr option: Average year (4 yrs) SWAPS x 65%, plus 81 basis points	1.52%
6 yr option: Average year (4 yrs) SWAPS x 65%, plus 101 basis points	1.72%
7 yr option: Average year (5 yrs) SWAPS x 65%, plus 99 basis points	1.93%
8 yr option: Average year (5 yrs) SWAPS x 65%, plus 117 basis points	2.11%
9 yr option: Average year (6 yrs) SWAPS x 65%, plus 119 basis points	2.33%
10 yr option: Average year (6 yrs) SWAPS x 65%, plus 134 basis points	2.48%
11 yr option: Average year (7 yrs) SWAPS x 65%, plus 136 basis points	2.70%
12 yr option: Average year (8 yrs) SWAPS x 65%, plus 138 basis points	2.84%
13 yr option: Average year (8 yrs) SWAPS x 65%, plus 150 basis points	2.96%
14 yr option: Average year (9 yrs) SWAPS x 65%, plus 150 basis points	3.09%
15 yr option: Average year (9 yrs) SWAPS x 65%, plus 163 basis points	3.22%

Next Steps for all Participants

13

- **Step 1.** Participant contacts GRANT CONSULTANT to provide notice of its intent to participate in the Greenbacks-To-Go-Green Program.
- **Step 2.** If Participant has not completed a NJBPU Energy Audit, then GRANT CONSULTANT assists Participant with the Energy Audit.
- If Participant has a completed NJBPU Energy Audit, then GRANT CONSULTANT provides a copy of the Energy Audit to the ENGINEER and notice of Participant's intent to participate in the Greenbacks-To-Go-Green Program to FINANCIAL ADVISOR and COMMISSION COUNSEL.
- **Step 3.** ENGINEER prepares estimate for preparation of Energy Savings Plan for submission to Participant.
- **Step 4.** COMMISSION COUNSEL sends Participant form of Shared Services Service Agreement ("SSA") and Resolution authorizing SSA.
- **Step 5.** Participant adopts Resolution and sends executed SSA to BCBC for execution.
- **Step 6.** ENGINEER contacts Participant to perform Energy Savings Plan.

Summary

14

- All Pilot Program services will be provided by the BCBC pursuant to a shared services agreement between the BCBC and the participating local government.
- All costs will be financed through the Green Energy Lease Bank.
- All participating local governments who commit to participate in the Pilot Program will be expected to implement appropriate recommendations in the Energy Savings Plan.
- This shared service program, a joint initiative with the Board of Chosen Freeholders, advances our goal of assisting local government entities in our County with the implementation of cost-effective energy conservation measures.

Energy Conservation Projects Underway at the County and the Bridge Commission

15

- The Burlington County Bridge Commission is implementing an energy conservation project estimated at \$286,000 at its Tacony-Palmyra and Burlington-Bristol Bridge facilities that will save \$28,000 in annual utility costs , totaling approximately \$500,000 over the useful life of the upgrades.
- Burlington County is currently working on a \$3.2 million dollar energy facility upgrade project that is estimated to save 10% on their annual utility budget.
- Several local units have already expressed an interest in participating in the Pilot Program

Contact - BCBC Pilot Program Coordinators

16

David G. Gerkens, PP, AICP
Vice President

dave@cgph.net

Phone: 609 371 1937 ext. 23

Fax: 609 371 1776

And

Caroline McCallum

Concord Engineering

cmccallum@concord-engineering.com

Phone: 856 427 0200