

ESD 13-03 Revolving Loan Fund for Water and Energy Projects

Lead Department Environmental Services

History 1 year ago None 2 years ago None

1. What are the key elements of the issue? What precipitated it?

The Sustainability Commission recommended this study issue to study the creation of a revolving loan fund, utilizing City reserves, to initiate energy and water saving projects and demonstrate the cost effectiveness of such projects. The fund is intended to be available to residents and businesses in Sunnyvale. The study would establish parameters for projects that would qualify for the loan, payback periods, methods of repayment and educational components of a project. The study would also identify how the City would share the performance results of the program with the Community.

2. How does this relate to the General Plan or existing City Policy?

The City currently administers revolving loan funds in the Housing Division. Those programs are funded through CDBG, housing mitigation fees and other grant funds. There is nothing in current City policy that specifically addresses this type of program.

3. Origin of issue

Board or Commission Sustainability Commission

4. Staff effort required to conduct study Major

Briefly explain the level of staff effort required

This study would require a significant amount of staff time to develop. Staff would need to identify rules enabling the loan program, funds available to support the program and the multiple parameters necessary to determine qualifying projects, payback parameters, methods for repayment and risks associated with this type of fund.

5. Multiple Year Project? Yes Planned Completion Year 2013

6. Expected participation involved in the study issue process?

Does Council need to approve a work plan? No

Does this issue require review by a Board/Commission? Yes

If so, which? Sustainability Commission

Is a Council Study Session anticipated? No

7. Briefly explain if a budget modification will be required to study this issue

Amount of budget modification required 150000

Explanation

It is estimated that the cost of this study would be approximately \$50,000. The total budget

identified includes minimal seed funding for the loan fund in addition to staff time to perform the study.

8. Briefly explain potential costs of implementing study results, note estimated capital and operating costs, as well as estimated revenue/savings, include dollar amounts

Are there costs of implementation? Yes

Explanation

The proposed budget for this study is \$150,000. This budget includes seed funding and costs associated with the staff time to develop and implement the loan program. No savings are expected as a result of this study. Future revenue would be dependent on loan amounts and interest rates charged. Additional unknown costs may be incurred as a result of loan defaults and the City's action as a result of such an occurrence.

9. Staff Recommendation

Staff Recommendation Drop

If 'Support', 'Drop' or 'Defer', explain

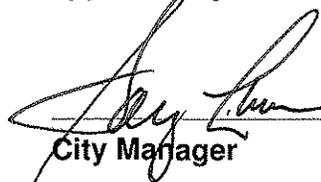
Staff recommends dropping this study issue. Staff recognizes the importance of supporting energy efficiency and water conservation. However, the risks involved with a revolving loan fund using City reserves poses a significant risk that makes this study unattractive.

Reviewed by


Department Director

10-1-12
Date

Approved by


City Manager

10-1-12
Date