
FROM A SUMMARY OF HOW THE FEDERAL ARRA STATE ENERGY PROGRAM FUNDS, THAT WILL BE USED TO LEVERAGE BONDS FOR THE ENERGY EFFICIENCY REVOLVING LOAN FUND IN SB 223, WILL BE ADMINISTERED:

State facilities energy efficiency projects -- \$10,000,000: This program will continue and expand DOT/PF's successful energy performance contracting project to further reduce energy costs in State facilities. The list of buildings and specific projects to be included will be determined based on energy audits. High profile buildings that will be included if cost effective are: the Atwood Building, the Governor's residence, and the Fairbanks Regional Office Building.

The \$10 million in ARRA energy funds allocated for this program will be leveraged with debt financing to accomplish the maximum number of energy efficiency projects and corresponding energy cost savings to the State. This is similar to the approach the State of Arizona is using for its ARRA energy funds and State buildings. Up to \$150 million in energy efficiency projects can be funded, using a combination of the \$10 million in ARRA funds and \$140 million in debt financing. The debt service will be paid entirely through the cost savings from the energy efficiency projects, and the savings will be guaranteed by the contractor, so there is no financial risk to the State.

Schools and municipal facilities energy efficiency projects -- \$8,000,000: Under this program, every school district and municipality in the State will be offered the ability to use the State's energy performance master contract to reduce their energy costs. The suggested approach is that DOT/PF manage the actual contracts, and AHFC provide project management support and outreach efforts to provide a turn-key energy savings program. This approach will avoid the need for school districts and municipalities to reinvent the wheel. As with the State building program described above, the ARRA energy funds will be leveraged with borrowed funds – either private financing or AHFC bonds – to increase the number of projects that can be funded. Using the same ratio as for State buildings, the \$8 million in ARRA funds could pay for \$118 million in energy projects for schools and municipal facilities. The emphasis in expending the \$8 million will be on schools.

