

Arkansas Building Authority



Sustainable Building Design Program Procedures (Sustainable Revolving Loan Fund)

Charles Thomas, ABA Sustainable Revolving Loan Fund Manager

Revolving Loan Fund

- What is it? Created by Act 1372 of 2009
 - Provides a funding mechanism for state agencies, boards, and commissions who own facilities and would like to accomplish energy initiatives (renovations) that exceed \$250,000.
- Who qualifies? State agencies, boards and commissions
 - Excludes public schools and legislative or constitutional entities of the State.



What It Is Not

It is **NOT** Act 1494 of 2009 - the **Sustainable Energy Efficient Building Program under the Arkansas Energy Office**

- Act 1494 issues procedures, methods of compliance and performance standards for state agencies regarding design and construction of major facilities, major renovation as well as purchases of facilities.

The **Revolving Loan Fund Rules do not change how contract awards are made** to Design Professionals (Architects & Engineers), Consultants, Vendors, ESCOs or Contractors. Federal and State laws, regulations and rules should be adhered to.



Loan Elements

Revolving Loan Fund:

A separate and segregated account maintained by ABA (principal account).

Loan Periods:

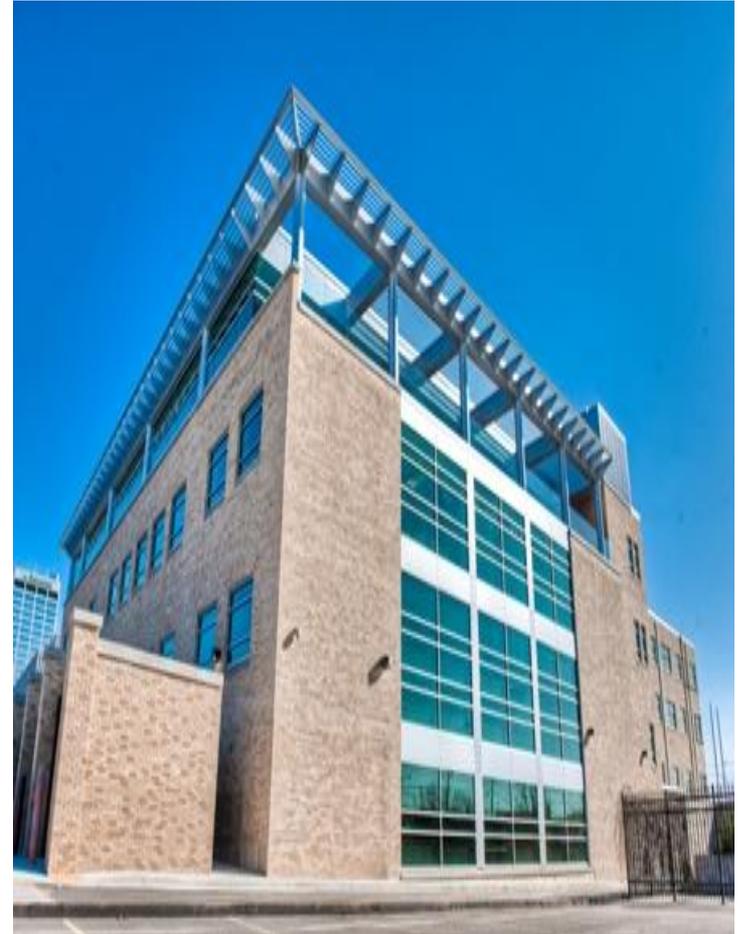
The loans are submitted through the regular annual loan cycle with projects and expenditures occurring **between July 1 and June 30 of each year.**

Loan Amounts:

No Loan shall be for less than \$250,000, but the maximum will be pursuant to funding availability and repayment period.

Repayment Period:

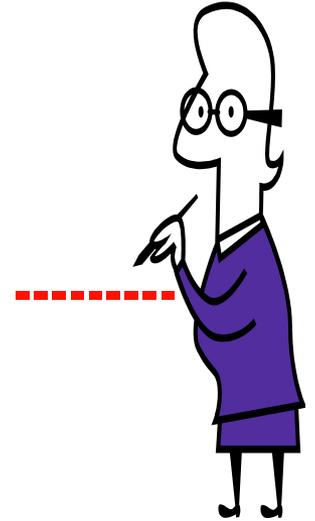
The loan repayment must be accomplished within ten (10) years, with repayment terms established upon award.



Application Elements

Loan Applications include the following documents:

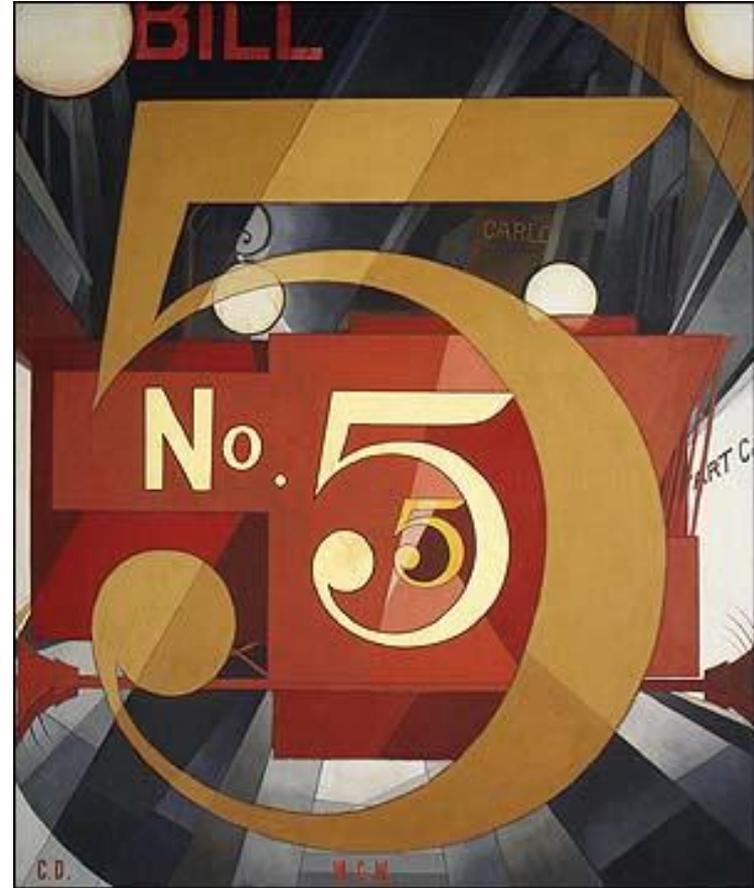
- Project Scope
- Conceptual Project Design
- Life Cycle Cost Analysis
- Work-Cost Break-down with project estimate
- Energy Cost Reduction Measure (form)
- Energy Assessment Report



Loan Review Committee

Sustainable Building Design Program Review Committee consists of five (5) members:

- a. Two (2) members from the Sustainable Building Design Legislative Task Force;
- b. One (1) agency staff member from the Energy Office of the Arkansas Economic Development Commission;
- c. One (1) member from the ABA Design Review Section; and
- d. One (1) member from the Arkansas Department of Finance and Administration.



Loan Fund / Project Steps



- | | |
|----------------|---------------------|
| Step 1: | Initial Assessment |
| Step 2: | Application Process |
| Step 3: | Review Committee |
| Step 4: | Loan Award |
| Step 5: | Design Review |
| Step 6: | Bidding |
| Step 7: | Construction |
| Step 8: | Reporting |

Loan Review Criteria

- a) Agency has completed their **Strategic Energy Plan (StEP)** and was approved by the StEP Energy Workgroup, a plan includes specific sustainable renovation projects within the Capital Projects section of the plan.
- b) Agency has contracted or will be contracting for a **Measurement and Verification (M&V)** of the project.
- c) Agency has completed a **Life Cycle Cost Analysis**. Should an agency determine that an analysis is not needed; the Director may waive this requirement upon proper written justification presented to the Director by the agency.
- d) A **statement from the Agency Director** as to the agency's method of repayment of the loan.



Recommended Projects

- 1) Building exterior weatherization, air sealing, or thermal efficiency;
- 2) Increase or improvement in building insulation;
- 3) Door, window, or skylight replacement;
- 4) Lighting technology upgrades, or reduction of the number of fixtures;
- 5) Heating, ventilation, heat recovery, steam system and air conditioning (HVACR) replacements;
- 6) Improvements to energy control systems/sensors;
- 7) Other energy efficiency projects such as VFD motors that will result in a significant reduction in the consumption of energy within a building.



Projects can be bundled.

Recommended Projects

Continued:

- High efficiency shower/faucets
- Renewable energy technology
 - Thermal (20 KW or smaller)
 - Solar Hot Water (sized to the building)
 - Ground Source Heat Pump (5.5 ton or smaller)
 - Combined Heat and Power System (sized to the building)
 - Biomass Thermal (3MMBTU or less with BACT installed)

(These qualify for quick NEPA approval.)



Eligible Costs:

The following direct costs are eligible:

- i Building materials;
- ii Doors, windows and skylights;
- iii Mechanical systems and components including HVACR and hot water;
- iv Electrical systems and components including lighting and energy management systems;
- v. Labor necessary for the installation of the energy efficient project;
- vi Design and planning of the energy efficient project, which includes A&E fees and consultants;
- vii Costs Associated with energy audits, re-commissioning, retro-commissioning or any combination.

Note: It has been determined that ESCOs should not be combined with a Revolving Loan Fund; ESCO is a separate funding option.



Non-Eligible Costs:



The following are **not eligible costs**:

- i. The costs of the project which are not directly related to energy efficiency measures;
- ii. Any costs incurred for the financing of the project;
- iii. Costs for the equipment or systems that reduce energy costs without also resulting in reductions in the use of energy; however nothing in this section shall be deemed to prohibit disallowance of costs associated with renewable energy or geothermal products;
- iv. Loan funds cannot be used to pay for consultants to write loan applications, reports or to manage the loaned funds.

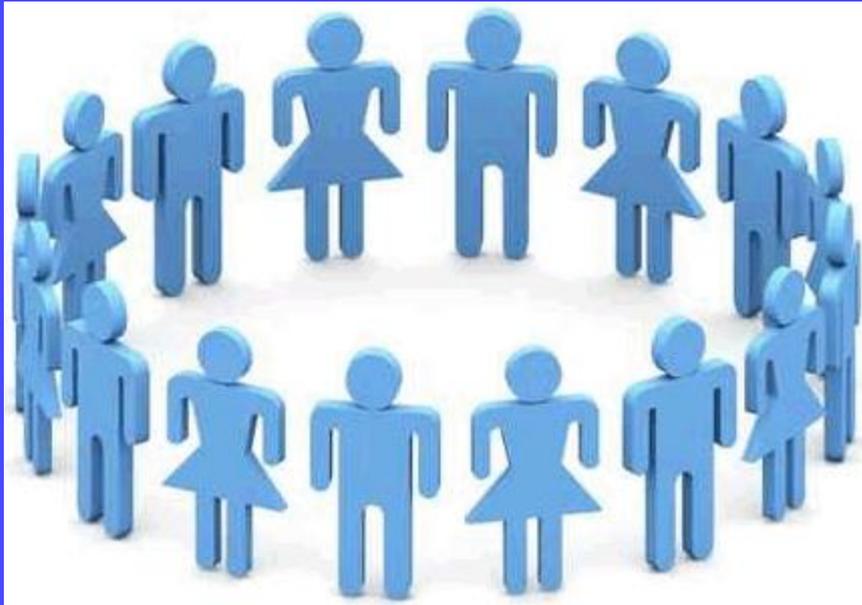
Origination Fee

ABA shall credit an origination fee to the Arkansas Building Authority Maintenance Fund for expenses associated with the administration of the program.

Applicant agencies shall remit an origination fee of .5% of the requested amount of the loan; however no origination fee may exceed \$2,500.00 per loan application.



Project Team Members



1. **Design Professionals (architects and engineers)**
2. **Contractors or Vendors**
3. **Agency Fiscal Officer**
4. **Agency Project Manager**
5. **ABA RLF Manager**

Initial Assessment

1. Completed Strategic Energy Plan (StEP) – “green rating”?
2. Planned Project included in Capital Improvement list of StEP?
3. Existing Building / Owned by the State?
4. Is project Energy Related to reduce consumption/cost as found in the Rules?
5. Estimated Project Costs exceed \$250,000?
6. Can Agency repay loan within ten (10) years?



Returned Funds

If, for some reason, a project is terminated or if actual costs are less than anticipated or if the loan contract date has expired, **all remaining unobligated funds will be returned to Arkansas Building Authority.** All such funds shall be reclaimed by the Chief Fiscal Officer and returned back to the Fund.





Loan Extensions

- If a loan project is delayed due to conditions beyond the applicant's control, the applicant may request in writing an extension of the project period.
- No more than one extension of up to one year shall be approved per loan.

Your Loan is a Contract

Once fully executed, the loan contract is a **legal document**. The loan recipient's failure to abide by the terms of the loan contract will result in the immediate suspension of outstanding payments and recall of allocated funds.

The forfeiture of a loan under such conditions will be reported to the Governor and to the Arkansas Legislative Council, and may result in the ABA no longer accepting loan applications from the forfeiting agency.



Distribution/ Reimbursement of Loan Payments

- a) When a loan award is made, the State agency receiving the loan is given a new State appropriation and funding specific to the loan. The Department of Finance and Administration will establish an appropriation code and fund code for each loan.
- b) Monies are transferred to the agency's new fund account according to the schedule as established by the Fund Manager and DFA/Arkansas Energy Office.
- c) No general revenue can be requested of the Legislature to repay loan funds. Repayment must be accomplished through operational and energy savings.
- d) All expenditures are subject to the State of Arkansas Accounting Procedures and Purchasing laws and regulations.



Audit Requirement

For accounting purposes, financial records shall reflect all obligations and disbursements of loan and matching monies. The financial accounts shall be **subjected to audit by the agencies of DFA, ABA, State of Arkansas, and/or the Federal Government as applicable.** The agency shall be responsible for the safekeeping and identification of records maintained to account for funds awarded. Said records must be kept in the agency's file for a period of three years after completion of the project.



Project Director's Meeting



After loan awards are made, a **mandatory meeting** will be held with loan recipient agency directors and their designees. Any agency who does not send appropriate personnel to review the procedures at this meeting shall not receive funds until the agency has made arrangements to meet with the Manager.

Take Note:

Contact ABA for program details:

Charles Thomas, Revolving Loan Fund
Manager cthomas@aba.state.ar.us
Arkansas Building Authority
501-682-5552

Design Professional?

You will need an “on-call” contract or Purchase Order for the services of a Design Professional (Architect/Engineer) to submit a loan application.

Loan Criteria:

- **StEP** must have achieved “green” rating.
- Project must decrease utility consumption.
- Must repay loan in 10 years.
- Cannot request General Revenue to repay.

