

# Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: November 30, 2010

To: Council Member Lisa Goodman, Community Development Committee  
Referral to: Council Member Betsy Hodges, Ways and Means/Budget Committee

**Subject:** Authorization to amend terms of Energy Efficiency Business Loan and Grant Program Resolution 2009R-388

**Recommendation:** The CPED Director recommends that the City Council:  
**Authorize the attached Resolution amending terms of the City's Energy Efficiency Business Loan and Grant Program Resolution 2009R-388**

**Previous Directives:** City Council approved action on June 12, 2009 authorizing an application to the U.S. Department of Energy for \$3.9 million of EECBG funds to support proposed activities. Of that \$3.9 million, \$780,000 was recommended for a Revolving Loan Fund for Non-Residential Energy Efficiency and Conservation to help small and large businesses audit their buildings and finance energy efficiency projects. On August 28, 2009 City Council adopted Resolution 2009R-388 approving the program.

Prepared by: Becky Shaw, CPED Business Finance	Phone: 612-673-5066
Approved by: Charles T. Lutz, Deputy Director CPED	_____
Catherine A. Polasky, Director, Economic Development	_____
Presenters in Committee: Becky Shaw	

## Reviews

- Permanent Review Committee (PRC): Approval \_N.A.\_ Date \_\_\_\_\_

## Financial Impact

- Other financial impact: Terms of loan repayments will be amended.

## Community Impact

- Neighborhood Notification: N.A. A city-wide program available to all Minneapolis businesses.
- City Goals: The Program meets the City's goals for Greenspace, Sustainability in an Enriched Environment.
- Sustainability Targets: The Program will assist with the City's efforts on climate change and renewable energy.

- Comprehensive Plan: Loans funded through the Program will be in compliance with the City's Comprehensive Plan.
- Zoning Code: Projects will comply.
- Living Wage/Business Subsidy Agreement Yes  No  The Program is not subject to the State Business Subsidy Act in that the financial assistance is less than \$150,000 and assistance for energy conservation is not a business subsidy under the Act. The Program is also not subject to the City's local Ordinance on Living Wage based on the exemption for projects under \$100,000.
- Job Linkage Yes  No  Projects are being undertaken for the purpose of energy conservation.

### Supporting Information

Through the American Recovery and Reinvestment Act (ARRA), \$3.2 billion was allocated to the Energy Efficiency Conservation Block Grant Program (EECBG). The City of Minneapolis was an EECBG recipient in the amount of \$3.9 million. The CPED Business Finance department was allocated \$780,000 of that EECBG to start a revolving loan fund program. CPED Business Finance worked in participation with Center for Energy and Environment to provide a low interest business loan up to \$75,000 with the opportunity for a portion of the loan to be granted back to the applicant. The Energy Efficiency Revolving Loan Fund was approved by City Council in August of 2009. As a result of a pilot study conducted by Center for Energy and Environment, it is clear that the original program could be better marketed and more useful with some term changes. Staff is proposing to amend the originally approved program to make it more attractive to City of Minneapolis Business Owners. Staff proposes to:

- Decrease the interest rate from fixed 3.9% to between 0 and 3.9%;
- Increase the amount of rebate from 10% to 20%, with a maximum remaining at \$5,000. The rebate would be paid back as a monthly markdown on loan payments, and;
- Increase possible loan term from 5 years to up to 10 years depending on the payback of the efficiency upgrades.

The adjustments to the program remain true to the purpose of increasing energy efficiency, decreasing energy output and saving money on future utility bills for Minneapolis Business Owners. All other terms of the Energy Efficiency Revolving Loan Program will remain the same.

