



## Memorandum

To: Golden Urban Renewal Authority  
From: Mark Heller  
Date: May 6, 2010  
RE: MSEI Draft Grant Summary

### **Background:**

The purpose of this memo is to address GURA's grant application for the Main Street Efficiency Initiative grant. The Governors Energy Office (GEO) working in conjunction with the American Recovery and Reinvestment Act (ARRA) have rolled out the Main Street Efficiency Initiative (MSEI) grant. Open to communities across Colorado, the MSEI is aimed at reducing energy costs and emissions, creating local jobs, and incubating programs that support Colorado businesses. Grant recipients will receive seed money to initiate such programs. Six grants will be awarded at the following levels: two \$250,000 grants, two \$150,000 grants, and two \$100,000 grants. A joint effort between GURA and the Golden Sustainability Advisory Board (CSAB) will produce a highly competitive application for the \$250,000 grant that will begin downtown Golden's transformation to a net zero district.

### **Criteria:**

Golden as well as all applying communities in Colorado have a great deal of flexibility when it comes to selecting projects, however there are seven primary components that must be addressed to create a valid grant application.

1. Program Goals and Outcomes
2. Energy Data Management
3. Outreach, Education, and Recognition
4. Facility Assessment
5. ECM Implementation
6. Project Financing
7. Measurements and Verification

### **Recommendations:**

CSAB and GURA could use the seed money from the MSEI grant to establish a phased revolving loan fund for commercial performance contracting. Structuring multiple phases of this enterprise will allow investment within the community for a large signature project, which increases funding for multiple smaller projects to be carried out simultaneously. Repayments to the fund will ensure financial stability and growth of the fund.

Energy service companies (ESCO) are privately contracted businesses that provide an energy analysis for customers and design a solution to meet their needs. The two parties enter into performance contract where the ESCO will design, install, maintain, and guarantee the solution while the customer must adhere to specific energy guidelines. The energy savings that the customer would normally see pays for the project and thus the customer sees no initial costs. ESCOs typically deal with large corporations, municipalities, school districts, and any other low-risk enterprise because the costs associated with the energy solution are initially financed with the ESCO's private assets.

Small businesses are generally unable to attract an ESCO performance contract due to the risk factor and smaller project budgets. Small business, especially in difficult economic times, are simply unable to finance energy efficiency projects without such help, and yet, small businesses as a group are tremendous energy users and carbon emitters.

Due to these limiting factors, commercial buildings and small businesses will be the focus of this grant. Allowing commercial properties to enter into performance based contracting with ESCOs will enable smaller businesses and properties to take advantage of the many benefits that ESCOs provide. In addition ESCOs here in Colorado will have the opportunity to enter into a new market.

Aside from project selection, the single most influential factor in assembling a competitive grant to the GEO is pledging funds towards matching the award. By matching or committing funds towards the grant, the community will show a strong sense of commitment towards the realization of the project. GURA could pledge a portion of funds for this year, and subsequent pledges in future years. A multi-year appropriation of funds will illustrate Golden's long-term commitment to the MSEI grant and position Downtown Golden as a lead candidate for the award.