

Sustainability Revolving Fund Process & Application

Introduction

Consistent with the Council priority to address sustainability both internally and throughout the Hillsboro community, to address numerous actions in the Hillsboro 2020 Vision and Action Plan, and to achieve Goal 8 of the City-wide Strategic Plan, which calls for environmental sustainability action, City staff have identified within the City's [Sustainability Plan](#) long term sustainability goals, a guiding vision and numerous projects to achieve those goals. Funding for the sustainability projects may come from existing departmental budgets, but the need for a dedicated funding source as well as a means to capture project savings has been addressed with development of a Sustainability Revolving Fund (SRF).

Revolving funds have been used through the years in many areas, such as economic development, resource conservation, and energy efficiency. A revolving fund is established for a specific purpose and is replenished by requiring a return on the grant or loan, such as through a defined percentage of the grant/loan, or a portion of funds saved through use of the funds. This maintains the fund over time after the initial "seed" investment.

The purpose of the SRF is to capture and track savings from sustainability projects and to utilize some of those savings for subsequent projects. The fund provides a resource for employees to access funds for **internal** sustainability projects, and a structure for use, replenishment and management of those funds.

Who Can Apply for SRF Funds?

The SRF is structured in levels, so any employee can access funds for sustainability efforts. Smaller grant requests (\$0 – \$5,000) can be made by anyone, and larger requests (\$5,000 up to \$25,000) must be coordinated with Sustainability Working Group leads and the Sustainability Project Manager.

- **Small grant request (up to \$1,000).** Projects that require relatively small investments and that may not realize cost savings but directly or indirectly address at least one sustainability goal
 - Who can apply:
 - Sustainability Working Group leads or members
 - Other City employees
- **Medium grant request (\$1,001 – \$5,000).** Projects must directly address at least one sustainability goal and ideally will realize cost savings or avoided costs:
 - Who can apply:
 - Sustainability Working group leads or members
 - Other City employees (requests must be coordinated with a Sustainability Working Group lead or Sustainability Project Manager)
- **Large grant request (\$5,001 – \$10,000).** Projects must directly address at least one sustainability goal and must demonstrate cost savings or avoided costs
 - Who can apply:
 - Sustainability Working Group leads or members (requests must be coordinated with Working Group lead or Sustainability Project Manager)

- **Major grant request (\$10,001 – \$25,000).** Projects must directly address more than one sustainability goal and must demonstrate significant cost savings or avoided costs:
 - Who can apply:
 - Sustainability Working Group leads or members (requests must be coordinated with Working Group lead or Sustainability Project Manager)

*No single proposal may request more than \$25,000. In all cases, proposals should be considered in the context of total funds available.

**Additional merit in the form of bonus points will be given to proposals that demonstrate leveraged funds from City or external sources. The leveraged funds proposed must be secured for the project and not assumed to be available. Leveraged funds might include Energy Trust of Oregon incentives or other similar programmatic funds.

How can SRF Funds be Used?

Per the application below, funds may be used for:

- Projects that demonstrate an economic, environmental and/or social return on investment
- Projects that directly address one or more of the City's sustainability goals
- Should primarily cover equipment, materials and other 'hard' costs that have a high impact; non-personnel costs (internal staff) may be covered but should be the exception and justified in the proposal

How will Funds be Allocated?

The process below is used for selection and prioritization of projects.

1. Applications are submitted to the Sustainability Project Manager with application deadlines of every other month on the following timeline (applications due by the end of the following months): **November, January, March, May, July, and September.**
2. Applications are reviewed by five staff including two Sustainability Working Group team leads, Finance Director or delegate, Sustainability Steering Committee representative and the Sustainability Project Manager. Members who propose a project must remove themselves from the process.
3. Applications are reviewed and scored against the established criteria (see below), and are allocated based on availability.
4. Applications are accepted throughout the year based on the schedule above. City management may provide the SRF with additional funds at any time.

Application

General Information

Total Project Cost: \$ _____

Proposed SRF Funds*: \$ _____

Additional Funds (and source): \$ _____ **Source:** _____

Proposer: _____

- Small** (\$0 - \$1,000)
- Medium** (\$1,001 - \$5,000)
- Large** (\$5,001 - \$10,000)
- Major** (\$10,001 - \$25,000)

Baseline Data (provide for proposals over \$5,000): _____

Project summary: Narrative summary of proposed project, including estimated timeline and time demand on City staff. (500 words max)

Selection Criteria

Criterion 1 – Sustainability Return on Investment (ROI) (10 pts): Describe how the project promotes activity that reduces City expenses or more broadly contributes to the economic and social health of City employees and our community in harmony with the natural environment? (250 words max)

Criterion 2 – City Sustainability Goals (10 pts): Describe how the proposed project addresses one or more of the City's sustainability goals. (See goals below – for example, how does it reduce consumption of resources, emissions of toxins or other pollutants, including greenhouse gases, use of non-renewable fuel sources, etc.). (250 words max)

Criterion 3 – Return on Investment (ROI) (10 pts): If applicable, what is the estimated cost savings/avoidance (i.e., describe the cost and resource baseline and savings; estimate the timeline for payback of the investment, if applicable)? (250 words max)

Criterion 4 – Leveraged Funds (10 pts): Describe amount and source of any funds leveraged in proposal. (250 words max)

Criterion 5 – Other Benefits (10 pts): Discuss other benefits the proposed project may provide (e.g., fulfilling Hillsboro 2020 action, will complement existing City sustainability project, will provide positive public image for the City, will generate increased efficiency in operations/services, etc.). (500 words max)

Other Considerations

Will the project create additional operations and maintenance (O&M) requirements? If so, please describe and provide an estimate and how it will be addressed.

Attachment A – City of Hillsboro Sustainability Goals

1. 100% of City development investments meet a standard set for sustainable development, and City promotes and encourages sustainable development by others. To be developed in conjunction with affected stakeholders
2. 100% of applicable City policies incorporate the principles of sustainability
3. City's rate of material consumption meets internal standards for sustainability
4. 100% of all inputs purchased by the City are sourced from sustainable sources or meet internally established criteria (e.g., zero waste, zero toxins) where technologically and financially feasible
5. Energy Goals:
 - 60% reduced City facility energy consumption per square foot (2007 baseline)
 - 100% of electricity and natural gas sourced from renewable sources for City facilities and exterior lighting infrastructure
 - 80% production of energy for City facilities from renewable energy sources
 - 100% fossil fuel-free staff vehicles[^] and 40% reduction for other exempt vehicles[^] (non-passenger emergency response, etc.) (2007 baseline)

[^]Based on available technologies and cost effectiveness
6. 25% reduction in water consumption by City facilities against established baseline (including re-use and other measures) (2007 baseline)
7. Emissions Reduction Goals:
 - 80% reduction in greenhouse gas emissions (2007 baseline)
 - 100% of remaining emissions offset
 - Zero toxic emissions
8. Waste Reduction Goals:
 - 100% recycling of waste from City operations
 - Zero construction and maintenance waste (no waste from construction and maintenance activities is sent to landfill). May be accomplished via public/private partnerships
9. Sustainable Design and Construction Goals:
 - All city facilities constructed or renovated shall meet current Leadership in Energy and Environmental Design (LEED) standards or better, unless cost prohibitive based on Return on Investment (ROI) or cost/benefit analysis
 - All City facilities zero net energy consumption, if feasible based on Return on Investment (ROI) or cost/benefit analysis
10. Achieve a rate of construction material consumption that meets internal standards for sustainability (see standard as investigated and set by Policy working group)

Attachment B – Fund Management

Payback Period and Program Review

- Project savings/avoided costs are calculated or estimated periodically, but no sooner than a reasonable amount of time after changes have been implemented.
- Savings/avoided costs are placed in the SRF according to the following schedule, which may be amended at any time based on program/fund review:
 - 50% of savings/avoided costs from established baseline after the first year
 - 25% of savings/avoided costs from established baseline after the second year
 - 25% of savings/avoided costs from established baseline after the third year
- The Fund balance is managed closely and reviewed quarterly, at a minimum.
- Estimating of project savings/avoided costs should be based on the reasonable, actual data, but may be estimated if necessary.

Fund Seeding and Transfers

- 50% of the savings from 2009 energy retrofits at Shute Park Library and Parks Maintenance facilities provided seed funding, with additional funds to total \$50,000 initial seed funding.
- Funds from other project savings will be placed into the SRF on a City Fiscal Year, with a July review.

Fund Cap

The SRF will be capped at no more than \$250,000 and will be monitored to ensure that the Fund balance does not exceed this amount.