

June 2, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi, Majority Leader McConnell, Minority Leader Schumer and Minority Leader McCarthy:

We write today urging your support for the attached economic stimulus proposal for using public-private partnerships to spur investment of more than \$100 billion to upgrade critical public facilities to improve their safety, energy efficiency, resilience, and flexibility.

This proposal would not only generate significant return on investment from limited initial public funding, it would quickly put thousands of people back to work – mostly in construction, engineering, and manufacturing – by giving businesses the confidence they need to invest and hire, particularly in the energy efficiency sector, which has seen more than 413,000 jobs lost since the pandemic began. It would also deliver a fleet of updated mission critical public facilities such as hospitals, schools, military campuses, airports, and municipal buildings that have sharply reduced operating costs and are far better prepared to handle disasters in the future. The federal investment adds resiliency and flexibility measures to each project, such as making windows storm resistant and putting HVAC equipment on the roof to prepare for hurricanes.

Specifically, we propose federal appropriations of \$22 billion over five years to retrofit these facilities. The federal funding – along with energy cost savings from efficiency improvements – would leverage an estimated private investment of \$88 billion to deliver a total of \$110 billion in economic activity.

The guiding principle is to build back better, not to simply replace failed building systems and components. The proposal paves the way to do so by utilizing performance contracting and performance-based service contracts that – using legislative authority that exists at the federal level and in every state – can leverage \$4 of private spending for every \$1 in public funding. The private 80% investment finances the majority of the project and is repaid over time utilizing savings from improved energy efficiency and reduced operating costs.

Funding would largely flow to state and local government facilities through the State Energy Program, with some funding moving through other authorized programs for federal projects including military and other federal facilities and public housing.

The need for these projects is well documented. We have allowed our critical public facilities to fall into disrepair, with an estimated maintenance backlog of \$1 trillion. We can begin to address this backlog and failing public facility infrastructure if we wisely combine federal dollars with much private-sector investment. Meanwhile, the COVID-19 crisis has demonstrated why modernized facilities are so badly needed to better manage public health crises and other disasters.

Thank you for your consideration, and please don't hesitate to contact Tim Unruh at NAESCO (Timothy.Unruh@naesco.org), Ben Evans at the Alliance to Save Energy (bevans@ase.org), or Jennifer Schafer (jasca@cascadeassociates.net) at the Federal Performance Contracting Coalition with any questions or for more information.

Sincerely,

Alliance to Save Energy
Federal Performance Contracting Coalition (FPCC)
Institute for Market Transformation (IMT)
National Association of Energy Service Companies (NAESCO)
National Association of State Energy Officials (NASEO)
U.S. Green Building Council (USGBC)
Association for the Advancement of Sustainability in Higher Education (AASHE)
Abraxas Energy Consultants
Acuity Brands Lighting
AECOM
Aeroseal
American Institute of Architects (AIA)
AMERESCO
Blue Energy Group
BluePath Finance
California Energy Commission
CAM Technologies
CEG Solutions
Clean Energy Solutions
Climatec
CM3 Building Solutions
CMTA
ConEdison Solutions
Constellation
CTI Energy Services
Dallas - Ft. Worth International Airport
DuPont Specialty Products USA, LLC
E3 Entegral Solutions
Eaton
ECM Holding Group
Eco Engineering
Energy Efficient Investments, Inc.
Energy Solutions Professionals
Energy Systems Group (ESG)
ENGIE
Entegrity Partners

Envocore
Espen Technology
FPL Energy Services
Greentech Energy
Griffith Engineering
GRP | WEGMAN
Hannon Armstrong
Harshaw Trane
Hunt Consulting
JAYKAL
Johnson Controls
Knauf Insulation
LFE Solutions
Maxlite
McClure Company
McKinstry
Midwest Energy Efficiency Alliance (MEEA)
METCO Engineering
Metrus Energy
National Association of College and University Business Officers (NACUBO)
National Resource Management
Navitas
Nenni and Associates
NORESKO
North American Roofing
Patriot LED
Perfection Group
Performance Services
Powersmiths
Rexel Energy Solutions
Schneider Electric
Siemens Corporation USA
SitelogIQ
The Sheet Metal and Air Conditioning Contractors National Association (SMACNA)
SmartWatt
Southland Energy
Streamlinx, LLC
The Efficiency Network
Trane
U.S. Partnership for Sustainable Development
Veregy
Wendel
Willdan Group

CC:

The Honorable Richard Shelby, Chairman, Senate Committee on Appropriations
The Honorable Patrick Leahy, Vice Chairman, Senate Committee on Appropriations
The Honorable Nita Lowey, Chairwoman, House Committee on Appropriations
The Honorable Kay Granger, Ranking Member, House Committee on Appropriations
The Honorable Lisa Murkowski, Chairman, Senate Committee on Energy and Natural Resources
The Honorable Joe Manchin; Ranking Member, Senate Committee on Energy and Natural Resources

The Honorable Frank Pallone, Jr., Chairman, House Committee on Energy and Commerce

The Honorable Greg Walden, Ranking Member, House Committee on Energy and Commerce



COVID RECOVERY – MISSION CRITICAL FACILITY RENEWAL

U.S. public buildings – hospitals, military facilities, schools, municipal buildings, and others – are critical infrastructure that enable federal, state, and local governments to fulfill their missions. Over many years, much of this infrastructure has been allowed to decay, building up a deferred maintenance backlog that is estimated to be more than \$1 trillion. A systematic approach to renewing this infrastructure should be an integral element of the economic recovery from the coronavirus pandemic.

We propose federal appropriations of \$22 billion over five years to retrofit these facilities. The federal funding – along with energy cost savings from efficiency improvements – would leverage an estimated private investment of \$88 billion to deliver a total of \$110 billion in economic activity. Not only would this put people back to work – largely in construction, engineering, and manufacturing – but it would better prepare us for disasters in the future.

The guiding principle is **BUILD BACK BETTER**, not to simply replace failed building systems and components. The private 80% investment finances the majority of the project and is repaid over time with guaranteed savings from improved energy efficiency and reduced operating costs. The federal 20% investment adds resiliency, safety and flexibility measures to each project, such as making windows storm resistant, upgrading HVAC controls so that they can interact with the utility grid, or adding a microgrid to add power flexibility.

We propose the federal investment be allocated as follows:

- \$18 billion for state/local, K-12, university/college and healthcare buildings by funding the State Energy Program using 42 USC 6322(d) over five years.
- \$2.5 billion for federal buildings by funding the Federal Energy Efficiency Fund (AFFECT) using 42 USC 8256(b), the U.S. Departments of Army, Navy, and Air Force at \$500 million each, and the U.S. Department of Veteran’s Affairs and General Service at \$250 M each over four years.
- \$1.5 billion for public housing by funding 42 USC 1437g(d).

This proposal paves the way for robust investment by utilizing performance contracting and performance-based service contracts that – using legislative authority that exists at the federal level and in every state – can leverage \$4 of private spending for every \$1 in public funding. As a result, upgraded facilities under this proposal will be:

SAFE – Renewed facilities should be retrofitted to modern standards for ventilation, drinking water, emergency lighting, and other essential functions to protect the health and safety of students, workers, and users of public facilities.

EFFICIENT – Renewed facilities should be rebuilt to be as efficient as possible in their use of energy, water, and other critical natural resources, which lowers the long-term operating and maintenance costs and enhances occupant productivity and wellness.

RESILIENT – Renewed facilities should be redesigned to maintain critical operations during severe weather, seismic events, electric grid outages, cybersecurity breaches, and public health emergencies (such as the present coronavirus pandemic).

FLEXIBLE – Renewed facilities should be renovated to quickly transform occupant space in a public building – college dormitory, military barracks, K-12 school, or convention center – into a temporary critical care facility or emergency shelter.

We propose the federal investment be made in two phases. A short-term, time-limited stimulus will move state, local and federal projects currently in development but delayed by the coronavirus pandemic to construction within 18 months. A medium-term stimulus will move projects deferred due to state and local government budget uncertainty to development in a five-year time frame.

Following are examples of projects that could be completed under this proposal. Resiliency measures are extremely difficult to apply a cost-effectiveness year to, and such measures require federal funding. The other energy improvements could be implemented with private financing, and would be paid back through the savings. Fortunately, the cost of these measures is reduced when they are integrated with the other improvements.

Many **school buildings** need new windows. Resilience is added to the school when the operating cost reductions produced by standard window replacements are augmented by a stimulus grant that upgrades the windows to be storm resistant.

Airports, through which viruses can be quickly spread around the world, could upgrade HVAC systems to save money through improved efficiency while spending federal dollars upgrading air filtration to improve air quality and reduce the spread of disease. Additional efficiencies and cost savings could be gained through digital controls and artificial intelligence to better understand space utilization patterns, paving the way for greater operational flexibilities and real-time energy management.

Many **college campuses** have unreliable electric systems that don't meet current building code, can't handle the increased load from upgraded information technology and laboratory systems, and are open to cyberattacks. Resilience is increased when a microgrid with distributed generation, advanced power metering, and controls are added to enhance power supply reliability and security. Cost reductions produced by better energy management reduce the cost of the improvements, and a federal stimulus investment pays for the cybersecurity enhancements.

Many **community centers** have obsolete or below-code HVAC (Heating, Ventilation, and Air Conditioning) systems. Resilience is added to these buildings with new HVAC systems and advanced controls that can both provide a healthier and more comfortable building for normal uses (recreation, public meetings, voting, etc.) but are flexible enough to provide appropriate space conditioning and indoor air quality when the buildings are used as emergency shelters. Cost reductions from the new HVAC system and controls can repay most of the costs of the improvements, and a federal stimulus investment pays for the flexibility enhancements.

Police and fire stations need reliable backup power in case of storms, grid outages, or cyberattacks. Resilience is added to these first-responder facilities when renewable generation and storage is combined with comprehensive building improvements to lower the size and cost of the required backup power system. The building improvements can be repaid from savings, and the new system allows the facility to recoup costs by supplying power to the grid when it is not needed by the facility.