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Energy savings improve schools' budgets

Vermont schools are using an innovative funding approach to cut costs when they engage in energy-saving facility upgrades.

The method is tax-exempt leasing (or municipal leasing), and it enables schools to make energy-efficiency improvements with no upfront costs.

One school — the Lyndon Town School — has taken advantage of this approach, as well as incentives from Efficiency Vermont, and now expects to save an estimated \$18,000 in annual energy costs.

Tax-exempt leasing enables schools to make energy-saving enhancements without adding an expense to the annual budget or creating a bond. Instead, the lease is structured so that the money a school saves on energy is used to offset loan payments. Many Vermont school districts currently use tax-exempt leasing for non-efficiency capital expenditures, such as school buses, computer equipment and playground equipment.

The Lyndon Town School turned to tax-exempt leasing when it decided to replace inefficient lighting throughout its 105,000-square-foot school, which serves approximately 500 K-8 students.

The process started with a site assessment report from the School Energy Management Program, a service of the Vermont Superintendents Association, which provides schools throughout Vermont with free energy assessments.

Efficiency Vermont then worked with a supplier and contractor to provide estimates of project costs and energy savings, and presented a plan to Tom Petit, the school's business manager and operations officer for Caledonia North Supervisory Union.

"This upfront work helped us overcome a huge barrier," said Petit. "It's challenging to find the time to do this type of detailed work. Our partners provided us with the knowledge we needed to get the project off the ground."

The school replaced T12 fluorescent overhead lighting with newer fluorescent High-Performance T8 (HPT8) lamps and ballasts.

Compared to older T12 lighting, HPT8 light fixtures save up to 50 percent in energy and last up to twice as long.

They also provide better quality light with less "flicker" and hum noise — making classrooms better learning spaces.

In the gym, outdated and inefficient metal halide fixtures were replaced with new high-output T5 fluorescents.

Motion detectors that automatically turn off lights in unoccupied areas were also installed.

The final step was paying for the project.

It was too large to consider including in the annual budget, and it was too small for bonding. Because of excellent project economics, tax-exempt lease/purchase financing proved to be the best solution, allowing the school to structure its lease so annual energy savings would exceed the annual lease expense.

"Efficiency Vermont can assist schools in designing a financing solution that moves projects forward," said Richard Donnelly, K-12 planning and development manager at Efficiency Vermont. "There are many approaches schools can take to finance energy-efficiency projects, such as including the project in a bond or using capital reserve funds. Our workshops in May will teach school officials how they too can achieve savings."

Those workshops will take place May 9-11 in Burlington, Fairlee and Rutland.

Efficiency Vermont hopes to spread the word about financing solutions to other schools throughout Vermont. Interested schools should call Efficiency Vermont at (888) 921-5990 or visit www.encyvermont.com/k-12.

This article was provided by Efficiency Vermont.

Efficiency Vermont was created by the Vermont Legislature and the Vermont Public Service Board to help all Vermonters reduce energy costs, strengthen the economy and protect Vermont's environment. Vermont Energy Investment Corporation operates Efficiency Vermont under an appointment by the Vermont Public Service Board. VEIC is a Vermont-based nonprofit organization founded in 1986. For more information, contact Efficiency Vermont at (888) 921-5990 or visit www.encyvermont.com.
