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COVID Recovery -- Accelerating Mission Critical Facility Improvement

The federal government can create about 95,000 jobs in communities across the country during the next year by providing $2 Billion to accelerate $10 Billion of infrastructure improvement projects in state and local government mission critical facilities. The federal stimulus would motivate decision makers to accelerate the implementation of these projects by 6-12 months by offering 20% of the total project investment for projects that go into construction within six months. A mission critical facility represents key building infrastructure for a state and local government to fulfill their mission – such as Municipal/State, University, School and Hospital facilities -- among others.

The $10 Billion of state and local government facility projects are already in the development pipeline, according to studies by the Lawrence Berkeley National Laboratory (LBNL) that document the annual project implementation in various market sectors.[1] Under normal circumstances, half of these projects would go into construction this year and half next year, but the facility owners can be expected to defer the projects as they deal with the problems related to the coronavirus pandemic. The deferrals will delay the return to full employment and miss a golden opportunity to accelerate improvements in universities, schools and other facilities that will be unoccupied or partially occupied until the fall. This proposal is designed to fill the gap left by these delays in project implementation due to the coronavirus pandemic.

The federal programs required to deliver the stimulus are already in place, so the stimulus can be delivered without requiring new authorizing legislation or new programs and rules. The US DOE State Energy Program (SEP) provides annual grants that fund various programs administered by state energy offices in every state. The grants are disbursed based on annual program plans that are filed each spring. Supplemental plans are allowed and were used during the recovery from the 2008 financial crisis to provide an additional $3.1 Billion of funding (about 60 times the regular funding) to state energy offices. Among the allowable activities in the SEP plans, are:

> *"loan programs and performance contracting programs for leveraging of additional public and private sector funds, and programs which allow rebates, grants, or other incentives for the purchase and installation of energy efficiency and renewable energy measures."* [42 U.S. Code § 6322 (d)(5)(A)]

The US DOE program rules, application guidelines and auditing procedures used in this program are available and require relatively simple applications by the states. In 2009-10, the state energy offices were able to deliver the stimulus to projects quickly and there is no reason to think they cannot repeat that performance this year.

> **Note:** NAESCO strongly supports the proposal from the Federal Performance Contracting Coalition. We believe that the two proposals are complementary: the FPCC proposal targets federal facilities and the NAESCO proposal targets state and local government facilities.

[1] See https://emp.lbl.gov/projects/energy-saving-performance