

**THE UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY  
COMMISSION AGENDA ITEM**

**SUBJECT:** Community Energy Fund: Potential Projects and Initiatives; Franchise Fee Allocation; and Proposed Policy Revision

**DATE:** April 27, 2023

**BUDGET INFORMATION:**

REVENUES: Variable

EXPENSES: N/A

ANNUAL:

CAPITAL:

OTHER:

FUNDING SOURCE: A Portion of the Electric and Gas Utility Franchise Fees

**COMMISSION ACTION REQUESTED ON:** June 6, 2023

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**PURPOSE:**

To request that the Mayor and Commission:

- a. Accept the proposed list (**Attachment 1 - Community Energy Fund (CEF) Potential Projects and Initiatives**) as potential Community Energy Fund Projects.
- b. In accordance with Section D.3 of the CEF Policy/Procedure, Number SUST-001 (**Attachment 2**), allocate the CEF portion of the FY22 franchise fee revenues, approximately \$334,542, to a Special Revenue Fund in order to fund potential projects listed in CEF Potential Projects and Initiatives (**Attachment 1**), and
- c. Accept revisions to the Community Energy Fund Policy as indicated in SUST-001/6.2023 Update (**Attachment 3**).

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**HISTORY:**

1. On February 4, 1992, the Mayor and Commission (M&C) passed an ordinance granting Georgia Power Company an electric utility franchise and requiring franchise fee payments of 4% on gross sales. The term of the agreement is for a period of 50 years, ending February 4, 2042.
2. On February 4, 1992, the M&C passed an ordinance granting exclusive franchise rights to Atlanta Gas Light Company for a period of 30 years. The agreement expires in 2022. The M&C passed an amendment to modify the franchise fee calculation provisions on September 1, 1998 but left the term of the 1992 agreement in place.

3. On June 23, 1995, the M&C passed an ordinance granting Jackson EMC, Rayle EMC, and Walton EMC an electric utility franchise and requiring franchise fee payments of 4% on gross sales. The term of the agreement is for a period of 50 years, ending June 30, 2045.
4. On April 5, 2016, the M&C passed a resolution calling for the increased use of renewable energy to support operations of ACCGov.
5. In December 2017, the Envision Athens Action Agenda was published. The Action Agenda included an action to “Increase energy efficiency, sources, and use of renewables”, and specifically set a target to reduce the amount of energy derived from fossil fuels by 30%.
6. On July 3, 2018, the M&C adopted the 2018 Comprehensive Plan that was informed by the Envision Athens Action Agenda that included an environmental implementation strategy to “Increase energy efficiency, sources, and use of renewables.”
7. On January 23, 2019, the Sustainability Office issued a solicitation known as RFP #00940 Energy Resource Coordination to identified consultants capable of providing energy related consulting and project management services
8. On February 4, 2019, Mayor Girtz signed onto the Sierra Club’s Mayors for 100% Clean Energy Initiative as a first step to committing Athens-Clarke County to 100% clean energy by 2035.
9. On April 2, 2019, the M&C adopted the FY20 Strategic Commitments and Goals. These included the goal *“ACCGOV to aim for 100% clean and renewable energy by 2035 and develop and implement equitable strategies to do so by April 2020”*.
10. In April 2019, the Sustainability Office worked with partners from 100% Athens, the Georgia Climate Change Coalition, Environment Georgia, and Athens for Everyone to develop draft resolution language to establish what specific goals Athens-Clarke County should adopt to achieve 100% clean and renewable energy by 2035.
11. On April 30, 2019, Mayor Girtz released the FY20 Mayor Recommended Budget. This budget proposed to add \$70,000 across all funds to create a renewable energy plan.
12. On May 21, 2019, the M&C passed a resolution to adopt 100% Clean and Renewable Energy Goals including efforts to redress historical inequities in the Athens-Clarke community through workforce development in marginalized communities and by facilitating clean energy in low-income communities.
13. On May 22, 2019, staff executed an on-call agreement with The Southface Energy Institute-- and its listed subcontractors, 2KB Energy and The Greenlink Group--to provide energy related consulting and project management services. This agreement is available to be renewed for four additional one-year terms.

14. On August 14, 2019, staff issued a purchase order to the Southface Energy Institute for Phase I of the Clean Energy Action Plan. This phase develops a community energy model from which we can evaluate the costs and benefits of various energy-related actions and policies.
15. On December 17, 2019, the Georgia Public Service Commission approved the 2020-2022 Rate Case for the Georgia Power Company.
16. On January 29, 2020, staff issued a purchase order to the Southface Energy Institute for Phase II of the Clean Energy Action Plan. This phase initiates the broader public engagement for the plan development.
17. The four electric utilities that serve the Athens-Clarke County (ACC) community pay the Unified Government of Athens-Clarke County (ACCGov) 4% of gross sales from local energy sales. The franchise fee payment calculation for Atlanta Gas Light uses a formula that includes natural gas capacity demands by ACC customers, inflation adjustments, and Georgia Public Service Commission designated adjustments. These fees are directed into the General Fund to support public purposes.
18. On March 3, 2020 the Mayor and Commission approved the Community Energy Program Policy (**Attachment 2**). This policy established parameters under which a portion of annual franchise fees are allocated to a Special Revenue Account.
19. The goals of the Policy are to create a fund that will
  - a. Make meaningful progress towards achieving ACCGov's 2050 community-wide 100% Clean and Renewable Energy Goal;
  - b. Create a feedback mechanism where increases in utility energy costs and/or energy consumption result in a funding source that is available to use energy efficiency improvements and renewable energy installations to reduce energy burdens for the residents and businesses most impacted by these increases;
  - c. Support energy-related economic development incentives used to recruit and expand businesses in the community;
  - d. Create a funding source that is available to support the non-profit community in a transition to renewable energy through energy conservation and renewable energy projects, and by funding programs that address local poverty by supporting jobs in the clean energy economy;
  - e. Amplify existing conservation programs provided by energy utilities and identify other community programs that can leverage funds for existing work with residents most vulnerable to increasing energy costs; and,
  - f. Achieve these goals by creating a sustainable financial mechanism which responsibly maximizes the funds already available to this Unified Government.
20. On August 2, 2022 the Mayor and Commission accepted the Athens-Clarke County Clean and

Renewable Energy Plan. This plan included pathways and priorities, set up in Tiers, guiding ACCGov toward a clean energy transition to meet 100% Clean Energy goals.

21. In August 2022 the Finance Department identified approximately \$334,542 out of the approximately \$7,175,000 received in franchise fees as available for allocation as per the formula outlined in the CEF Policy approved by the Mayor and Commission (**Attachment 2**).
22. In September 2022, staff began evaluating potential programs that would best achieve Clean and Renewable Energy Plan goals and priorities.

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## FACTS AND ISSUES

1. Article III, Section VI, Paragraph VI of the Georgia Constitution (i.e. the “Gratuities Clause”) prohibits the use of local and state tax dollars or property in the compensation of private entities or individuals. The ACCGov Attorney’s Office has determined that this restriction applies to the allocation of funds generated through franchise fees.
2. Sustainability, Central Services, and the ACCGov Attorney’s Office developed a list of potential projects and project areas in which franchise fees can be used to provide community benefit within the limits of the gratuities clause (**Attachment 1 – CEF Potential Projects and Initiatives**).
3. Setting up these projects and initiatives takes time and potentially will require the services of specialized legal counsel. Thus, there is a desire to ensure that the potential projects/initiatives identified are ones the Mayor and Commission would direct the Manager to pursue should the Mayor and Commission decide to dedicate FY22 franchise fees to a Special Revenue Account. The staff is requesting feedback and confirmation that the projects listed in **Attachment 1, CEF Potential Projects and Initiatives**, are indeed Mayor and Commission desire to pursue.
4. Projects funded by franchise fees provide benefits and cost savings to the community, focusing on Low and Moderate Income populations (LMI), small businesses, and community resilience hubs. Projects that provide such benefits cannot be pursued until funding is provided via the CEF policy.
5. Section D.1 and D.2 of the current policy (**Attachment 2 – CEF Policy**) states that franchise fee allocations are suspended when the economy experiences a recession. As per the policy:

*D.1: In any ACCGov fiscal year with two or more fiscal quarters of  $\leq 0\%$  growth in national gross domestic product (GDP), the procedures outlined in Section C of this Policy shall be suspended for the current and following ACCGov fiscal year.*

*D.2: In any time where two consecutive fiscal quarters of  $\leq 0\%$  growth in national GDP bridges an ACCGov fiscal year (Q4-Q1), the procedures outlined in Section C*

*of this Policy shall automatically be suspended only for the fiscal year in which the Q1 national GDP is  $\leq$  0%.*

*Note: as per section D.4: For the purposes of this Policy, annual economic growth will be determined by utilizing the most recent quarterly estimates of GDP available from the U.S. Bureau of Economic Analysis.*

6. While the criteria for a national recession was met in the first two quarters of 2022, there was no apparent corresponding impact on the local economy.
7. Section D.3 of the current policy (**Attachment 2**) states:

*D.3 When Section D provisions are triggered, there will be no upper limits on undesignated franchise fee revenues for use by the General Fund and no revenues will be directed to the CEF unless directed by the Mayor and Commission.*
8. As per section D.3, this agenda item request provides an opportunity for the M&C to direct funding to the CEF.
9. Attached are proposed revisions to the current Community Energy Fund (**Attachment 3**). The purposes of the revisions include:
  - a. To provide a consistent and dependable funding source for projects that result in benefits to the community, especially LMI populations, by removing section D of the policy.
  - b. To include ACCGov facilities as eligible for funding so that projects such as community resilience hubs and energy related changes to ACCGov facilities which are heavily used by the public can be considered. These projects would also help ACCGov meet the Mayor and Commission goal of 100% Clean and Renewable ACCGov facilities by 2035.
  - c. To reduce the time lag between the ACCGov Finance Department's determination of available funds and the time these funds are available to the program.
10. Investing a portion of ACCGov revenue paid by electric utilities into community and business-related projects for the purpose of reducing energy costs and addressing health and safety issues aligns with existing goals identified in the Envision Athens and Comprehensive plans, the M&C FY20 Strategic Commitments and Goals, the 100% Clean and Renewable Energy Goals resolution, and the August 2022 Clean and Renewable Energy Action Plan, Tier I priorities.
11. These recommendations support the following FY20 Mayor and Commission Strategic Commitments:
  - Healthy, Livable, Sustainable Athens-Clarke County
  - Economic Prosperity
  - Safe and Prepared Communities
  - Accountable and Responsive Government

12. These recommendations also support the Athens-Clarke County Mayor and Commission FY23-25 Strategic Plan Goals, Strategies, and Initiatives:
- a. Goal #6.D - Built and Natural Infrastructure, Follow Through on Commitment to 100% Clean and Renewable Energy Resolution
  - b. Goal #6.E – Built and Natural Infrastructure, Address Ecosystem Health, Infrastructure Sustainability and Resilience.

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**OPTIONS:**

- 1. To request that the Mayor and Commission:
  - a. Accept the proposed list (**Attachment 1 - Community Energy Fund (CEF) Potential Projects and Initiatives**) as potential Community Energy Fund Projects.
  - b. In accordance with Section D.3 of the CEF Policy/Procedure, Number SUST-001 (**Attachment 2**), allocate the CEF portion of the FY22 franchise fee revenues, approximately \$334,542, to a Special Revenue Fund in order to fund potential projects listed in CEF Potential Projects and Initiatives (**Attachment 1**), and
  - c. Accept revisions to the Community Energy Fund Policy as indicated in SUST-001/6.2023 Update (**Attachment 3**).
- 2. Mayor and Commission decline to adopt the proposed policy to establish the Community Energy Fund.
- 3. Mayor and Commission defined option.

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**DEPARTMENT RECOMMENDED ACTION:**

Option #1: a, b, and c

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**DEPARTMENT: Managers Office/Sustainability Office**

Prepared by: Mike Wharton



J. Michael Wharton

4/27/2023

Date:

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**ADMINISTRATIVE COMMENTS:**

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**ADMINISTRATIVE RECOMMENDATION:** Option #1: a, b, and c



May 10, 2023

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Manager

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Date:

**ATTACHMENTS:**

Attachment 1-Community Energy Fund - Potential Projects and Initiatives-4.24.2023

Attachment 2 - Community Energy Fund Policy - 3.3.2020

Attachment 3 Community Energy Fund Proposed Revision - 4.28.2023

## Community Energy Fund (CEF) Potential Projects and Initiatives

### Overview

As per the Mayor and Commission approved Policy and Procedure Statement for the Community Energy Fund, the intent of the use of revenues designated for use by the plan is as follows:

*In support of a transition to 100% clean and renewable energy, the CEF will be used to improve building performance and reduce energy cost burdens in Athens-Clarke County for the benefit of low and moderate income residents, businesses, and non-profit organizations. The distribution of CEF funds back into the community shall be directed by a CEF utilization policy approved by the Mayor and Commission. The utilization policy will be informed by the Clean Energy Action Plan*

### Limitations and Challenges:

As per the Gratuities Clause in the Georgia Constitutional (Article III, Section VI, Paragraph VI):

*The General Assembly shall not have the power to grant any donation or gratuity or to forgive any debt or obligation owing to the public, and (2) the General Assembly shall not grant or authorize extra compensation to any public officer, agent, or contractor after the service has been rendered or the contract entered into.* Note: This limits the use of local and state funds for community projects.

### Programs and Projects Potentially Eligible for Funding

1. **Any eligible project involving ACCGov properties or activities;** Examples of potential projects includes the creation of resilience hubs, solar arrays, battery storage projects, transportation electrification, and building efficiency initiatives.
2. **Authorities and Government Entities:**
  - Each project would need to be evaluated on an individual basis and the funds would need to be tied directly to the purpose of the organization; would need to engage with the organizations leadership and attorneys; the action/project must be tied to the legal authorization of the organization. Examples of potential projects include:
    - i. Funds can be used in conjunction with such organizations as the Downtown Development Authority, City of Winterville, City of Bogart, Industrial Authority
    - ii. Funds could be used to help business and industry transition to clean energy
    - iii. Funds can be used to as part of economic development package to fund solar, battery storage, energy efficiency, etc.
    - iv. Consider initially focusing on small businesses, including incubator, minority/women owned, and those located in at-risk communities
3. **Athens Housing Authority**
  - Potential projects would need to be individually assessed and the funds would need to be tied directly to the purpose of the organization; would need to engage with the



organizations leadership and attorneys; the action must be tied to the legal authorization of the organization. Examples of potential projects include

- i. Solar and Solar + Storage projects on public housing and/or qualifying Section 8 housing.
- ii. Potential to also include the use of such systems as Allume Energy's SolShare product to allocate solar energy use equally among tenants in multifamily units. This product can be used to "reward" those who use less energy.
- iii. Energy cost can be negotiated so that tenants realize savings (less maintenance and replacement costs
- iv. Potential to negotiate with the Authority to have savings (or at least a percentage) allocated to an account to be used exclusively for maintenance and long-term replacement

**4. CPACE (Commercial Property Assessed Clean Energy) Program**

- C-Pace (Commercial PACE) is legal in GA (legislation passed in 2010)
- May require additional, local legislation
- Target Recipient: Business and Industry
- ACCGov "floats" loan; repayments are added to property tax bill
- Potential to partner with the Economic Development Department and the Development Authority to complete projects.
- Brief explanation:  
Commercial Property Assessed Clean Energy (C-PACE) is a financing mechanism used by local governments that allows commercial, industrial, and multi-family property owners to finance energy efficiency and renewable energy improvements through their property tax payment. The repayment of qualified energy improvements is done via a voluntary property tax assessment collected by local governments, just as other public infrastructure investments are financed. The financing for PACE projects may be provided by municipal bonds or third party capital secured by the property assessment payments. Repayment responsibility transfers to the next owner if the property is sold. .

**5. Expenditures within a TAD to Fund Clean Energy Projects**

- Fund solar, solar + battery, electric chargers, energy efficiency and other projects relevant to clean energy goals

**6. Community Habitat and Forest Enhancement on both public and private tracts –**

- Fund green infrastructure, greenspace in urban areas, and/or restore habitat on public property so as to mitigate heat or reduce the need to use energy (ex: cooling buildings or vehicles).

**7. Other, similar projects and initiatives** that meet the goals of the Community Energy Fund and are determined by the Attorney's Office to fall within the scope of projects that can utilize these public funds.

POLICY AND/OR PROCEDURE STATEMENT

SUSTAINABILITY OFFICE  
UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY, GEORGIA

- I. POLICY SUBJECT: Standards and procedures to be followed in the partial reallocation of future utility franchise fee revenue from the General Fund to a unique Project within the Special Programs Fund for the purpose of community energy projects.

FUNCTIONAL AREA: Manager's Office/Sustainability Office & Finance Department

POLICY/PROCEDURE NUMBER: SUST-001

II. POLICY STATEMENT:

As defined by this Policy, upper revenue targets are established for fees collected by the administration of utility franchise fees to energy providers--including, but not limited to Georgia Power Company, Jackson Electric Membership Corporation, Walton Electric Membership Corporation, Rayle Electric Membership Corporation, and Atlanta Gas Light Company—so as to constrain the amount directed into the Athens-Clarke County Unified Government (ACCGov) General Fund with the remainder redirected to unique Project within the Special Programs Fund known as the Community Energy Fund project (CEF). This undesignated revenue target will increase in future fiscal years at an annual rate not to exceed 1%, and will be suspended during times of national economic recession. In support of a transition to 100% clean and renewable energy, the CEF will be used to improve building performance and reduce energy cost burdens in Athens-Clarke County for the benefit of low and moderate income residents, businesses, and non-profit organizations. The distribution of CEF funds back into the community shall be directed by a CEF utilization policy approved by the Mayor and Commission. The utilization policy will be informed by the Clean Energy Action Plan.

III. POLICY TERMS:

A. Policy Goals:

The goals of this Policy are to create a fund that will:

1. Make meaningful progress towards achieving ACCGov's 2050 community-wide 100% Clean and Renewable Energy Goal;
2. Create a feedback mechanism where increases in utility energy costs and/or energy consumption result in a funding source that is available to use energy efficiency improvements and renewable energy installations to reduce energy burdens for the residents and businesses most impacted by these increases;
3. Support energy-related economic development incentives used to recruit and expand businesses in the community;
4. Create a funding source that is available to support the non-profit community in a transition to renewable energy through energy conservation and renewable energy projects, and by funding programs that address local poverty by supporting jobs in the clean energy economy;

5. Amplify existing conservation programs provided by energy utilities and identify other community programs that can leverage funds for existing work with residents most vulnerable to increasing energy costs; and,
6. Achieve these goals by creating a sustainable financial mechanism which responsibly maximizes the funds already available to this Unified Government.

B. Definitions:

1. Fiscal Year: The 12 month budgetary year used by ACCGov, ending on June 30 of each year.
2. General Fund: The primary fund used by ACCGov to record budget revenues and expenses not associated with special purpose funds.
3. Special Programs Fund: An account established by ACCGov to provide an extra level of transparency and accountability to residents by collecting funding for designated purposes. When annual revenues exceed expenses, a special programs fund carries funding forward across fiscal years.
4. Franchise Fee: An annual fee paid by privately held utilities to offset the impacts their services have on the community. The fee is typically based on the amount of utility services sold and is established in franchise agreement between each utility and ACCGov.
5. Energy Burden: The proportion of household income spent on energy services.

C. Community Energy Fund Procedures:

The following budget allocation procedures will be followed to ensure ACCGov utility franchise fee revenue is expended in a manner that meets the aforementioned goals of this policy while ensuring transparency and accountability.

1. The ACCGov Manager (Manager) shall create a unique Project within the Special Programs Fund, which shall be funded as directed in this policy.
2. With each budget adoption, the Mayor and Commission will set the limit for undesignated franchise fee revenues and estimates for contributions into the Special Programs Fund, to the Community Energy Fund project. If energy-related franchise fees come in below the budget forecasts, a lesser amount will be allocated to the Community Energy Fund. If energy-related franchise fees come in above budget forecasts, a budget amendment will be used to allocate the additional revenue into the Community Energy Fund.
3. In the first two fiscal years of this policy, the annual upper limit on utility franchise fee General Fund receives for undesignated purposes will be held steady with the FY21 projections identified in the budgeting process.
4. Each fiscal year thereafter, the amount of utility franchise fee funds utilized in the General Fund for undesignated purposes should increase by 1% annually. The next ten years of proposed upper limits for the undesignated use of electric and natural gas franchise fees are as follows:

Fiscal Year	Undesignated Electric & Gas Franchise Fee Revenues
2021	\$7,175,000
2022	\$7,175,000
2023	\$7,247,000
2024	\$7,319,000
2025	\$7,392,000
2026	\$7,466,000
2027	\$7,541,000
2028	\$7,616,000
2029	\$7,693,000
2030	\$7,770,000

5. Aside from the recessional policy suspension outlined in Section D, any increase or decrease in the upper limit on franchise fee revenue going into the General Fund shall require Mayor and Commission approval.
6. As CEF revenues accumulate, the use of these funds shall be guided by the future utilization policy to be adopted by the Mayor and Commission and developed in alignment with the Clean Energy Action Plan.
7. Once a utilization policy is adopted, the Sustainability Office will be responsible for the administration of the CEF, with oversight provided by the Finance Department and Attorney's Office.
8. This policy shall take effect in the 2021 fiscal year budget beginning July 1, 2020.
9. At the end of each fiscal year, the Finance Department will implement a revenue reclassification to reallocate energy utility franchise fees in excess of the upper limited established in the budget process (targets listed in Section C), from the General Fund to the Special Programs Fund revenue specifically for this project.

D. Suspension of Policy in the Event of National Economic Recession:

1. In any ACCGov fiscal year with two or more fiscal quarters of  $\leq 0\%$  growth in national gross domestic product (GDP), the procedures outlined in Section C of this Policy shall be suspended for the current and following ACCGov fiscal year.
2. In any time where two consecutive fiscal quarters of  $\leq 0\%$  growth in national GDP bridges an ACCGov fiscal year (Q4-Q1), the procedures outlined in Section C of this Policy shall automatically be suspended only for the fiscal year in which the Q1 national GDP is  $\leq 0\%$ .

3. When Section D provisions are triggered, there will be no upper limits on undesignated franchise fee revenues for use by the General Fund and no revenues will be directed to the CEF unless directed by the Mayor and Commission.
4. For the purposes of this Policy, annual economic growth will be determined by utilizing the most recent quarterly estimates of GDP available from the U.S. Bureau of Economic Analysis.

JUNE 2, 2023 Update and Revision

POLICY AND/OR PROCEDURE STATEMENTSUSTAINABILITY OFFICE  
UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY, GEORGIA

- I. POLICY SUBJECT: Standards and procedures to be followed in the partial reallocation of future utility franchise fee revenue from the General Fund to a unique Project within the Special Programs Fund for the purpose of community energy projects.

FUNCTIONAL AREA: Manager's Office/Sustainability Office &amp; Finance Department

POLICY/PROCEDURE NUMBER: SUST-001/6.2023 Update

## II. POLICY STATEMENT:

As defined by this Policy, upper revenue targets are established for fees collected by the administration of utility franchise fees to energy providers--including, but not limited to Georgia Power Company, Jackson Electric Membership Corporation, Walton Electric Membership Corporation, Rayle Electric Membership Corporation, and Atlanta Gas Light Company—so as to constrain the amount directed into the Athens-Clarke County Unified Government (ACCGov) General Fund with the remainder redirected to unique Project within the Special Programs Fund known as the Community Energy Fund project (CEF). This undesignated revenue target will increase in future fiscal years at an annual rate not to exceed 1%. ~~and will be suspended during times of national economic recession.~~ In support of a transition to 100% clean and renewable energy, the CEF will be used to improve building performance and reduce energy cost burdens in Athens-Clarke County for the benefit of low and moderate income residents, businesses, and ACCGov facilities, and non-profit organizations. The distribution of CEF funds back into the community shall be directed by a CEF utilization policy **Funding Allocation Initiatives** approved by the Mayor and Commission. ~~The utilization policy~~ **Funding Allocation Initiatives** will be informed by the Clean **and Renewable** Energy ~~Action~~ Plan.

## III. POLICY TERMS:

A. Policy Goals:

The goals of this Policy are to create a fund that will:

1. Make meaningful progress towards achieving ACCGov's **2035 and** 2050 community-wide 100% Clean and Renewable Energy Goal;
2. Create a feedback mechanism where increases in utility energy costs and/or energy consumption result in a funding source that is available to use energy efficiency improvements and renewable energy installations to reduce energy burdens for the residents and businesses most impacted by these increases;
3. Support energy-related economic development incentives used to recruit and expand businesses in the community;

4. Create a funding source that is available to support the non-profit community in a transition to renewable energy through energy conservation and renewable energy projects, and by funding programs that address local poverty by supporting jobs in the clean energy economy;
5. Amplify existing conservation programs provided by energy utilities and identify other community programs that can leverage funds for existing work with residents most vulnerable to increasing energy costs;
6. Provide funding for Community Energy Fund, Funding Allocation Initiatives
7. Improve the efficiency of ACCGov buildings and facilities utilized extensively by the public with a goal of establishing community resiliency hubs and buffers against increasingly extreme weather events;
8. Support green infrastructure development targeting heat mitigation, reducing of the need to use energy to cool structures or vehicles (ex: shade) so as to be of benefit to the community, and
9. Achieve these goals by creating a sustainable financial mechanism which responsibly maximizes the funds already available to this Unified Government.

B. Definitions:

1. Fiscal Year: The 12 month budgetary year used by ACCGov, ending on June 30 of each year.
2. General Fund: The primary fund used by ACCGov to record budget revenues and expenses not associated with special purpose funds.
3. Special Programs Fund: An account established by ACCGov to provide an extra level of transparency and accountability to residents by collecting funding for designated purposes. When annual revenues exceed expenses, a special programs fund carries funding forward across fiscal years.
4. Franchise Fee: An annual fee paid by privately held utilities to offset the impacts their services have on the community. The fee is typically based on the amount of utility services sold and is established in franchise agreement between each utility and ACCGov.
5. Energy Burden: The proportion of household income spent on energy services.
6. Resiliency Hubs: Community-serving facilities augmented to support residents, coordinate communication and resource distribution, reduce greenhouse gas production and carbon pollution, and mitigate extreme weather and the impacts of climate change.

C. Community Energy Fund Procedures:

The following budget allocation procedures will be followed to ensure ACCGov utility franchise fee revenue is expended in a manner that meets the aforementioned goals of this policy while ensuring transparency and accountability.

1. The ACCGov Manager (Manager) shall create a unique Project within the Special Programs Fund, which shall be funded as directed in this policy.
2. With each budget adoption, the Mayor and Commission will set the limit for undesignated franchise fee revenues and estimates for contributions into the Special Programs Fund, to the Community Energy Fund project. If energy-related franchise fees come in below the budget forecasts, a lesser amount will be allocated to the Community Energy Fund. If energy-related franchise fees come in above budget forecasts, a budget amendment will be used to allocate the additional revenue into the Community Energy Fund.

3. In the first two fiscal years of this policy, the annual upper limit on utility franchise fee General Fund receives for undesignated purposes will be held steady with the FY21 projections identified in the budgeting process.
4. Each fiscal year thereafter, the amount of utility franchise fee funds utilized in the General Fund for undesignated purposes should increase by 1% annually. The next ten years of proposed upper limits for the undesignated use of electric and natural gas franchise fees are as follows:

Fiscal Year	Undesignated Electric & Gas Franchise Fee Revenues
2021	\$7,175,000
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2023	\$7,247,000
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2027	\$7,541,000
2028	\$7,616,000
2029	\$7,693,000
2030	\$7,770,000

5. Aside from the recessionary policy suspension outlined in Section D, any increase or decrease in the upper limit on franchise fee revenue going into the General Fund shall require Mayor and Commission approval.
6. As CEF revenues accumulate, the use of these funds shall be guided by the future utilization policy to be adopted by the Mayor and Commission and developed in alignment with the Clean Energy Action Plan.
7. Once a utilization policy is adopted, the Sustainability Office will be responsible for the administration of the CEF, with oversight provided by the Finance Department and Attorney's Office.
8. This policy shall take effect in the 2021 fiscal year budget beginning July 1, 2020.
9. At the end of each fiscal year, the Finance Department will implement a revenue reclassification to reallocate energy utility franchise fees in excess of the upper limit established in the budget



process (targets listed in Section C), from the General Fund to the Special Programs Fund revenue specifically for this project.

D. Suspension of Policy in the Event of National Economic Recession:

- ~~1. In any ACCGov fiscal year with two or more fiscal quarters of  $\leq 0\%$  growth in national gross domestic product (GDP), the procedures outlined in Section C of this Policy shall be suspended for the current and following ACCGov fiscal year.~~
- ~~2. In any time where two consecutive fiscal quarters of  $\leq 0\%$  growth in national GDP bridges an ACCGov fiscal year (Q4-Q1), the procedures outlined in Section C of this Policy shall automatically be suspended only for the fiscal year in which the Q1 national GDP is  $\leq 0\%$ .~~
- ~~3. When Section D provisions are triggered, there will be no upper limits on undesignated franchise fee revenues for use by the General Fund and no revenues will be directed to the CEF unless directed by the Mayor and Commission.~~
- ~~4. For the purposes of this Policy, annual economic growth will be determined by utilizing the most recent quarterly estimates of GDP available from the U.S. Bureau of Economic Analysis.~~