

# Energy Audit Going Green? We Can Help



By Jeanne M. Fox  
President, New Jersey Board of Public Utilities

**L**ocal governments like yours have a new tool to help you reduce energy costs, save taxpayer dollars and contribute to the fight to reduce greenhouse gas emissions through a new local government energy audit program created by the New Jersey Board of Public Utilities and the New Jersey Clean Energy Program.

Mayors, town managers and other officials have been telling us for some time about the special challenges they face when it comes to instituting energy efficiency measures. They know that municipal buildings, public works headquarters, police departments, schools and other facilities don't always use energy most efficiently, and they understand that new lighting and lighting controls, HVAC equipment, windows and other upgrades could mean substantially lower heating and electricity costs.

Unfortunately, limited capital budgets often mean local governments have little upfront money and finding qualified energy audit firms while adhering to complex procurement rules can be a major challenge.

New Jersey's Clean Energy Program was designed by the Municipal/Local Government Audit Program to provide a custom-fit solution for your local government. The new program offers an incentive for municipalities, school districts, sewer authorities and similar entities like yours to do comprehensive energy audits and then complete the necessary upgrades that can put your community on the road to lower energy costs.

Launch of this new program comes at a time when energy and being "green" are on everyone's minds. How wisely electricity is generated, transmitted to New Jersey customers, and used by customers plays an essential role in reducing overall greenhouse gas emissions. For that reason, New Jersey's developing draft Energy Master Plan (EMP) will set forth an overall vision for energy planning for New Jersey through 2020. The BPU has been a key player in this energy planning—we have provided significant effort in terms of staff support and expertise to the Office of Governor Jon S. Corzine. I chair the EMP Committee of state agencies that work together in support of the Governor on this initiative.

**Energy Master Plan** The EMP vision incorporates the reduction of greenhouse gas emissions into a larger effort to ensure that New Jersey has a reliable and affordable supply of energy consistent with our environmental needs. Part of that vision involves setting specific energy efficiency goals. The Governor's goal is to reduce by 20 percent the projected growth in our energy use by 2020. On the electricity side, that translates into 20,000

gigawatt hours of electricity that we need to save each year. In other words, we will have to save each year until 2020 the same amount of electricity our highly successful Clean Energy program has helped New Jersey save in the last six years.

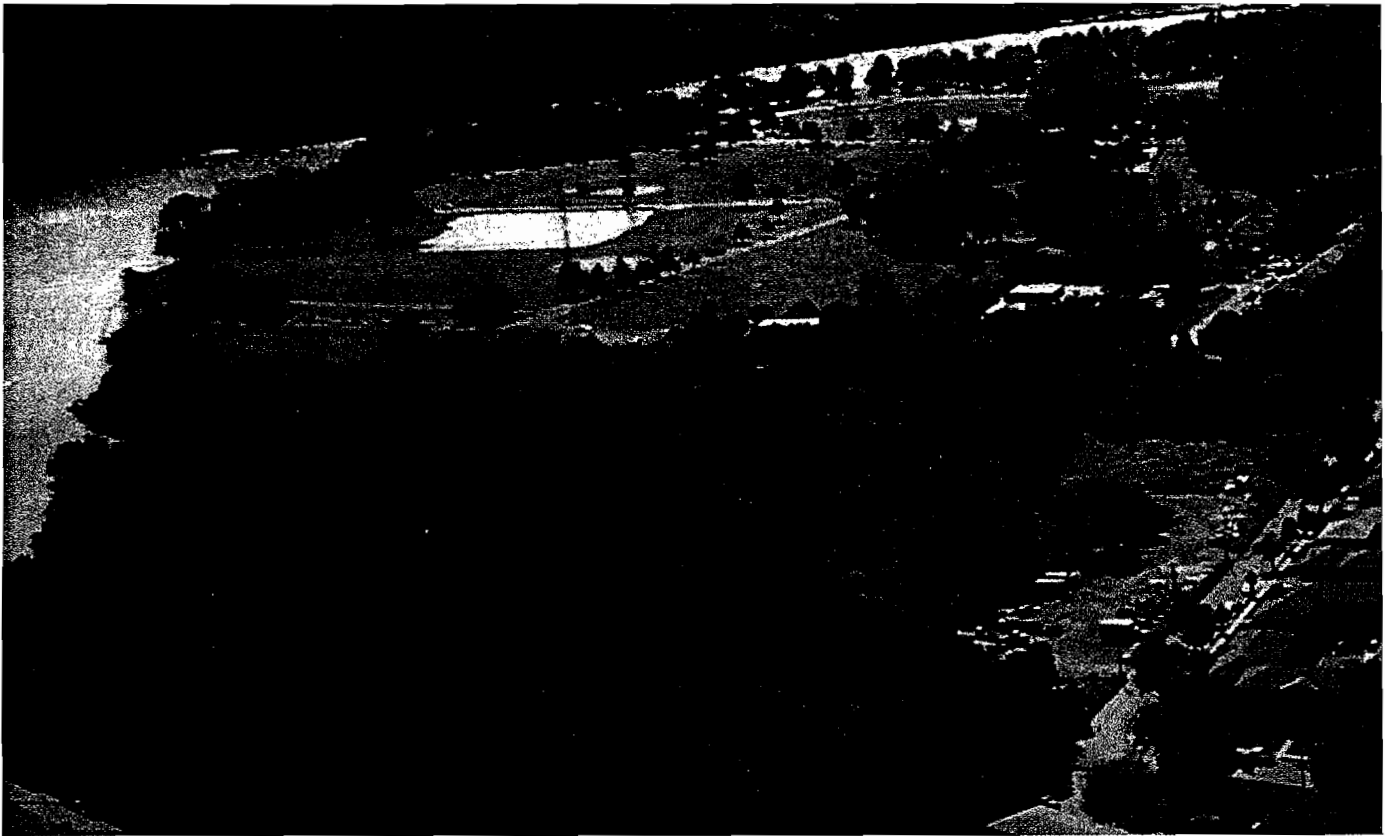
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TO LOWER ENERGY COSTS.

We can achieve this goal—but we need you. It's a win-win situation: save energy, save money, save the planet.

We expect to get the MLGA program up and running fully this spring. Your town or local government entity will be able to select among six energy audit firms that have been pre-qualified by the State Department of Treasury. If you participate in the program, you negotiate your own project fees independently with the energy audit firm you choose from the list. The Treasury certification assures you that your energy audit will be comprehensive and systematic so that your taxpayers don't miss out on a single opportunity to save money and energy.

**The Energy Audit** All facilities included in the audit will have to be rated according to the Environmental Protection Agency's Portfolio Manager Tool, which rates energy performance. The certified energy audit will include such data as the size of the facility or facilities being analyzed, the history of their energy use, and inventories of the equipment used within the building(s)—including lighting, HVAC, copy machines and computers. Your auditor must also assess and report on opportunities that exist in the facility or facilities for the installation of renewable energy measures, such as solar, wind, geothermal or biomass.

Starting out, you determine the scope of the work to be done in your community. You may wish to have one building audited, or several. But experts from the Clean



Highland Park is among many New Jersey municipalities that have energy efficiency and renewables. Selected as the NJ BPU's "2006 New Jersey Clean Energy Leader," the borough retrofitted its public buildings, focusing on photovoltaic; installed high efficiency lighting, heating and cooling systems; and has geothermal systems in its schools.

Energy Program will be available to guide you through the process of writing a Request for Proposal, determining and describing the scope of work to be performed and seeking quotes.

Now here's the really good news: The audit could end up costing your community nothing. Audits completed according to the program requirements, first of all, are eligible to receive rebates of up to 75 percent of the cost of the audit. After that, if your local government goes on to actually implement recommendations from the energy audit and the work exceeds 25 percent of the cost of the audit, then you can qualify for an additional rebate of that 25 percent. In effect, your energy audit would be free. And upgrades in lighting, installing timers and motion sensing devices, more energy efficient copiers or hvac systems—all of these can translate into lower energy use and lower or more stable energy costs.

**Further Grants** But the help does not end there: Local governments who participate in the MLGA program can

go on to apply for grants and incentives through two additional programs, one established and one new this year. Smart Start—a Clean Energy Program—offers technical assistance and rebates for facility and equipment renovations and upgrades. The 2008 New Jersey Clean Energy program also includes \$400,000 to fund grants in the range of \$5,000 to \$15,000 to community-based organizations for outreach and education.

Find out more about:

- The Municipal/Local Government Audit program, Smart Start and more at [www.njcleanenergy.com](http://www.njcleanenergy.com).
- The New Jersey BPU at [www.nj.gov/bpu](http://www.nj.gov/bpu).
- The Energy Master Plan at [www.nj.gov/emp](http://www.nj.gov/emp).
- New Jersey's efforts to combat global warming at [www.nj.gov/globalwarming](http://www.nj.gov/globalwarming). ▲

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# A Field of Dreams Evesham Township and Its School District Are Playing Together



By Randy Brown  
Mayor, Evesham Township



*After careful evaluation by the Township Council, the interlocal services agreement was determined to represent the best value for the residents of the community for a variety of reasons - most having to do with using existing infrastructure (lights, bleachers, parking lots, etc), and allowing the investment to be used throughout the day.*

**I**n January, Evesham Township took an extraordinary step to promote the sharing of services between local governments and school districts. I am pleased to share the story of Evesham Township's agreement with the Lenape Regional High School District for a shared multipurpose synthetic turf field.

**A Pressing Need** Upon taking office, my colleagues on the Council and I were aware of the pressing need for new multipurpose playing fields in the township. Given the unique features of our geography, such as being in the Pinelands Region and having generally high water tables, our existing field inventory was not keeping up with the demand for playing time. Understanding that decisions are best made through the sharing of information, a Recreation Summit of stakeholders was organized to explore the best possible way to address the community's needs in an efficient manner.

SINCE THE SCHOOL DISTRICT TYPICALLY COMPLETES THEIR USAGE BY THE TIME OUR RECREATION PROGRAM STARTS, AND THE FIELDS ARE SIGNIFICANTLY MORE DURABLE THAN GRASS, THE SHARED ARTIFICIAL FIELD WOULD BE AN INVESTMENT THAT WOULD BENEFIT THE WHOLE COMMUNITY.

Our township, like many others in New Jersey, was operating in silos. Communication and the sharing of common or new goals was nonexistent among the entities that serve the township residents. So as part of our campaign promise we conducted a Recreation Summit.

**A Recreation Summit** The Recreation Summit included many others, myself, our two school superintendents, school board members of both sending districts, leadership from our Recreation Council and various township recreation department employees.

Through our Recreation Summit meetings, a concept emerged for a shared synthetic turf facility. After comparing potential schedules, the study group honed in on the primary athletic field at Cherokee High School in Evesham where the investment would be easily accessible throughout the day to students and then available for local recreation programs in the early evenings. The availability of existing lights and surface durability meant township recreation programs could consistently be programmed through the playing seasons. Further, thanks to the more durable surface, this field would no longer be off limits to the student body, as it often is in preparation for official team events.

A major factor that came into play with our decision making was the large number of young men and women participating in the high school sports programs and the Marlton Recreation Council programs. Combined, these numbers exceed 6,000 participants. Due to the poor conditions of some existing grass fields, teams were left with nowhere to play or practice.

Township professionals who were part of the Recreation Summit pointed out the possibility of an agreement through the Interlocal Services Act (NJSA 40:8A-1), which is the legal mechanism to formalize these types of arrangements. Through the Recreation Summit and the direction of the Township Council, our professionals got busy hammering out the details of an agreement, which readers can view on our web site at [www.evesham-nj.gov](http://www.evesham-nj.gov).

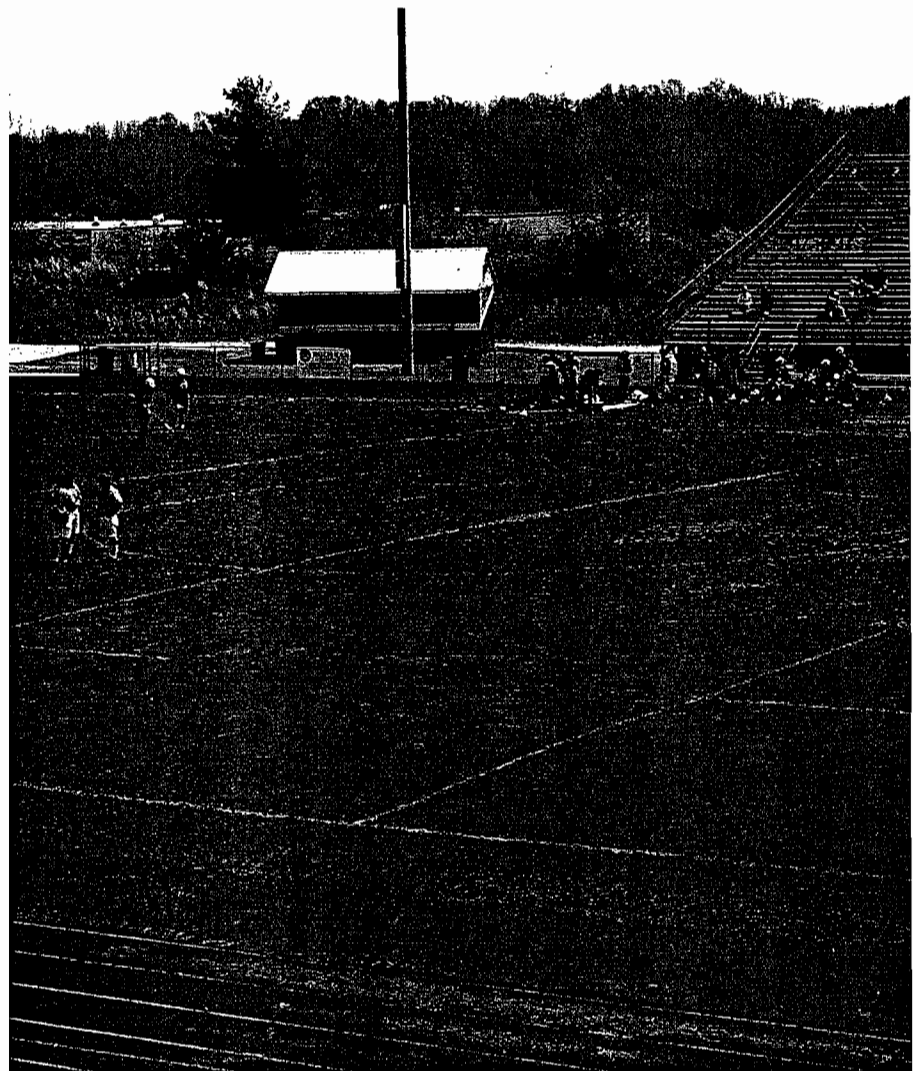


Photo by Lisa Kitchen

*The old field shows some wear around the center and edge.*

**Choosing an Interlocal Services Agreement** After careful evaluation by the Township Council, the interlocal services agreement was determined to represent the best value

for the residents of the community for a variety of reasons - most having to do with using existing infrastructure (lights, bleachers, parking lots, etc), and allowing the investment to



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be used throughout the day. For example, our analysis indicated that a township field is used primarily in the evening hours. Since the school district typically completes their usage by the time our recreation program starts, and the fields are significantly more durable than grass, the shared artificial field would be an investment that would benefit the whole community.

Of course a project of this magnitude has many points of interest. I and other council members have been asked questions by concerned residents. These are the two most commonly asked:

**How is the Township going to pay for the fields?** The Evesham Open Space and Recreation Trust Fund is voter approved and a dedicated 3-cent tax. The annual debt service on the recreation bond will be paid from this existing fund. In addition, we have begun an aggressive sponsorship campaign to offset some of the costs.

As stated in the Interlocal Agreement, Evesham has the rights to sell advertising around the stadium and naming rights. Voters previously voted down a 5.8 million dollar Lenape Regional High School District referendum to put multi-surface facilities at all four sending high schools that would have raised taxes. I want to make this perfectly clear, we will do this project without a tax increase!

**How can we be sure that our residents and children be able to use the new multi-surface facility?** The benefits of this facility are far reaching. The Cherokee High School students will be using the facility during the day for gym classes, band practices, various sport practices and games. This surface will be able to accommodate four sports: football, soccer, lacrosse and field hockey. Pursuant to the contract, Evesham's programs will have access to the field for a guaranteed MINIMUM of 20 hours a week. Averaged out over 52

weeks this contract gives a MINIMUM of 1,040 hours of usage. We all must not lose sight of the fact that every student that goes to Cherokee is also a Marlton resident.

Through this project, we have learned that the boundaries of shared services have yet to be fully explored. We look forward to finding more ways to return maximum value to our residents through other innovative shared services agreements.

Evesham Township is located in Burlington County and is home to approximately 50,000 people spread over 30 square miles. Our landscape features vast areas of open space within the Pinelands Region, outstanding commercial areas along the Route 70 and 73 Corridor, and great neighborhoods in between served by a first class municipal workforce. To many, our community is known as Marlton, a reference to the greenish and poor draining clay subsoil in the region. ▲



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## CDARS

# Making Banking Easier for Local Governments



By Phil Pratt  
Promontory Interfinancial Network

**O**n January 3, 2008, Gov. Corzine signed into law legislation that makes New Jersey the 39th state to enable finance managers for municipalities and other local governments to use the Certificate of Deposit Account Registry Service, or CDARS.

With CDARS, a bank can offer a customer up to \$50 million in FDIC insurance coverage, rather than the standard \$100,000, thus eliminating the need for the bank to hold collateral against the funds.

For government finance officers, CDARS (pronounced "cedars") offers the safety of FDIC insurance with the convenience of one rate, one regular statement, and one banking relationship. In addition, it keeps the money that local governments invest at work locally as loans to households and businesses.

CDARS can be used for CDs with 4-, 13-, 26-, 52-, 104-, and 156-week maturities.

#### How CDARS Works

Members of Promontory Interfinancial Network—a network of FDIC-insured institutions—allocate a customer's deposit (in the form of CDs) among several network banks so that all funds are eligible to be insured by the full faith and backing of the federal government. (Deposits placed through CDARS meet the pass-through insurance coverage guidelines established by the FDIC.)

For example, a city government needs to invest \$1 million. The city uses a competitive bidding process to obtain rates from several local banks. Because the winning bidder is a member of the CDARS network, the city is able to deposit the entire amount with full FDIC insurance coverage through the winning bank. The money is divided into amounts less



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than \$100,000 and placed in CDs issued by other network members through CDARS. The city receives regular consolidated interest payments and statements from the bank showing the account activity for each CD held in its name. In addition, the bank receives funds from other network members' customers totaling the amount deposited by the city.

Nationwide—and in New Jersey—more than one-out-of-five FDIC-insured institutions belong to the Network. The 1900-plus banks that comprise the CDARS network exchange deposits on a dollar-for-dollar basis. In other words, the amount of money a bank places using the CDARS service returns to that bank in the form of customer money from other network members. These reciprocal deposits among banks usually qualify funds placed using CDARS as "local," a requirement of many government investment policies. At the end of the day, the bank has \$1 million on its books that can be used for community lending purposes.

Depositors do not pay to use the CDARS service; the rate of CDs placed through CDARS is negotiated like any other CD.

#### Goodbye Collateralization: CDARS Benefits

Almost all states have enacted statutes that require public deposits in excess of the FDIC's \$100,000 limit be secured by pledged collateral securities from depository institutions.

Before CDARS, the drawback of obtaining FDIC insurance for finance officers was the limit of \$100,000 per depositor, per institution. Even so, many governments choose to spread their deposits among dozens of banks rather than deal with the inconveniences of monitoring and managing collateral.

Because CD deposits placed using CDARS are eligible for full FDIC insurance coverage, government entities investing through CDARS are not required to track collateralized assets and constantly mark-to-market the prices of Treasury bills and other pledged assets, which makes investing easier and less time-consuming. For government cash managers, this means not having to deal with multi-

ple banks, multiple rate renegotiations and collateral monitoring.

#### Real Life Example

Grafton County, New Hampshire, was one such depositor. FDIC insurance was the main selling point for Grafton County's treasurer when she first heard about CDARS. The service offered her the opportunity to fully insure county funds using FDIC insurance without the burden of monitoring pledged collateral. Even for Grafton County, a small county with property tax revenues of just \$12 million, time-consuming activities such as the regular tracking and marking-to-market of collateral needed to be minimized. Through a local bank, CDARS was able to meet the county's need to place \$1 million in CDs. Because the bank did not have to collateralize the deposit, it was able to offer the highest rate and win the bidding process. The county deposited the entire amount with the winning bank, which then divided the deposit into smaller amounts that were placed with

other network banks. Upon maturity of the CDs, the county reinvested the funds by completing a simple form.

#### Conclusion

For local finance officers, collateralization of deposits has proven to be a generally effective protection against bank failures, but collateralization imposes a significant administrative burden.

CDARS offers a convenient alternative to collateralization by expanding access to Federal deposit insurance to up to \$50 million of coverage.

Since the Promontory Network began operation five years ago, more than a thousand municipalities around the country have placed billions of dollars through the service. Local governments generally account for between 15 and 20 percent of CDARS weekly transactions.

The new law in New Jersey becomes effective April 3, 2008.

For further information on CDARS call Phil Pratt at 1-866-776-6426 ext. 3485 or e-mail ppratt@promnetwork.com, or go to [www.promnetwork.com](http://www.promnetwork.com). ▲

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