

**A RESOLUTION APPROVING A LOAN FROM THE
WISE ENERGY EFFICIENCY REVOLVING LOAN FUND
FOR SURPLUS SID'S INC.
Draft Resolution No. 158/2010-11**

WHEREAS, The Town of Carrboro established a revolving loan fund for commercial properties to implement energy conservation measures and to encourage energy conservation throughout the community; and

WHEREAS, the fund now has \$55,000.00 available to be loaned to applicants with viable projects; and

WHEREAS, the Surplus Sid's Inc. has made an application to the Town and complied with the program requirements including submission of a credit report and an energy assessment of the structure located at 309 East Main Street; and

WHEREAS, the applicant is requesting a loan not to exceed \$30,000 to be paid back over a 10 year period at a 3% interest rate and secured with a lien against the equipment installed; and

WHEREAS, the Town Staff and consultant, Clean Energy Solutions, have reviewed the application and financial information and found it to be complete; and

WHEREAS, the proposed energy conversation measures will result in a 35.02% reduction in the energy consumption for the structure which exceeds the minimum program requirement of 15%; and

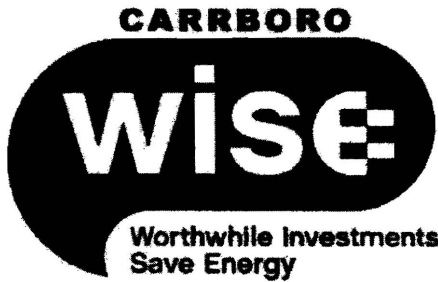
WHEREAS, the Economic Sustainability Commission has reviewed the application and recommends approval of the terms as described; and

WHEREAS, the Economic Sustainability Commission further recommends that the applicant execute a contract with a WISE Program pre-qualified contractor within 90 days of the approval of the loan.

**NOW, THEREFORE, THE CARRBORO MAYOR AND BOARD OF ALDERMEN
RESOLVES THAT:**

A loan be awarded from the WISE Energy Efficiency Revolving Loan Fund to Sid's Surplus, Inc. in an amount not to exceed \$30,000 loan for a term of 10 years at 3% interest rate, secured with a lien against the equipment and that the applicant execute a contract with a WISE Program pre-qualified contractor within 90 days from the date of this resolution.

The foregoing resolution having been submitted to a vote received the following vote and was duly adopted this 28th day of June 2011:



Carrboro WISE Homes & Buildings Energy Efficiency Revolving Loan Fund Application

INSTRUCTIONS | Please read the Energy Efficiency Revolving Loan Description and Criteria before completing this application. It is important that you fill out all sections of this application completely. Questions regarding this application or the application process should be directed to the Town's Economic and Community Development Director or the Energy Efficiency Coordinator.

NAME OF APPLICANT: Surplus Sid's Inc. (Barry Keith) DATE: 6.1.11

OF YEARS IN OPERATION: 24 (circle one) ☐ PARTNERSHIP SOLE PROPRIETORSHIP

EMPLOYER ID #: 58-1610415 PRIVILEGE LICENSE #: 574

ADDRESS OF APPLICANT: 309 East Main Street, Carrboro, NC 27510

ADDRESS OF PROJECT (IF DIFFERENT FROM ABOVE): same

PHONE NUMBER: 919.942.7127

CONTACT PERSON: Barry "Sid" Keith (President)
(Name and Position)

AMOUNT OF LOAN REQUEST: \$49,237 (assessment cost and estimated cost of improvements) TERM LENGTH: 10 years

BUSINESS OVERVIEW: BRIEFLY DESCRIBE THE FOLLOWING ASPECTS OF YOUR BUSINESS/ PROPERTY. (You may attach separate sheets or provide a written history and description of your business if you wish.)

WHAT TYPE OF BUSINESS DO YOU OWN? Army/ Navy Surplus and theater props store

HOW WILL THE PROJECT AFFECT YOUR COMPANY? Improvement to physical building structure that will help ensure the sustainability of Surplus Sid's which has become a landmark in Carrboro. The improvements to the building envelop and equipment will make the store more comfortable for customers and employees year round.

AGE OF BUILDING (YR. BUILT): 1946 TOTAL SQUARE FEET OF BUILDING: 3800 # OF OCCUPANTS: 1

DO YOU PLAN TO MOVE? (Y/N) N

PRIMARY HEATING FUEL: gas PRIMARY SERVICE UTILITY: LP gas and Duke Energy

IF YOU ARE LEASING, DESCRIBE THE TERMS OF YOUR LEASE (RENT AND LENGTH OF LEASE) and PROVIDE A COPY OF YOUR CURRENT LEASE: N/A

DESCRIBE HOW THIS PROJECT WILL FIT WITHIN THE CONSTRAINTS OF YOUR LEASE: N/A

PROJECT DESCRIPTION AND COSTS: BRIEFLY DESCRIBE THE FOLLOWING ASPECTS OF YOUR PROJECT. (You may attach separate sheets/ spreadsheets for costs if you wish.)

**** To be provided with assistance of energy auditor/ contractor**

DESCRIBE THE PROJECT, EMPHASIZING ENERGY EFFICIENCY FEATURES:



The project is 100% dedicated to bringing the building to a totally energy efficient structure. The primary measures include bringing the building shell up to standard. This is accomplished by removing the existing roof, applying a layer of 1 1/2" Polyisocyanurate, and covering with a new membrane, air sealing the building walls where the Roof/Ceiling meets the walls, and replacement of all windows, both commercial glass and double hung windows with a modern, energy efficient glass and window frame. Additionally, all lighting will be replaced with energy efficient lighting fixtures and bulbs, and the electrical to support it. Last, and most importantly, with the improvements in the building shell, we will remove two ancient HVAC units, and replace them with one high efficiency dual fuel hybrid unit (40% reduction in total tons). All ductwork will be sealed and properly adjusted and attached to accommodate this change.

**** LIST EQUIPMENT PURCHASED (INCLUDE RATED ANNUAL ENERGY CONSUMPTION AND MODEL #'S):**

4 Ton Carrier 48XL Infinity Series Hybrid Dual Fuel Heat Pump

- 14 SEER or better
- Variable 3 stage fan
- Infinity Controller

Yearly Energy Savings from HVAC Replacement: \$536.60 3970 KWH 163 Therms

**** LIST REMOVED/REPLACED EQUIPMENT (INCLUDE MODEL #'S):**

- 3 ton unit - Model #: PG036XXX-3AB* Serial Number: 920120853
- 4 ton unit - Model #: PG48100-3AC Serial Number: 920157540

* Label on the 3 ton unit was unreadable

**** DO YOU PLAN TO UTILIZE ANY OTHER UTILITY INCENTIVES (ie. Duke Energy or PSNC)? PLEASE DESCRIBE:**

Duke Energy Utility Incentives:

Item	Quantity	Cost	Total
T-8 4ft 3 Lamp	18	\$9.00	\$162.00
T-8 4ft 2 Lamp	3	\$4.00	\$12.00
HVAC	4	\$25.00	\$100.00

Total: \$274.00

**** WILL OTHER IMPROVEMENTS OCCUR AT THE SAME TIME AS THE ENERGY EFFICIENCY PROJECT? IF SO, PLEASE DESCRIBE:**

No

**** PROVIDE ITEMIZED COST ESTIMATES FOR THE PROJECT, INCLUDING ESTIMATES FROM A CONTRACTOR, MAKING SURE TO SEGREGATE ENERGY EFFICIENCY COSTS FROM OTHER IMPROVEMENTS:**

See Attached

**** PROVIDE AN ESTIMATE OF THE SIMPLE PAYBACK FOR THE ENERGY EFFICIENCY MEASURES YOU WILL PURSUE WITH THESE FUNDS:**

Surplus Sids is a case where a straight simple payback may not be appropriate. Surplus Sids currently has an inoperable HVAC System and a roof that leaks. These items would need to be replaced regardless of any efficiency improvements. Therefore, when calculating a payback for energy efficiency measures, it is more applicable to take the difference between a standard HVAC and roof replacement and a high efficiency replacement for both:

Cost of Improvements: \$48,637

Yearly Savings: \$1,232.57



Simple Payback: 39.5 Years

**** PROVIDE A 12-MONTH CASH FLOW PROJECTION, INCLUDING ENERGY SAVINGS AND LOAN REPAYMENTS:**

Loan Payments - 10 year loan at 3%
 Initial Balance - \$48,637
 Underwriting Fee - \$1,500

Total Loan Amount - \$50,137

Monthly Loan Payments: (\$485.00)
 Monthly Energy Savings: \$102.71

Net Monthly Cash Flow During Repayment: (\$382.29)

Yearly Cash Flow During Repayment: (\$4,587.48)

**** EXPECTED ANNUAL ENERGY SAVINGS, AS A % REDUCTION FROM THE BASELINE (previous 12 months of energy bills):**

Annual Energy % Reduction: 47.03%

**** EXPECTED ANNUAL COST SAVINGS FROM THE INSTALLED ENERGY EFFICIENCY MEASURES:**

Annual Energy Savings: \$1,232.57 Annual Cost % Reduction: 46.14%

**** EXPECTED kWhs SAVED PER YEAR FOR INSTALLED MEASURES:**

Annual KWH Savings: 5,229 KWH

**** EXPECTED % SAVINGS kWh OF PREVIOUS 12 MONTHS FOR INSTALLED MEASURES:**

Annual KWH % Savings: 31.71%

**** EXPECTED THERMS SAVED PER YEAR FOR INSTALLED MEASURES:**

Annual Therms Savings: 327 Therms

**** EXPECTED % SAVINGS THERMS OF PREVIOUS 12 MONTHS FOR INSTALLED MEASURES:**

Annual Therms % Savings: 63.82%

**** EXPECTED GALLONS SAVED PER YEAR (heating oil/ propane/ LPG) FOR INSTALLED MEASURES:**

N/A

**** EXPECTED % SAVINGS GALLONS OF PREVIOUS 12 MONTHS FOR INSTALLED MEASURES:**

N/A

**** ESTIMATED TOTAL LABOR HOURS FOR AUDIT AND RETROFIT INSTALLATION:**

OTHER REQUIRED INFORMATION



PLEASE PROVIDE 12 MONTHS OF PAST UTILITY BILLS FOR YOUR BUSINESS.

PLEASE PROVIDE A RECENT (ie. within last 90 days) CREDIT REPORT.

DO YOU AGREE TO MAKE ALL RELEVANT DOCUMENTS AVAILABLE ON REQUEST? (Y/N) YES

DO YOU AGREE TO PROVIDE 36 MONTHS OF UTILITY DATA AFTER THE PROJECT IS COMPLETED? (Y/N) YES

DO YOU UNDERSTAND THAT THE EERLF LOAN WILL BE SECURED BY A NOTE ON EQUIPMENT? (Y/N) YES

HAVE THE APPLICANT FIRM OR ANY OWNER OF MORE THAN 20% OF THE BUSINESS FILED FOR BANKRUPTCY OR PROTECTION FROM CREDITORS? (Y/N) NO; IF YES, PROVIDE DETAILS: _____

THE TOWN MAY AUDIT/ INSPECT APPLICANT'S FINANCIAL RECORDS UPON REQUEST IF LOAN BECOMES PAST DUE.
(please initial) BK

DO YOU AGREE TO PROVIDE A WAIVER OF LIEN IF A TENANT AND NOT A BUILDING OWNER? (Y/N) N/A

IF THE BUSINESS CLOSSES OR RELOCATES, THE LOAN RECIPIENT IS RESPONSIBLE FOR FULL REPAYMENT OF THE LOAN.
(please initial) BK

HOW DID YOU HEAR ABOUT CARRBORO'S EERLF PROGRAM? James Harris, former Director of the Community and Economic Development Department

WHAT MOTIVATED YOU TO APPLY FOR A CARRBORO EERLF LOAN? Need for repairs and updates and desire to reduce the environmental impact of the building

AS Barry Keith President (title) OF Surplus Sid's Inc.
I CERTIFY THAT THE INFORMATION PROVIDED IN THIS APPLICATION AND IN DOCUMENTS AND EXHIBITS PROVIDED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I FURTHER COMMIT TO THE FOLLOWING ACTIONS, AS DESCRIBED MORE FULLY IN THE PROJECT APPLICATION:

- A. UNDERTAKE AND CARRY OUT THE PROJECT AS DESCRIBED IN THE PROJECT APPLICATION, AND DOCUMENTS AND EXHIBITS PROVIDED,
- B. PROVIDE THE TOWN WITH NECESSARY INFORMATION FOR COMPLETING REQUIRED REPORTS,
- C. MAKE ALL RELEVANT RECORDS AVAILABLE TO TOWN AND ITS PARTNERS UPON REQUEST,
- D. BEGIN PROJECT ACTIVITIES ONLY FOLLOWING EXECUTION OF A LEGALLY BINDING COMMITMENT BETWEEN THE TOWN AND THE APPLICANT AND THE RELEASE OF OTHER CONDITIONS, IF ANY, PLACED ON THE LOAN BY THE TOWN OF CARRBORO,
- E. COMPLETE PROJECT ACTIVITIES NO LATER THAN _____,
- F. (OPTIONAL) SECURE AND OBTAIN ADDITIONAL LOAN FUNDS IN THE AMOUNT OF \$ _____ AS DESCRIBED IN THIS APPLICATION, AND
- G. (OPTIONAL) PROVIDE \$ _____ IN EQUITY FROM THE APPLICANT'S OWN RESOURCES FOR THE PROJECT AND COVER ANY COST OVERRUNS IN THE PROJECT FROM APPLICANTS OWN RESOURCES.

MY FIRM IS COMMITTED TO UNDERTAKE THIS PROJECT, AND BUT FOR THE PROVISION OF THE EERLF ASSISTANCE, THIS PROJECT WILL NOT BE UNDERTAKEN:

PARTNERSHIP AND SOLE PROPRIETORSHIPS

SIGNED: Barry Keith

TITLE: President

CORPORATIONS

Surplus Sid's Inc.
(Name)

BY: _____

(President)



DATE: _____

ATTEST: _____
(Secretary)

(SEAL)

DATE: _____

BELOW PLEASE LIST ALL OF THE FOLLOWING: ANY OWNER OF 20% OR MORE OF A CORPORATION AND ALL OFFICERS OF THE CORPORATION; ALL PARTNERS; THE SOLE PROPRIETOR.

Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned
Print Name & Title	Signature	% owned





**Energy Assessment: Detailed Report
With Contractor Estimates for Work
For Carrboro Commercial Energy Efficiency
Revolving Load Fund (EERLF)**

For:
Surplus Sid's Inc.
309 E. Main Street
Carrboro, NC 27510

Date: June 21, 2011

By:
Southern Energy Management
101 Kitty Hawk Drive
Morrisville, NC 27560

101 Kitty Hawk Dr. Morrisville NC 27560
P 919.836.0330 F 919.836.0305
s o u t h e r n - e n e r g y . c o m





Project Manager: Francis Conlin, PE
 Engineer: Meghan McDermott
 Product Specialist: Tom Fitzpatrick

Overview:

Southern Energy Management (SEM) performed an Energy Assessment for Sid's Surplus Inc. for the Carrboro Commercial Energy Efficiency Revolving Loan Fund (EERLF). The 3,600 square foot building located at 309 East Main Street in Carrboro, North Carolina was originally built in 1946 and has had minimal upgrades.

The primary heating fuel is Natural Gas provided by PSNC Energy.

The primary service utility is Duke Energy.

Recommended Energy Conservation Measures:

1. Building Envelope:

- a. Prior to the new roof being installed air sealing work with two-part spray foam or caulk should be completed to seal the roof deck to the exterior wall.
- b. All exterior doors should be properly weather stripped.
 - i. Total Cost of Weatherization Work: \$1,705.00
 - ii. Cost 100% for Improvement

2. Roof Replacement w/out Solar Consideration:

- a. The current roof is not insulated and leaks. The roof should be replaced with a 1-1/2" polyisocyanurate rigid insulation (R-10.5), cold applied with mastic and covered with a TPA fully-adhered membrane roof.
- b. Both the flat roof and the sloped roof should be replaced with an estimated cost of \$14,000.
- c. Insulation Represents approximately \$6,000 of the application

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3. Mechanical System:

- a. The two current roof top HVAC units should be replaced with one, 4 ton heat pump with gas back up. The new system should have a SEER 14 or better.
- b. The recommended unit is a Carrier 48XL Infinity Series Hybrid Dual Fuel Heat Pump. Unit includes a variable speed three stage fan and Infinity Controller
- c. The duct work will be adjusted to accommodate one heat pump system.
- d. Continue to use the programmable thermostat.
 - i. Total Mechanical System Cost: \$11,900
 - ii. *We have spoken code officials; however, any additional requirements to bring the mechanical systems up current code would be in addition to this price.*
- e. *This is 100% efficiency cost, but to go from regular efficiency to a Hybrid High Efficiency System is \$3,750*

Removed/Replaced Equipment:

<u>Equipment</u>	<u>Model Number</u>	<u>Serial Number</u>
3 ton Unit	PG036XXX-3AB*	920120853
4 ton Unit	PG048100-3AC	920157540

*Label on the 3 ton unit was unreadable

Expected Savings:

<u>Energy Savings</u>	<u>Expected Annual Savings</u>	<u>kWh Saved</u>	<u>% Reduction of Kwh</u>	<u>Therms Saved</u>	<u>% of Reduction of Therms</u>
Building Envelope	\$99.87	260	1.58%	77	14.95%
Roof Replacement	\$121.87	375	2.27%	88	17.15%
Mechanical System	\$536.60	3970	24.08%	163	31.72%
Totals	\$758.34	4,605	31.71%	327	63.82%

Annual Expected Savings: \$758.34

Annual Cost % Reduction 33.14%

Annual Energy % Reduction 35.02%

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PARTNER OF THE YEAR



The above expected savings is based on current occupancy practices, as the building is improved the occupancy practices may change resulting in diminished energy savings. The Solar offset and savings is not figured in to the above savings estimates, so any inclusion of solar would dramatically reduce overall operating cost and consumption.

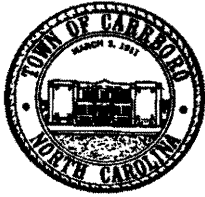
Conditions:

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Total Cost of all work: \$27,605

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**Economic Sustainability Commission
WISE Energy Efficiency Revolving Loan Program
Report and Recommendations**

Project Name: Surplus Sid's
Address: 309 East Main Street
Carrboro, NC 27510

Property Owner: Barry Keith
Applicant: same

Project Description: Surplus Sid's is a 3600 square foot structure built in 1946. The building is masonry, wood trusses, asphalt shingle roofing, wood divided-lite windows, and an aluminum and glass storefront. The building has had minimal upgrades.

The proposed energy conservation measures include air sealing the building envelope with spray foam or caulk, weather strip doors and windows, replace non-insulated roof with a 1 ½" rigid insulation and covered with a fully-adhered membrane roof, replace existing HVAC with new 14 SEER Hybrid Dual Heat Pump and associated new duct work. Estimated cost of improvements is \$27,605.00. The estimated annual reduction in energy consumption is 35.02%.

Loan and Financial Information: The loan requested is for a term of 10 years at a 3% interest rate. The applicant submitted a good credit report with no indication of late or delinquent debt. Surplus Sid's has been in business in Carrboro for 24 years. The loan would be secured with a lien on the equipment installed.

ESC Comments and Recommendations – The ESC recommended that the Board of Aldermen approve a loan in an amount not to exceed \$30,000 and that the applicant had 90 days to enter into a contract with a WISE program pre-qualified contractor with the understanding the 90 days could be extended if requested and with due cause. The ESC asked staff to approach the applicant with the request to secure the loan with a deed of trust against the real property and a personal guarantee. Annette Stone, ECD Director and Nora Barger, Clean Energy Solutions meet with the applicant who indicated it would not be possible due to the existing mortgage on the property. Staff also discussed the recommended reduction in the loan amount and change in scope of work. The applicant was in agreement and wanted to move forward with the process.

Staff Comments and Recommendations - The program design does not have a requirement to secure the loan with a deed of trust and it was under this assumption that the applicant has been moving forward with the program. This may be a proposed program design change for additional projects. However, due to the applicant's long-standing business in the Town and his good credit record, staff recommends the Board approve a loan not to exceed \$30,000 with a term of 10 years at 3% interest. In addition, staff recommends that the applicant has 90 days in which to enter into a contract with a WISE program pre-qualified contract.