



JEDC.org  
612 West Willoughby Ave. Suite A  
Juneau, AK 99801  
Phone 907-523-2300  
Fax 907-463-3929

December 30, 2015

Kim Kiefer, Manager  
City & Borough of Juneau  
155 South Seward Street  
Juneau, Alaska 99801

RE: FY17 MARINE PASSENGER FEE PROCEEDS REQUEST – REVOLVING LOAN FUND FOR COMMERCIAL ELECTRIC VEHICLE PURCHASES, CONVERSIONS, AND CHARGING STATIONS

Dear Ms. Kiefer:

The Juneau Economic Development Council, as part of a collaborative effort within the Renewable Energy Cluster Working Group, proposes the use \$250,000 from the passenger fees to develop a low-cost financing program to assist local tour companies to either purchase new or convert to electric powered buses, shuttles, and small vans, and to purchase and install the associated charging infrastructure. JEDC proposes managing this revolving loan fund under an agreement with the CBJ. This funding will support development of the loan program (\$18,000), financing capital (\$200,000) and first year operating costs (\$32,000). Following years' operating costs will be the subject of later Marine Passenger Fee Proceeds requests. Any unused program development or operating costs from the first year will be added back to the loan fund capital.

The cost to purchase a new fully electric motor coach is currently \$600,000-\$800,000. Conversion of existing full-size coaches can cost up to \$300,000. Smaller, fully-electric commercial vans and shuttles can cost \$75,000-\$200,000, and conversions may cost up to \$100,000. Owner/operators of electric vehicles require reliable access to charging stations. The cost to purchase and install charging stations can range from \$2,000-\$40,000 based on site conditions, power requirements, and other factors. This loan fund will provide a low-cost source of funds to assist forward-looking companies with the high upfront capital cost associated with commercial electric vehicles.

Electric vehicles provide significant benefits, including savings in fuel and maintenance expenses for the operator, and a reduction in the environmental impacts associated with operating a diesel engine. Diesel powered motors operate at much lower efficiency than electric motors, which can allow for significant savings when operating an electric bus or shuttle. In Juneau, a diesel to electric conversion eliminates emissions and dramatically lowers noise levels, all while reducing the quantity of potentially contaminating fluids required operate the vehicle. These benefits extend to owners, visitors, and locals alike.

By offering low cost financing for a portion of these costs, the Renewable Energy Cluster Working Group hopes to spur investment that will drive development of additional commercial electric vehicle

infrastructure – more charging stations, more lenders experienced in financing renewable energy investment, more local trained technicians, more local parts inventories, etc. – to multiply the number of commercial electric vehicles and expand opportunities available to tour operators and visitors. This proposal is consistent with Long Term Actions identified under Strategy T3-B of the Juneau Climate Action Plan, “Work with tour companies to replace tour buses with more energy efficient models. Consider the feasibility and economic viability of replacing existing fleet with electric buses.”

This request is for \$250,000 from passenger fees for JEDC to begin to operate a revolving loan fund for a period of ten years, subject to ongoing annual award for additional loan capital and operating costs. JEDC will, with stakeholder input, develop and vet program parameters and will operate the fund including promotion, determination of eligibility, and perform all duties related to loan underwriting, documentation, closing and servicing, collections and reporting. In early years, the program would target small commercial vehicles like shuttles and taxis carrying between 7-28 passengers. As the loan capital grows through successful lending and subsequent awards, the program would hope to also providing financing for full-size electric coaches.

We anticipate the cost of program development, including underwriting standards, eligibility, maximum loan amount, and other terms, will cost about \$15,000-20,000, depending on the level of stakeholder and CBJ involvement. Assuming a low-interest and low-default portfolio, a portion of the request will be required to defray JEDC’s operating cost, estimated to be no more than \$32,000 in the first year, assuming zero net income from lending after direct transaction costs. This includes the cost of promoting the product to cooperative lending institutions and fleet operators. These costs should decline in subsequent years.

**Timeline:**

July 1, 2016 – Project funded

August 31, 2016 – Establish revolving loan fund terms, guidelines, and management contract

September 1, 2016 – Promote program to tour companies and begin accepting applications

September 1, 2016 – June 30, 2025 – Operating period

It is proposed that this loan program run for ten years, with semi-annual financial and portfolio reporting, and a review of operation and productivity every three years. After ten years, the program may be extended or the unlent capital plus any outstanding loans will be returned to the CBJ.

Sincerely,



Brian Holst  
Executive Director