

ITEM #: 9
DATE: 11-12-24
DEPT: ELEC

COUNCIL ACTION FORM

SUBJECT: **LETTER OF INTENT TO APPLY TO RURAL ENERGY SAVINGS PROGRAM LOAN**

BACKGROUND:

The Rural Energy Savings Program (RESP) is administered through the US Department of Agriculture's (USDA) Rural Development Office. The program provides loans to rural utilities and other eligible applicants to provide energy efficiency loans to their customers to implement durable cost-effective energy efficiency measures. Loans through RESP are offered a 0% interest rate, for terms of up to 20 years. Funds from RESP may be used for the purpose of implementing energy efficiency measures to decrease energy use or costs for rural families and small business. This program could be a source of funding for a home retrofit program, one key action step of the Climate Action Plan.

Staff recommends submitting a letter of intent to apply for a RESP loan. **Submitting a letter of intent does not guarantee funding for the City.** The letter of intent will be evaluated by Rural Development staff. Rural Development, if it deems Ames as an eligible applicant, may then invite Ames to submit a complete loan application. **The letter of intent does not bind Ames to completing a full application for a RESP loan if invited.**

Being designated as an “Rural Utility Service eligible borrower” could also allow Ames Electric to apply for other grants and low-cost loans for a variety of projects through USDA’s Rural Development office.

ALTERNATIVES:

1. Authorize staff to submit a letter of intent to apply for a Rural Energy Savings Program Loan
2. Do not authorize staff to submit a letter of intent to the Rural Energy Savings Program

CITY MANAGER'S RECOMMENDED ACTION:

The Rural Energy Saving Program could provide funding to operate a home retrofit program. Further, a successful application would deem the City as an eligible Rural Utility Service borrower, opening further grant and loan opportunities with USDA’s Rural Development office. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

ATTACHMENT(S):

[RESP letter of intent - AMES.pdf](#)