

Municipal Revolving Fund Examples

A. Saint Paul, MN

In 2008, the City of Saint Paul³ created a revolving loan fund to internally finance energy efficiency improvements at city-owned buildings. The revolving loan started with an initial balance of \$1 million. Between 2009 and 2018, the City completed 629 energy efficiency projects using the revolving loan fund. To track the fund, the city utilized an existing internal lending fund within its ERP accounting system. Loans were typically for three-year terms. The City set up a sub-account (AU, accounting unit) for the energy revolving fund. It was given an initial \$1m credit out of the budget authority. When a project spent money, the department received an allocation from the revolving fund; expenditures were shown in the unit as capital expenditure. As savings were realized, central accounting would transfer those dollar savings back into the revolving fund.

Lesson Learned: As energy prices rose, there were no longer “savings” from projects vs. the original budget amount to transfer back to the revolving fund. Also, once the smaller projects were completed, the City chose to switch to traditional bond funding to finance the remaining larger projects, often relying on excise property tax funding. American Cities Climate Challenge⁴ has also provided a case study of Saint Paul’s revolving fund.

