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# success story

WEATHERIZATION AND INTERGOVERNMENTAL PROGRAM

## Albuquerque Revamps Funding and Housing

### *Performance Contracting to Boost Public Housing*

Public housing in Albuquerque, NM, will get extensive retrofits to improve the efficiency of energy and water systems. The first set of improvements will cost an estimated \$1.62 million. Of that, about \$600,000 will be an up-front payment by the city. Utility incentives of about \$48,000 will help. But most of the cost will be covered by a performance-based contract, under which expenses will be recovered from future savings on utility bills. The hard part was convincing city officials that performance contracting works.

### The Challenge

Albuquerque public housing included 953 units in 28 complexes as of mid-2004. The buildings need modernized, more efficient equipment of many kinds – for lighting, cooling and more. Much of the equipment is 25 to 30 years old. Many refrigerators within living units need to be replaced with more efficient models. But when performance contracting was suggested, city officials mistrusted the financial mechanism. To those unfamiliar with the idea, it seemed to be “something for nothing.”

### The Solution

Rebuild New Mexico recommended to Albuquerque public housing officials that they consider performance contracting as a primary financing mechanism for improvements in public housing. It has been used effectively for a variety of public and private buildings around the country. Once the Albuquerque housing officials agreed, the problem for them was to convince the city council to approve such a plan.

To win city approval, a task force was formed, including the housing director, the building maintenance manager, the finance manager and a city attorney. The dedicated team was essential to sustain the effort, says Fernie Martinez, now the public housing manager in Albuquerque. While the team was in action, he was the building maintenance manager.

“It’s so important that you have a task force,” Martinez says, noting that the plan required a lot of detailed explaining over an extended period of time. “If it’s left to one person, they’ll drop it in a minute.”

In the spring of 2004, the city council gave its permission in a split vote, with a few skeptics still opposed.

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# Partnership Facts:

**Name of partnership:**  
Rebuild New Mexico

**Targeted buildings:**  
Public Housing

**Annual energy savings:**  
More than \$90,000

**Amount invested in energy-saving  
project or initiative:**  
\$1.62 million

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For more information about energy-saving technologies, visit the Business Partners section of the Rebuild America Web site: [www.rebuild.gov](http://www.rebuild.gov) or contact Rebuild America at: 252-459-4664.

The city estimates that the project will cost about \$1.62 million. That will finance retrofits for energy and water efficiency in two big public housing facilities and the housing authority's office building. The city will pay about \$600,000 up front. To cover the lion's share of the cost, a 12-year performance contract valued at \$974,929 was signed with energy service company Citizens Conservation Services, a unit of Ameresco, a Rebuild America Business Partner. The contract provides a guarantee of savings, as is typical in performance contracts. If the savings fall short, it will be the service company's obligation to make up the difference.

The assumption is that the planned retrofits will achieve annual reductions in electricity costs by 28.4 percent, water costs by 24 percent and natural gas costs by 13 percent. Total annual savings would come to more than \$130,000.

The two big public housing units are Embudo Towers, containing 101 units and 86,233 square feet, and Wainright Manor, with 62 units and 61,050 square feet. Those buildings and the housing authority's headquarters will get improvements. Fluorescent lighting will be converted to T-8 lamps and electronic ballasts from the less-efficient T-12s and magnetic ballasts. In some public areas, controls and occupancy sensors will be added to switch off lights when not needed. Chillers and other equipment will be modernized in HVAC systems, also with controls where needed. Low-volume "pressure-assist" toilets will be installed to reduce water use.

In July, Citizens Conservation Services was sorting through subcontractors for the work, which was expected to begin in the autumn.

The performance contract will allow the public housing authority to conserve funds for other work, including badly needed upgrades for elevators.

To learn more visit: [www.eere.energy.gov](http://www.eere.energy.gov).

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Rebuild America is a U.S. Department of Energy program that focuses on improving communities through energy-saving solutions.



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