



dropping the measures.

"We had reached the limits on our financing," he said. The extra cost of the energy efficiency measures was more than the business could absorb.

It was about that time that Richards attended a seminar and heard Jeff

benefit the owners, club members, and save energy for all of us."

Chuck Richards is pleased, too. Sunset Athletic Club has come a long way in the past 27 years.

For more information on the Department of Energy's Loan Program and Business Energy Tax

Expansion helps athletic club stay healthy

Like all small business owners... Richards recognized the importance of evolving to meet his customers' needs and stay fiscally healthy.

Chuck Richards always knew he wanted to blend his passion — athletics — with his work. The Northwest native had been an all-American swimmer in college and an Olympic pentathlon athlete in the 1972 Munich games. His aspiration led to a new business concept for Oregon. Sunset Athletic Club was the state's first suburban athletic fitness club in 1976. With 3,500 members, the Beaverton business has been thriving ever since.

Like all small business owners, however, Richards recognized the importance of evolving to meet his customers' needs and stay fiscally healthy. After 27 years of operation, Richards and his partners recently initiated a four-phased, \$6.5-million energy-efficient expansion of the 55,000 square-foot facility.

"The fitness business has changed over the years," said Richards. "For example, I never envisioned spinning classes 27 years ago. We are adding a physical therapy space to serve our senior members better. And, group fitness programs have become very popular."

Phase I of the expansion added new exercise rooms for spinning (stationary bicycles) and cardio equipment, leased physical therapy space and increased parking. It

opened in late October. Phase II will open in the spring of 2004 and will include three indoor tennis courts, two outdoor tennis courts, a gymnasium, a climbing wall and additional parking. Phases III and IV are still in the design stage, but call for an indoor lap pool, sauna and steam room, expanded locker rooms, additional squash/racketball courts, and meeting rooms.

Richards and the design staff wanted to ensure the expanded facility would be energy- and resource-efficient. They consulted with Portland General Electric's Earth Advantage™ Program during the design stage. Some of the measures they incorporated to maximize the building's performance included an energy-efficient boiler, CO2 sensors, heat exchangers, occupancy sensors for the lights, daylighting design, added wall and roof insulation, replacing 345-watt metal halide lighting with T-5s, and upgraded windows.

By incorporating these measures, Sunset Athletic Club will use an estimated 40 percent less energy than if the owners installed standard equipment. The measures have a simple payback of just under seven years. Despite these favorable numbers, Richards came close to



Keto from the Oregon Department of Energy discuss the state agency's loan and tax credit programs. He called Keto for more information.

Richards qualified for a competitive fixed-rate, 15-year loan on the energy efficiency aspects of his project.

"I was nervous, but Jeff and Hal Simms from the Department of Energy understood business and were very professional," Richards said. "It was an efficient and painless process."

Many of the energy efficiency measures were also eligible for a Business Energy Tax Credit. The Department of Energy issues tax credits as an incentive to businesses that invest in energy conservation measures, renewable resources, recycling, and less-polluting transportation fuels. The tax credit is for 35 percent of eligible project costs. For Richards, the tax credit for Phase I and II was more than \$8,000.

"We viewed this project as a good opportunity to assist this business with improving the energy performance of their expansion project," said Department of Energy Loan Officer Hal Simms. "It will

Credit, visit the Web site www.energy.state.or.us or call 1-800-221-8035 (toll-free in state) or (503) 378-4040 in Salem.

ENERGY TAX CREDIT DEFERRAL

The 2003 Oregon Legislature passed House Bill 2152 that requires a 20 percent deferral of Oregon energy tax credits in 2003, 2004 and 2005. The deferrals can be recovered in 2006.

For energy tax credits claimed in one year (projects with eligible costs of \$20,000 or less), 80 percent of the credit is taken in 2003 and the final 20 percent is taken in 2006, the recovery year.

For energy tax credits claimed over five years (projects with eligible costs over \$20,000), the 20 percent deferral affects all three years 2003-2005. The deferrals from those years can be recovered in 2006. At the end of the five years, the business owner receives the entire 35 percent tax credit.

The Oregon Department of Energy will have more information on the impact of this legislation on its Website (www.energy.state.or.us) as it becomes available. ☛