



**Better  
Buildings**<sup>®</sup>  
U.S. DEPARTMENT OF ENERGY

# Healthy Funding: Green Revolving Funds for Healthcare

Better Buildings Summit

Tuesday, May 10<sup>th</sup>

9:45-11:00am

# Agenda

- 9:45: Introduction
- 9:50: Mark Orłowski, Sustainable Endowments Institute
- 10:05: Jon Utech, Cleveland Clinic Foundation
- 10:20: Camille Grippon, Bon Secours Health System
- 10:35: Discussion

# Today's Presenters

- **MARK ORLOWSKI, Executive Director, Sustainable Endowments Institute (SEI)**
- **JON E. UTECH, Senior Director of the Office for a Healthy Environment, Cleveland Clinic**
- **CAMILLE GRIPPON, Director, Bon Secours Health System**



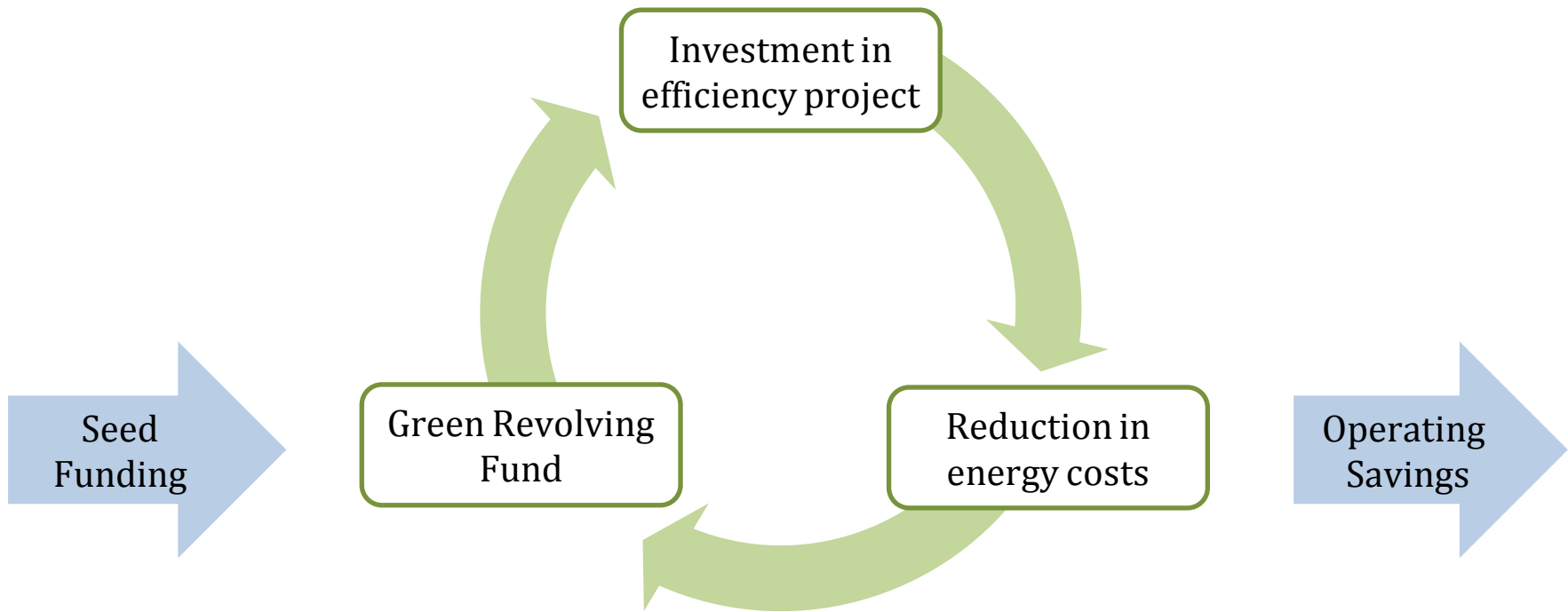
# **Green Revolving Funds for Healthcare**

**U.S. DOE Better Buildings Summit ~ May 10, 2016**

**Mark Orlowski  
Sustainable  
Endowments Institute**



# Overview of Green Revolving Funds



**Green Revolving Funds (GRFs)** invest in energy efficiency projects that decrease resource use, thereby lowering operating expenses. Some or all of these operational savings are used to replenish the fund and are then reinvested in future projects.

# The Rise of GRFs

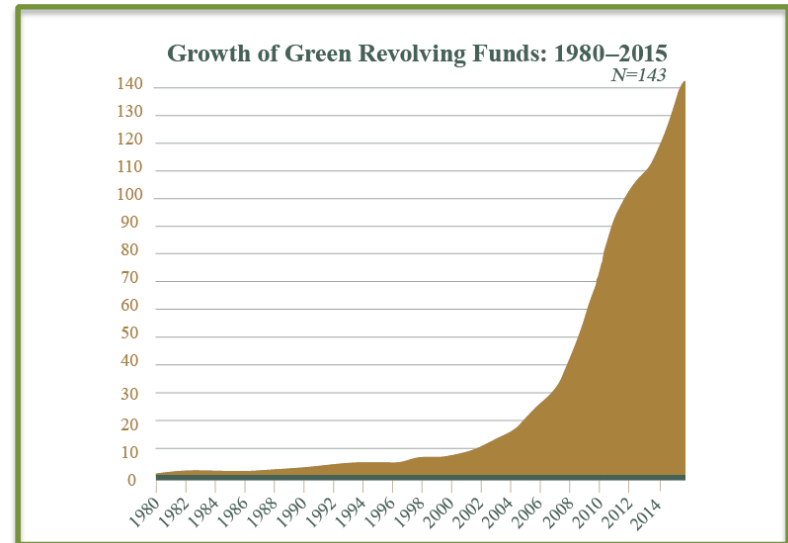
GRFs have experienced dramatic growth over the last decade, particularly in higher education and healthcare. While institutions of all wealth levels have set up GRFs, the majority have been at affluent institutions.

**Under-resourced nonprofits often struggle to find the capital to set up their own GRFs, despite some of the strongest efficiency investment potential.**

## GRFs by the numbers

Funds active in 2015:	<b>140+</b>
Average fund size:	<b>\$1.4M</b>
Median reported ROI:	<b>28%</b>
Avg. project payback:	<b>3.5 years</b>

Source: Sustainable Endowments Institute



Source: Greening the Bottom Line (2012) – Updated 2015



# The Opportunity

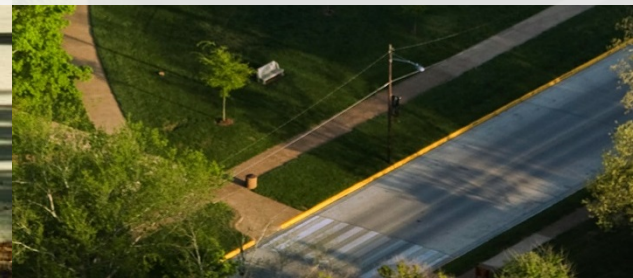
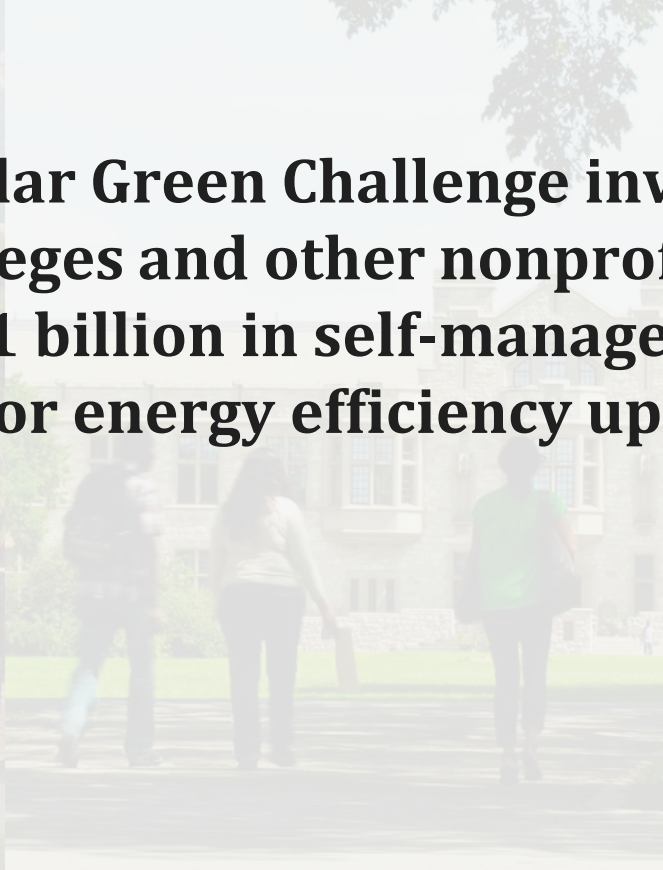
The BEST Fund will loan below-market rate capital to under-resourced institutions enabling them to invest in projects that will reduce their energy consumption and associated pollution and costs.

Some of the savings from these projects will be used to repay the BEST Fund, while the institution also keeps a portion of the savings, and uses an equal portion to seed its own GRF to use in the future.





**The Billion Dollar Green Challenge invites healthcare institutions, colleges and other nonprofit institutions to invest a total of \$1 billion in self-managed green revolving funds for energy efficiency upgrades.**







# Why Choose a Green Revolving Fund?

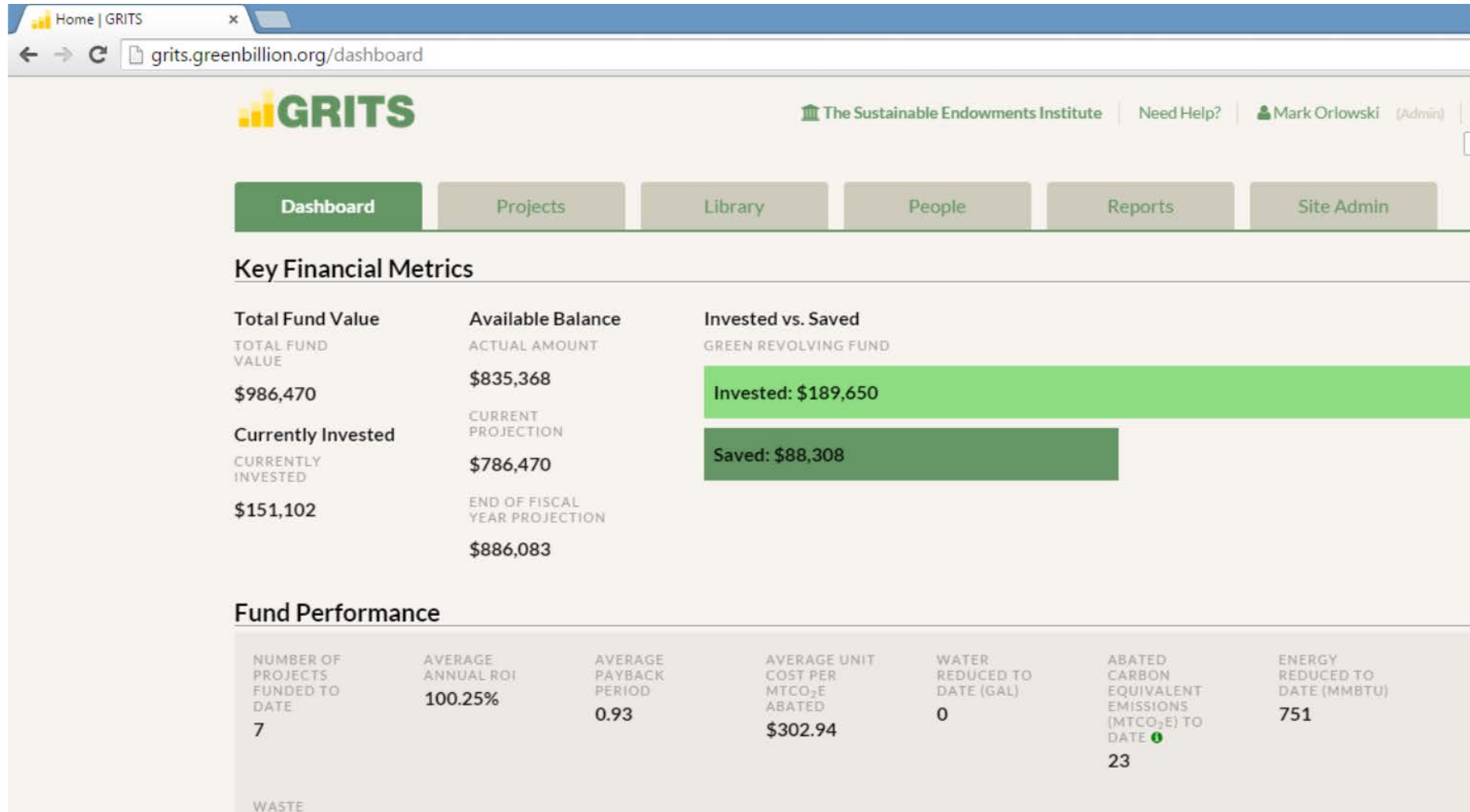
- Transforms expense into investment
- Alleviates pressure from tight budgets
- Institutionalizes a mechanism for reinvesting
- Performance Tracking
- Scalability
- Positive PR



# 10 Steps to a Successful GRF

1. Do your homework
2. Select your model
3. Access opportunity and run the numbers
4. Build buy-in
5. Secure seed capital
6. Establish financial flows
7. Launch and manage
8. Implement projects
9. Track and assess performance
10. Optimize and improve

# Green Revolving Investment Tracking System (GRITS)







# Contact

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Founder & Executive Director  
Sustainable Endowments Institute

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**[www.GreenBillion.org](http://www.GreenBillion.org)**

# **Cleveland Clinic Green Fund**

**May 10, 2016**

**Jon Utech, MBA, MS OD, LEED AP**

**Sr. Director, OHE**

# Create Largest Healthcare Greenfund







**SUSTAINABLE  
ENDOWMENTS**

I N S T I T U T E

2005

10<sup>th</sup> Anniversary

2015



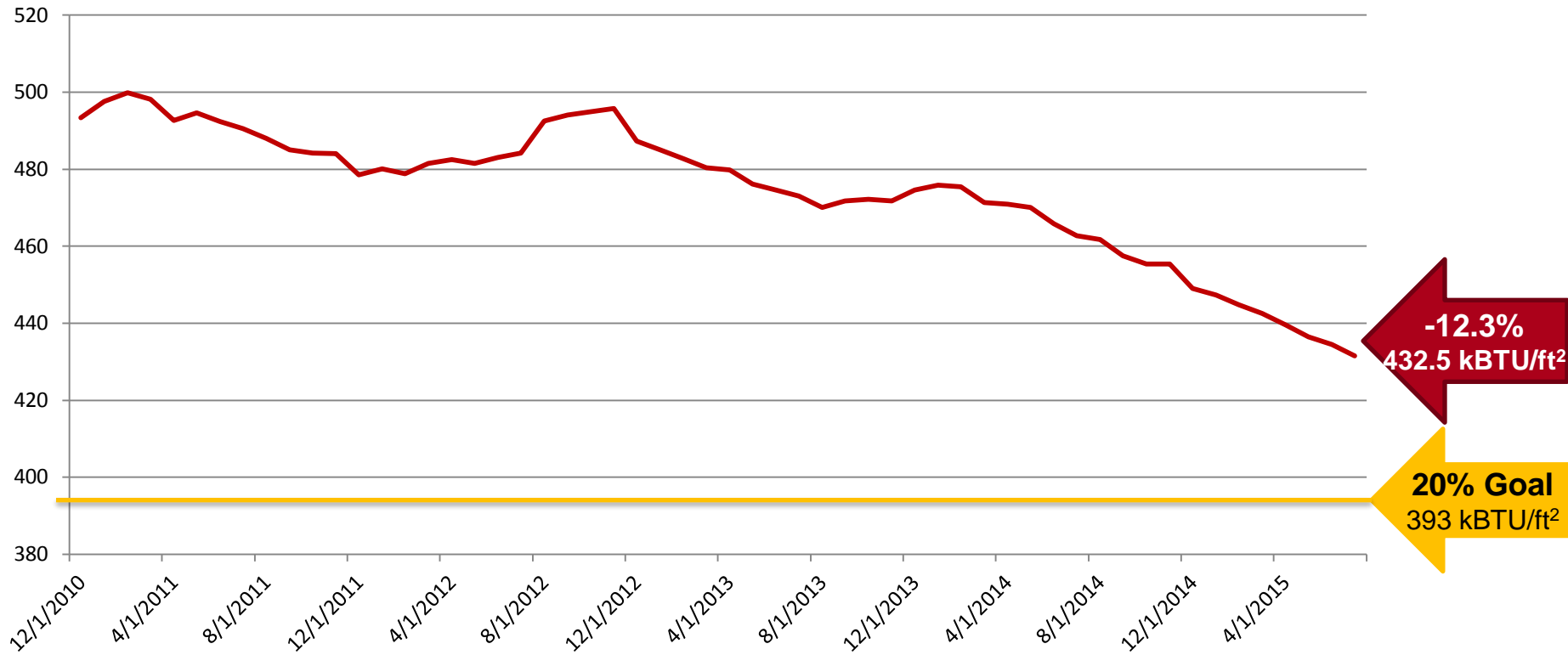
# Partners

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# 20% Reduction by 2020

Weather Normalized Enterprise Source EUI (kbtu/ft<sup>2</sup>)

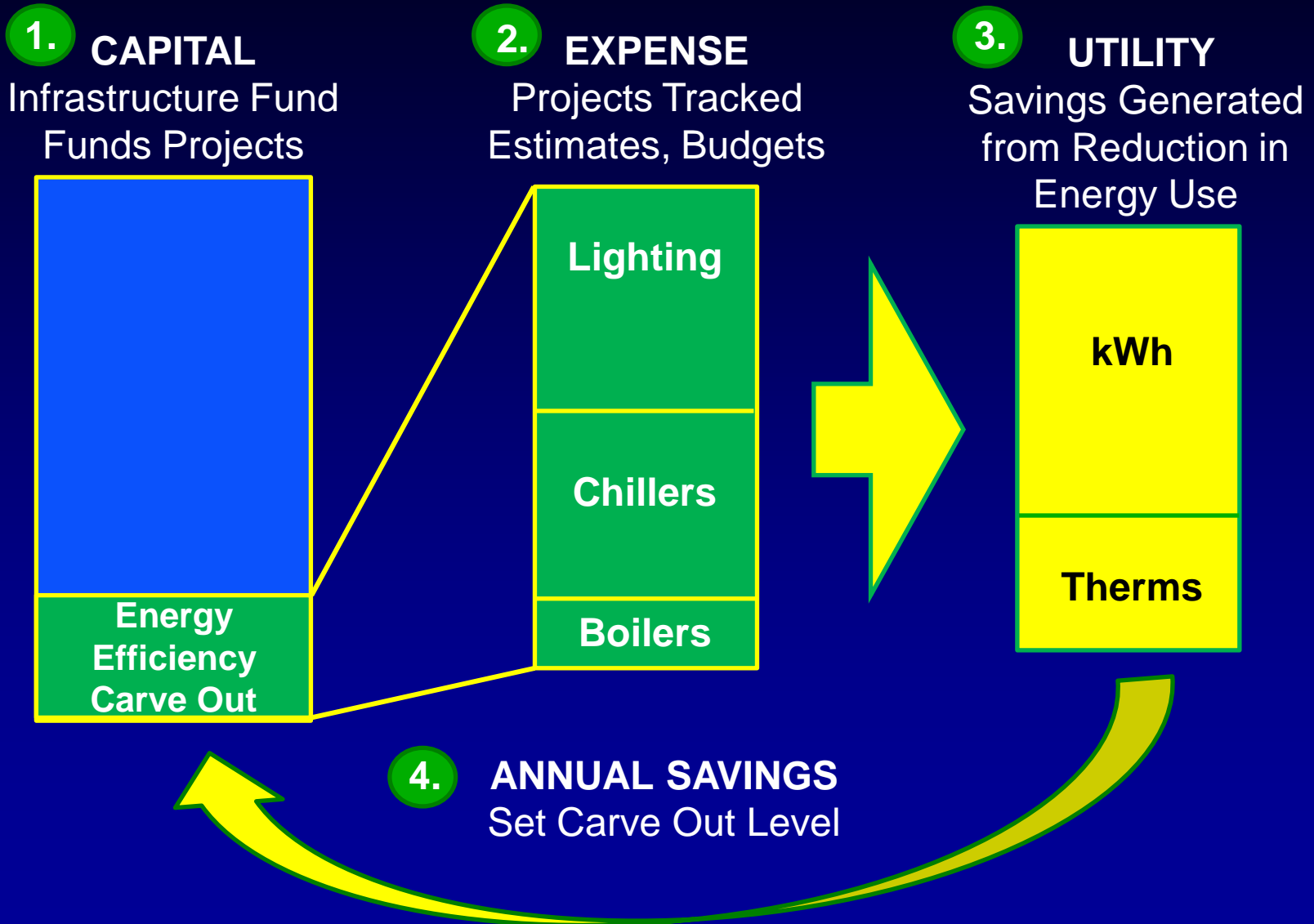




# **\$7.5 Million Green Fund**

- **OHE collaboration Sustainability, Operations and Finance to create “Greenfund”**
  - **Energy Efficiency Carve Out of Existing Fund**
- **Fund “virtually” replenished from tracked energy savings**
- **Philanthropic Arm**
- **Leadership Opportunity**
  - **Newer in Healthcare: Bon Secours/Dartmouth**
  - **Largest fund in country is \$13 million, Harvard is \$12 Million**

# How it Works: Indirect Reinvestment

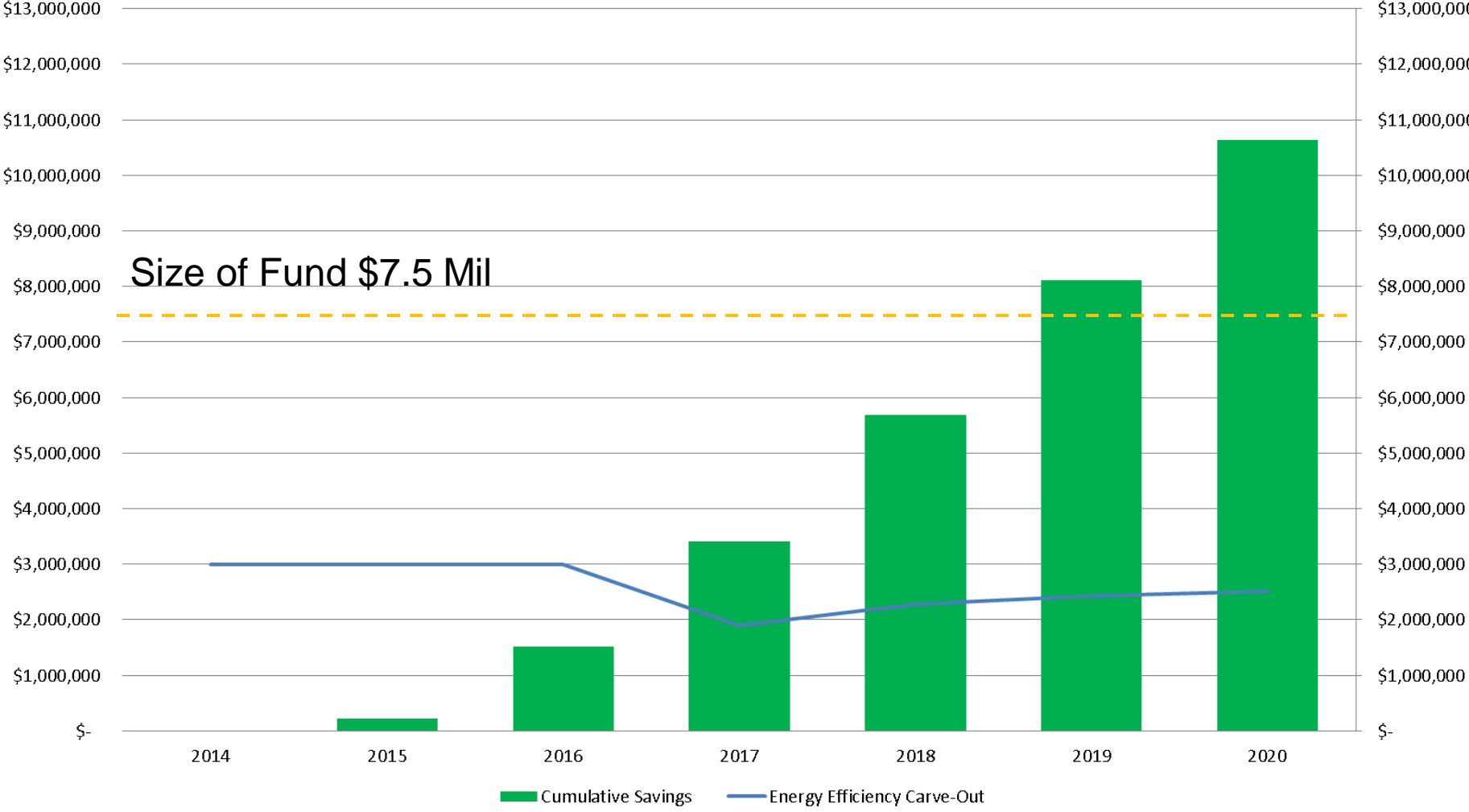


# Tracking Model

- **Projects are tracked for capital investments and savings achieved**
- **Savings achieved determine size of carve out for each calendar year**
- **Initial seed “capital” is paid back**
  - **No additional demands placed on model**



# Cleveland Clinic Green Fund





**Cleveland Clinic**

**Every life deserves world class care.**



Ecology & Global  
Ministries

# Engaged Leadership: An Organizational Commitment to Care for the Earth

*DOE Better Buildings Summit  
Healthy Funding: Green Revolving  
Funds for Healthcare*

*Camille A. Grippon  
Director, Ecology & Global Ministries  
May 10, 2016*



# Presentation Outline

- BSHSI Overview
- Energy Investment Strategy and the Evolution of the GRF
- GRF Pilot Project and the combined effects of energy and water conservation: Hampton Roads Case Study
- Lessons Learned & Top Take A Ways



# BSHSI Overview



## Bon Secours Health System Mission Statement

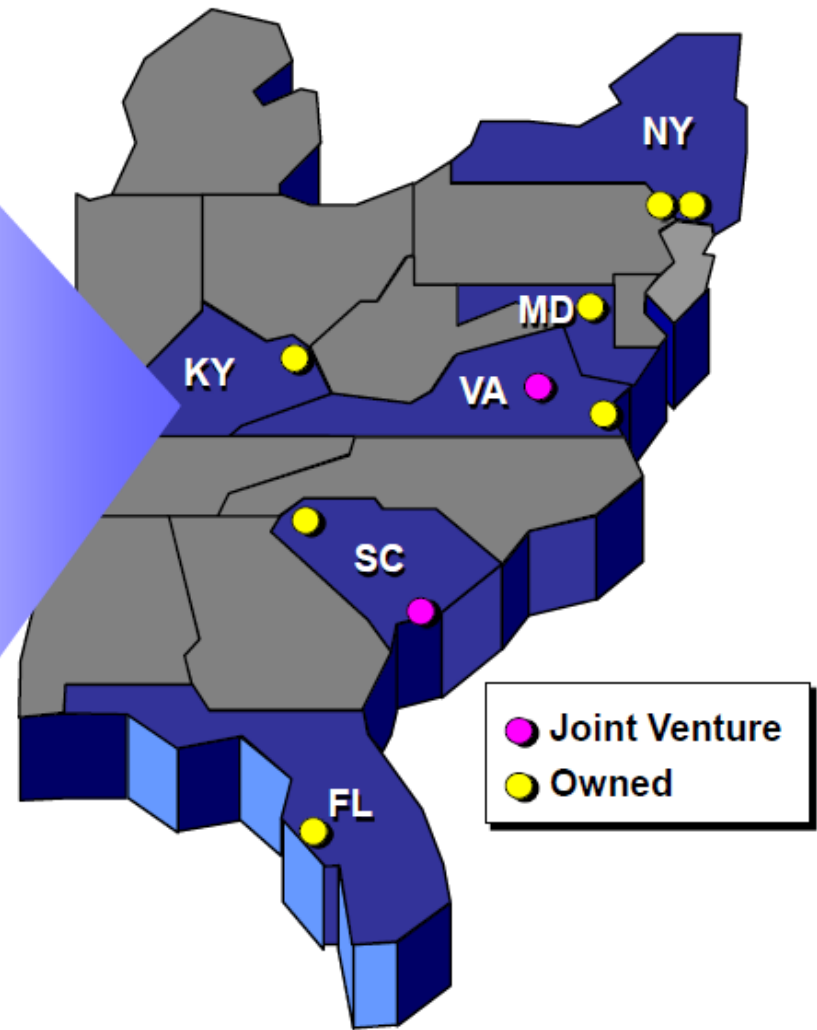
The Mission of Bon Secours Health System is to bring compassion to health care and to be *good help* to those in need, especially those who are poor and dying.

As a System of caregivers, we commit ourselves to help bring people and communities to health and wholeness as part of the healing ministry of Jesus Christ and the Catholic Church.

**A \$3.4 billion not-for-profit Catholic health system, Bon Secours owns, manages, or joint ventures:**

- 19 Acute Care Hospitals
- 1 Psychiatric Hospital
- 5 Nursing Care Facilities
- 4 Assisted Living Facilities
- 7 Retirement Communities
- 14 Home Care and Hospice Providers

***Bon Secours' more than 23,000 caregivers help people in communities in 6 states***





BON SECOURS HEALTH SYSTEM

strategic quality **plan**  
2016-2018

AWAKENING THE  
WORLD



One Bon Secours



# Ecological Stewardship Plan

## FY2016-FY2018

Energy Goal: Practice Energy Conservation & Operationalize Green Revolving Fund System-wide

Energy Objectives:

- 1) Operationalize GRF in close collaboration with Finance including:
  - o Hampton Roads energy & water project as a pilot to monitor savings and strengthen internal accounting management model & external GRITS management system
  - o Develop a vetting (application, review, monitor and evaluation) & approval process

# Ecological Stewardship Plan (continued)

- 2) Show a 10% reduction compared to FY2014 baseline over a 3 year period.
- 3) Conduct system-wide new ASHRE audits, retrofitting or assessment of all systems cooling towers and related energy equipment to ensure they are operating at optimum capacity and invest in updating outdated equipment where feasible through the GRF.
- 4) Gain a deeper understanding of BSHSI's greenhouse gas emissions (GHG) in order to develop an action plan beyond 2018 to mitigate our influence on climate change. Research will help us understand our biggest GHG generation, such as energy, food, waste, or employee transport.

# Energy Investment Strategy and the Evolution of the GRF

2013

- Engaged BSHSI's Executive Management Team with industry research (Cleveland Clinic and Partners in Healthcare) showcasing that making targeted investments in ecological initiatives, such as energy results in significant cost-savings to healthcare organizations
- Engaged Facilities Leadership at the annual Energy Summit and invited the Sustainability Endowment Institute to present on the possibilities of the GRF
- BSHSI signs up to the Green Billion Dollar Challenge

# Energy Investment Strategy and the Evolution of the GRF

2014

- Secured external research on the GRF with an analysis of Spectrum Health
- Engaged William & Mary and BSHSI provided extensive interviews in support of the final report
- William and Mary released the report and discussed findings. It was recommended that BSHSI seed the GRF in the amount of \$700,000 at the very bare minimum for the fund to gain any traction
- Director of Ecology, SVP of Mission and CFO discussed report findings
- CFO is supportive that organization move forward with the GRF



# Energy Investment Strategy and the Evolution of the GRF

2015

- Finance and Ecology units worked closely together to understand mechanism of tracking savings, and charging interest
- Further guidance by the Sustainability Institute was provided and education session with Associate Vice President of Facilities and Technology at the University of La Verne in California and their Associate Vice President of Treasury and Budget was held. This meeting was instrumental to understand the establishment of La Verne's revolving fund, its operation, and accounting mechanism, which was an area that BSHSI needed to understand before proceeding
- Education provided on the GRITS management system

# Combined Effect of Energy & Water Conservation: Hampton Roads Case Study

*SQP Goal: Serve Those Who are Vulnerable*

2017	2018	Desired Future
Identify government funding/rebate opportunities for water rebate technologies	Implement WaterSense products, landscape watering and cooling tower programs	Annual BSHSI water consumption is reduced by 10%

# Case Study: Hampton Roads



- Total project cost: \$111,899
- Water Savings  
Estimate: 100K based on old system usage
- Energy Savings  
Estimate: 40K per year or 75% less energy than old system

# Lessons Learned

- For Hampton Roads, we set up the savings as 14K monthly, which Hampton Roads is achieving already.
- Get buy-in from senior leaders. Capital is a competitive and finite good. Green Fund projects will rarely win against a revenue generating project of equal benefit; having the political will to establish a fund to do such projects is key.
- Involve accounting early so they can determine how to account for savings, tracking, interests, timing and evaluation.
- Pick the low-hanging fruit first; the short payback, smaller projects can help build the fund and get people familiar with the process and expectations while lowering the risk of failure.
- Be cautious with a few large projects, as they can diminish available funds and discourage participants who miss out.



# Discussion

# Thank you!

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