I1: Okay, well, take it away. Dominic it's all you. All right thanks, Julia.

Well, yeah, thanks again for taking the time to meet with us.

SN: Sure

I1: So I think. The best place to start would be to just hadn't to tell us a little bit about the role that you play. As the CFO, obviously at Weber, so what your connection is to the climate action plan.

SN: Okay, so I huddled up with Jennifer. Who you've already interviewed?

I1: Yep.

SN: So, she was my. Inspiration to join, because I didn't really know what you guys are doing here, but she strongly suggested to participate. So. What is my role so, as the chief financial officer. I get involved in about every financial application or project, or. Or, because of my everything comes across my desk, so on this particular 1. So, we've been doing this for a good over 10 years. Jen would probably tell you how long probably more like. 12 to 13 years. So this, this all started a little bit. My involvement is because. The sustainability office in the facilities department had this crazy idea to start looking at energy saving Um, projects, and they really didn't know how to finance selves.

I1:Right.

SN: And they took a look at some ESCOs way back when, and you're familiar with ESCOs, right?

I1: I'm not no.

SN: Yes, so ESCOs are projects funded by a private developer. You, when you enter into a contract with them, they build it and they kind of guarantee energy savings in some specified timeframe that you recover your costs In 5, 10, 15 years.

I1: Okay.

SN: so I think they're still around. On Dominic, so it's probably something you should think look at just to have some background on that. Yeah. Some schools still use those. So what. What's the good thing about though? It was good at the time, because there was a mechanism that we could implement sustainability focused programs, the bad news is it with a private developer that wanted to make money on the construction costs. As well as well, which then extended the payback period, prolonged it.

I1:Gotcha

SN: When we investigated that, we said that that is just not the way to do it. They're kind of taking advantage of us there. So. So, we kind of turned a little bit and in our with our facilities department. Our vice president for administrative services, myself, as a CFO, and our budget director, we got in the room and said how can we be creative and innovative in financing these programs without using a private developer? So, between all of us, if you were to, so a little bit of background too. If you were to look if you were to talk with your chief financial officer in Montana State there I bet your, your, your institution has a lot of cash in the bank right now, because the investment opportunities right now are so low. I mean, in our cash management pull, we're buying we're getting less than 1 point less than 1%. So we have, and even back, then it was in the same situation. So you can confirm it with your CFO or your treasure, or your investment officer. So, recognizing that, we said, how can we benefit everybody. So, I threw on the table what if we were to create an internal line of a credit from institutional funds, let's say, you know, we start off at 5Million dollars. I loaned that to you at 3% which is a lot cheaper than they could get financing any other place because the esco companies, we calculated their returns are like a 9-10%.

So, it was a good deal problem. Our money was only was making less than 1%. So the institution benefitted from it as well so you get the math there, right?

I1:Yeah.
SN: And each year we will evaluate it and we'll look at our our utility account so I'm over the utility budget. So, as we're in conjunction with our budget director and if you can prove that you have saved money in our utility bill, we'll use those savings to pay back the loan that you take out.

I1: Got it and that's the revolving loan fund.

SN: That is the magic, Dominic that no, one else freaking gets and I don't know why they don't get it. It's stupid, you know, how many people have called us on this. It's ridiculous that they don't get it. I don't know why it's so difficult to get. That's the secret sauce. For financing these less over the last 10-12 years. That's what we've been doing.

I1: That's that's pretty amazing. I mean, excuse me, we've talked to. I think 4 or 5 other institutions that have very similar indicators to Montana State. And I think across the board, they struggle with raising capital for these projects and I, and I talked to Jennifer Bodine on about it, and she said, you know, really what's standing between us and more projects is having to keep campus open and operating, because we have. We have the money to to basically overhaul the entire energy system that the campus uses, but, you don't have to shut down. So, anyway, it's pretty amazing that..

SN: But the secret sauce in that is that we have money that we're investing institutionally at a lot lower rate. They pay a higher rate that is still affordable and even with that higher rate, that energy savings that are generated are still substantial, so, at some point that relationships got to flip around somewhere, but for the last 10-12 years, our yearly meeting, the justified energy savings that they've created is reflected in the utility bill. We have budget to finance those and pay those..those project costs off.

We do it internally. I don't know why schools don't get it. It.

Anyway, I'm not being critical and I'm not bragging. It just was we just got a little bit innovated in facilities finances the financial department and the budget office, and the vice president all got together, we're under the same organizational umbrella and we just got innovative on that and created something that probably was never created before.

I1: Right yeah, that's amazing.

SN: It's really that amazing, but it's interesting that people think it's amazing because it seems there was so…Every no one lost in that. You see that, right? Yeah, yeah, no, 1 loses there. Everybody gained.

I1: So, yeah, and like you said, this was something that yourself and and..

SN: So, our budget director, financial officer in our administrative vice president in the facilities department who are all organized under the same group got it together that esco option was so horrible. It was like, well, why would we let them make money on us? All right, so we hired a lot of our own people to do a lot of this. On the front end, there was a lot of low hanging fruit. As we got into some of the thermal energy projects, we had to obviously hire that out. We were hiring that out, not through a 3rd party who was making money on those construction projects. Was really provided an incentive to be creative and have the university benefit all the way around, rather than somebody else.

I1: Gotcha, and you guys you said this was 12 years ago that you

SN: 1st talk with Jen on that, but it's more than 10. You could be creeping up the 15 years actually. And we've had stability of the people in positions to to keep this rolling along as well. So that displayed he economics of that. That we can finance that and get these savings and be sustainable. Do the right thing. Has built the momentum to keep going on, so we've expanded the sustainability office. Jen gave you the background there. A commitment not only from administrative services who started this, but the entire campus now, and we've got we're in a space now where the whole world is changing, right? So the whole campus has embraced it even beyond the administrative into our academic departments.The president, so we are a local regional and national leader on this, and that really wasn't our goal to be honest with you, it was Economically feasible to do the right thing, it has just grown from that. So we had a recent, over the last year we've had as a significant strategic planning process going on at the University, and one of the major initiatives is to continue our sustainability. You're calling it I was looking at the…the meeting was called letter the term you're using I'm using sustainability.

You're using what was this meeting called? How come? I can't find it here.

I1:Climate action plan?
SN: Yeah. Yeah. You're using that terminology.

It's all the same, right? So, we've also now are on track to get the gold designation. Can't remember the organization you're probably more familiar with that than I am

I1: STARS, perhaps?

SN: STARS gold designation, and also this carbon neutrality goal that we've had, that Jen has shared with you, we have that strategic plan also is looking at developing a community sustainability center. So, all that clean air that we, that we create over state, once it gets into our city, if they're not doing something… I mean, what's the purpose, right thing to do right?

So, we have branched out to help our our, uh, the city that we that we live in, but we're thing can be on that too. So it's the strategic, the strategic planning process has valid, has validated validated what we're doing and has embraced, embraced it even more.

I1: That's fantastic. And how do you see, I mean, do you see any, any changes to the financial structure of this kind of planning for the next 5, to 10 years, or even more long term than that?

SN: You know, I, I thought this would last about 5 years where they couldn't, you know, where I didn't have enough money in the utility bill to pay off there. But it's still going, I think we're beyond the low hanging fruit, you know, changing light bulbs and fixtures.

I1: Sure.

SN: But we're, we're building all the solar panels covered parking. We're doing these thermal projects thermal energy projects, I'm not using the right terminology there. But so far, I mean, so we had a meeting last week and well, a couple of months ago and sure enough, we had enough money in utility account to pay off the, their construction costs again. So, I don't know, I got my fingers crossed on that.

I got somebody calling just going to lift and hang up. Sorry guys.

I1: No problem.

SN: But I, um, I don't know, that's a good question, Dominic. I would say at least for the… oh, my gosh, they went on Sunday, pick up the phone here. Hang it lift and hang up 1 more time.

I would say we're good for another 5 years. I'm a conservative person.I thought it would only last 5 years… Oh, my gosh. Are you kidding me? I'm going to have somebody pick up that phone hold on a moment. Can someone pick up that that phone? Someone. Well, pick it up on my phone. He's called 5 times.

So, I would, I mean, so I'm the conservative person I thought this would only last 5 years. When the last 10 years, I thought, well, we're probably about then so it continues to go on.

So, yeah, so it's, it's been an interesting model and the universities embraced it, um, yeah, so maybe, who knows, Dominic, I don't know.

I1: Well, that's that's pretty great that you guys have managed to put yourselves into that position. I guess my question for you here is what kind of advice would you give us, and Montana State, if we were to try and develop and implement some similar system of funding, bearing in mind the fact that we have had trouble in the past getting, developing stakeholder, interest in these kinds of projects and it sounds like with an initial investment, what did you say? 5 Million dollars?

SN: Of 5Million dollar line of credit they never quite got there, off every year, but the energy savings, right? So, I would say, I've given you a model, a financial model, so. When we started this, there's one thing that was so important on me that I can't overemphasize how important this is so take a big note on this, ready. You have to start a baseline. You have to establish a baseline. Jen and Jake Cane. Did you interview Jake Kane at all?

I1: I don't believe so.

SN: This guy is in facilities and he's a genius. I don't know how the heck, I mean, he's a freaking genius genius. So he established this baseline across the campus. So, when you look at his spreadsheets, it, I mean, it's impressive and I couldn't even attempt to look at all of them, but by building everything… So this baseline is critical because if you don't have that baseline and add some adjustments to it, you're just, you don't really know if you're saving energy, right. So you have, we started with a certain amount of square footage and buildings and, you know, there's price increases on utilities. So, I mean, you can't control that. So, as you go on each year, you have to make adjustments to to that baseline. And you add buildings to that baseline so you have to make appropriate adjustments to that baseline, so you don't fool yourself into thinking that you're saving money, or you're not saving money. You know, when you build a project, you put them on, you put them on natural gas to keep the keep a warm while they're building it, well, you got to adjust it for that as well.

So establishing the baseline is so critical if you screw that up? You're going to have problems. The alignment with the investment and the savings in the utility account can get out of whack.

I1: Right.

SN: [redacted] Just anybody you can run that baseline and after we got through the 1st year baseline, I mean, we spent a lot of time on that, because I had to develop trust in it, the budget director did our vice president did. And once we establish that trust on the baseline, we all kind of went like this with our fingers the 1st year, in the 2nd year and so on. We go over all the baseline adjustments. We really we did a critique for the first 5 years but we haven't had any turnover in that area so we have, we have trust in that baseline's getting the adjusted each year appropriately so you can understand that. What is your, what are you going into Dominic? Are you an engineer? What's your degree in?

I1: No, I'm I'm liberal studies with the focus and environmental studies.

SN: So, I would say the financial background, you've got to get your financial person on board, you got to get that appropriate vice president, you have to have this level of sophistication in managing that baseline, and the guy we have is in facilities, but he's really like an engineer. All right, so, that is, you know, we talked about the financing, but if we didn't have if we hadn't establish that baseline properly we would have probably had problems.

I1: Right. And how did you guys find your shining star there in the utilities…

SN: You just work in there and then you've got this interest and, and Weber State is very, fiscally, we're the best managed institution in the state. Facility wise, we've been fortunate to have strong leadership there as well. Strong leadership that has hired, right? The right people. So, it's hard to know. I don't think we were lucky, but we're always strategic in our hires.

I1: Right.

SN: [redacted] Because if you can't truly document, oh, you're green on my side, oh. If you can't if it, if you're not truly generating savings, you, it just it, it won't work. It just won't work. So that's a so, that's a big star, 4 stars on that comment. And Jennifer and Jacob can talk about that a lot more. Then where I said, if that was screwed up the whole financing probably was going to fall apart.

I1: Gotcha.

SN: And you understand what I'm talking I can tell you, you're getting what I'm talking about on that baseline.

I1:Yeah, absolutely.

SN: So I'm just writing down a Kane. Is that his name?

SN: Jacob Kane. Jennifer, I'll huddle back with Jake with Jennifer, okay, and, uh, talk talk with him, get a connection point on that.

I1: Okay.

SN: Gotcha, well that's yeah, I'm just looking at my notes too, while you're taking notes. I think from outlined, it doesn't sound that difficult, but I made presentations at other schools in Utah, and they just, I don't know if their groups don't work together very well but maybe, maybe we were just at the right time, but no one has changed out in that discussion either, by the way at the institutions interested. It's continued with that, that ongoing consistency of knowledge and trust to get us to where we're at right now. And then it's continued to build just build, build, build, and we really weren't even looking to be the leader in this topic. It just happened.

I1:Yeah.
SN: yeah. From my perspective, Jen, maybe maybe not. She might should think. What else you got Dominic?

I1: Well, I just curious, do you think that if there was turnover and those leadership roles that the plan ultimately, when would have fallen apart? Or…

SN: The first, first 5 years maybe, but the momentum has grown and the universities embraced this, and I just mentioned this strategic plan? I think now this sustainability is bigger than 1 or 2 people. So, I would say early in the process may be a little bit vulnerable, but especially with the world, what's going on with the world right now, the momentum, the university is totally embraced it. So I would think it's bigger. You want a good program, you want it always bigger than one person, right? Absolutely, if it's not if it's not bigger than one person, you're just vulnerable for it to crash and burn I think we're in that mode where it's bigger than one person.

I1: Yeah, it certainly seems that way. Do you, would you say that, or actually, I'm curious to know if students are, have been or are at all involved in developing the financial model here.

SN: Not on the financial model it wasn't that hard, Dominic. I'm not sure. It’s that straightforward, Dominic

I1: Yeah.

SN: It seems like it's just to get, I can't, I didn't need any researcher to tell me to do that.

I1: Right.

SN: I had a lot of cash in the bank. They needed it. Uh, make a more interest, then I'll make it more interest than I can get in the market. They have savings, they justified savings. I pay the loan off of the utility account. Maybe it was, so maybe it was just the people that we had at the time that collided in the right angles of things. But that esco I mean, really, the esco is kind of the model that we looked at. But we said they're screwing us over. Oh, sorry if I, I shouldn't probably say that. But they're screwing us over, they're making money on the construction, and they're stringing out this payback period. It's, it's too expensive, so each shrug, all the things we did shrug that payback period. So so I think the, Jen, on her side of the equation is using students a lot. Great, she's training and what's also interesting is the academics. We don't have a program that's established so we even created an academic program with this whole thing. So, the university has embraced it. So it's not just ours, it's the universities now, which is nice. Again. The program's biggert than 1 person, so I haven't used any students. I'm always learning, so I guess I'm a student.

I1: No, I didn't think so, but I thought I was just asking.

SN: Yeah.

I1: Well, that's I'm still trying to wrap my head around this simple genius centered but like you said, it's so, there's I can't find the catch. I'm just I'm thinking about how how we might figure this out at Montana State and I think.

SN: If you go to your chief financial officer, interest rates on cash balances, the options to invest are extremely low. If you can make a couple of from 1% to 3%, and we're being kind and gentle to the.

I mean, we could go to percent too if we want it or just go 1%, but the beauty of it is, we're making money so there's no losers in it. Right? There's no losers in it. But I have to again emphasize that baseline. Dominick. If you screw that up, that magic in the finances is not going to work.

I1: Right.

SN: If that's screwed up, that's going to create, it's like the beginning of something if you screw it up there, you're never going to catch up right?

Sure, so they might have, you know, all this money in projects, and we can't finance it out of the utility account, if you don't do that baseline, I, it's so simple. I'm sure you're getting it here.

I1: Yeah. Yeah. So how, how do you guys, I mean, as you mentioned, I'm sure, you know, reviewing that baseline annually or even more often is.

SN: Every year.

I1: every year, is that what you guys do?

SN: We, we review it with the budget director, the vice president myself and the facility people. Okay here we make a determination how much money is moved from the, from the utility account to savings in utilities. That's a key decision. But I would say that the facilities department is managing that every freaking hour. So when I show up in my office in the middle of winter, they can control my temperature to keep it cold in here.

I1: Right.

SN: So there is that level of control.

I1: Got it.

SN: And they've built the structures to be able to do that, so when they do remodels, they deploy energy management strategies. I mean, they even try to keep my, my lights log.

I1: Wow.

SN: Yeah. So, most people don't know that, but I know it because they're managing that. So they're managing that and, I mean, I’m being a little sarcastic here, every minute of the freaking day, they're managing that.

I1: Right.

SN: Because they have to display those energy savings in the energy savings, so, we have money available in that budget to pay for those projects. So, they get in trouble a little bit with me, especially it's like, but I can't, I said one time when they installed new lights, I go, I can't even see in here! So, they give me all the statistics on whether the standard lighting for blah, blah, blah, and then they fixed it for me because, I had to have more light than most people! Don't complain. And centrally, they can shut down when the university should be shut down. Okay, so you're getting that too, right? When I say that?

I1: Yeah.

SN: Managing that every minute of the day, we don't review it once a year. Right, but they're on the hook to display those energy savings so, you know what, you manage what is measured, and they're managing it.

I1: Gotcha.

SN: Yeah, so everything they do is to minimize that that, uh, utility bill.

I1: Gotcha. Has the, have you guys had to add any more staff to the utilities department since developing this? Or is it…

SN: you're going to have to talk with Jen on that.

I1: Okay.

SN: Yeah, I think you'll have to, I don't see a lot, but the sophistication has grown, right? And so you'll have to talk with them on that. I don't think it's a crazy increase. I think I think essentially what we did. We thought very big. We kind of started small, and then we're scaling up as we've needed to do things, so they've scaled up a little bit too, but I don't think it's been excessive.

I1: Gotcha, well. I don't think I have any more questions.

SN: Hey.

I1: That, like you said, there's certainly a simple beauty to it.

SN: And everybody has won in this.

I1: Yeah.

SN: There's been no losers in this and we're doing the right thing too. I don't think people believe us. But if that baseline screwed up, you're in deep crap.

I1: Yeah, I can imagine. That's.

SN: And if that baseline isn't managed each year properly, you can get screwed up too.

I1: Right.

SN: Hey, well, you don't have to keep me on the phone if you don't need to.

I1: And well, I don't think we need to. I again, we'll just say, thank you for taking a few minutes to talk with us.

SN: Yeah. Are you a senior or junior? What are you? Senior.

I1: Senior yea.

SN: Is this a senior project?

I1: No, this is actually just, kind of a last minute deal where we had Montana say it was supposed to develop their climate action plan this year again.

SN:Oh.

I1: COVID blew everything up as I'm sure you can imagine. So, there was no longer the money or interest in it. So, Julia Dr Haggerty and Dr. Lapachelle reached out to some students. I actually got an email from my advisor saying, hey, go to this meeting and see what you think and we're basically just trying to be as intentional about how we develop our next climate action plan is we can be in.

Yeah, there's, there's a lot to learn out there as we're as we're discovering and as as Weber state has has shown us that's for sure.

SN: Yeah, it's just amazing that everybody benefits really I don't. Is there any negative? I honestly, Dominick, I, I can't really tell you any negative on this. I guess if the market turned and there was investments that we could get 10% on, we would probably invest our money there, but the reality of the financial market, that's not the case. And it's been that that's the case for quite a while.

I1: Right.

SN: And the interest rates are still being held down. So. If if there was investment options at 10%, and we were only loani g, it out at 3, then we'd start probably, hen somebody's going to lose their a little bit, right? That hasn't been the case. Yeah, so everybody is benefited and honestly. The economics has driven sustainability. Isn't that weird?

I1: Yeah.

SN: Isn't that weird statement? No, one would probably, no one believes this when we say that.

I1: Yeah, it's pretty amazing.

SN: The economics have driven our sustainability program to the level. It is, and, uh, yeah, so interesting. Okay, so you may huddle up with Jen to get more feedback and that's great. If I can help you with the email or whatever, if we have to do this again, we can do that also.

I1: All right well, thanks again.

SN: Okay. Good luck, man.

I1: Thank you.

SN: See you later.

I1: Take care