

## Jan. 24 Seminar Summary

### Policies to Projects: How to Finance Your Community's Switch to Clean Energy

Thank you all for a wonderful and productive symposium. We had representation from over 15 local governments, a number of regional and state agencies, and a solid showing of local businesses and institutions. We witnessed dynamic breakout sessions and we thank you for your thoughtful contributions. We, as members of Thurston Climate Action Team and Energy Efficiency Finance Corp., look forward to participating and helping to facilitate further discussions and planning in this area. Please do not hesitate to contact us with questions, ideas or plans for next steps. We are eager to be a part of enabling a successful transition to clean energy, economic security and vibrant communities.

#### Contact Information:

John MacLean: [jmaclean@eefinance.net](mailto:jmaclean@eefinance.net); phone: 360.339.3936

Kristina Johnson: [kjohnson@eefinance.net](mailto:kjohnson@eefinance.net)

John Pumilio: [sustainabilitydirector@evergreen.edu](mailto:sustainabilitydirector@evergreen.edu); phone: 360.867.6913

Tom Crawford: [tom@praxisnw.com](mailto:tom@praxisnw.com)

**This summary report provides an overview of the key points made during our breakout sessions.**

#### Breakout Sessions

##### 1. Clean Energy Goals:

- Address Climate Change
- Create Jobs
- Save money for residents
- Economic revitalization
- Improve Community Image
- Reduce Greenhouse Gases
- Grow a green and local economy
- Be a leader in Thurston County and in the region
- Social Capital
- Address energy and transportation issues
- Create a model for working together
- Assess infrastructure – renewable?
- Need revenue generation for projects
- Need to provide program oversight
- Program should incorporate communication, outreach, and marketing
- Program should coordinate with other programs and create efficient partnerships
- All metrics of the program (energy savings, cost savings, etc.) should be measurable and verifiable
- Decentralizing energy production
- Reducing energy use and pollution
- Programs should educate, develop acceptance, and be convenient for residents to implement
- Change consumerist behavior
- Build on the strong sustainable values of the Northwest region and Thurston County

##### 2. Cambridge – Commercial Finance Model #1

###### Advantages:

- No City Money Needed – Utilizes private capital

- Create Local Jobs
- No Large Upfront cost
- Lower Risk
- Immediately Doable – No Legislation Required
- Enhance Self-Reliance
- Works best for private efforts
- One stop shopping
- Public/Private Partnerships
- Developing this plan would put cities in a more competitive ranking for federal funding
- Leverages Existing Assets
- Utilizes the existing marketing and billing capacities of banks

**Disadvantages:**

- Insufficient City staff time & resources to oversee program
- City may not have the skills set to undertake a program like this
- Rise in property taxes due to improvements (see Cynthia Stewart’s Comments below addressing this issue<sup>1</sup>)
- Volatility/Distrust of Private Capital

**Necessary to Make Program Successful:**

- Public Awareness – Marketing
- An energy rating for buildings to add to value at sale
- Create or mobilize enough demand from property owners

**Remaining Questions:**

- Are cities legally able to specify a region in their public procurement process? Would cities be able to limit program participants (contractors, banks) to the city or county?

**3. Berkeley – Local Bonding Finance Model #2**

**Advantages:**

- District can work at local level
- Community education component
- City’s backing of loans increases certainty of collection
- Lower interest rates
- Greater flexibility for financing (terms, rates, etc.)
- Can use public grants and rebates to buy down cost of loan

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<sup>1</sup> The assumption that energy improvements could lead to property tax increases is a common misconception, and the principles that may apply in other states do not necessarily apply here. I have attached a graphic that shows the nominal tax impact from a large change in property assessment. It demonstrates that the cap on property tax increases, keeping the total amount collected to only 1% above the preceding year, creates LOWER rates of taxation each year in which the total assessed value increases. The lower rate multiplied by the higher AV can (generally does) result in a much lower tax impact that people assume when they receive their property assessment notices. More often, tax increases are the result of affirmative votes on levy propositions (such as for school districts or fire districts) than the result of an increase in property value (Cynthia Stewart, Assistant Chief Administrative Officer, Thurston County).

**Disadvantages:**

- Limits on bonding capacity
- Legal avenues not available yet
- How do you decide how big the bond will be? Have to have all projects prepared before bond issuance?
- Political Will
- Loan terms may not be long enough to finance more extensive and expensive measures (solar PV, whole house deep retrofits)
- Huge resource commitment

**Necessary to Make Program Successful:**

- Address split incentives (where property owner does not pay the energy bill)

**Questions:**

- Are these programs the responsibility or best role for government? Are they something that would be best wholly undertaken by the private sector? Do cities have the ability, the funds, and/or the capacity at this juncture to undertake these programs?

**4. Hybrid Model (Private Capital-Public Enforcement & Leadership):**

- Address transportation
- Commercial Bonding: Targeted to consumers – Driver, Rider, Transit Agencies
- Difficult to sell LID today
- Address both renewables and EE
- Include project management and financing
- Lower financing cost with local bonding

**5. Next Steps:**

- Develop Hybrid Funding Model
- Approach Thurston Regional Planning Council – Facilitate Community-wide conversation
- Support Legislation
- Coordinate local city/county resources
- Work with Energy Efficiency Finance Corp.
- Link to transportation and land-use initiatives
- Get complete list of pending legislation for local communities

**6. State Role:**

- Funding
- Legislation (Climate Benefit District, CAT recommendations, etc.)
- Provide more guidance and proactiveness to encourage Community Action Agencies (implementers of Home Weatherization Program) to expand their services