

Greenhouse Gas/Energy Conservation Team

Meeting Minutes

February 12, 2009, 12:00-2:00 pm

140 W. Pine, City Council Chambers

Members: Brian Kerns, Jim Kuffel, Nancy Wilson, Steve Patrick, Ben Schmidt, Sam Hall

Facilitators: Susan Anderson (Sustainable Business Council), Gary Bakke (Chamber of Commerce)

I. Call to Order 12:05

II. Roll Call: Brian Kerns, Jim Kuffel, Ben Schmidt, Sam Hall, present Steve Patrick arrived late, Nancy Wilson absent.

Others Present: Gary Bakke, Wiley McDonough, Ryan Morton, Colin Lane, Julie Osborn, Dave Morris, Susan Anderson.

III. Announcements

The statement regarding forestry practices the committee agreed to last fall will be presented to the Conservation Committee March 24th at 9am with a brief presentation by Dr. Peter Kolb. The final draft needs to be circulated to Marilyn Marler and Mr. Kuffel is not sure he has the most recent version. Christine Ross will get most recent version to Mr. Kuffel.

IV. Public comments on items not listed on the agenda. (Required by law) none

V. Approve meeting minutes of January 8, 2009.

Mr. Kerns motioned to approve January minutes, **Mr. Hall** seconded, all were in favor.

VI. Non-Action Items

A. City Renewable Energy Credits update (5 min) Ben Schmidt and Brian Kerns

Mr. Schmidt reported that on February 9th the City Council approved 9-2 to have the city institute the REC program on the retail end. The details need to be worked out and this will be done with Administrative Officer Bruce Bender. Mr. Kerns added thoughts on how best to move forward; does the team want to assemble a subcommittee to work through the set-up issues and plot out initial sales strategy and come up with some commercial elements that need to be addressed in the agreement. Mr. Schmidt suggested that might be best done with one team member working through Bruce Bender and the Financial Officer.

Discussion—none

Public Comment-none

B. Sustainability Coordinator Position Update (10 min) Ben Schmidt

A job description has been drafted at the Mayors request; that is nearly finalized. Restrictions on funding are severe; looking less and less likely that it will happen this fiscal year as planned.

Discussion-none

Public Comment-none

VII. Action Items

A. Buildings—Request City Council to weigh in on High Efficiency Codes Ben Schmidt and Sam Hall.

(See attachment A, Draft Building Energy Efficiency Legislation)

Recommendations to CC to support current bills in the State Legislature; may go through City Lobbyist to support, or not. Mr. Hall commented that this was based on a quick review of the bills out there; might

include other bills. HB 540 may be worthy of adding; increase tax credits/incentives for efficiency improvements and renewable energy systems.

Mr. Kuffel asked if there is anything out there that provides incentives for business or homeowner's that already done recent improvements to increase energy efficiency. Mr. Schmidt indicated there are a lot of things out there, haven't seen anything new proposed that would allow for a credit for retroactive improvements however.

Mr. Schmidt would like to add HB540 to the list but will need to verify the name and see where it is at. Mr. Hall stated basically this bill increases current incentive from \$500 to \$1000 and some changes to the way to claim it. Comment made would like it to include small businesses. **Mr. Schmidt** made a motion to consider adding this bill to the list of those to support. **Mr. Hall** seconded, all were in favor.

Public comment—good bill to include.

Discussion-none

LC0872 Energy Improvement Districts (HB0361)

Mr. Hall said this bill allows municipalities' issuance of bonds to finance energy improvements and renewable energy systems for homeowners. Will have to check to see if includes small businesses. Mr. Patrick, is this an access to funds or a subsidy? Would like to qualify that the support would be if there is no net cost to the citizens; this is a vehicle that should pay for itself through the loan process. Mr. Hall will include that verbiage in the statement of support. (This bill has come out of committee as HB0361) **Mr. Schmidt** motion to include this bill with Mr. Patrick's comment inserted, and that this be enacted as soon as possible if passed. **Mr. Hall** seconded. All were in favor.

Public Comment-Ryan Morton, MBIA is supporting this bill. Would like it if the bill does pass as recommended that the city pursue it as quickly as possible, it is a form of economic stimulus so to say.

Have heard of similar programs like this being offered in Portland OR; seem like a fantastic idea, would urge folks to take advantage of this type of program-Dave Morris.

Discussion-Mr. Kuffel stated that after this legislative session, those sources of funding that would benefit the public and small businesses in making efficiency changes, that this group could identify and find a good way to advertise that.

HB005 Energy Conservation Capital Projects Account

Mr. Hall said this is basically dealing with State Buildings as a way to finance efficiency improvements; if this passes at the State level, could have potential affects in Missoula and potentially be copied by the City. His understanding is that an account would be created from the general fund, a separate account would be set up to put the cost savings into then loans for improvements would be repaid from that cost savings account.

Mr. Kuffel wonders how the savings would be determined. Mr. Schmidt added that there is a way to determine this, CTA presented to us how this is done through performance based audits. Mr. Kerns commented on the verbiage ...allow for minimal outsourcing to out of state energy performance contractors and...how would this be accomplished? Mr. Hall added that rather than having a typical performance contracting organization come in (typically large national companies) this financing type would allow ability to use smaller, local contractors similar to CTA rather than going to big national organizations exporting more dollars out of state. Mr. Schmidt commented that this is a hard one to understand the ramifications in the long-term; how to get to the City/County level. Mr. Kuffel expressed

this bill leaves as many questions as it does answers, uncomfortable with it. **Mr. Kuffel** motions to exclude this bill from the list of those recommended.

Public comment-Susan Anderson commented that if the issue is just the last part of the language, then delete it...the underlying intention is a good one. The law doesn't state who the contractor will be. Ryan Morton clarified that currently local contractors don't have the bonding capacity to take on most State Building contracts; this couldn't exclude out of state contractors but maybe make the playing field more even. Would like to see change in the way bonding is done for government projects so more local involvement can occur.

Discussion-Mr. Schmidt said the CC recently put a large project out to bid by splitting it up into smaller projects. As a result, local businesses then had a chance to compete with the bonding requirements and the project came in at a lower overall cost. Based on this comment and discussion, **Mr. Kuffel** would like to withdraw his motion to exclude this bill from the list. Mr. Patrick commented in regards to the absence of funding specifics. Mr. Hall offered that this is just a basic description, that the bill language has the details in it. Ryan Morton offered to consider just striking the last sentence...would allow for minimal outsourcing...and change to ...would better enable local or state government to use local contractors. Mr. Patrick likes the inclusionary versus exclusionary reference. Mr. Hall indicated that some of these bills might be on the city's 'watch list' currently.

Mr. Kuffel motion to approve with language about excluding out of state contractors being altered. **Mr. Kerns** seconded.

Public comment-Gary Bakke expressed his concern with the fast track timing for anything to go through the committee structure then to council for recommendation to support be done in a timely manner may be difficult; rather go through the resources of the Mayor's Office in regards to the committee that meets to discuss in detail current legislation; that may be the best way to approach this. Mr. Schmidt clarified that this list of recommendations is not going through the normal process, that it will be given to the Conservation Committee Chair and the committee will decide how to move on it.

Ryan Morton offered his comments on the rest of bills on the list as he has to leave the meeting: Ryan Morton commented that in terms of what is being supported here is good, the weatherization bill HB20 would the MBIA governmental affairs committee would like to see the money drawn from the coal fund, which is where much of our electricity is derived from, not the oil and gas resource. Would caution where code is involved; that focus should be on financing not going above and beyond ICC Code, the process is there for a reason. What is not included is HB420 Reinhart's state building codes, local codes being more stringent than state codes, it has been altered for local governments to enact incentives and rewards for green building. He would recommend supporting that bill when it changes; it will stay under same bill title but the substance will change

Back to motion: **Mr. Kuffel** motion to approve with language ...excluding minimal outsourcing to out of state contractors...be stricken. **Mr. Kerns** seconded. All in favor, motion passes.

Mr. Schmidt commented he would like to come back to SB49...as that could take awhile.

HB20 Create a weatherization account drawn from oil and natural gas production taxes.

Mr. Schmidt motioned to support this bill. **Mr. Hall** seconded.

Public Comment-Susan Anderson commented that taxes from the oil and natural gas fund being tapped for this program is appropriate. Montana doesn't have much oil providing heat source but natural gas is huge.

Weatherization is tied to the natural gas. (This comment based on Ryan Morton's comment earlier about supporting if comes from the coal tax)

Discussion-Mr. Schmidt thinks the bill should be supported as is; home heating encompasses all those energy sectors; propane is derived from the oil resource, natural gas is used and electricity from the coal generation is used as well. Mr. Kuffel would be more supportive if this bill didn't draw on specific tax source. Mr. Patrick expressed concern in supporting this if it would raise taxes on those production resources. Mr. Schmidt commented that this would not be creating a new tax, but rather where to allocate some of the tax monies. Mr. Kuffel commented it is the legislator's job to determine where tax monies get allocated; I am comfortable with that. Mr. Schmidt commented that language can be added like as long as no new tax is created, would like city to support this bill. Mr. Patrick said he would like to see that added.

Mr. Schmidt withdraws his original motion. *Mr. Schmidt* motioned to support HB20 with the comments inserted in regards to the taxation methods used to fund this bill. *Mr. Hall* seconded. All in favor, motion passes.

Further public comment- none
Further Discussion-none

LC0713 Energy Efficiency for K-12 Schools.

Mr. Schmidt said he is in favor of the concept but doesn't know much about the bill. Mr. Kuffel asked if there was time to investigate and send out a summary by email members could indicate support or not. Mr. Schmidt stated that cannot be done, it is not proper procedure to allow for public comment via email exchange. *Mr. Schmidt* would like to withdraw this bill from the list of support. No objections.

Public Comment-Susan Anderson commented that the energy conservation bond issue for High Schools to replace their old systems with efficient ones failed. If the voters won't fund such measures, then legislation may be the way to go.

SB37 Increase in Energy Conservation Tax Credit

Mr. Schmidt motions to include SB37. *Mr. Kuffel* seconded. All in favor, motion passes.

Public Comment-none
Discussion-none

SB49 directs Department of Administration to establish high energy performance standards for State Buildings including those leased for state use.

Mr. Schmidt commented this doesn't affect local municipalities directly. Mr. Hall commented he understands the objection to exceeding code as expressed by Ryan Morton; but more stringent code is coming and having a demonstration code is a start at adopting more stringent codes so builders are ready to go. Mr. Hall would like to leave in exceed by 20% in the statement as a way to be proactive in dealing with more stringent code as it trickles down. *Mr. Schmidt* made a motion to include this bill in our recommendation. *Mr. Hall* seconded.

Public Comment-none

Discussion-Mr. Patrick expressed it is not clear what the local state buildings is referring to, existing and new and how would existing buildings be required to be efficient. Mr. Hall clarified, this would apply to major renovations to state buildings (existing) and would require bringing it up to 20% above current code, which is reasonable; and also applies to new buildings leased by the State. Mr. Schmidt commented that cost factors are taken into consideration when trying to achieve that 20%, some of this is tied in with the

Governor's 2020 vision of reduction of 20% of energy use by 2020 throughout state government. Discussion ensued as to why the 20% above code to provide an understanding of why that figure.

Personal philosophies shared, but basically it was agreed that those in the building business are the experts and we should trust what they come up with.

Mr. Schmidt amended the motion to include rechecking and verify that the language of this bill is written towards current code, if it is not, then it will be withdrawn from the letter to support. **Mr. Hall** seconded. Motion passes unanimously.

Further public comment-none

Further discussion-none

B. Building Energy Efficiency Programs and Legislation - Sam Hall

(See attachment B Building Energy Efficiency Programs and Legislation)

These would be fairly benign recommendations on ways the City could increase energy efficiency in residential housing, commercial buildings and city and county buildings. He would like to move this forward quickly. The main contention is over housing and developing a demonstration code project in Missoula not being supported by MBIA so politically that may not happen. So would like to recommend instead is that the City somehow recognize builder's that are participating in existing green building programs and can demonstrate that their new construction exceeds code by 30% or more.

Mr. Kuffel recommends in Section 1-Residential Housing: B second paragraph first line strike ...and promoting...City probably can't do that. Mr. Schmidt commented that the city is not able to endorse specific individuals or businesses but can say this house/building has received some specified award or label. Mr. Kerns commented that in the first paragraph B, 4th line from bottom there is another ...be promoted... that should be reworded. Mr. Schmidt commented that this document could be further examined and brought up at the March meeting to iron out details and present to the Conservation Committee in April. Mr. Kuffel commented that engaging with other groups and establishing that dialogue gives us a more palatable document in the end. Mr. Kerns commented that he likes the suggestion of endorsing these bills, and liked that the links for exact wording of the bills were provided and that hard copies were not printed out and submitted to us. The information was provided with the expectation that people showing up for the meeting ought to take the time to read the links and come prepared. When should hard copies of referenced to material be provided. Mr. Schmidt commented that is on a case by case basis, if we were at City Council we would have to provide the paper copies. If we had a resolution we wanted the City to adopt, that would clearly be a hard copy available scenario. Mr. Hall will go over this document and bring forth at the next meeting for further discussion.

VIII. Adjournment: **Mr. Schmidt** made motion to adjourn. **Mr. Patrick** seconded, all in favor. Meeting adjourned at 2:00 pm.

Draft 2-13-09

Date: February 12, 2009
To: City of Missoula
From: Greenhouse Gas Energy Conservation (GHGEC) Team

Re: Building Energy Efficiency Legislation

Because significant reductions to the energy use intensity of new and existing buildings represents a critical step in achieving short and long term reductions to green house gas emissions in the City, the GHGEC Team recommends that the City Council look for ways to address the energy use of new and existing residential, commercial and institutional buildings. Following is a brief list of bills before the 2009 legislature that would help Missoula achieve the goal of increased building efficiencies through out Missoula and the state. The GHGEC Team recommends that the city support these bills.

Beneficial Energy Related Bills in the State Legislature:

There are currently a number of bills working their way through the state legislature that could help the city provide funding for a range of building related efficiency measures. Easily accessible funding mechanisms are a critical link in bridging the sometimes increased upfront costs associated with increased energy performance and allowing for the realization of long term cost savings and significant reductions to GHG emissions. The City Council should consider providing support for the following bills through testimony of the Missoula lobbyist in the state legislature.

1-LC0872-Energy Improvement Districts- This bill allows the government of a county or incorporated town or city, or any consolidated government to create an Energy Improvement District whose boundaries will correspond to the boundaries of governance of the governmental agency. That governing agency can sell bonds to create a fund for the purpose of providing loans to property owners within the district for the purpose of installing energy efficiency or renewable energy upgrades to their property within the district. This bill could assist homeowners and businesses in defraying the upfront costs of improvements and generate jobs associated with implementing efficiency improvements and small scale renewable energy projects.

<http://data.opi.mt.gov/bills/2009/billhtml/HB0361.htm>

2-HB05- This bill creates an Energy Conservation Capital Projects Account for funding various energy conservation projects in state buildings and projects. It also creates an Energy Conservation Repayment Account for the holding and eventual transfer of funds created through energy conservation projects to the Energy Conservation Capital Projects Account. The bill involves appropriations to the long range building program account from the state general fund. This bill could be an excellent method of financing improvements to city and county buildings and would allow for minimal outsourcing to out of state energy performance contractors and increase the opportunities for involvement of Montana businesses.

<http://data.opi.mt.gov/bills/2009/billhtml/HB0005.htm>

3- SB-49-This bill directs the Department of Administration to establish high energy performance standards for new state buildings, major renovations of state buildings, and new buildings leased by the state. Under this bill, local state buildings are to be operated as high performance buildings that will exceed by 20% (or to the extent that is cost effective) the International Energy Conservation Code. This bill could be a guideline for city and county building construction and operations.

[http://laws.leg.mt.gov/laws09/LAW0203W\\$BSRV.ActionQuery?P_BLTP_BILL_TYP_CD=&P_BILL_NO=&P_BILL_DFT_N_O=LC0382&Z_ACTION=Find&P_SBJ_DESCR=&P_SBJT_SBJ_CD=&P_LST_NM1=&P_ENTY_ID_SEQ=#sed_table](http://laws.leg.mt.gov/laws09/LAW0203W$BSRV.ActionQuery?P_BLTP_BILL_TYP_CD=&P_BILL_NO=&P_BILL_DFT_N_O=LC0382&Z_ACTION=Find&P_SBJ_DESCR=&P_SBJT_SBJ_CD=&P_LST_NM1=&P_ENTY_ID_SEQ=#sed_table)

4-HB-20-This bill creates a weatherization account drawn from oil and natural gas production taxes. The funds in this weatherization account may be used by the Department of Health and Human Services through their Low Income Energy Assistance and home weatherization programs. This could be an excellent way to increase monies available for local weatherization efforts.

<http://data.opi.mt.gov/bills/2009/billhtml/HB0020.htm>

5-LC0713-Energy efficiency for K-12 Schools- This bill is still in the drafting stage but could result in large operational energy savings for local schools

[http://laws.leg.mt.gov/laws09/law0203w\\$.startup](http://laws.leg.mt.gov/laws09/law0203w$.startup)

6-SB37-Increase in Energy Conservation Tax Credit- This bill raises the energy conservation tax credit cap on energy conservation capital investments from \$500 to \$800. If you invest in energy saving measures for your home (or in the case of S corporations' a rental unit) you can receive 25% of your investment (the investment being capped at \$800) as tax credit on your state tax bill. This effectively lowers the out of pocket cost of efficiency improving measures and increases the rate of return on improvements to encourage their use.

<http://data.opi.mt.gov/bills/2009/billhtml/SB0037.htm>

Attachment A

Date: February 12, 2009

To: Missoula City Council Conservation Committee
From: Greenhouse Gas Energy Conservation (GHGEC) Team

Re: Building Energy Efficiency Programs and Legislation

Because significant reductions to the energy use intensity of new and existing buildings represents a critical step in achieving short and long term reductions to green house gas emissions in the city, the GHGEC Team recommends that the City Council look for ways to address the energy use of new and existing residential, commercial and institutional buildings. The following provides general recommendations on ways for the city to be proactive in addressing building related energy use. For the sake of brevity, this letter will not go into extensive detail on the multiple motivations for implementing measures, but is intended to act as a general overview of measures that the GHGEC Team feels are worthy of consideration by the Council.

Section 1- Residential Housing:

A-Support energy related bills currently in the State Legislature that would provide funding for building related efficiency measures in retrofits and in new construction (See the list of bills at the end of this document for a summary of current energy bills and links to the full bills). There are a number of bills working their way through the state legislature that could help the city provide funding for a range of building related efficiency measures. Easily accessible funding mechanisms are a critical link in bridging the sometimes increased upfront costs associated with improved energy performance and allowing for the realization of long term cost savings and significant reductions to GHG emissions. The City Council should consider providing support for some or all of the listed bills through testimony of the Missoula lobbyist in the state legislature.

B-Explore the potential for working with the local MBIA to develop a voluntary "code demonstration project" in Missoula. It should be noted that state law prohibits municipalities from adopting mandatory building codes that are more stringent than the baseline state building code. Builders could choose to utilize the pre-existing, prescriptive or performance based standards in the NAHBs Green Building Guidelines (or Energy Star or LEED for Homes etc..) to demonstrate energy performance of new homes that would exceed code by 30%. Builders would need to realize some financial or public relations benefit for participation, because the long term savings realized through increased energy performance is often passed on to the purchasers of homes. In order to keep construction costs down and encourage affordable housing prices, we would need to help offset the increased materials and verification costs (through financial or publicity related support) incurred by the builders in achieving and verifying energy performance and programmatic compliance. If we were successful in implementing and publicizing a code demonstration project, we could lobby the State Legislature to allow for the development of a local code that would reflect the current advances in building science that allow for the cost feasible construction of healthier, more efficient homes. Additional benefits could be realized in the creation of efficiency related jobs, ability of the MBIA to be involved in the development of more stringent building codes, reductions to peak energy demands associated with the heating and cooling of homes (and subsequently, GHG emissions and energy infrastructure required to meet demands), improved indoor air quality and comfort of new homes and benefits realized through the use of locally manufactured products, as required under the Green Building Guidelines (local building products economy stimulation and reduction of transportation fuels associated with bringing in construction materials form out of state).

Section 2-Commercial Buildings:

A- Similar to above, the City could work to facilitate and recognize new construction and renovations that exceed code by 30%. This could be achieved through many existing guidelines and programs (ASHRAE Advanced Energy

Guide for Small Office Buildings, LEED for New Construction and Existing Buildings programs etc...). The City could also work to encourage (through financial incentives, guidance and publicity) individual business to conduct their own Carbon Footprint Analysis and set goals for the reduction of their footprint over time. A demonstration code scheme could be an effective means of publicizing any efforts undertaken to improve energy performance in new construction and renovations.

Section 3-City and County Buildings:

A-The City should continue to demonstrate leadership by working on upgrades to the energy performance of their buildings through energy audits and implementation of cost feasible upgrades as identified in the audit process (see the list of state bills at the end of this document that could assist in financing improvements).

B- The City should work to develop a department by department carbon foot printing process that could then be used to develop a realistic picture of a city-wide GHG footprint. This is a critical first step in encouraging participation and buy in of individuals, setting goals for reductions over time and measuring progress.

C-The City should work to implement pre-existing guidelines (see LEED for Existing Buildings Program) in all buildings as a means to encourage optimal building performance, develop a methodology for improvements over time and address "green" building maintenance practice. A program like LEED is extremely helpful with articulating the motivation for and importance of individual participation in addressing department wide energy use, worker comfort, productivity and health and ultimately, reducing GHG reductions.

D- One inexpensive way for Missoula to promote sustainable development and energy efficiency is on the City web page. We recommend that the City home page prominently promote the concept of sustainable develop and that a specific, sustainability page be added to the city website to highlight progressive builders and their projects, as well as explain steps being undertaken on the part of the city to improve energy performance and reduce GHG emissions. This page could also be used as a clearinghouse of information (text and linked pages) on how to finance and implement efficiency improvements.