

CONSERVATION COMMITTEE REPORT

September 22, 2010

9:05–10:00 am

140 West Pine Street

Members Present: Marilyn Marler (chair), Pam Walzer, Bob Jaffe, Renee Mitchell, Ed Childers, Jon Wilkins, Dave Strohmaier, Roy Houseman, Stacy Rye, Dick Haines

Members Absent: Lyn Hellegaard

Others Present: Ross Keogh, Brian Kerns, Ben Schmidt

I. ADMINISTRATIVE BUSINESS

A. Approve minutes.

Minutes from the 9-15-10 meeting were held until the next meeting.

II. REGULAR AGENDA ITEMS

1. Update from the Greenhouse Gas Conservation Energy Team. ([memo](#))—Regular Agenda (Marilyn Marler) (Referred to committee: 09/13/10)

Marilyn Marler introduced three members of the Greenhouse Gas Energy Conservation Team: Brian Kerns, Ross Keogh, Ben Schmidt (Staff, Air Quality Specialist Missoula City-County Health Department) and thanked them for their service.

Brian Kerns introduced the 4 topics of today's presentation:

1. Building Incentive Program
2. City web page is developing a Sustainability page
3. Should the city join the EPA Green Power Partnership and become a Green Power Community.
4. Should the team draft ideas for the City Council to consider on the State Renewable Energy Portfolio Standards.

Brian Kerns said: The state legislature passed a bill in 2009 which authorizes cities and counties to create incentive-based building programs. It's a good way to create jobs in community, by energy retrofits and new construction. In current economy, it's difficult to identify a large enough incentive. The program will end up with a mix of private and public incentives.

Marler asked: Are you talking about incentives for private homeowners to weatherize? How will this program work with new construction? How will it dovetail with Green Blocks program?

Kerns said: Any new construction that complies with green built standards qualifies, and the program has settled on a couple of standards that work for both new and old construction. NW Energy does have incentives for green building, but has very strict standards. This program doesn't interface with Green Blocks at this point. There is obviously some overlap that homes in Green Blocks and these homes are built to same standards. The program seeks to develop common standards to make it easy for homeowners and realtors to communicate about green building.

John Wilkins said: From what I hear from a lot of builders, if you build green it costs more. Are there incentives to bring the cost down?

Kern said the idea is to fund incentives to bridge the cost gap. If a property owner plans to own a home for 10 years, there is not as much cost savings to green building. But if owner keeps a house for 40 years, a \$20,000 investment in green building is worth it. When a property owner goes to sell, the green building investment is a tangible asset to be factored in to sale price. Market incentives will be in place.

Pam Walzer asked: regarding the appraisal value of green energy improvements; is there a local standard, or can government make that happen?

Kerns said it is currently very difficult to calculate the long-term value of energy-saving installations. Usually when selling a home, buyers and sellers look at long-term operating costs. It is more valuable to a homeowner to see those costs depressed.

Bob Jaffe said: Previous utility bills are a factor buyers consider when looking at a home. There is some room for some correcting in the way we value homes and evaluate a person's ability to qualify for lending. There's room there to make improvements to the valuation and lending process. If lenders considered the cost of mortgage, utilities and transportation, it would create long-term incentives to build green homes.

Ross Keogh said the GGECT is looking at standards which include transportation.

Jaffe said it really needs to start at the federal level, to allow green energy components to become part of home loan application process. He requested the committee take a look at the banking/lending link.

Kerns said the GGECT has internal goals for what the incentive program would look like, it would small to start. The committee hopes the program will help develop language we can use to discuss whether a home in Missoula meets green standards. He said the GGECT would need some assistance from Council in the form of city or county staff time. He said it would take a few months for the GGECT to round up the particulars like supporting documents, draft language, formal requests for staff/funding. He asked the Conservation Committee for input on this timeline and said since the program is in the beginning stages, that suggestions and comments are easy to implement.

Renee Mitchell said: You are talking about people making homes more energy-efficient. If we look at home ownership in Missoula, about 50% of homes are rentals. How are we going to provide incentives to rental property owners to invest in energy savings? There is no incentive for property owners to reduce energy costs if renter pays utilities.

Keogh said the GGECT has discussed this topic and there are a number of things that both property owners and renters can do to reduce energy use. For example, individual utility meters on rentals give owners and renters incentives to reduce costs.

Kerns said the incentive program could provide some sort of branding status or plaque the property owner could use in promotional materials to get more quality renters.

Stacy Rye thanked the GGECT for their service and said the work they are doing is very important to the City. She asked if the GGECT has looked at ways to provide more information to average citizens, like the carbon footprint for your building. She said that often, an older smaller home is more energy efficient than a large "super LEED" home. Citizens would find it instructive that square footage makes a big difference in the energy efficiency of a home.

In addition, she said that recycling is confusing in Missoula and asked if the GGECT might consider helping Allied Waste improve the recycling program and incentivize it more.

Rye also said that Johnson Controls recently conducted an energy audit of city and found energy savings in a variety of ways. Johnson guaranteed that the City, if it made the recommend changes, would see specific energy cost savings or Johnson will reimburse the City. Rye asked if the GGECT might share Johnson's findings with citizens or other agencies to give them ideas to cut energy costs.

Marler asked if the GGECT was looking at specific legislation or incentives. Kerns said the GGECT was looking at a City ordinance that says if a homeowner meets energy standards, he is entitled to this incentive, added to a tracking system, and an incentive is paid out under these terms.

Marler said she was not speaking for the Committee, but for herself: She's not sure how comfortable she is with a new ordinance; there are already lots of incentives available. She said she also feels like we don't have to legislate everything. She does think an incentive program would be very beneficial. She's not sure legislation is the best way to achieve that goal. She asked that the GGECT visit with Chase Jones to reduce duplication and expand the program to include incentives from the private sector.

She said she could see an incentive program benefitting four types of properties; existing houses, new building, rental properties and renovation of properties for commercial use. Existing building codes could be updated to included green building practices.

Kerns said one of the goals of an incentive program would be to develop language to define energy efficient buildings and send appropriate market signals. He said the GGECT will seek private funding but will need logistical support from city.

Ed Childers said the idea of including green standards in building codes is interesting. If a person buys a home which been built to higher stands, energy efficiency could be reflected in the cost of the property. A person might pay higher purchase price at the outset but the monthly operating costs of the home would be lower. Sellers need something to make buyers understand that a higher purchase price is given back in lower monthly costs. If green building standards only applied to remodels, then loans could easily be calculated. He's not sure that building standards for new construction would be seen the way build standards for remodels would be seen. He's looking forward to seeing how the GGECT develops the incentive program.

Pam Walzer asked: What are the incentives, what might they look like? Regarding building codes: are there things that are getting in the way of green building? Considering newer innovations like solar streets, grey water re-use, permeable surfaces; is there something the city could amend to encourage or make sure we are not getting in the way of green building?

Keogh said the GGECT is looking at cash grant incentives, and/or recognition and an accessible registry. There is a nationally recognized program to certify and verify green buildings. Property owners need to be able to track and demonstrate their properties meet green building standards in order to get market payback. State building codes set a floor, this program is a ceiling. The program won't run into logistical problems or hurt builders because of incentives. The problem is people building without proper inspections and not building to current code.

Jaffe asked: Where is the revenue side of this incentive program? How will it be funded? He told the committee about a proposal heading for the legislature that would allow the city to bond out energy improvements like sidewalks. People could do the improvements and have access to low interest bond financing and have the assessments tied to the property. If it's done like the sidewalk program it would have no cost to the City.

The committee discussed having a certification program like LEED but easier and cheaper to obtain, similar to current safety standards in rentals. Property owners could use it when trying to rent or sell the building.

Jon Wilkins said, an incentive program does sound great to homeowners, but the GGECT should keep in mind the affordability aspect. Every time the City makes new ordinance that increases price of house, that means somebody won't be able to buy a house.

Ben Schmidt brought up the City webpage and the EPA Green Power Partnership. The City web page is developing a Sustainability page that will show citizens what the city has done for sustainability and energy efficiency. Eventually, this page may show cost benefits of the actions taken. Marler suggested the GGECT meet with Ginny Merriam and Jack Stucky on that topic.

As for the EPA Green Power Partnership, Schmidt said the program would ask the City to pledge that 2 to 3% of its' energy comes from renewable sources. Right now, the GGECT's goal is 1%. He said the EPA partnership might be worth a look in the future. The Committee agreed this should be a definite possibility in the future, but not at this time.

Walzer asked: Do we even have the capacity to measure our alternative energy generation rate? The UM biomass program and Allied Waste methane project, can we even measure that? Is there a way to measure all the small independent things throughout the community?

Kerns said it is possible to obtain data on the larger projects, but the smaller projects are not measurable at this time. He said metering makes the numbers accessible. Utilities don't have capacity to measure Missoula city limits only, which create a challenge.

Marler brought up the last topic, the City's position State Renewable Energy Portfolio Standards. Ben Schmidt asked the committee for direction on this topic.

Keogh said, many of the energy-related things are dictated by state legislature. The Council should tell the committee whether it makes sense to be involved with draft energy legislation, such as bonding capacity. Is there legislation council might want to support or apply lobbying resources to?

Dave Strohmaier said he would very much like to hear the GGECT's input on upcoming legislation. It would be helpful to have some technical expertise and insight to help inform the Council's decisions.

Marler asked for public comment. There was no public comment. She asked the GGECT to come back to the committee at a later date to continue the discussion.

III. REGULAR AGENDA ITEMS –

IV. NON-AGENDA ITEMS

V. HELD AND ONGOING AGENDA ITEMS - PER COMMITTEE CHAIR – Marilyn Marler

A. Information on Trail Projects ([memo](#)).—Regular Agenda (Marilyn Marler) (Referred to committee: 08/23/2010)

ADJOURNMENT - The meeting adjourned at 9:57 a.m.