

Presentation to Milwaukee's Steering & Rules Committee to Approve U.S. DOE *BetterBuildings* Grant Program Components

Me²: Energy Efficiency Services for Residential and Non-Residential Property Owners

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September 17, 2010



Milwaukee
Office of Environmental
Sustainability



Me² Objectives & Strategies

- Objectives
 - Cut energy bills for property owners and tenants
 - Stimulate jobs creation as the market for energy efficiency projects grows
 - Reduce air pollution and greenhouse gasses
 - Upgrade Milwaukee's building stock
- Key Strategies
 - Build on existing and successful Focus on Energy programs, including Home Performance with ENERGY STAR®
 - Use federal funds (via a loan loss reserve) to leverage private capital for consumer financing → allows consumers to afford the high upfront cost of energy efficiency improvements and “pay as they save” on their energy bills
 - Increase local marketing and use Energy Advocates to educate the public and walk homeowners through the process
 - Implement a Community Workforce Agreement to address high unemployment in the City of Milwaukee



Requirements of Cooperation Agreement (CC file 100007)

- Council approval of:
 - Financing mechanism(s) including the recommended sources of funds
 - The RFP process for selecting a provider for loan origination and servicing functions for the Me² program
 - The process to develop a marketing and advertising strategy
 - Revised Me² program budget



Marketing Plan

Coordinated implementation with many different elements:

- Branding
- Online Educational tools
- Public Awareness Campaign
- Energy Advocates
- Neighborhood targeting for residential
 - Housing demographics
 - Neighborhood group activity
- Progressive campaign over the life of the grant
- Social marketing key to program
- Standardized consultant reports
- Commercial sector marketing- DCD program tie-ins
- Industrial sector marketing- E3



Marketing Plan *(continued)*

- Smart media buys and collaboration
 - Use of local vendors when possible
 - Using relationships for discounted rates (including First Stage, GMAR, local press, Lamar)
 - Utilizing print media
 - Event coordinating, Channel 25 abilities, speaker placement in local media instead of radio/television spending
- Energy Advocate training to include persuasion, presentation, and other public speaking/marketing skills



Marketing Plan *(continued)*

- Marketing Team is developing a comprehensive public awareness campaign that will include many elements:
 - Website - smartenergypays.com
 - Media events
 - Home shows
 - Billboards
 - Collateral print
 - Billboards
 - Neighborhood meetings with Energy Advocates



Logo Development



MILWAUKEE ENERGY EFFICIENCY

Smart energy pays.

SAMPLE ONLY



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One need only think of the weather, in which case the prediction even for a few days ahead is impossible. - Albert Einstein

- Home Residents Contractors Business Advocates

RESIDENTS: Click here for more information on installation, training and frequently asked questions. Includes image of a family and a cartoon scientist.

About Us

Milwaukee Energy Efficiency (Me2) is a community-wide effort that will create hundreds of private-sector green jobs while reducing energy bills and pollution...

ME2 is a voluntary program to help homeowners afford the up-front costs for weatherization, new heating equipment, and other energy saving upgrades in their home.

More

Featured Items



Think Smart. Save Smart. Lorem ipsum dolor sit amet, consectetur adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.



Become an Energy Einstein! Lorem ipsum dolor sit amet, consectetur adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.

Partners: Milwaukee Office of Environmental Sustainability, WECC Wisconsin Energy Conservation Corporation, focus on energy

Community Goal

Together we can reach our goals.

23%

Green Compass

Data set to allow homeowners to see how they're doing.

57%

Twitter feed for MkeCommonCouncil with posts about a car show and an intern search.



Calendar for April showing dates from 27 to 14.

Gadgets powered by Google

Energy Advocates

- Mobilizing and speaking to local community groups
- Walk homeowners through entire process
 - Create awareness of current energy usage and benchmark opportunity for reduction
 - Include direct install equipment (e.g. CFL's)
 - Discuss financing options
 - Assist homeowner with audit and contractor process
 - Provide customer service for homeowner throughout project



Financing Plan: Overview

- Utilize grant funds to stimulate community energy efficiency investment at a ratio of at least 5:1
 - For capitalizing at least \$60M in funding for energy efficiency loans
- Ensure the City is protected from risk
- U.S. DOE continues to work through financing options in wake of residential PACE fall-out
- Transitional financing plan, RFP, revised HUD Title I program
- Commercial program will require additional design



Financing Plan: Key Elements

- Loan Loss Reserve
 - \$1.5M for residential loan loss reserve
 - \$3.85M for non-residential
- Loan Servicing and Securitization
 - Unsecured product for residential
 - Commercial PACE
- Loan Capitalization
 - Revolving Loan Pool (\$750,000)
 - Private banks or credit unions



Financing Plan: Near Term

- Need to put stimulus dollars to work now
 - For soft launch in 2010
- Use \$750,000 in grant funds for residential revolving loan program
 - Unspent funds revert to residential loan loss reserve
- Issue RFP for permanent loan serving agency and loan capitalization
 - Work with DOE on longer-term options



Budget Revisions

- Use in-house marketing staff (-\$450,000)
- Reduce outside council legal budget (-\$620,000)
- \$750,000 moved to revolving loan (can revert back)
- “Health and Safety” grant account for resident subsidies (+\$890,000)
 - Electrical upgrades
 - Asbestos and vermiculite removal
 - Oil tank removal
 - Minor mold remediation
- Energy Advocate direct installs (+\$130,000)
 - CFLs, low-flow showerheads, etc
- 3 Demonstration homes via contests (+\$18,000)
- **Over \$2.2M now in direct grants to Homeowners**



Immediate Committee Action

- Approve marketing and advertising process
- Approve temporary revolving loan fund
- Approve financing RFP
 - RFP included as attachment to this file
 - RFP is not an offer to contract, but rather an offer to negotiate
 - For residential loans, interest rates must be within 500 basis points of WSJ prime rate or HUD Title 1 loan if available
 - Milwaukee's Office of Environmental Sustainability on team to select finance institution(s)
- Approve revised budget



EECBG Formula Revisions

Matt Howard and Erick Shambarger
Office of Environmental Sustainability



U.S. DEPARTMENT OF
ENERGY



Original Budget

\$5.8M formula grant received (amounts include staff administration)

- City Facility Audits: \$78,460
- City Facilities Retrofit: \$2,712,610
- LED Street lights: \$440,210
- Me² Revolving Loan program: \$1,471,704
- Business retrofit grants: \$865,863
- Business Retrofit incentive: \$132,501 for 3rd party measurement and verification in the private performance contracting market.
- City Fleet Retrofit: \$137,752 for the marginal cost to purchase hybrid vehicles and route management software.

Activity	Status
City Facility Audits	No funds expended. City facility managers have conducted informal audits to identify lighting upgrades and opportunities for occupancy sensors and other “low hanging fruit”
City Facilities Retrofit	<p>Safety Academy Chiller replacement- bids received;</p> <p>Library AHU #1- installation 90% complete</p> <p>Library AHU #2- Bids received</p> <p>Zeidler AHU- Design underway</p> <p>Citywide lighting retrofit- in procurement</p> <p>Greenhouse gas inventory- complete</p>
LED Streetlights	DPW is beginning to receive shipments of the equipment from the vendor. Final delivery in October, followed by DPW install
ME ² Residential Retrofit program (funds from formula grant)	Me2 program developed as part of BetterBuildings grant (see separate file); Under revision, funds will be used for grants to residents for home energy consultations.
Business retrofit grants	Cooperation Agreement Executed and full \$850,000 transferred to MEDC; Six business projects are underway
Business Retrofit incentive	Project suspended- Replace with E3
City Fleet Retrofit	<p>DPW purchased two hybrid vehicles; remainder on-hold per Council member guidance (Buy America Issue).</p> <p>Vehicle routing software project suspended</p>



Revised Budget: Me² (from formula grant)

- \$1.2M in Me² funds from formula grant, revised from revolving loans to home consultation subsidies
 - Based on Council feedback
 - Principal: Homeowner “skin-in-the-game” + incentive for doing the work
 - 75% initial subsidy (up to \$300 for a single family home and \$500 for duplex or multi-family), payable directly to contractor
 - Homeowner rebate of difference after completing work through qualified Me² contractor
- Subsidies awarded through Focus on Energy rebate center



Revised Budget: MEDC Business Grants

- Original plan called for \$850,000 forgivable loans to manufacturing companies and data centers
- DOE project officer disallowed forgivable loans
- OES administratively revised the program to grants

Applicant	Project	MEDC Grant	Annual Energy Savings
Direct Supply	Server Virtualization	\$75,000	\$15,570
MillerCoors	HVAC	\$130,000	\$127,896
Oilgear	Lighting	\$110,000	\$42,426
Rexnord/Falk	HVAC	\$236,926	\$117,111
WI Paperboard	Water treatment system	\$28,600	\$41,608
Material Recovery	HVAC/roof insulation	\$42,000	\$17,835
Total		\$622,446	\$362,446



Revised Budget: “E3” Sustainable Manufacturing Initiative

- Original business incentives plan: \$132,501 for 3rd party measurement and verification in the private performance contracting market.
- Revision: E3 Sustainable Manufacturing Initiative to tie into and leverage Me²



E3: Economy, Energy and Environment

- \$200,000 to bring innovative federal partnership program to Milwaukee's manufacturers
- Federal technical assistance providers deliver a full spectrum of sustainable manufacturing process audits
- Reduces the cost of business to firms by reducing energy use, waste, water use and other process inefficiencies



E3: Economy, Energy and Environment

- \$200,000 will subsidize the process audits, assist with practice/project implementation and leverage Me² dollars for skills/worker training
- Preferred White House program with proven results in creating jobs and cutting costs for manufacturers



High Visibility EECBG Projects

- \$219,251 for “High Visibility” projects
 - Public demonstration of the City’s commitment to energy efficiency/renewable energy
 - New HVAC systems and lighting replacements and other basic energy efficiency projects are invisible to the public
 - Options for higher visibility projects include:
 - Micro-wind turbines on city property (eg Port Admin Building)
 - Solar installations on city property
 - Plug-in electric vehicle infrastructure
 - Additional LED streetlights



Fleet Vehicles

- 2 Honda Insights purchased off of State contract (grant funded marginal cost)
- No small hybrid passenger cars made in USA (Ford Escape SUV is made in USA)
- Marginal cost for 4 hybrid cars are budgeted for 2011
- One electric car budgeted. Nissan is expected to begin manufacturing the “LEAF” in America in 2012
- Council direction needed