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Council Audit & Finance Committee
Minutes
2/28/11

Council Attendees: Mayor Doug Hutchinson, Mayor Pro Tem Kelly Ohlson, Ben Manvel
Darin Atteberry, John Voss, Mike Freeman, Steve Mason, Heather Shepherd, Brian Janonis
Others: Craig Lewis, Executive Director Clean Coalition;
John Knezovich; 16 members of the public

Approval of the Minutes from the January 24th 2011 Meeting.

Ben Manvel moved to approve the minutes from this meeting, and Kelly Ohlson seconded the minutes are approved unanimously.

CLEAN -- Solar Incentive Program

City staff would recommend participation in this program and seeks this Committee's support to conduct further economic analysis, outreach to other City Boards and Commissions, and to potentially bring this topic before the City Council in the future.

Craig Lewis, Executive Director the CLEAN Coalition presented information on their two year pilot program proposal which would include:

- Predefined and guaranteed contract between the utility and solar facility owners
- Fixed rate for 20 years
- Deterministic and guaranteed grid interconnection

Benefits:

- Majority of renewable energy deployed in the world was driven by CLEAN programs.
- Simple streamlined and transparent approach.
- Makes projects financeable.
- Allows any party to become a clean energy entrepreneur and attracts new sources of equity financing.
- Drives employment and generates tax revenue at no cost to the government.

CLEAN would support Fort Collins by:

- Action plan for sustainability
- Local action plan for GHG Reduction
- Climate Action Plan
- Utilities Energy Policy
- Economic Action Plan
- FortZED

Some Key decisions for the Pilot program

Whether to account for Renewable Energy Credits (REC) at 3x value

The 3x value is supported by State of Colorado law and supports a Program size of up to 14 MW. Program sized at 14 MW contributes 4.25 percentage points toward Renewable Portfolio Standards (RPS).

The 1x value only supports a Program size of 5.35 MW. Program sized at 5.35 MW contributes 0.6 percentage points toward RPS.

Whether to accelerate fulfillment of Renewable Portfolio Standards (RPS) mandates/objectives

Program size of up to 14 MW with 3x REC treatment allows Fort Collins to exceed its current 6% RPS level entirely with bundled RECs.

Program size of 10 MW with 3x REC treatment allows Fort Collins to meet its current 6% RPS level entirely with bundled RECs.

Kelly Ohlson requested adding data on a 'citizen' analysis in addition to the current economic analysis.

Darin Atteberry said the new Mayor and Council will definitely have a focus on Utility, both water and energy, and he the he stated that the summer time frame will be likely to present this data to the newly elected City Council.

Ben Manvel supports this topic but stated that there has been no mention of conservation in regard to this discussion. Fort Collins is challenged already by the fact that our electric rates are so low, so spending for clean energy is difficult.

Council Finance Committee members Kelly Ohlson, Ben Manvel, and Doug Hutchinson are all in agreement that this looks like a good fit with the City, however some of the data needs to be refined or changed based on some feedback from this meeting. Once that is complete, this topic can be presented to the entire City Council, probably in June or July.

Manufacturer's Use Tax

Discussion of the existing Manufacturing Use Tax Program and the Council Finance Committee's direction on the proposal to eliminate the use tax on manufacturing equipment.

Mike Freeman stated that currently, the amount of revenue the City obtains from this tax is minimal, and even then, some of that amount is rebated back to manufacturers. He also advised the fact that this tax exists causes a perceived negative among new/prospective



business looking at Fort Collins. Additionally, it requires a large amount of administrative time for a fairly small return.

Darin Atteberry clarified that this would only eliminate the tax on manufacturing equipment but not the entire Use Tax. Currently no other municipality charges a Manufacturer's Use Tax. The Committee agrees that this topic be presented to City Council for a vote.

Kelly Ohlson also suggested that if this is done, a press release or announcement could be issued to let people know that the City eliminated a tax.