

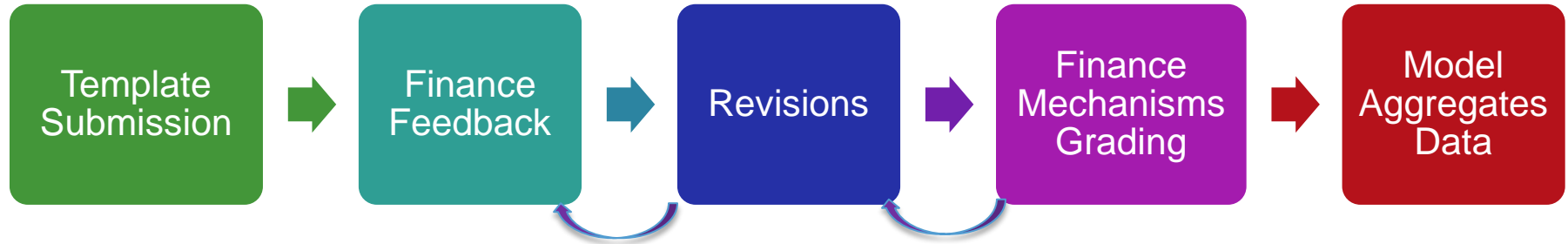


## **Road to 2020: Forging our Efficient Future**

Community Advisory Committee Meeting



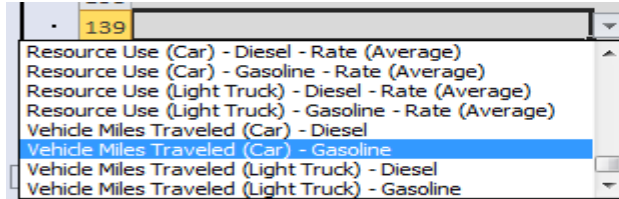
# Initiative & Program Vetting



- **One model houses all initiative data**
  - Costs
  - Benefits
  - Cost Effectiveness
  - Project Information
  - *In Process* – co-benefits, e.g., ozone
- **Iterative vetting process refines assumptions**
  - Core variables
  - Teams enter assumptions
  - Finance mechanisms team assesses confidence level

# CAP Initiative Template Inputs

## 1) Select any common/core variables



## 2) Enter initiative specific assumptions

CALCULATIONS FOR ESP					
Core Variable	User Input	Units			
	Change in Mode Share			0.0075	0.015
	Change in Mode Share (Adjusted)			0.3	0.3
Vehicle Miles Traveled (Car) - Diesel		mile	1,160,538	1171389	1,182,341.31

## 3) Enter explanations of assumptions and calculations

### *Explanation of assumptions and calculation for ESP:*

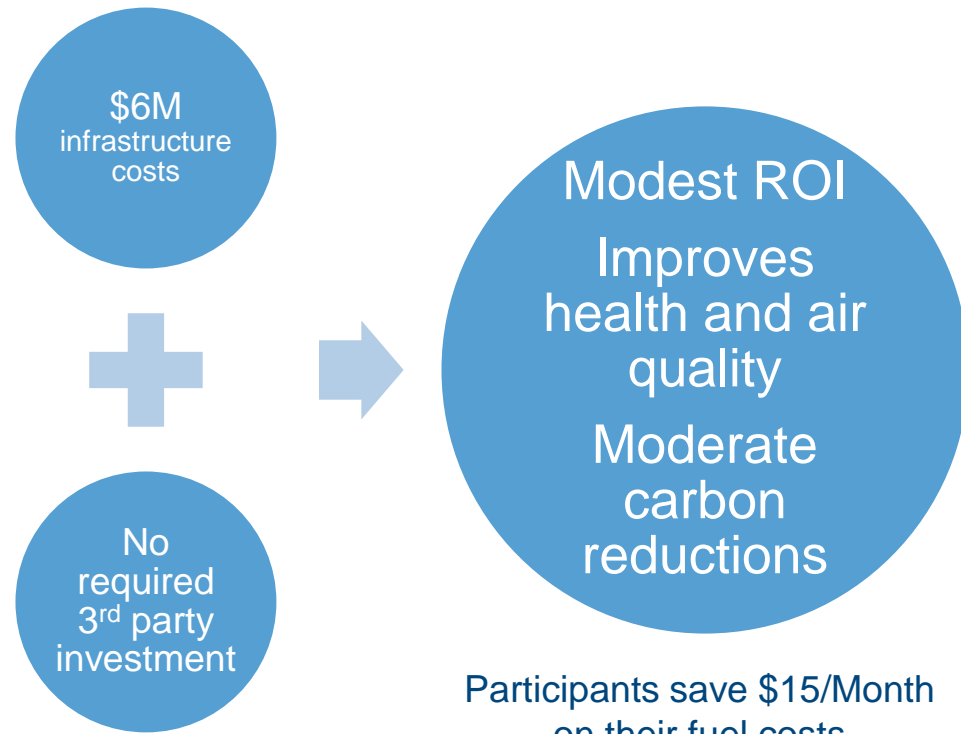
Represents a reduction in VMT from increasing bicycle ridership. Assumes a 10% bike n  
level of investment in bike infrastructure and programming and achieving success on p  
based on the mode shift for that year. Because bicycle trips are most likely to replace s



# Initiative: Bicycle Network

Improve bicycling conditions & increase bike ridership to 10%

- Low stress network
- Reduction in Vehicle Miles Travelled (VMT) drives GHG reduction
- Aligned with community culture
- Requires consistent participation for GHG benefit

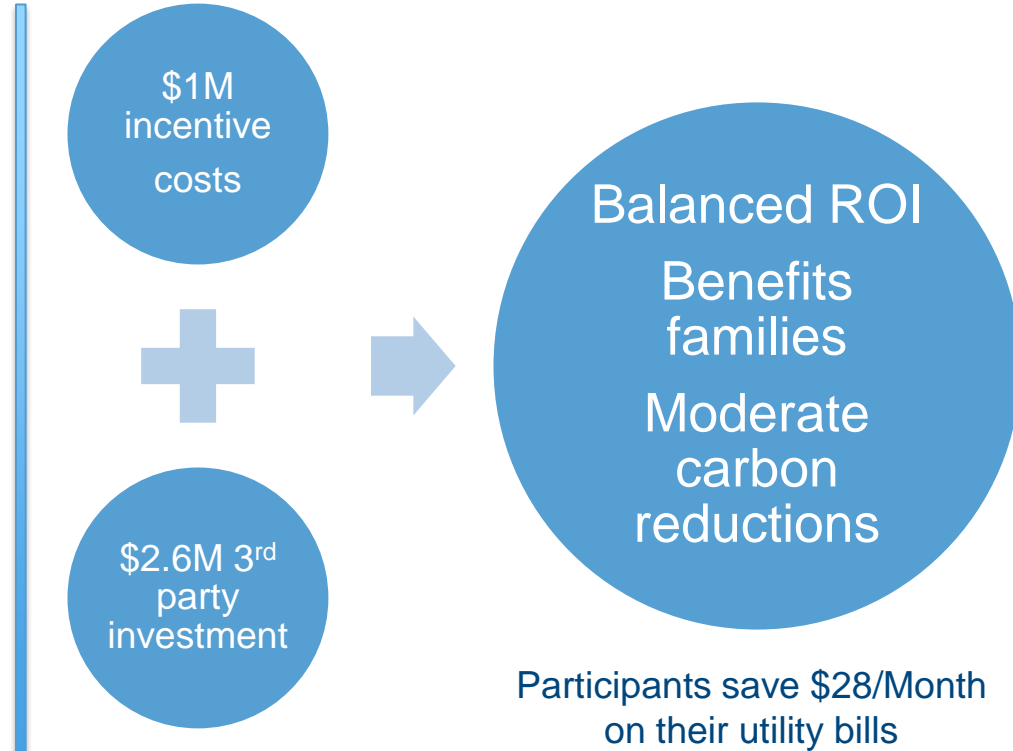




# Initiative: Community Solar

Provides incentive for community solar projects

- Clean power option for residents beyond rooftop solar
- Significant community interest
- Leverages municipal investment
- Clear and automatic GHG benefit







# Road to 2020

Forging Our *Efficient* Future



## Road to 2020

Forging Our *Efficient* Future

**ROAD** paints the picture that this is a journey we are on together, while **2020** keeps our next goal in sight.

**FORGING** is an actionable word that depicts building something and feels like uncharted territory.

**OUR** reminds us that this is for our community here in Fort Collins.

**EFFICIENT** covers all things from energy consumption to waste management and economic spending.

**FUTURE** reinforces that this is long-term planning, that Fort Collins is forward-thinking and that the efforts made will impact us today and tomorrow.

# Road to 2020

Forging Our *Efficient* Future

### **Community Issues Forum**

November 17, Lincoln Center

Purpose: Obtain feedback on the branding and create personalized paths to 2020

Will also ask about how to engage in the future

Question for CAC: What would be helpful to achieving the desired outcomes?





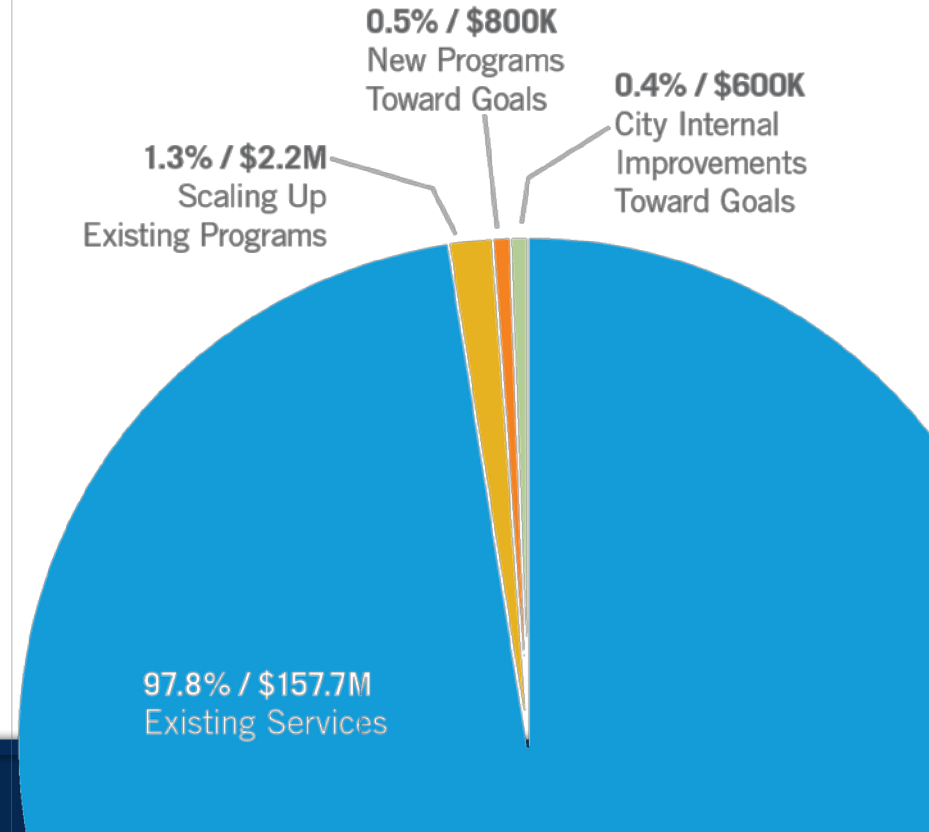
## **Road to 2020: Forging our Efficient Future**

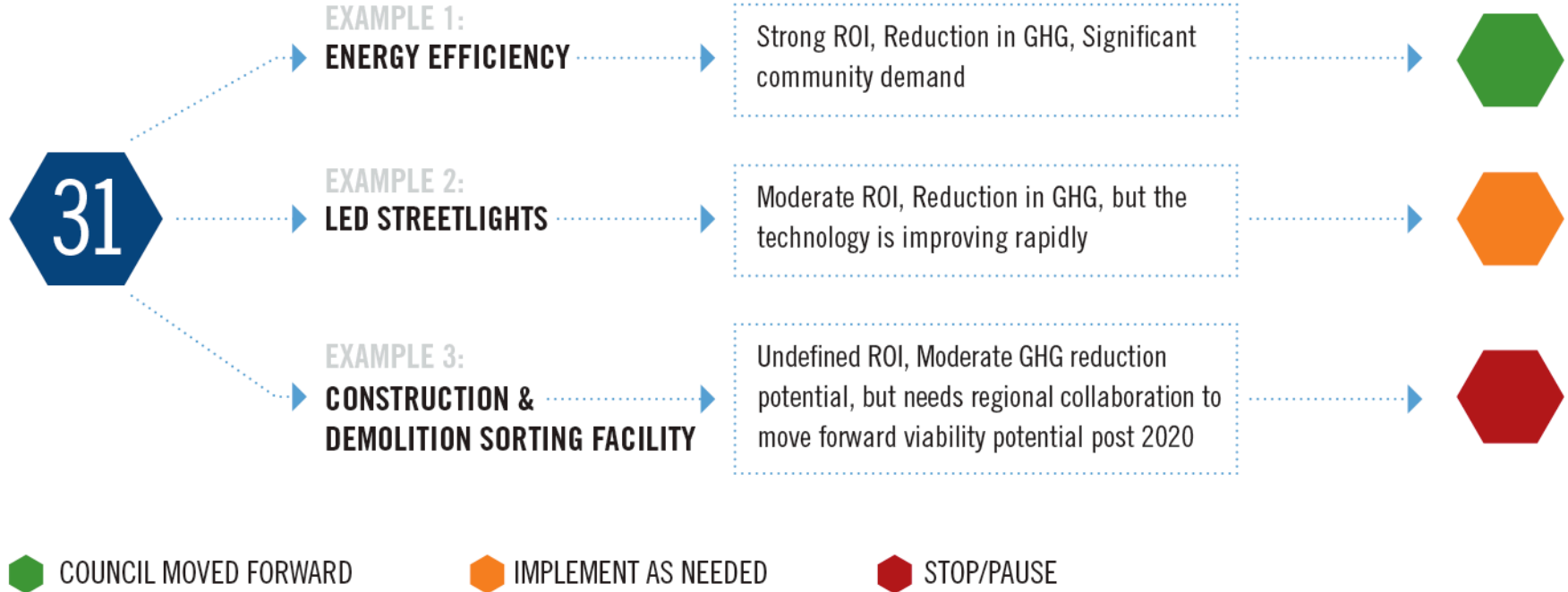
Community Advisory Committee Meeting



# Road to 2020: Budget Alignment

- 60 Offers – \$161M (2017)
  - Most are core services (98%)
  - Remaining 2% or \$3.6M
    - \$2.2M – Scaling Up Existing Programs (5 offers)
    - \$800K – New Programs (7 offers)
    - \$600K – Internal City Improvements to Lead by Example (3 offers)








# Long-Term Funding Strategies

## Funding Options:

- City Debt/Cash
  - Utility Rates/Debt
  - Taxes/Fees
  - Public Private Partnerships
  - Private Debt & Grants
- 
- City Bonds
  - City Green Bonds
  - Establish Green Bank

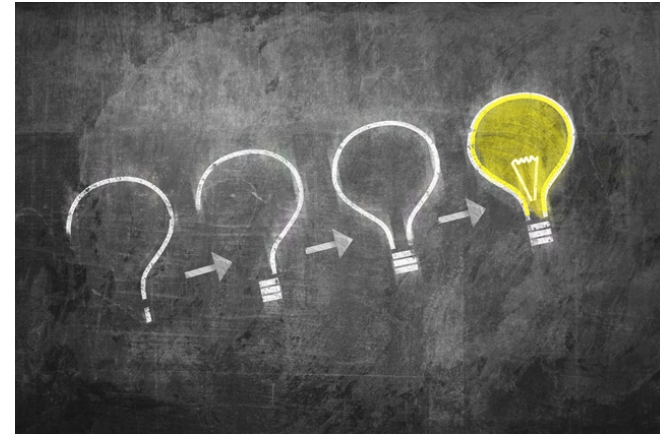
## Considerations:

- Funding follows the Project
- Projects need positive cash flow to support investment
- Project Maturity & Vetting
- City Debt & Rate Capacity
- **Peer Cities Research**
- Examples:
  - **On-Bill Financing**



## Loans for residential efficiency upgrades:

1. Audit identifies opportunities
2. Homeowner/contractors define scope
3. Utilities qualifies project
4. 3<sup>rd</sup> party qualifies customer for loan
5. Project complete, loan closed
6. Paid thru utilities bill
7. Utilities maintains loan/absorbs loan losses

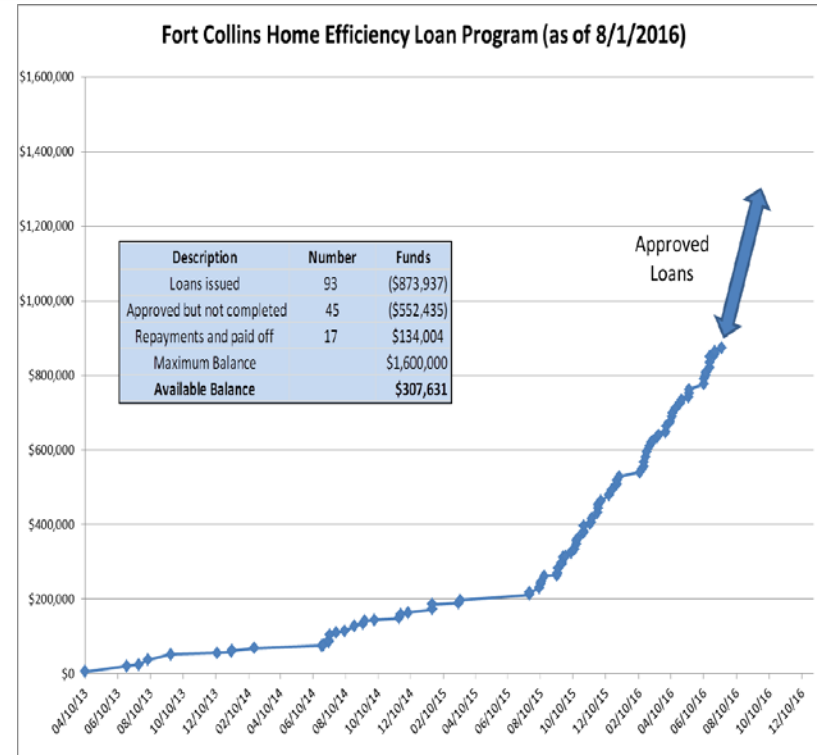






# On-Bill Financing: Results

- **Currently \$1.6M funding approved**
- **Energy Efficiency is an important initiative within overall energy goals**
- **Will require significant capital to achieve goals**
  - 3,000 homes @ \$12k per loan = **\$36M**
  - Beyond the capacity of the City
- **Staff issued RFP to solicit 3<sup>rd</sup> party capital to allow program to scale up as needed**





## Elevations Credit Union Provides 3<sup>rd</sup> Party Capital and:

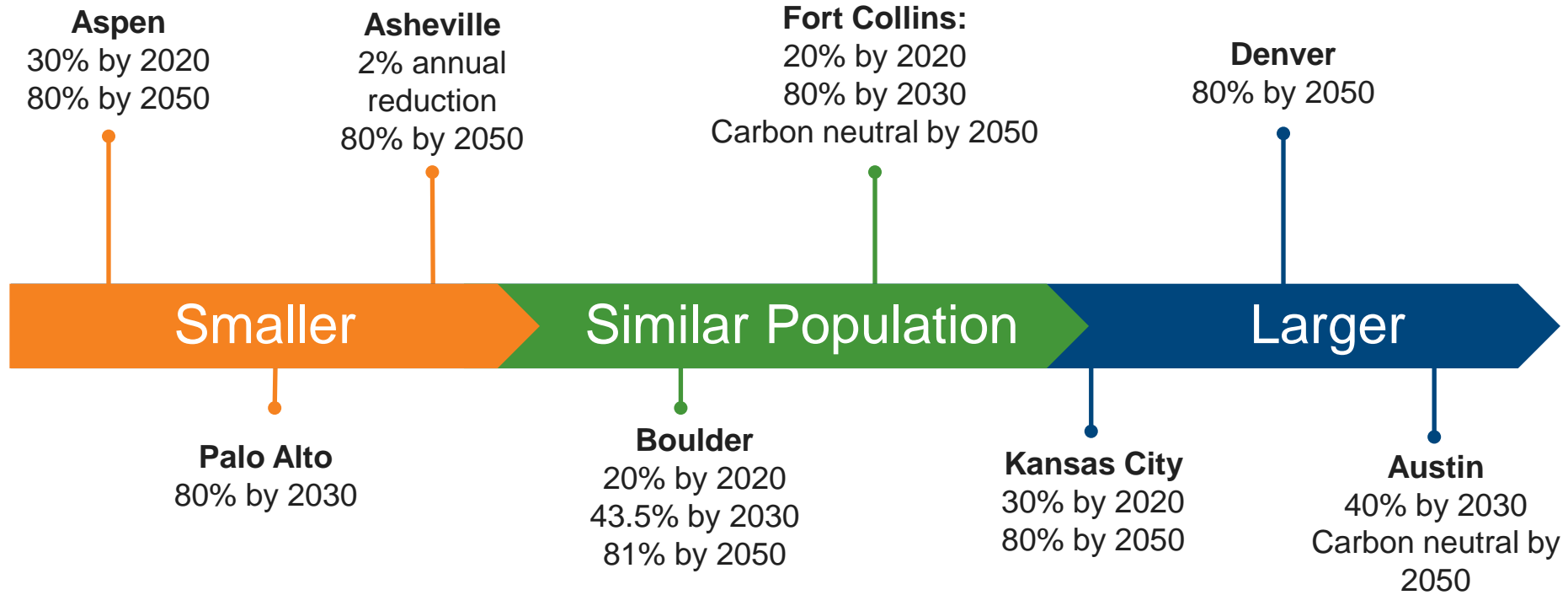
- Provides loan/closing support
- Sets interest rate (2.75% to 9.125%)
- Reduces fees
- Loan service TBD - Utility bill or Elevations
- No loan default risk to the City
- Project eligibility process remains the same



**Example - City Provides Initial Funding Capital, Develops a Successful Program and then Transitions to 3<sup>rd</sup> Party Capital to Achieve Scale**



# Peer Cities Research





# Peer Research: Public Voting

## Public Votes Already Occurred

- Goals:
  - Berkeley (passed, 81%)
- Funding:
  - Boulder (passed, 82%)
    - Tax on light and power consumption, ~\$1.8M annually
  - Carbondale (failed, 61%)
    - Electricity and gas surcharge, about \$350K would have been generated annually

## Public Votes Pending (Nov. Ballot)

- Goals: N/A
- Funding:
  - San Diego
    - 0.5% tax for 40 years, up to \$18B generated for transportation projects
  - State of Washington
    - Revenue neutral tax assessed at the state level (credits for emission reduction initiatives)



# Peer Research: Financing Mechanisms

Funding Source  City	Taxes, Fees, and Credits (i.e. carbon tax)	Enterprise Fund Revenue	Private Sector Investment	Special District Funding (i.e. TIF Districts)	Grant Funds	Bonds
Asheville, NC	✓	✓				✓
Aspen, CO	✓	✓	✓		✓	
Austin, TX	✓	✓		✓	✓	✓
Boulder, CO	✓	✓	✓			✓
Denver, CO				✓	✓	
Kansas City, MO				✓	✓	✓
Palo Alto, CA	✓	✓	✓		✓	
Fort Collins, CO	✓	✓	✓	✓	✓	✓





# Peer Cities Research – Considerations for Fort Collins

- Kansas City, MO



- Boulder, CO



- Asheville, NC





- Innovate FC Competition – Sept 28
- Colorado Communities for Climate Action
- February 2016 Work Session:
  - Full vetting of all 31 initiatives and scenarios to 2020 developed
  - Road to 2020 Dashboard
  - Outcome of branding process







# Questions for City Council

1. Does Council have feedback on the branding process?
2. Does the outline for the February Work Session meet Council's expectations?





## **Road to 2020: Forging our Efficient Future**

Jeff Mihelich, Mike Beckstead, Lindsay Ex



# Proposed 3<sup>rd</sup> Party Financing

Roles	Current		Proposed		Attribute	Current	Proposed EC
	Utilities	ESP	Utilities	EC	Interest Rates	<ul style="list-style-type: none"> <li>• 2.5-10% per rate ordinance</li> <li>• Current rate at 4.0%</li> </ul>	<ul style="list-style-type: none"> <li>• 2.75% to 9.125%</li> <li>• See table below</li> </ul>
Customer qualification		*		*			
Project qualification	*		*		Customer qualification	<ul style="list-style-type: none"> <li>• Minimum six months bill payment history</li> <li>• Credit score minimum of 640</li> </ul>	<ul style="list-style-type: none"> <li>• Credit score minimum of 580</li> <li>• Underwriting debt to income ratio</li> </ul>
Loan closing		*		*			
Loan servicing	*		Option	*	Fees	<ul style="list-style-type: none"> <li>• \$25 for application</li> <li>• \$150 for closing</li> <li>• \$11 for recording</li> </ul>	<ul style="list-style-type: none"> <li>• \$25 member fee</li> <li>• \$25 application fee</li> <li>• \$10-25 recording fee</li> </ul>
Recording		*		*			
Tax information	*			*	Recording	UCC filing recorded with Larimer County	same
Payoff	*			*	Loan term	<ul style="list-style-type: none"> <li>• 5, 7, 10, 15, or 20 years</li> </ul>	<ul style="list-style-type: none"> <li>• 3, 5, 7, 10 or 15 years</li> </ul>

ESP – Energy Smart Partners    EC – Elevations Credit





## Proposed 3<sup>rd</sup> Party Financing – Interest Rates

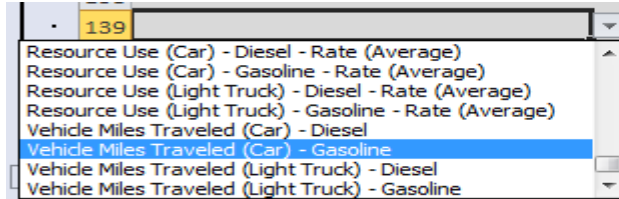
### Elevations Credit Union: Interest Rate Table

Using the average credit score and term from active HELP loans would result in an interest rate of 6.625% with the proposed model

Score FICO	36 Months	60 Months	84 Months	120 Months	180 Months
740+	2.750%	3.500%	4.500%	6.000%	6.500%
720-739	2.875%	3.625%	4.625%	6.125%	6.625%
700-719	3.000%	3.750%	4.750%	6.250%	6.750%
680-699	3.125%	3.875%	4.875%	6.375%	6.875%
660-679	3.500%	4.250%	5.250%	6.750%	7.250%
640-659	3.875%	4.625%	5.625%	7.125%	7.625%
620-639	4.375%	5.125%	6.125%	7.625%	8.125%
600-619	4.875%	5.625%	6.625%	8.125%	8.625%
580-599	5.375%	6.125%	7.125%	8.625%	9.125%

# CAP Initiative Template Inputs

## 1) Select any common/core variables



## 2) Enter initiative specific assumptions

CALCULATIONS FOR ESP					
Core Variable	User Input	Units			
	Change in Mode Share			0.0075	0.015
	Change in Mode Share (Adjusted)			0.3	0.3
Vehicle Miles Traveled (Car) - Diesel		mile	1,160,538	1171389	1,182,341.31

## 3) Enter explanations of assumptions and calculations

### *Explanation of assumptions and calculation for ESP:*

Represents a reduction in VMT from increasing bicycle ridership. Assumes a 10% bike n  
level of investment in bike infrastructure and programming and achieving success on p  
based on the mode shift for that year. Because bicycle trips are most likely to replace s

# Peer Research: Public Voting

City	Public Vote Explored	Public Vote Taken?	Funding Attached to Vote?	Investment Per Capita
Asheville, NC	✗	✗	✗	\$ \$
Aspen, CO	✗	✗	✗	\$ \$ \$
Austin, TX	✗	✗	✗	\$ \$
Berkeley, CA	✓	✓	✗	\$ \$ \$
Boulder, CO	✓	✓	✓	\$ \$ \$ \$ \$
Denver, CO	✗	✗	✗	\$ \$
Eugene, OR	✓	✗	No, revenue neutral tax for cities and consumers*	\$ \$
Kansas City, MO	✗	✗	✗	\$ \$ \$ \$
Palo Alto, CA	✗	✗	✗	\$ \$ \$
Portland, OR	✓	✗	No, revenue neutral tax for cities and consumers*	\$ \$
Tacoma, WA	✓	November, 2016	No, revenue neutral tax for cities and consumers*	\$ \$

\*Tax assessed on energy producers with a nexus at the state level.  
Has no direct impact on energy consumers or cities



# Road to 2020: Budget Alignment

- On/Off Track to meeting the goal