Minneapolis Clean Energy Partnership
ENERGY VISION ADVISORY COMMITTEE
Minneapolis City Hall, Room 319
Tuesday, July 11, 2017
4:00 – 6:00 p.m.

Q2 2017 Meeting Notes

Committee members present: Chairs: Abby Finis and Matt Kazinka. Members: Louis Alemayehu, Timothy DenHerder-Thomas, Trevor Drake, John Farrell, Kevin Lewis, Patty O'Keefe, Rebecca Olson, Julia Silvis, Jamez Staples, Shane Stennes, Billy Weber

Committee members excused: Timothy Gaetz

Guests: Chris Baker, Matthew Douglas-May, Alice Madden, Marcus Mills, Maddie Norgaard, Lee Samelson, Becky Timm

Planning Team/staff present: Sara Barrow, Bridget Dockter, Peter Ebnet, Robin Garwood, Patrick Hanlon, Luke Hollenkamp, Louis Mondale, Audrey Partridge, Yvonne Pfeifer, Brady Steigauf, Katie Jones Schmitt, Halston Sleets, Al Swintek, Marsha Wagner

1. Welcome and Introductions

Co-chair Matt Kazinka called the meeting of the Energy Vision Advisory Committee (EVAC) to order. Following introductions, Abby announced that Cameran Bailey has resigned from EVAC due to time constraints. He recently accepted a position as SolSmart Solar Advisor to the Metropolitan Council. The Planning Team is discussing next steps in finding a replacement.

2. Review and Approval of Agenda and Q1 Minutes

In Item 5, Tariff-Based Financing in Minnesota, the following parenthetical comment in the bottom paragraph on page 2 – (the utility cost of capital is the rate used by the PAYS model) – is inaccurate and will be stricken. In Item 6.b, Formation of Work Groups, Timothy DenHerder-Thomas is not a member of the Multifamily Housing Work Group. It was MOVED and SECONDED that the minutes, as amended, from March 27 (Q1 2017) be approved. Motion CARRIED.

3. Community Engagement Pilot Projects Update (PT/MRC/Neighborhood Hub)

Matt provided some background on the community engagement pilot projects and the selection process following release of the RFP. The two selected projects provided a mid-year report.

Minneapolis Renters Coalition (MRC)

Becky Timm, Executive Director, Nokomis East Neighborhood Association (NENA)
Becky began by offering her thanks to EVAC for the opportunity to do the pilot project, and to Planning Team members Bridget Dockter, Audrey Partridge and Kelly Muellman for their support. She also recognized and thanked Alice Madden from Community Power.

NENA worked with the Corcoran Neighborhood Association (Corcoran), Holland Neighborhood Improvement Association (Holland) and Community Power to create and submit the application for participation in the pilot project. NENA and Corcoran have a lot of experience working with renters and landlords, while Holland is relatively new to neighborhood engagement.

NENA has a total population of 14,000 with the largest number of rental units in its Bossen area, which has a population of 1,250; in the pilot project they focused on that neighborhood. The Met Council has referred to Bossen as a racially concentrated area of poverty with 93 percent of residents being apartment renters; 88 percent of those are of color. The population in Corcoran is 4,200, 39 percent of which are renters and 49 percent of color. Holland's population is 5,100, 58 percent of which are renters and 54 percent of color. In all of these neighborhoods 50 percent or more are cost-burdened renter households, which means they are paying a much higher percentage of their income on housing as opposed to other expenses, and their annual earnings are less than $40,000. Typical rental buildings are older duplexes primarily in Corcoran and Holland, and tri-plexes and four-plexes. Bossen also has two larger buildings, one being a 110 unit apartment building.

Their methodology includes quarterly project work plans by each neighborhood group on the outreach they will do with tenants and landlords. NENA's work plan will also include administration of the project, which is shared with the City and utilities. They hold monthly group meetings, providing cross-training, support and sharing of struggles and successes in peer-to-peer conversations. Organization staff members speak English and Spanish, and they have contracted with Somali outreach staff. Surveys are being done with landlords in English, and tenant surveys have been translated into three languages. Door knocking in Corcoran and Holland has been more challenging than expected because it is difficult to find people at home; it is easier in Bossen due to its higher concentration of renters. It is easier to connect with people at events, and all neighborhoods have either held or plan to hold events. A great incentive for starting conversations with people has been giving away free LED light bulbs provided by Xcel Energy; people are aware that they are more energy efficient but since they are also more expensive many cannot afford to buy them. An online data entry form has been created that survey givers can use for uploading results. Becky searches the data for trends that she shares during biweekly calls with the City and utilities. Staff in each neighborhood are encouraged to keep notes so their voices can be heard in the final report and data to be submitted to EVAC.

On program eligibility they found that only six buildings in the three neighborhoods qualify for the Low Income Rental Classification (LIRC), although many are still considered affordable. Four are newer buildings, two of which are located in Corcoran near light rail, and two in Bossen - 110 unit property and a 12 building townhome property. The first Bossen property completed the Multi-Family Energy Savings Program in 2016, and the property owner estimates that he saved $66,000 through the program by replacing refrigerators and air conditioning units. Since tenants pay for electricity in their units their utility costs are reduced. The second property went through an extensive remodel in 2015 financed through HUD which included energy efficiency improvements. The remaining buildings are all market rate. Those that are four units and under qualify for Home Energy

Squad visits and rebates; five-plus units qualify for the Multi-Family Building Efficiency Program and rebates.

On the engagement deliverables, MRC set goals for contacting buildings and completing surveys with landlords. These are much easier to accomplish than tenant surveys for a number of reasons, but primarily because the City publishes the phone numbers and email addresses of landlords. Here is the status – the first number is the goal:

Buildings Contacted:		Landlords Surveys:	
NENA:	20 (32 Completed*)	NENA:	10-12 (13 Completed)
Corcoran:	30 (16 Completed)	Corcoran:	12 (17 Completed)
Holland:	10 (3 Completed)	Holland:	5-7 (3 Completed)

* Talked to, engaged with or left at least four messages

Becky added that Holland has had more difficulty making connections with landlords since they are new to this sort of engagement. However, for NENA contact with the landlords has proven beneficial because not only are they able to engage with them on the survey, they can also take advantage of that connection to discuss their buildings, the Minneapolis Health Department's smoke-free initiative and resources, discuss recent crime issues, and introduce the new crime prevention specialist.

The larger properties (15+ units) have professional property managers or companies so only one property owner has been contacted. They have completed or indicated interest in energy efficiency and saving money and most indicated they will call for more information about the energy efficiency programs. Project partners will follow up with a second survey call in one to two months.

For the smaller properties (4 and under units), most property owners are also the property managers. They are very hands on; they do their own work, screen their tenants, and know them. Although they are not as informed as the professional property managers, most indicated on their surveys that "saving energy and money" is a high priority. However, they have not made significant changes nor indicated an interest in the energy efficiency programs. Several said they only make changes "if something is broken." In general, there's a lack of understanding of building energy efficiency; disinterest in investing in the property beyond operating costs; and lack of confidence in tenants and treatment of the residences. As an example, when asked if they have programmable thermostats in their apartments, a number of them said they do not because it would involve too much training, the tenants would not understand how to program it, or it would be misused potentially causing damage to the property.

Findings from the tenants' surveys, most or all of whom are low-income, indicate a range of demographics and ages. NENA has completed 49 of 150-200 surveys; Corcoran 12 of 125; and Holland 17 of 50. Tenants of duplexes and tri-plexes pay for their own electricity and gas; all others pay for electricity only. Most respondents already do some energy practices in their homes, i.e. turning off lights and unplugging chargers, but they do so because it is common sense and for fire prevention, not necessarily to save energy or money.

Tenants in duplexes and tri-plexes pay electricity and gas. All others pay electricity only. Most respondents already do some energy savings practices in their homes (i.e., turning off lights and unplugging chargers). It is "just common sense" and fire prevention. While 8 of the 78 respondents were familiar with the Home Energy Squad (HES), no one has had a HES visit. The majority are "somewhat and very interested" in LED/CFL lightbulbs, but there is no strong interest indicated for other energy efficiency program benefits (i.e. audit, aerators, programmable thermostats, etc). More than half of the respondents would be "interested in participating in an energy efficiency program," however it is doubtful if they can make changes in their apartments or can afford to make changes.

From July through September the project partners will continue door knocking and doing tenant surveys, hold events, conduct initial and follow-up surveys with landlords. At the end of that period they will provide an analysis and final report.

Neighborhood Hub (NH)

Akisha Everette, Executive Director of Neighborhood Hub, was not able to attend the meeting; Audrey Partridge provided an overview of their project and preliminary findings. The objective of NH's project is to identify barriers to participation in utility energy efficiency programs for residents (renters and homeowners) of the Folwell and Jordan neighborhoods, two adjacent neighborhoods in north Minneapolis. After receiving training from the utilities on their energy efficiency programs, NH worked with Bridget, Kelly and Audrey to develop a survey that has been provided at community resource events.

As of the end of May they had received 130 completed surveys. This number does not include surveys received at NH's Healthy Homes event in June, with over forty vendors and 200 attendees. NH staff has also conducted more in-depth interviews with one-on-one home visits through its Healthy Homes assessment program, and they have done some one-on-one interviews with walk-in clients who have come in looking for other resources.

The preliminary findings indicate a lack of awareness of energy efficiency programs offered by CenterPoint Energy and Xcel Energy. Residents who were surveyed are unaware of the criteria and eligibility requirements for various programs; utility marketing materials are not easily understood by all residents. NH has developed some possible strategies, including a focus on community education, using more social media and popular radio programming that reaches these neighborhoods, and using a train-the-trainer model to train a diverse pool of residents who can then educate others in their neighborhood about programs. Another specific opportunity would be to provide a class for first-time home buyers that would include a segment on utility programs that could be used when making home improvements.

The next step for NH is to provide a final report on or before August 31. It will include metrics about how many residents they reached, what events they attended, the materials they distributed, and the surveys and interviews completed. They will also provide an assessment of the community knowledge, interest and barriers for utility energy efficiency programs, the most effective ways to reach the community, common barriers to participation, and strategies for overcoming those barriers.

4. Review Survey Results, Discuss Priorities

Past and present EVAC members were surveyed about what they thought worked and did not work, what they liked and did not like, and what they would like to see moving forward for this group and future meetings. Generally they liked discussion topics that engaged the entire group. They did not like conversations that were too specific to certain people's interests. Their highest priority was getting updates from the Work Groups, but they were also interested in:

- Hearing reports from the Planning Team about City and utility programs that are relevant to Partnership activities
- Hearing presentations from subject matter experts
- Engaging in problem solving or brainstorming exercises around certain issues
- Learning about what other cities are doing to achieve energy reduction
- Learning about the changing utility business models
- Advanced technologies, i.e. district heating
- More conversation and less time listening to presentations

There was also an expressed interest in and considerable discussion about hearing directly from members of the community at EVAC meetings. Hearing their stories about energy use and reduction – the challenges they face, what they would like to see, what would work better – would help EVAC members stay grounded and true to their mission in ways that technical presentations cannot accomplish. It was decided that time would be allocated for personal testimonials at future EVAC meetings, and it was suggested that the pilot project survey respondents could be among those invited to attend and report on their experiences. EVAC members were asked to submit names of people to be considered for this purpose to the co-chairs at least one week prior to the Q3 EVAC meeting.

5. Work Group Purpose Statements and Updates

a. *Workforce Development – Patty O'Keefe*

The first meeting of the Workforce Development Work Group will be on July 31, with representation from the City, CenterPoint Energy, Xcel Energy, EVAC members and other workforce development professionals. At this meeting they will formalize and firm up the work group, getting a good understanding of who should be included, and get clarity on the purpose of the group and its top level goals. Patty added that Jamez Staples is on the work group as well. Additionally, Patty will attend an equitable green jobs convening sponsored by Climate Generation prior to July 31. Labor and energy related groups will be represented at the convening.

b. *Multi-Family – Billy Weber*

This group met to discuss what they were charged with doing and reviewed information gathered by Kelly on policy research by the City that had been conducted over the past 18 months. The research includes updates on policy that has been outlined for multi-family benchmarking and other activities. While information gathering continues, they will consider how to expand multi-family programs to serve naturally occurring affordable housing units and residents who fall between supportive/affordable housing and interested landlords. The work group will define their goal and create a timeline to achieve elimination of disproportionate energy cost burdens, and examine the tiered structure of the regulatory authority and rental licensure authority of the City to see how it can be leveraged. In conversations around funding, Patrick Hanlon, Environmental Initiatives Manager at the Minneapolis Health Department, suggested a potential program that would provide grant funding is a green housing cost share program modeled on the existing commercial program. Billy added that he and Rebecca Olson recently attended a presentation by United Renters for Justice and connected with the main organizer following the meeting; they will follow up on the grassroots work the organization is doing.

c. *Small Business – Trevor Drake*
This group reviewed preliminary findings from a scoping study conducted by GPI for the Saint Paul Area Chamber of Commerce on resources, challenges and solutions to small business energy efficiency in the metro area and discussed how they could be brought to Minneapolis and leveraged with resources that are already available to help owners of small businesses save money through energy efficiency. They discussed the Xcel Energy commercial refrigeration pilot in Minneapolis, targeting businesses with onsite refrigeration like grocery and convenience stores; an RFP for the pilot will be released by the end of July. The CEP Board made a Work Plan change that replaced original language for a city-wide small business energy efficiency initiative with the specific small business refrigeration pilot. The small business work group believes the program does not comprehensively cover the intent of the initial work plan initiative, so they are drafting new language that meets their needs. The group will also request to remove the monitoring of the Lake Street Project (which is now complete).

6. Funding Work Group

a. *Presentation/Memo Review – John Farrell*
Referencing the report that had been distributed to EVAC members prior to the meeting, John called out three key numbers that provide a useful frame for the work of this group: 75 percent of single and multi-family residences that the city wants to retrofit by 2025; $21 million that utilities are currently spending on an annual basis that can be leveraged by investments that can be made in Partnership activities; and $575 million is the amount natural gas and electric customers in the city are spending on an annual basis.

John then presented two key images that addressed the issue of equity underlying the recommendations of the Funding Work Group and also the goals of the City around the issue of cost burden, i.e. there is a much higher cost burden for low-income and people of color in Minneapolis. We not only need to expand the participation rate in energy savings programs but also do a better job of it being more representative of the population of the City.

The Work Group considered research compiled by Timothy DenHerder-Thomas from studies conducted by three groups: the American Council for an Energy Efficient Economy, the Rocky Mountain Institute, and the State of Minnesota, looking at energy savings potential ranging from 35 to 78 percent. Putting this into the context of the amount spent annually by Minneapolis natural gas and electric customers, achieving that percentage of savings would translate into a savings potential ranging from $217 to $427 million. To achieve the mid-range target of 50 percent energy savings, energy consumption would have to be reduced by 1.5 percent per year. Measured cumulatively, by the year 2050 the energy savings would be $280 million. Also by saving 1.5 percent per year, natural gas and electric greenhouse gas emissions would be reduced by approximately one percent per year.

b. *Recommendations*
The Funding Work Group recommends increasing the franchise fee by 0.5 percentage points for each of the three customer classes: residential (from 4.5 to 5 percent), commercial (from 5 to 5.5 percent), and industrial (from 3 to 3.5 percent). Based on the past four years of franchise fee collections, approximately two-thirds of which would come from the electricity side, anticipated total new revenue generation from a 0.5 percentage point franchise fee increase would be between $2.8 and $2.9 million. The impact to customers on average per month would be residential - $0.57, commercial - $7.16 and industrial - $195. The main difference between commercial and industrial is that industrial properties tend to be significant energy users, i.e. a large grocery store that has lighting and refrigeration. Programmatic initiatives could be introduced to help these entities cut their energy use. Looking at the residential franchise fee, Minneapolis bases its fee on consumption so residents can control how much they are paying. If they save energy then their franchise fee as well as their energy bill will be reduced. Comparing this to other cities, most of them have a fixed franchise fee which is usually higher.

While the Funding Work Group dealt with the issue of increased funding, it did not develop and is not recommending any specific programming. They did present several options on what the funding received from the increased franchise fee could be spent on:

- Expanding community engagement across the city to reach single family and multi-family residential priority areas identified by the Community Engagement Work Group
- Subsidizing energy assessments and providing accessible financing to single family residential customers
- Increasing capacity for CIP or other programs and expanding benchmarking to multi-family buildings
- Preserving naturally affordable housing
- For commercial customers, expanding the Green Business Cost Share Program, increasing assistance to benchmarking participants, subsidizing building efficiency study programs, and replicating the success of the Lake Street project conducting city-wide small businesses engagement

The Funding Work Group recommended that EVAC consider its proposal and pass the following motion to increase the franchise fee:

> "The Energy Vision Advisory Committee recommends that the Clean Energy Partnership Board support the City of Minneapolis in investing in activities that accelerate energy efficiency and renewable energy adoption by amending the ordinances that set franchise fee rates with CenterPoint Energy and Xcel Energy to increase the franchise fee rates by 0.5% in each customer class. This revenue shall be dedicated to the Clean Energy Partnership to facilitate energy savings by customers of all classes but particularly to

address equitable access to savings for all residents and businesses in Minneapolis regardless of race, socioeconomic status, or property ownership status."

If passed, the recommended timeline would be:

- July 25: CEP Board pass a motion in support of this proposal at its Q3 Meeting
- August 2017: Mayor Hodges include two items in her budget proposal to the City Council: franchise fee increases at EVAC's recommended levels and budgeted funding for activities reflecting EVAC's recommended priorities and spending levels
- December 2017: Minneapolis City Council approve a city budget that includes franchise fee increases at EVAC's recommended levels and budgeted funding for activities reflecting EVAC's recommended priorities and spending levels

In the ensuing discussion the following points were raised:

- Currently collected franchise fees go into the general fund. Some cities are now using portions of franchise fees as dedicated funding for energy efficiency activities or anchoring it to specific activities.
- Rather than using the increased funding to buy down home energy assessments, which is already being offered, it would make sense to put more resources into the projects resulting from the assessments. [Note: The Funding Work Group focused on increased funding, not specific programming or allocation of funds.]
- The overarching idea behind the franchise fee is that the Climate Action Plan (CAP) has ambitious goals that will never be met at the current rate of funding and action. Use of the term "fully fund" means accelerating programs and program utilization in ways that are not necessarily known today. It would make sense for EVAC to suggest a process or be involved in allocation of funds at the front end.
- Although equity goals for spending reflect a bias toward residential, the Funding Work Group set the franchise fee increase at a fixed 0.5 percentage points across the sectors to get maximum revenue from commercial and industrial. This increase was determined to be the best place to start without engaging in a political discussion.
- Use of funds to implement workforce development or training programs should be specifically mentioned in the recommended motion.
- If there has been discussion at the City level about existing resources and reallocating revenues from other areas to support CAP goals then that should be considered. At a Community Power mayoral forum Mayor Hodges stated she would be in support of a 0.5 percentage point franchise fee increase, and the process for guiding how programs are developed and expanded is currently being discussed with other policy makers.
- The Funding Work Group did look at other funding sources but determined that increasing the franchise fee would be more sustainable. Sustainability would be especially important in the event the Republican-held legislature made cuts in local government aid to cities.
- A flat increase in the franchise fee across all customer classes makes it a regressive fee, disproportionately burdensome to lower income residential customers who will be paying a bigger share of their limited income.

Following discussion, it was MOVED and SECONDED to approve the following amended motion:

> "The Energy Vision Advisory Committee recommends that the Clean Energy Partnership Board support the City of Minneapolis in meeting the goals of the Climate Action Plan and Energy Vision by supporting the City in amending the ordinances that set franchise fee rates with CenterPoint Energy and Xcel Energy to increase the franchise fee rates by 0.5% in each customer class. This revenue shall be dedicated to the Clean Energy Partnership to facilitate equitable access to energy efficiency, renewable energy, and workforce development in the energy sector for all residents and businesses in Minneapolis regardless of race, socioeconomic status, or property ownership status."

Motion CARRIED with 11 votes in favor and 2 abstentions.

7. Announcements

Announcements about a Renewable*Connect purchase for the city enterprise and a staff direction on 100% renewable electricity for the enterprise will be communicated to EVAC members by email.

The meeting was adjourned at 6:13 p.m.

This constitutes my understanding of items discussed and decisions reached.
If there are any omissions or discrepancies, please notify the author in writing.

Submitted by:
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