

**Minneapolis Clean Energy Partnership
ENERGY VISION ADVISORY COMMITTEE**

Minneapolis City Hall, Room 319

Thursday, November 30, 2017

5:00 – 7:00 p.m.

Q4 2017 Meeting Notes

Committee members present: Chairs: Abby Finis and Matt Kazinka. Members: Marcus Mills sitting in for Louis Alemayehu, Timothy DenHerder-Thomas, Trevor Drake, John Farrell, Patty O’Keefe, Isaac Smith sitting in for Rebecca Olson, Julia Silvis, Siri Simons, Jamez Staples, Shane Stennes, Billy Weber

Committee members excused: Timothy Gaetz, Kevin Lewis, Louis Alemayehu, Rebecca Olson

Guests: Robert Blake, Lee Samelson, Eric Immler, Sean Carroll, Michelle Wenderlich

Planning Team/staff present: Sara Barrow, Bridget Dockter, Robin Garwood, Patrick Hanlon, Luke Hollenkamp, Louis Mondale, Kelly Muellman, Heidi Ritchie, Nuria Rivera-Vandermyde, Halston Sleets, Al Swintek, and Marsha Wagner

1. Welcome and Introductions

Co-chair Abby Finis called the meeting of the Energy Vision Advisory Committee (EVAC) to order.

2. Review and Approval of Agenda and Q3 Minutes

There being no changes to the agenda or Q3 minutes, it was MOVED and SECONDED that the agenda for today’s meeting and minutes from September 26 (Q3 2017) be approved. Motion CARRIED.

3. 2018 Board Member Update

Luke Hollenkamp reported that subsequent to the recent municipal elections some members of the Clean Energy Partnership (CEP) Board will change. Mayor-elect Jacob Frey will be joining the Board, City Coordinator Spencer Cronk remains on the Board, and two new City Council members will be appointed during the City Council’s committee making process in early January. Heidi Ritchie, Council Member Frey’s policy aide, was in attendance at this meeting and said they were looking forward to assuming their new roles in the mayor’s office.

4. Community Voices

Two community members were invited to the meeting, each of them given a time limit of five minutes followed by Q&A if time allowed. EVAC members will be surveyed by email following the meeting to determine if they want to continue this as a standard agenda item.

- Eric Immler: Eric was asked by Holland Neighborhood Improvement Association (Holland) to be one of the outreach organizers for the energy efficiency pilot project done in conjunction with Nokomis East Neighborhood Association (NENA) and Corcoran

Neighborhood Association (Corcoran). The goal was to engage tenants and landlords around the condition of their buildings and the effectiveness of current energy efficiency utility programs. Holland has mostly renters, 56 percent of which are people of color and 30 percent consider English as a second language. The engagement primarily included having face-to-face conversations with community members.

Providing some background context, Eric said that several years ago he spent three seasons as a contractor enlisting renters to have Home Energy Squad (HES) visits. Comparing that experience with this one, working as part of a community organization, he said the interaction was much more relaxed and conversational. Awareness levels about utility energy efficiency programs were low. Only 28 percent of the people they spoke with across all three neighborhoods had heard about HES, the only program tenants can initiate for energy efficiency, and only 11 percent knew what HES did. In the Holland neighborhood, Eric said he engaged about fifty tenants and estimates that fewer than five had implemented it. He added a caveat that he was in a lot of multi-family buildings, and imagined that results might have been different in one-to-four unit buildings. One barrier they found was difficulty getting printed conservation program material that was translated into Spanish, Somali and Hmong.

- Robert Blake: Robert is a Red Lake tribal member, and got involved when a renovation project of the American Indian Center (AIC) on Franklin Avenue started to consider putting a solar array on top of the new roof. There have been discussions about using this (renewable energy) as a springboard to provide training or an enhanced cultural component for individuals at Little Earth who are struggling with addiction or in the STEM program, and providing an energy source to residents of Little Earth.

The size of the solar array is still being explored. In other Native American communities where solar has been added it became a community experience, providing training and job opportunities, and in one case resulting in lower incarceration rates among the population. Some funding might be available from the arsenic cleanup along Hiawatha Avenue that is earmarked for environmental purposes and job training.

5. Update on 100% Renewable Electricity Resolution

Matt provided the update that in September CM Frey introduced a resolution proposing a goal of 100 percent renewable electricity for city enterprise by 2022. Staff consulted with Community Environmental Advisory Commission (CEAC) prior to its introduction. The EVAC co-chairs had a chance to review it shortly before its introduction and communicated that EVAC members would like to have the opportunity to offer feedback. Abby and Matt sent a letter to the CEP Board to that effect. In January EVAC will schedule a two-hour meeting of interested members and other organizations to further review and discuss the proposal. They will report back to the larger EVAC group at its Q1 2018 meeting so they can vote on whether to support or recommend further amendments to the resolution.

At the November 17 City Council meeting the resolution was postponed until March when it will go before a Ways & Means Committee meeting. The reason for postponing a vote was that the city council committee structure and members will not be established until January 2018. The

resolution was co-authored by the entire city council since CM Frey will no longer be a council member at that time. Staff was directed at the November 17 meeting to create a formal agenda item at the next CEP Board meeting for feedback on the resolution. Any change to the resolution would need to be made in the form of an amendment.

There is staff expertise in the city that should be relied on to establish what is feasible and how it will be accomplished. It would be helpful to identify and clarify what the advisory role means for EVAC, CEP, and CEAC. New CEP Board members coming on in January presents an opportunity to get their viewpoints on process as well.

6. Work Group Updates

a. Multi-Family – Billy Weber

CPED is interested in developing a program for unsubsidized affordable housing that would include an energy efficiency component. The next step is for city staff to meet with members of this Work Group to discuss ways that the funding gap could be filled, i.e. city mechanisms like a trust fund or franchise fee if that is passed. A small pilot is under consideration, targeting larger (30 unit) buildings in neighborhoods that are vulnerable to marketplace takeovers which could result in increased rents. Energy efficiency would be an enticement and part of a package included with housing preservation.

The Multi-Family Work Group made an information request to the utilities on the Multifamily Building Energy program. The utilities responded that the information currently available is limited. CenterPoint Energy recently provided additional information that the Work Group has not yet had a chance to review.

b. Workforce Development – Patty O’Keefe

On December 15 Renewable Energy Partners (REP), an organization founded by Jamez Staples, will close on a property in north Minneapolis that will be used as a vocational training facility. It will be an important part of the workforce development conversation moving forward. In early 2018 this Work Group will convene a meeting to discuss the vision and future of that facility, along with allocating funding for workforce development from the proposed franchise fee increase.

c. Small Business – Trevor Drake

Their goal is to build out a citywide initiative that would advance small business energy efficiency and renewable energy by engaging local business development and neighborhood organizations. There are three avenues for moving that forward: (1) the franchise fee could provide funding for the model, (2) discussions have been held with Xcel Energy about a pilot project that would gather data about the cost-effectiveness of place-based outreach, and (3) the Institute for Market Transformation (IMT), a nonprofit organization in Washington, D.C., has some ideas about what could be done locally. IMT has done similar work in Cleveland and is currently working with the City of Saint Paul on its City Energy Project.

7. Franchise Fee Increase Update and Discussion

Abby said that as the proposed franchise fee increase moves through the budget process EVAC wants to ensure it is moving in a way that expands on or creates new programs that meet the goals laid out in the Climate Action Plan (CAP) as intended by the Funding Work Group and EVAC. To date, the proposed franchise fee increase has been presented to residents and businesses via community information sessions; and also to the Health, Environment & Community Engagement (HECE) committee.

a. Update on Process – Halston Sleets

Mayor Hodges' proposed 2018 budget accounts for a half percentage point (0.5%) increase to the electricity and gas utility franchise fees. If the ordinance change is adopted collection will begin in Spring 2018. A pro-rated \$2.2 million is expected to be collected in its initial year, and an expected \$2.8 million in 2019 and beyond with full yearly collection.

Franchise fees and general fund revenues are not dedicated to specific purposes. However, they may be associated with certain activities. Presuming that the franchise fee increase will be approved, clean energy items in the Mayor's 2018 proposed budget include:

- \$272,000 to the Green Business Cost Share Program, which will now be ongoing funding. Historically this program has been funded with one-time funding.
- \$74,000 to initiate a multifamily building energy benchmarking program in the Health Department.
- \$190,000 to support the CEP, Green Zone initiative, Homegrown Minneapolis initiative, and other Sustainability office programming. This will be ongoing funding.
- Approximately \$300,000 to support current staff levels in the city's Sustainability office.
- The budget currently assumes that a maximum of \$375,000 would be used to offset the ongoing annual cost associated with the City's contract with Xcel Energy for the Renewable*Connect (R*C) program, with the possibility of financial contributions from the Minneapolis Convention Center and the water treatment facility.
- An estimated \$1.0 to \$1.2 million in 2018 would be set aside for CEP recommendations to the City for the use of those funds; these numbers are estimates for 2018 and beyond, and are dependent on how the City funds the R*C contract.

EVAC members had a number of clarifying questions, comments and concerns about the franchise fee process, particularly the clean energy items included in the proposed 2018 budget. The ensuing discussion included the following:

- Programs on Slide 4 now are proposed as receiving ongoing funding came from the general fund, where they previously had used one-time funding. The only new initiative is the multifamily building energy benchmarking program with the Health Department, and while the Green Zone initiative was passed it had not funded. Nuria clarified that one-time funding means that funds had to be requested each year for whatever components were proposed within these programs, which could have changed from year to year.

- Staff levels in the City’s Sustainability office are maintained through existing general funds. While it does not seem to make sense to replace existing committed funding with funds from the franchise fee increase, these staff positions have been at risk of being cut in previous budget discussions and this helps solidify this staffing level.
- The City’s connection with the R*C program was discussed at length. The City has signed a five-year R*C contract with Xcel Energy for 17.8 million kWh, and has expressed an interest for an additional 50 million kWh. A petition has been submitted to the Public Utilities Commission to allow that additional amount; if approved the City would still need to negotiate and sign another five- to ten-year contract. Some EVAC members disagreed with using franchise fee funds to pay for R*C. [For clarification on this topic, Luke offered to send a link to a recent report on 100% renewable electricity for municipal operations given by Brian Millberg to HECE.]
- When asked if the funds generated by the increase in the franchise fee would go specifically to the clean energy items enumerated, Heidi clarified that the budget has not yet been approved and at any point during budget markup any council member could introduce an amendment to fulfill funding needs of a particular project in their ward. While that is not likely to happen, Council Member Cam Gordon passed a nonbinding resolution stating the intent to designate funds from the franchise fee increase to clean energy items. All money collected, including franchise fees, goes into the general fund until it is allocated via amendment or proposal in the budget process.
- If the franchise fee increase does not pass, all of the clean energy items that have been presented at this meeting will go away unless they are funded by other means.
- Regarding allocation of this funding, EVAC members said it would be a harder sell to say that the franchise fee is being increased to fund things that are already being paid for—i.e. policy development, staffing, and administration—versus programs, outreach/engagement and incentives that would help rate-payers save money on their utility bills.
- When asked if Mayor-elect Frey would be amenable to supporting the allocations proposed in Mayor Hodges’ budget, Heidi said that in a meeting with Matt and Abby he had expressed that he agreed with these sentiments.
- Patrick Hanlon offered a clarification on the \$272,000 allocation to the Green Business Cost Share Program. In the past this program has been combined with pollution reduction in the budget, and extra funds have been brought in through pollution control fees bringing in a total amount approaching \$350,000. Pollution work includes things like air quality monitoring, tank removal, and environmental education, so not all of these funds are being used specifically for energy work.

At the conclusion of this portion of the meeting, Abby offered her thanks to Halston for her assistance to EVAC and wished her well in her future endeavors.

b. Vote on Statement Regarding Budget Allocation Concerns

Abby and Matt drafted a statement to the CEP Board regarding the budget approval discussion, reiterating EVAC’s support for how it would like to see the funds allocated and spent. Other groups (CEAC, Sierra Club) have expressed an interest in adding their support to this statement. EVAC members suggested several amendments or additions to

the language. Given the timeliness of finalizing the statement, rather than vote on each specific change Matt called for a vote empowering and authorizing Abby and Matt to work with Luke to revise the document. It was MOVED and SECONDED that the statement be revised with the slate of amendments as discussed, then be sent to city council members and other relevant parties. Motion CARRIED.

c. Small Group Discussion on Potential Franchise Fee Funds

There was not adequate time to break into small groups for discussion. Luke described the timeline for deciding how the additional funds would be spent. After the ordinance change is approved, and the amount of available funding is known, EVAC will be re-engaged to take part in that discussion in Q1 2018. Luke suggested that the best way to start the discussion would be with the Funding Work Group, and they would bring their ideas to the larger group at the Q1 2018 meeting. The CEP Board will also have input into the discussion, engaging new CEP board members and their aides.

Without knowing the exact dollar amount available, the following question was posed to EVAC members: “What ratio does EVAC support for policy development, staffing, and administration versus programs, outreach/engagement and incentives?” Although a vote was not taken, the few EVAC members who spoke generally stated that they would rather see more money going toward efforts benefitting rate payers, with little going toward policy development, staffing and administration. One offered exception to this principle would be developing policies (in addition to better programs) that will allow for more effective use of direct incentives.

Bridget Dockter cautioned that the franchise fees paid by CenterPoint Energy will fluctuate, while Xcel Energy’s fees will remain somewhat more stable. Luke said the budget allows for fluctuations, and funding would not be tied directly to franchise fees paid.

John agreed to host at least one Funding Work Group meeting in January 2018. New Board members, aides and staff will be included in that conversation. EVAC members interested in contributing on this topic were invited to attend Funding Work Group meeting(s).

d. Next Steps and Advocacy Opportunities

- The next steps in this process are:
 - December 4 – Public Hearing for the franchise fee increase
 - December 6 – 2018 budget adoption
 - December 8 – Vote to adopt the ordinance change
- EVAC members interested in advocating for or talking to city council members should contact John Farrell, Timothy DenHerder-Thomas or Marcus Mills, who are coordinating this effort.

8. Announcements and Wrap-Up

a. *Update on Work Plan Criteria and Guidelines*

There was a discussion at the Q4 2017 CEP Board meeting regarding work plan activity criteria and guidelines. Consensus was not reached and unanswered questions remain but they are moving closer to identifying these criteria and guidelines. As was brought up by EVAC members in thinking ahead to the next work plan, once these have been defined we can begin to think about the process and come up with ideas for how it can evolve. Luke invited EVAC members to read the minutes of the Q4 2017 CEP Board meeting for more details regarding the Board's conversation.

Bridget added that she, Al and Luke are working behind the scenes to further the document along. One outlier is the result of the recent election, so new players might change the dialogue once the Q1 2018 CEP Board meeting takes place.

- b. *Community Engagement Pilots final reports to be posted online.* EVAC members are encouraged to read the reports and think of how they can learn from this work and apply it to future efforts.
- c. *Happy Hour holiday social on December 20, 5:00-6:30, location tbd.* Anyone with ideas for where it could be held in or near downtown Minneapolis were invited to send them to EVAC co-chairs.
- d. *City Building.* Billy announced that City Building was holding its first public meeting on Monday, December 11, at 5:00. The location is Mill City. Both design firms will be presenting, followed by time for Q&A. Billy will send the meeting notice to EVAC members.
- e. *Funding.* John said that a grant application was submitted to the Minnesota Department of Commerce to investigate a different method of financing that does not involve loan-based financing for energy efficiency projects. That grant was denied, but the McKnight Foundation said they would be willing to contribute some funds toward it. John would like to see a recommendation made of the CEP Board that they look into sources of funding that would match McKnight funds for the purpose of conducting that study. The amount needed for the feasibility study is \$55,000.
- f. *Meeting schedule.* It was requested that the date for the Q1 2018 EVAC meeting be determined and communicated to EVAC members as quickly as possible.

The meeting was adjourned at 7:03 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:

Marsha Wagner, CastleVisions

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