

BOARD OF ALDERMEN

ITEM NO. C(5)

AGENDA ITEM ABSTRACT

MEETING DATE: November 13th, 2012

SUBJECT: RECOMMENDATIONS FOR CHANGES TO CARRBORO WISE PROGRAM DESIGN

DEPARTMENT: PLANNING/TOWN MANAGER	PUBLIC HEARING: NO
ATTACHMENTS: A – Resolution B- Staff Memo	FOR INFORMATION CONTACT: Randy Dodd (918-7326) Matt Efird (918-7314) Trish McGuire (918-7327)

PURPOSE

The purpose of this memo is to provide information about proposed programmatic changes to the Carrboro WISE (Worthwhile Investments Save Energy) energy efficiency incentive program. These changes would impact both the single-family residential and the multifamily pilot programs.

INFORMATION

Based on feedback from the Board of Aldermen at the September 4th, 2012 meeting, as well as changes made in the Chapel Hill WISE Program, Town Staff and WISE Program staff researched several possible program changes to the Carrboro WISE Program. The changes that have been explored are as follows:

- 1) Adding a rent restriction to any multifamily projects that receive WISE incentive funds.
 - a. *The Town Attorney has advised that, based on interpretation of statute G.S. 42-14.1, the Town is restricted from enacting a rent control condition on a dwelling that participates in the WISE program.*
- 2) Expansion of the program to accept single-family rental properties.
 - a. *The need to expend SEEA grant funds by May 2013, coupled with the high percentage of non-owner occupied housing in Carrboro means that the expansion of the WISE program to include single-family rental units would facilitate increased program participation and help the program complete more projects by the end of the grant performance period, ultimately helping more Carrboro residents save energy and reduce their impact on the local environment.*
- 3) Expansion of the program to homes outside the municipal limits, in the Planning Jurisdiction of the Town.
 - a. *The WISE program has received multiple inquiries about WISE eligibility from homeowners in Carrboro's Planning Jurisdiction since the Chapel Hill WISE Program expanded to serve Chapel Hill's Planning Jurisdiction. Expansion of the WISE program to the Planning Jurisdiction could mean increased program participation, however the Town Attorney's interpretation of state law indicates that the Town does not have the authority to expand the program outside of the Town's corporate limits.*

- 4) An increase in the incentive level from \$1500 to \$2000 per home and fully funded energy assessments for properties that move forward to increase participation in the program. (total incentive per home would be \$2350)
 - a. *By increasing the maximum incentive per home to \$2000, participation in the program should increase and more homes that receive assessments should move forward to complete retrofits. Additionally, if the assessment subsidy is increased to \$350 for homes that move forward with work, the barriers to program entry are further reduced. Furthermore, by increasing the single-family project subsidy and assessment subsidy to \$2000 and \$350 (for completed projects only), the incentive is in line with Chapel Hill WISE incentive levels. The timing for the potential incentive increase is advantageous as Duke Energy just released an additional incentive of up to \$425 for air sealing and insulation for North Carolina customers. This incentive combined with the increased WISE incentive of \$2350 and the existing HVAC incentives means that homeowners could receive over \$3000 for their WISE qualifying project.*
- 5) A reallocation of the current budget to provide additional funds for program administration and marketing.
 - a. *Carrboro WISE started with a small administrative budget for the program of less than 10% of the total grant funds. Originally this would have been sufficient for administration of the commercial EERLF program, but as the program has expanded into single-family residential and multifamily projects without expanding the administrative budget, the program must reallocate some additional funds to project administration to provide funds for the remainder of the grant period. Staff recommends re-allocating funding from the Residential Project Subsidy and QA/QC line items to the administration, audit subsidy, and marketing line items. Approximately 15-18K of the proposed 20K marketing budget would be allocated for the grassroots training and outreach partner. The project will work with local community groups, neighborhood associations, university students, and/or faith based organizations to hold workshops around low-cost/ no-cost energy efficiency measures. These workshops will be “train the trainer” type workshops to mobilize people in the community to continue to work with their neighbors and community members to train and educate people around energy efficiency and its benefits. NOTE: The budget reallocation needs to be approved by SEEA before official changes can be made. However, due to the tight timeline of the grant and the Board of Aldermen’s meeting schedule it is beneficial to have Board approval and then submit to SEEA for final acceptance. Additionally, it will facilitate a timely decision by SEEA if the approval is already in place.*

<u>Account</u>	<u>Starting Budget</u>	<u>Remaining Funds</u>	<u>Proposed Change</u>	<u>Re-Allocated Funds</u>
Program Management	\$ 33,000	\$ (1,755)	\$ 22,000	\$ 20,245
Commercial EERLF	\$ 100,000	\$ 21,000	\$ -	\$ 21,000
Residential Project Subsidy	\$ 160,650	\$ 117,950	\$ (36,950)	\$ 81,000
Audit Subsidy	\$ 24,750	\$ 20,580	\$ 3,520	\$ 24,100
QA/QC	\$ 12,500	\$ 12,075	\$ (6,070)	\$ 6,005
Marketing	\$ 5,000	\$ 2,500	\$ 20,000	\$ 22,500
SEEA G&A Fee	\$ 7,000	\$ 7,000	\$ -	\$ 7,000
	\$ 342,900	\$ 179,350		\$ 179,350

The budget above includes Town funds added to the Commercial EERLF and Program Management line items.

FISCAL AND STAFF IMPACT

None. The recommended changes to the WISE Program budget are budget neutral, but allowing for additional administrative expenses will increase the availability for CESI staff to continue working on the program.

RECOMMENDATION

Staff recommends that the Board of Aldermen consider the information presented and approve expanding the Carrboro WISE Program to include non-owner occupied single-family housing; increase the residential retrofit incentive and audit subsidy; and modify the program budget.