

**GREEN MADISON PROGRAM UPDATE**  
**\$7.2 MILLION AWARD- May, 2010**  
**June 28, 2011**

**Program Overview**

The City of Madison received its allocation of the \$20 million DOE Better Building Competitive grant May, 2010. Madison's allocation of the \$20 million was \$7.2 million. This three year grant was awarded to Wisconsin Energy Conservation Corporation (WECC) as program administrator along with its partners Madison, Milwaukee and Racine. The Green Madison Program grant is part of the American Recovery and Reinvestment Act (ARRA) of 2009. The partnership of the City of Madison, Racine, Milwaukee and WECC is one of twenty-five communities nationally selected for this DOE competitive pilot grant.

This ARRA stimulus grant provides needed economic development capital for the greater Madison community. Part of Wisconsin's Better Buildings grant program includes helping residential and business customers in the Madison community make energy efficiency upgrades to their homes and businesses. Eligible participants must reside in the City of Madison.

The grant's program objectives are to reduce energy cost and usage, stimulate job creation and retention and reduce green house gas emissions with measureable results. Specific program goals relating to energy savings will depend on the number of and types of energy efficiency projects undertaken by participants. The GREEN MADISON program goals are:

- Maintain a "zero" dollar impact to City Operations Budget
- Retrofit 4,500 residential homes
- Retrofit and upgrade 109 commercial facilities
- Establish a sustainable community energy efficiency program
- Provide an education component to the programs delivery accomplishments

The aim of the financial program component is to leverage private capital for both residential and commercial energy efficiency gains and, secondarily, get community members motivated to promote the program. Use of grant funds utilizing a Loan Loss Reserve (LLR) Model was to provide incentives for lower interest rates and better loan terms to stimulate local private sector financial institutions investments at a minimum leveraging ratio of 5:1.

Program funding to date includes:

- DOE grant awarded \$7.2 million, three year term,
- Leveraging LLR \$1.5 million @ 20:1 equals \$30 million lending capacity for Summit residential loan fund (\$1-\$15,000 loan max),
- Leveraging LLR \$100,000 @ 20:1 equals \$2 million lending capacity for Summit Small Scale Commercial Loan (\$5-\$20,000 max loan). Summit offers to make available working capital loans for qualified contactors,
- Utilizing Cash Collateral Account Loan Model leveraging LLR \$800,000 @5:1 equals \$4 million lending capacity,
- DOE allows 20% of total residential loan funds for renewable (\$6 million) projects,
- Leveraging existing City energy efficiency program offerings increasing loan capacity (see city of Madison attached programs support document),
- FOE Lead Referral fee (\$75/energy audit completed) paid to GREEN MADISON program,
- PACE COMMERCIAL financial product is still under assessment for application in the Madison market (flow chart of loan process copy attached).

There are no income limitations for the residential program and use of Energy Advocates is optional but strongly advised. Program requirements include:

- Weatherization projects must be done “FIRST” before funding used for renewable allowance,
- Participants must be a Madison property owner,
- Residential participants must occupy the home,
- Completion of energy assessment (audit),
- Applicants for a residential loan or small business loan and other commercial loans must meet their financial institutions loan requirements,
- All Focus on Energy rebates is available to participants completing an energy assessment (audit) and using a FOE qualified contractor and Energy Consultant.

### **Program Staff Structure**

The city of Madison has hired 5 staff to administrate, pursue grants, develop and deliver the GREEN MADISON program. Staff will be responsible for the program functions of sales, marketing, project management and deal development, Website maintenance, customer services, community outreach engagements and pr State and federal

government weatherization program changes are now occurring. The Energy Advocate positions (4) are employees of WECC and are responsible for residential contact.

WECC for the past ten years has been responsible for statewide administration of the Focus on Energy (FOE) marketing and rebate residential and commercial programs. In April, 2011, Shaw International a fortune 500 company was selected by the WI Public Service Commission replacing WECC as the FOE statewide administrator. WECC will retain the implementation function for FOE administration through September, 2011. Shaw is currently growing its FOE support staff in the Madison area. City staff is currently scheduling a meeting with Shaw International representatives to introduce the GREEN MADISON program and assess potential program changes that may occur.

Recently Shaw International has given notice to FOE contractors to “close” the Targeted Home Performance Program for low to moderate income home owners. Also the federal government stimulus funding for low income weatherization programs is being rolled back to prior year funding levels and not increased as initially anticipated.

### **Marketing, Education and Outreach**

GREEN MADISON will experiment with outreach models, using a collaborative and targeted marketing approach. We are currently getting program assistance from City agencies, MG&E, Realty Groups, Neighborhood Associations and local affinity groups. For example the Madison Water Utility is doing “billing stuffers” to assist with program advertising and the City Assessor’s Office is hanging door hangers and speaking with individuals as they visit properties. The program is also using City of Madison Assessor’s Office data that will help to identify property that would greatly benefit from retrofits based on the age of the property.

Marketing of the program is being accelerated utilizing Billboards, newspaper articles being done, advertisements, yard posters, articles in neighborhood news, Website articles developed, radio spots, organizations and event presentations. Program offerings will continue to evolve to help increase education and market penetration. Outreach strategies will include working with CPA firms, trade allies, contractors, realtors and property management firms including city Neighborhood Associations (business and residential).

Branding has been established with program logo and Website and will be used in communications with customers and stakeholders across the City of Madison. The branding will be used throughout the various elements of the public awareness campaign.

Social marketing will be used to target behavior change and will be done using Facebook, Twitter, LinkedIn to create “buzz” for peer to peer awareness of the GREEN MADISON program offerings. This awareness will hopefully facilitate energy efficiency behavior change in habits and compatible buying decisions.

Education tools, one to one engagements (Energy Advocates) and marketing collateral will be utilized to aid homeowners and business owners in understanding their energy consumption and increase participation in the program to better understand potential solutions that are available. Additional educational efforts will be provided through the Website, public meetings, public schools, apartment and neighborhood association newsletters, home and business visits, affinity group events, local print media, and community events.

Program marketing outreach includes marketing to our City’s diverse population. Marketing collateral has been produced in Hmong and Spanish dialect. Staff recently appeared on the local Spanish radio station La Movida (1480 am). Scheduled meetings with both the Latino and African American Chamber organizations are underway.

Commercial and industrial sector marketing is in the final stages of design for engagement. In addition, the City of Madison has various loan programs in place that target commercial investments in neighborhoods. The local economy and existing loan programs and business support organizations together play a critical role in helping to market the benefits of participating in the GREEN MADISON program.

Commercial sector market research is underway to improve our targeted marketing strategies. Currently we have completed surveys of property owners and management firms holding large square footage of facilities. Another survey is being undertaken by Sustain Dane. Both surveys are to assess the property owner’s interest in financial products that would be of interest to them for completing energy retrofits.

## **Workforce Development**

In order for the GREEN MADISON program to achieve its “triple bottom line” goals—promoting energy efficiency retrofit projects using private sector financing supported by ARRA funding, creating jobs for local workers and reducing green house gas emissions, developing green jobs workforce initiatives will be critical for helping to improve the local employment opportunities. The GREEN MADISON Program is designed to foster workforce standards and benefits to increase employment opportunities for historically disadvantaged or underrepresented groups.

The Community Development Division has allocated a portion of its previously awarded DOE Formula grant to the Urban League of Greater Madison and its partners to pilot a weatherization Education/Training Program to engage local unemployed and underemployed individuals to obtain training of green jobs skills required for entry into the new and emerging energy efficiency job market. The CDD program staff is actively involved with the Workforce Development Board of South Central Wisconsin's SAGE TEAM (Sector Alliance for the Green Economy) initiative. This group is made up of representatives from MATC, building trades, job centers, MG&E, DWD and contractors.

### **Program Performance**

The Residential program is making progress since its launch in late March, 2011. To date the program has reached a residential "lead" list of 317 households, with 149 homes owners receiving free walk through assessments by Energy Advocates in the first three months with limited marketing collateral deployed. The Energy Consultants (auditors) completed 44 home performances with "Energy Star" inspections which cost the homeowner \$400/assessment with \$100 instant rebate from GREEN MADISON.

Program performance will increase due to increase marketing and advertising which began June 1<sup>st</sup>. WECC has hired an Energy Advocate Supervisor for the Madison and this individual is bi-lingual in Spanish. Performance sales goals are being raised and metrics are being developed to help improve sales closure rates at each critical stage in each market segment. Program performance metrics will also help to identify training needs of staff and adjust marketing strategies to increase "deal" growth. Staff has completed fifteen neighborhood presentations to date and scheduling more.

The commercial program marketing collateral, sell sheets and financial agreement documents are being finalized. Staff is starting to make outreach contacts and commercial advertisements will start to appear in local media in July, 2011. Underway is the identification of speaking with business organizations, large property owners, targeting underground parking lights projects, elevators using variable speed drive components, condominiums and hotels and motels that are high energy users.

A program budget review is currently underway for the GREEN MADISON program financial sustainability with City Controller's Office for program revenue design and expense support projections. A high level program budget objective is to maintain a "zero" budget impact to City budget operations, developing program funding strategies to support and generate future program revenue for years beyond the three year grant period.

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