

Howard County Energy Task Force

Tuesday, *March 1st*, 2016

8 a.m. to 10 a.m.

Howard Building: Columbia and Ellicott City Rooms

Attendance:

Task Force Members		Present
Kenneth	Boras	X
Randy	Clayton	X
Richard	Deutschman	
Steve	Estomin	X
Karen	Galindo-White	X
Abdul	Majid	X
Bob	Marietta	X
I. Katherine	McGruder	
Allan	Moss	
Daryl	Paunil	X
Janice	Romanosky	X
Jeremy	Scharfenberg	X
Rizwan	Siddiqi	X
Gary	Skulnik	
R. Daniel	Wallace	X
Orien	Dalton	X
Ed	Wilson	X
Guests		
Phil	Nichols	
Laura A.T.	Miller	X
Stuart	Kaplow	X
Mark	Thompson	X

Introduction:

Meeting called to order at 8:05 AM. Review of meeting agenda.

Guest Speaker: Stuart Kaplow on PACE

Review Subcommittee Goals and Objectives

Rizwan – Requested a volunteer to take minutes. Randy Clayton agreed and recorded minutes.

Stuart Kaplow, Kaplow Attorneys at Law presented to the committee on the PACE program, with emphasis on how Howard County can improve from a current “C” program to an “A” program. Much is misunderstood about PACE.

- It is off-book financing (does not affect debt ratio) that can be used to fund new construction, considering the energy savings dollars related to exceeding what is required by building code.
- The program requires lenders to be involved.
- Collection of payment for PACE is done through tax bill. There is no “lien”, but it is low risk for the lenders since payment is collected by the Government. PACE repayment is placed ahead of mortgage holders, and must be repaid in the event of a tax lien sale.

There are many differences between East Coast and West Coast programs, and many of the East Coast programs are in their infancy. Stuart’s team has supported many projects in CA and AZ. There are no PACE projects yet in Maryland.

Sustainability and Green Buildings makes good business sense, in addition to improving the environment, and programs can be both a Business Drive and a Jobs Driver.

Mr. Kaplow circulated two handouts:

- 1) A Quick Comparison of Property Assessed Clean Energy (PACE) Programs in Maryland
- 2) Green Building Law Update: Environmental Law and Sustainability for Business

Problems exist with regards to PACE and support for existing buildings, and Howard County should consider addressing these problems to promote more effective use of the PACE program.

The #1 cost factor for a building is HVAC. With PACE, there are opportunities for creative financing for new construction. Mr. Kaplow gave examples of such projects, including one where the envelope was changed to a ceramic material that yielded energy savings, with the savings being applied to finance HVAC equipment under PACE.

There was an exchange of questions with Mr. Kaplow and committee members regarding several program scenarios.

Mr. Kaplow posed two questions to the committee:

- 1) Should Howard County support Lease-Hold deals
- 2) Can we simplify the process and keep the code broad, so as to capture more PACE opportunities?

Mr. Kaplow suggested that the committee should influence the program as it is enacted. As an example, Mr. Kaplow suggested that Howard County should support Senate Bill 173 to remove the limitation of PACE financing for projects that have 100KW or more of photovoltaics.

Howard County program is limited to commercial projects. This should be considered to be amended to include residential.

From handout #1 (above), Mr. Kaplow addressed the following:

- Energy Audit: Why require an audit with PACE when an audit is required with Permit?
- Recording Instrument: Can we remove the recording requirement? The tax reduces benefit.
- Timing of Surcharge: Remove the “Lien” language, make collectable on day title transfers
- Administration: Howard County should not necessarily take over administration. Third party may be a cost effective approach.

Mr. Kaplow presented five (5) ideas for the committee to consider:

- 1) Authorize Tax Credit to apply to existing buildings (consider copying the Montgomery County program)
- 2) Howard County should allow support for programs other than LEED (e.g. Enterprise Program). The Enterprise program is used successfully elsewhere, but not in Howard County where it was created.
- 3) Howard County should take advantage of the 179D deduction. Even though government bills don't pay tax, the deduction can be assigned to reduce project costs. And by doing so, the County sets an example for the private sector to start taking advantage of the program.
- 4) Solar Panels are Impervious by Law in MD: Parking lots with Solar Panels don't have to deal with tax issues related to storm water management. Take advantage of this law.
- 5) Gray water use is no longer outlawed in Howard County, but it is not widely adopted. Gray water use should be used and supported more in the County. This will reduce energy consumption related to potable water. The County should offer incentives for gray water use.

Mr. Kaplow suggested that a good way to get deals going is to make the process simple. Montgomery County has chosen a preferred lender (Greenworks), which uses standard forms to streamline the process. Howard County should consider this type of approach.

Mr. Kaplow concluded by stating that the Howard County program kicks off June 1, 2016, and the committee should work to see that the date is met.

Subcommittee Updates:

Karen Galindo-White provided an update of the Energy Management Subcommittee. Goals and Objectives were distributed reviewed. The next meeting for the subcommittee is being scheduled.

Jeremy Scharfenberg provided an update of the Workforce and Green Jobs Subcommittee. Goals and Objectives were posted and reviewed on-screen. The next meeting for the subcommittee is being scheduled.

Steve Estomin provided an update of the Renewable Energy Subcommittee. Goals and Objectives were distributed and reviewed. The next meeting for the subcommittee is being scheduled.

Daniel Wallace was introduced and Mr. Wallace provided a brief introduction of himself to the Committee.

An example Subcommittee report was reviewed briefly by the Task Force members. There are several such reports available for review to provide guidance on the level of detail required for Subcommittee reports.

Rizwan reminded the members that a draft report is due mid-year and the final report is due at the end of the year.

-Follow-Up:

Due to time constraints, it was decided that additional updates and discussions will be discussed at the next Committee meeting.

Recommendations for speakers for future Committee meetings were discussed. Additional discussions and scheduling required.

Laura A.T. Miller requested that each Subcommittee contact her with requests for data needs so that she can begin working on fulfilling the requests.

The March 1, 2016 Energy Task Force Meeting concluded at approximately 10:16 AM.