

Home weatherization

New program options



July 27, 2009



Today's presentation

- What we're doing now
- What we're recommending we do in the future, and why
- Two resolutions
 - Weatherization program
 - Terminating water loans



What we're doing

- Weatherization loans offered since 1980s
- Low-interest financing for customers to add energy-efficiency improvements to homes
 - Insulation
 - Double-pane windows
 - Insulated exterior doors
- \$8 million loaned for 2,900 homes
- Total conservation savings = 1.72 average megawatts



What we're doing

- Loan maximum = \$10,000
- Average loan amount: \$4,700
- Customer has 10 years to pay back
- Interest rate is set each year; currently 4.5%
- Rate has varied from 0% - 6.5%



What we're doing

- Current portfolio: \$867,000
- Number of active loans: 241
- Loans completed so far this year: 21
- Delinquency rate:
 - 0.12% @ 31-60 days
 - 0.03% @ 61-90 days
 - 0.02% @ > 90 days
- Trends indicate bankruptcy and foreclosure rates may rise



What we're doing

- Loan administration is process-heavy
 - Processing applications
 - Credit review
 - Evaluating contractor bids
 - Developing contracts
 - Inspecting the work
 - Filing liens and releases
 - 'Red flags' compliance



What we plan to do

- Transition to weatherization incentives this fall/winter (no later than Dec. 31, 2009)
 - Insulation
 - \$.25 per sq ft
 - Windows and doors
 - \$6 per sq ft
- Terminate loans at end of this year



What we've learned

- Administering incentives will take about half as much staff time.
 - Labor costs won't change; just allow us to offer more with existing staff
- Approx. annual cost of loan administration
 - Labor = \$76,000
 - Credit checks = \$700
 - Liens/releases = \$3,300
 - Total = \$80,000**



Existing loan program

Cost to District 2008

- Loans = ~\$266,000
 - Labor = ~\$76,000
 - Other = ~\$4,000
 - Total = ~\$346,000
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- Number of customers served = 48

Proposed incentives program

- Expected annual cost of incentives = ~\$130,000
 - Labor = ~\$38,000
 - Total = ~\$168,000
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- Number of customers served = 85



What we've learned

- Incentives will reduce customers' costs but will not cover the total project

Loan Active 12/08	Cost	Ft ²	% of Loan Amount
Insulation			
Attic Incentive	\$258	1032	
Floor Incentive	\$258	1032	
Window Incentive	\$954	159	
Total Incentive	\$1,470		
Actual loan	\$5,238		28%



Why make a change?

- I-937: Free up resources by reducing administration
- Participation rate has declined
- Private lenders able to offer loans at relatively low rates
- Federal guidelines now allow Community Action to help more moderate-income customers
- New programs using state and federal funding are being developed



Why make a change?

- Incentives will allow us to:
 - Purchase the conservation resource
 - Give customers options for saving money on their bills
 - Provide a ramp-up period as we prepare to implement I-937 measures in 2010



Of note

- I-937 planning
 - Weatherization is part of overall planning effort
 - Will be returning with full recommendations in the fall



Next steps

- Prepare to end weatherization loans Dec. 31
 - Notify contractors
 - Notify customers who have expressed interest and may want to proceed before cut-off
 - Continue to service existing loans until paid off
 - Begin incentives program this fall/winter
 - Resolution



Water loans

- Also proposing to eliminate water conservation loans
 - Began offering loans in 2000 for water customers to install irrigation systems
 - Few takers; only 3 loans issued
 - Xeriscape program has been more successful and is widely accepted and adopted

Questions?

