

FCSG Statement on Proposed Biennial Budget and the CAP

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The Fort Collins Sustainability Group (FCSG) has been following the budgeting process closely since the City Manager's Recommended Biennial Budget was released in late August. We are pleased to see that Offers 9.90 (Energy Efficiency) and 9.92 (Non-residential Solar Rebates) are now "above the line." The current budget proposal would fund each of these offers at 25% of the originally proposed amounts; **we would like to see those funding levels increased to at least 50% of the original amounts.**

Additional funding for these two offers makes sense for two reasons:

1. The "Benefit to Cost" ratios of Offers 9.90 and 9.92 are 2.0 and 1.1, respectively. This means that the net present value of the lifecycle financial benefits are greater than the net present value of the total community investment and therefore much greater than the value of the City's investment. Increasing funding for these offers would benefit City residents from a financial standpoint in addition to benefitting the environment.
2. Increasing funding for these two offers to 50% of the original amounts would increase staff's estimate of 2020 greenhouse gas emissions (GHG) reductions from 20.4% of 2005 levels (provided in a memo dated 11/1/18) to 20.7% of 2005 levels. Additional funding for these offers would increase the likelihood of Fort Collins meeting or exceeding its 2020 goal – which we expect will receive a good deal of attention both nationally and internationally.

The City Manager's Recommended Biennial Budget suggested that funding for Offers 9.90 and 9.92 could be provided by increasing the electric rate. Another option would be to take the money out of the Utility Reserve Fund. The Agenda Item Summary for November 6th does not make clear where the 25% funding would come from for these two offers, but our preference would be to take the additional money needed from the Utility Reserve Fund.

Whether or not City Council decides to increase funding for offers 9.90 and 9.92 now, we hope it will be prepared to consider mid-cycle budget offers in 2019 that will allow us to meet our 2020 emissions goal if the 2018 Community Carbon inventory- which will come out next summer – shows that we are likely to fall short. The FCSG has some particular concerns around the defensibility of the method the City uses to calculate its GHG emissions from the electric power sector, which would result in there being less actual progress toward the 2020 goal than has been presented to date. We will be discussing these concerns with City staff in detail in early December. If these concerns prove warranted, the City will definitely need to take additional action toward meeting the 2020 goal.

Finally, as we stated in late September, we hope that City Council will be prepared to consider and approve a mid-cycle budget offer in 2019 to provide additional funding for adaptation and resilience in the face of climate change. This funding should build on the City's Climate Action Plan and Energy Policy Update (Offer 43.12), and should be focused on publicizing heat advisories broadly, establishing procedures for using existing buildings as cooling centers, and setting up pilot programs to mitigate the urban heat island effect.