



## Attachment B

City and Borough of Juneau  
City & Borough Manager's Office  
155 South Seward Street  
Juneau, Alaska 99801  
Telephone: 586-5240 | Facsimile: 586-5385

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TO: Chair Bryson and Assembly PWFC  
FROM: Rorie Watt, City Manager  
RE: Clean Energy Programs

DATE: September 15, 2023

The Assembly COW heard a presentation on August 7<sup>th</sup> about On-Bill Financing and made the following:

**MOTION** by Mr. Smith for staff to work on the topic of On Bill Financing (OBF), to get more details and identify further concerns and for staff to report back to the Public Works and Facilities Committee (PWFC) so they can make a more informed decision and he asked for unanimous consent.

There are a number of clean energy programs and ideas, and consideration of these ideas should be made in context and in regard to appropriate municipal roles and the availability of personnel resources. In short, I am not at all supportive of the on-bill financing proposal (and have been very clear to the proponent) for the following reasons:

1. Lack of nexus between energy financing and water and wastewater utility billing.  
Even if there are few loan failures, the prospect of shutting down a homeowner's drinking water (and therefore sanitation) is inappropriate and may not even be legally defensible. Energy loans should have a nexus to the energy systems and to energy providers.
2. Equal Access to a Government Program.  
OBF proponent has suggested that the program only be available to homeowners with good credit. As a public entity, this is not defensible (private entities may make such decisions). In fact, it is people without the best credit who likely need the most help in making energy improvements.
3. Lack of technical support to home-owners.  
In an effort to streamline costs and efforts, the proposal is to have a simple, uncomplicated heat pump installation. In my opinion, heat pump installations are and should be complicated decisions. A partial energy replacement means that owners must continue to own and maintain existing heating systems. While the one-size-fits-all might be faster for achieving climate change goals, I believe that the Alaska Heat Smart model is much better for homeowners.
4. Sole sourcing of one system component supplier.  
Absent a good procurement process, I can't support sole sourcing one company for equipment supply (or for that matter, steering installations to one or a small number of contractors).

There are probably other issues, but the above is enough, in my recommendation to make CBJ participation not advisable. However noble in its intent, the idea is fatally flawed.

However, there are a number of better and more interesting ideas and programs available to the public, and I do recommend that CBJ support them. Those include the Alaska Heat Smart program, JEDC and Spruce Root's efforts to obtain federal funding to facilitate energy loan financing. CBJ also participates in a number of other

clean energy initiatives including our work on Electric Vehicle (EV) charging stations, municipal fleet EVs, electric busses, and cruise dock electrification.

**Recommendations:**

1. CBJ should **NOT** pursue on-bill financing on CBJ utility or property tax bills.
2. CBJ should continue to support Alaska Heat Smart.
3. CBJ could work with AEL&P to support changes to State legislation authorizing energy financing.
4. CBJ should support JEDC and Spruce Root's efforts to obtain federal funding.