



COUNCIL STUDY SESSION

Public Safety Building (PSB) Community Room
3200 SE Harrison Street
www.milwaukieoregon.gov

MINUTES

AUGUST 13, 2019

Council President Falconer called the Council meeting to order at 5:15 p.m.

Present: Council President Angel Falconer; Councilors Lisa Batey, Wilda Parks, Kathy Hyzy

Absent: Mayor Mark Gamba

Staff: Administrative Specialist Amy Aschenbrenner Climate Action and Sustainability Coord. Natalie Rogers
City Manager Ann Ober Public Works Director Peter Passarelli

1. Portland General Electric (PGE) Smart Grid Test Bed – Discussion

Mr. Passarelli introduced Timothy Treadwell and Jason Salmi Klotz with PGE. He provided an overview of the city's work with PGE.

Mr. Salmi Klotz provided background on the Smart Grid Test Bed project. He provided a graph outlining Oregon's greenhouse gas (GHG) goals and the city's GHG goals. He explained how Milwaukie's climate action mitigation strategies related to building energy and efficiency and vehicles and fuels.

Councilor Batey asked if the city's new charging stations were getting used. **Mr. Salmi Klotz** said he would research the station's usage and provide Council with that information.

Mr. Passarelli noted the city was applying for another PGE grant to install a public charging station at the city's Johnson Creek Boulevard (JCB) campus.

Mr. Salmi Klotz explained why smart grids were needed and discussed peak hour energy use. He explained how energy from wind power works compared to other energy sources and reported that in the future PGE would need to balance the use of wind and other renewable energy sources through smart grids.

Mr. Salmi Klotz discussed demand response. He explained that water heaters in a smart grid system could allow customers to sell power back to the grid. **Councilor Batey** asked if the smart grid system would work with any electric water heater. **Mr. Salmi Klotz** said it would and noted that PGE hoped to provide incentives for people to install heat pump water heaters for increased energy efficiency.

Mr. Salmi Klotz further discussed demand response, noting the benefits of the smart grid for customers and the overall system. He noted that PGE would focus on program benefits for customers.

Councilor Batey asked if remote-controlled lightbulbs and heaters could link to the PGE smart homes system. **Mr. Salmi Klotz** said the system would link to remote-controlled functions and explained that PGE would like to communicate with electric cars, water heaters, and smart thermostats. He highlighted PGE-sponsored seasonal incentives and free thermostats for users who participated in the program.

Mr. Treadwell explained the chart illustrating the evolution of demand response.

Councilor Parks noted the increasing number of things that can be connected to a smart home system. **Mr. Salmi Klotz** said PGE was only interested in the big items, like electric cars, water heaters, and air conditioning.

Councilor Parks asked how PGE notifies customers about peak time events. **Councilor Hyzy** and **Mr. Salmi Klotz** said PGE send text messages and emails to customers with opportunities to save during an event. **Mr. Salmi Klotz** remarked that lowering the demand helps lower the cost to run the system, and thereby lowering costs for customers and lowering carbon levels.

Mr. Treadwell provided information on the current smart grid test bed program, including the implementation timeline and budget. He noted substations located in the Portland, Hillsboro, and Milwaukie. **Mr. Salmi Klotz** noted that PGE had conducted a decarbonization study to find out how to achieve a completely renewable system. He reported that to meet the zero-carbon goal, PGE would need to enroll almost all its customers in some program. He noted that PGE currently had about 6% of their customers enrolled in such a program. The group discussed the test bed program.

Councilor Batey and **Mr. Salmi Klotz** discussed how low-income customers could be helped through this smart grid system. **Mr. Treadwell** noted the Peak Time Rebates (PTR) program was open to everyone and noted that PGE would be marketing the program soon. The group noted that altering energy-use behavior during those peak times was an easy way to help in a non-technological way. **Mr. Salmi Klotz** added that if customers did not do anything and used power as normal, their rates would not change. He summarized that customers were not punished if they did not participate and that customers in the test bed were automatically signed up for the PTR program while customers outside the test bed could opt-in.

Ms. Ober and **Councilor Hyzy** noted that PGE could provide outreach at an Island Station Neighborhood District Association (NDA) meeting, since those neighbors were in the test bed. The group noted that the monthly First Friday event was another opportunity for community engagement. **Mr. Salmi Klotz** and **Ms. Ober** noted that a PGE staff member would be hired for the Milwaukie area and would operate out of the JCB campus.

Mr. Treadwell noted that the goal was to migrate people from not being aware of the program to participating in it. He provided a timeline for implementing Phase I of the smart grid program. He noted upcoming public outreach and marketing efforts to inform customers about energy usage and the PTR program. He explained that the PTR program timeline was divided into quarters and started with monetary incentives, where PGE pays customers for using less power during peak times. During the next quarter, customers would have an opportunity to give back and redirect incentive dollars to non-profit organizations. In the following quarter, there would be community competitions to see who could save the most. Then the program would move to a carbon focus, where PGE would further explain to customers about carbon usage. The final quarter of 2020 would return to the giving back model. He summarized that PGE would learn a lot from this program, and the test bed would help PGE learn about which programs to promote in the future. He also noted upcoming products like smart thermostats that would soon be on the market.

The group noted the new Axletree Apartments in downtown Milwaukie and discussed whether PGE could contact them about energy efficient appliances.

Mr. Treadwell provided maps of the test beds in North Portland, Hillsboro, and Milwaukie. He observed that the maps did look odd and explained that they did not follow any logistical boundary. He explained that the three test beds would provide a good overview for the larger grid. He noted that the Milwaukie test bed was a small slice of Milwaukie and a large part of Oak Grove. He said Milwaukie was a good test bed area because it featured a diverse set of customers.

Mr. Treadwell added that customers could check an interactive map on the PGE test bed website to see if a house is in the test bed. He noted PGE was hiring community representatives and had a PGE ambassador program for employees who live in test bed areas. He added that PGE was building towards Phase II of the test bed program. He provided a map of the Island Station Substation.

It was noted that Ms. Ober left the meeting at 6:12 pm.

2. Home Energy Score (HES) Program – Discussion (continued)

Ms. Rogers provided a framework for the HES program. She noted the city's carbon neutral goals and discussed a chart of Milwaukie's greenhouse gas emissions. She suggested the best way to control emissions was through energy efficiency. She observed that people have a hard time visualizing energy use, and an easy way to see this is to use the HES methodology from the United States Department of Energy (US DOE). The HES was available for states or cities to adopt and implement. She noted other cities that had created a HES program.

Ms. Rogers noted the Milwaukie Climate Action Plan (CAP) called out adopting Portland's HES program. She explained the home energy reports and scores, noting that the program goal was for it to be a general, replicable, and affordable methodology that assesses a home's assets. She discussed the cost of HES assessments.

The group discussed the US DOE HES pyramid chart. **Ms. Rogers** reiterated that the scores were based on the home, not on resident behavior or the local climate. She reported that a score lasted 8 years and did not take appliances into account.

Ms. Rogers explained that the HES program used the average regional utility rates and the average household size to generate energy costs. She clarified that residents were given credit if they used solar energy. **Mr. Passarelli** and **Ms. Rogers** noted the HES national average was 4.7.

Ms. Rogers said that the City of Milwaukie was interested in showing the HES scorecard at time of listing, like the Portland program. She noted the benefits of including additional information for home buyers to consider. **Councilor Hyzy** and **Ms. Rogers** discussed the concept of having the HES at the time of listing versus time of closing. They noted the convenience of having the score earlier on in the home-buying process.

Ms. Rogers explained that under a HES program, a scorecard would be required for all publicly advertised home listings. She noted questions about Zillow's "Make Me Move" listing and observed that they were still public listings and would need a HES.

Ms. Rogers discussed Portland's HES program and noted where Milwaukie's program could differ. She summarized that the US DOE methodology and framework could not be changed. The group noted different cities' programs. **Ms. Rogers** reiterated that the home energy assessment would only need to be done when someone was listing a home. She provided a chart explaining what Milwaukie could change about the

program, including the scorecard appearance, low income assistance, compliance, and more. and the group discussed how program compliance would be managed.

Council President Falconer asked about what “time of listing” means. **Ms. Rogers** agreed that the terminology needed to be clarified and suggested it applied if there is any public notice when a home is on sale.

Ms. Rogers explained that she would now review follow-up questions from City Council’s July 16 Work Session related to trees and exterior home features, exemption modifications, realtors as the regulator party, and low-income assessments.

Ms. Rogers discussed whether trees could be included in the HES assessment. She explained that trees are not considered a permanent home asset. She suggested that adding trees to the HES would also change affordability of the assessment, because assessors would need to look at vegetation and know about trees. She said that if the city were to ask US DOE to add trees to the HES, it would change the entire methodology. She did note that staff can discuss it with the Oregon Department of Energy (ODOE), who can then discuss with US DOE.

Ms. Rogers suggested staff could add a disclaimer to the Milwaukie scorecards, noting that trees can affect energy efficiency. She noted that such language could be subject to review as outlined in the ODOE HES Stakeholder Group agreement.

Councilor Batey commented that trees that contribute to cooling a home are big and likely would not be removed. **Mr. Passarelli** said the main issue is that the US DOE does not include it in their methodology and adding trees to the assessors’ certification process without everyone else in the US doing the same would be impossible. He said adding a disclaimer to the scorecard noting that trees can provide energy breaks was a good solution.

Council President Falconer suggested adding other disclaimers, such as a “do it yourself” project list and noting limitations of inspections, to the scorecards could be valuable as well. **Ms. Rogers** confirmed that HES assessors do not open walls and that certain energy efficiency projects are not accounted for in the HES.

Ms. Rogers discussed if exterior building features, such as awnings, could be included in the HES assessment. She observed that like trees, exterior features could be subjective to the assessor and the season, and inclusion in the assessment can increase the assessment cost. **Councilor Batey** noted the US DOE was inconsistent in choosing which types of features to include in the HES. **Ms. Rogers** remarked that assessors cannot go on the roof or see the sun shadow on a cloudy day. She said a disclaimer could be included to note that there are features on a house, like vegetation, that could impact the energy efficiency of a home.

Ms. Rogers asked if council was okay with staff including disclosure statements. Council agreed and directed staff to move forward with adding disclosure statements on the scorecards.

Ms. Rogers discussed whether the city can change HES program exemptions. She explained that exemptions were intended to minimize potential impact on sellers who are selling due to financial distress. She explained the proposed modification to require foreclosure sales to disclose a HES and noted the bank was often the property owner in these types of sales. She suggested an issue was that banks also sold loans to other banks and that information was not always tracked or disclosed, so enforcing compliance could be difficult. She reported that she had spoken to the city’s code

compliance officer, who was willing to try enforcing a HES requirement, but had agreed it could be difficult. She also noted that this modification could cause some confusion between the Portland program and Milwaukie program for realtors and others.

Councilor Batey asked how many foreclosure sales Portland has and how many exemptions they have given. **Ms. Rogers** noted Portland had not given many exemptions and believed it was a low number like 70 for over 10,000 homes that have been scored. She observed that Milwaukie's numbers would be lower than Portland's. **Councilor Hyzy** noted it was more of a political point to try to enforce banks to comply. **Ms. Rogers** said staff was willing to try and remarked that it was likely to lower compliance with the program.

Ms. Rogers asked if council wanted to make changes to the originally proposed list of exemptions. **Council President Falconer** said it did not make sense to exempt foreclosures. Council expressed agreement with Council President Falconer. **Council President Falconer** and **Ms. Rogers** discussed the awkward situation of someone living in a home that was in foreclosure. **Mr. Passarelli** summarized council's direction that if a house was in foreclosure, the city should send the violation notice to the bank to seek compliance with a HES.

Ms. Rogers discussed whether the city can make realtors the regulated party. She provided an overview of Oregon Revised Statue (ORS) 696.290 and noted concerns over incentives or other unintended impacts. She reported that she had asked the city attorney for more information and had not yet received a response. She noted additional concerns about the potential need for realtor industry engagement, unintended market impacts, and other items. The group wondered if the ORS applied to this situation or not and noted that no other cities had asked about regulating realtors. The group agreed that they wanted to know what the city attorney had to say and discussed if a realtor could or should build in the cost of the HES assessment into their service fees. **Council President Falconer** and **Councilor Batey** expressed support for having the realtor or listing agent include a HES assessment in their services. **Council President Falconer** wanted to know how many homes were being sold in Milwaukie by an owner verses a listing agent.

Ms. Rogers asked if Council wanted staff to move forward with real estate licensees as the regulated party. **Councilor Hyzy** was not ready to make any decisions and wanted to hear more about possible legal ramifications. She noted how expensive the process to sell a house was. **Councilor Batey** noted outreach would be easier to do with real estate agents versus all homeowners in Milwaukie. The group discussed outreach efforts to real estate agents and available trainings.

Ms. Rogers explained that staff was proposing the HES program as part of the CAP. She explained the need to curb energy use and the importance of conservation. **Councilor Hyzy** hoped that Milwaukie was leading the way for others in Oregon. The group discussed the importance of education and awareness about energy usage.

Ms. Rogers summarized staff would wait for input on the program from the city attorney. She discussed low-income home energy score assessments and explained how Portland's program partnered with local companies to assist low-income communities.

Ms. Rogers explained that the proposal was for Milwaukie's program to have residents qualify for free or reduced HES assessments though the existing utility assistance program for low-income residents and noted the benefits of this partnership. She noted

if residents were not already in the utility program, they could sign up for both at once. **Mr. Passarelli** reported there were 180 utility customers on the city's low-assistance program. **Councilor Batey** noted not all of them may be homeowners. **Ms. Rogers** explained other available non-profit incentive programs.

Ms. Rogers asked if Council would like staff to move forward with this proposed low-income assistance program. It was Council consensus to move forward with the low-income assistance program.

Ms. Rogers reviewed questions about HES program compliance. She noted that due to how Portland's program was originally set up, they were slower to seek enforcement. She clarified that compliance meant posting the HES, and had nothing to do with requiring people to install new items like windows or insulation.

Ms. Rogers explained what program compliance meant and how much staff time it would require. The group discussed how non-compliant homes would be given notice within 90 days, with a \$500 fee following if the owners did not comply. **Ms. Rogers** confirmed that providing a link to the HES on a public website would achieve compliance. She also noted that there is flexibility in the fee structure and the timeline.

Ms. Rogers asked if Council was interested in shortening or extending the compliance timeline. She also asked if Council wanted to change the fee structure.

The group discussed how fast HES assessments could be completed, how long homes are typically on the market, how violation fees increased over time, and the difficulty of compliance.

Ms. Rogers provided a flow chart that explained the roles of seller/realtor and city staff in the HES program. **Councilor Batey** suggested a 30-day notice and a \$100 fine, followed by a \$500 fine after 90 days. The group discussed the importance of outreach and engagement. **Ms. Rogers** noted she would follow-up on council's thoughts and direction at a future meeting.

Council President Falconer wanted to ask the city attorney to define what a "listing" is, if it includes a "make me move" or a "for sale" sign in the yard. The group noted confusion around different types of "for sale" notices. **Mr. Passarelli** said staff could come up with a clear definition.

Ms. Rogers presented and discussed a flow chart explaining the process for people to get a HES. She stressed that it is very simple process. She just wanted to make sure the program was set up correctly for the community. The group noted the charts and materials were available in the meeting packet.

3. Adjourn

Mayor Gamba adjourned the Study Session at 7:30 p.m.

Respectfully submitted,



Amy Aschenbrenner, Administrative Specialist II