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Clean Energy Jobs, Climate-related Policies and Economic Growth

Written Testimony of  
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Before the  
Committee on Environment and Public Works and  
Subcommittee on Green Jobs and the New Economy  
United States Senate

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Chairwoman Boxer, Ranking Committee Member Inhofe, Subcommittee Chairman Sanders, Ranking Subcommittee Member Bond, and Members of the Committee –

Thank you for the opportunity to testify on the issue of clean energy jobs, climate-related policies and economic growth. This issue is critical to our economic future as we wrestle with the twin challenges of recession and the effects of climate change. Before I go further, I would like to acknowledge the work and leadership of Vermont’s Congressional delegation – Senator Leahy, Senator Sanders, and Congressman Welch – on economic development and environmental issues. I appreciate that Senator Sanders was one of the lead sponsors of the Energy Efficiency and Conservation Block Grant program – which is a significant step forward on protecting the environment and reducing greenhouse gas emissions. It is clear that the federal government must be a partner with states and cities in any effort to deal with these problems – and in that respect I hope the EECBG program will be funded in the future as a new and essential resource.

**1. Burlington, Vermont’s experience with the green economy.**

As the Mayor of Burlington, Vermont, and a Burlington resident for more than 35 years, I see a strong and successful connection between climate-related policies, economic growth, and job creation. Burlington is ahead of the curve in building a public infrastructure that encourages the creation, retention and growth of green collar jobs and supports business growth, in general, within a green framework.

According to the City’s latest economic report, *Jobs & People IV, 2009*, from 1990 - 2006, the Professional, Scientific, and Technical Services sectors, those with the most green jobs, showed a 55% positive growth trend in the Burlington area. This sector represents 11% of the total private sector earnings in Chittenden County. In 2004 indicators from the Environmental Consulting Services sector showed that it is poised for exporting these services outside of the Burlington area, bringing needed new dollars into the local economy.

Specific Examples of Green Businesses

I would like to highlight some of the green businesses that have started and grown in Burlington, both large and small:

- The Vermont Energy Investment Corporation was co-founded in 1986 with a mission to reduce the costs, both monetary and environmental, of energy use. VEIC works nationally and internationally with utilities, regulatory agencies, and energy advocacy groups to design programs that reduce energy use through energy efficiency and renewable energy. VEIC is identified as the state energy efficiency utility. It has approximately 170 employees, with 30 positions added since January 1, 2009. By the end of the year, it is anticipated that a total of 35 positions will be filled for 2009. Additional staff are proposed for 2010.
- For 20 years Seventh Generation in Burlington has sold and promoted environmentally-responsible home products for cleaning and other uses. Seventh Generation has been the leading company nationally for “green cleaning” products. The company has grown from a staff of 65 at the beginning of 2008 to a current level of 113 employees.
- Draker Laboratories provides high performance hardware monitoring and software-as-a-service data management systems for commercial-scale renewable energy systems including: solar photovoltaics (PV), wind, solar thermal and hybrid systems. Draker currently employs 8 people full time, has 2 part time interns and one part time contractor. In the next year Draker anticipates hiring 2-5 new people, and as many as 10 depending on the economy and credit market.
- ReCycle North is a non-profit organization located in Burlington with a 3-part mission to promote reuse, offer job-skills training, and provide anti-poverty assistance. Reclaiming materials that would otherwise end up in a landfill allows ReCycle North to teach job skills to disadvantaged individuals, create jobs, and promote economic development. Recycle North currently has 37 full-time positions and 3 part-time positions, and statewide employs 47 people.
- Spring Hill Solutions is a comprehensive carbon management, clean energy and business sustainability consulting firm located in Burlington. Currently, the staff consists of 2 full time and 3 part time employees. This company sees great potential for growth which could double or triple its staffing in the next two years.

The reasons that businesses locate and grow in certain communities are complex. Personal geographic and lifestyle preferences, strong public school and higher education

systems, access to quality healthcare, good public infrastructure, among other factors, are all in the mix. Burlington has many of these attributes – comprehensive hospital care, public transportation, a state-of-the-art municipal broadband internet, phone, and cable service, four area colleges and a public university offering a broad continuum of educational opportunities, a good public school system (including a magnet elementary school focused on sustainability), and a municipal commitment to basic public infrastructure. Even as the largest city in Vermont, Burlington is small by national standards with a population of about 39,000. We do not benefit from the economies of scale that larger cities do and we face many of the same challenges.

As of 2006 there are approximately 32,500 jobs in the City with about 85 percent of residents working in Chittenden County, and just under 40 percent working in Burlington. We are not by any means a wealthy community – with a median income of \$33,070 and poverty rate of 20 percent according to the last U.S. Census figures. Like many cities we face an aging water, wastewater, and street infrastructure, with a dependence on the property tax system or rate increases to fund improvements.

#### Energy Efficiency Programs and Renewable Power Generation

Burlington's early adoption of an energy efficiency program has yielded substantial benefits to the community in terms of reduced energy use and cost, economic development and job creation, and greenhouse gas reduction. In 1990 Burlington voters approved an \$11 million bond to fund energy efficiency programs through 2002 by its municipal electric department, Burlington Electric Department (BED). Since 2003, BED customers (like all other Vermont electric customers) pay a small monthly charge that supports efficiency programs. When these funding sources are included with direct investment from customers, about \$30 million has been invested in energy efficiency efforts sponsored by BED over the last 19 years.

The overall results are compelling. Annual electricity consumption in 2008 was about 1% greater than in 1989. Even with substantial local economic growth over the last 19 years, Burlington has met demand with about the same amount of electricity used in 1989. Energy efficiency investments save Burlington consumers over \$8.9 million of retail electric costs annually – savings that go back into the local economy. Energy efficiency expenditures are made almost entirely locally, usually in the form of professional services, skilled trade employment, and equipment purchases.

During 2008, total BED program spending was \$1,499,592 and participating customers spent an additional \$1,127,075 to fund energy efficiency investments in their facilities. Due to energy savings generated by energy efficiency programs in 2008, the release of about 64,700 tons of carbon dioxide was prevented.

These energy efficiency efforts have been matched by a commitment to renewable electricity generation. Currently 67% of Burlington's electricity is generated through renewable energy sources. A substantial portion of Burlington's renewable energy is supplied by the McNeil Generating Station, a wood-burning plant that began operating in 1981. Construction of the McNeil plant was financed through a bond passed by Burlington voters in 1978. Seventy percent of the wood burned by McNeil comes from low quality wood and harvest residue. The remainder of McNeil's wood requirements are met through residues such as sawdust, chips and bark from local sawmills and by using processed urban wood waste. At full load, McNeil can generate 50 megawatts of electricity.

Much of the wood comes from Vermont and regional sources – keeping the economic activity created by wood demand local. Last year, with approval of Burlington voters, BED installed a nitrous oxide reduction unit at McNeil which has allowed it to sell renewable energy credits. The sale of these credits is expected to exceed the costs of installation of the nitrous oxide reduction unit within about 3 years.

### Urban Agriculture

Burlington has also been the site of a successful urban agriculture effort which has spurred job creation, preserved open space, and greatly improved access to local, healthy produce. The “Intervale” is a large swath of wetland and farmland in the middle of Burlington, 350 acres of which have been managed for the last 20 years by a local non-profit, the Intervale Center. The Intervale supports 12 small farms on site, employing 56 total workers and producing more than one million pounds of organic produce per year to the local market. The Intervale Center has an “incubator farm” program which supports agricultural development and works with farms across the state.

City and regional planning in the 1950s and 60s identified the Intervale as a site for limited access highways; in subsequent years the area became a dumping ground for old

cars. With the commitment of several partners it has been transformed into a green economic engine and source of local food and recreation. The City helped solidify the Intervale Center's ability to expand by selling it 179 acres of land in the Intervale which it had previously leased.

## **2. Green Economic Development and Climate Policy.**

The existence of an expanding green economy in Burlington is no accident. The investments made by the City and Burlington voters during the 1980s and 90s in the McNeil plant and a vigorous energy efficiency program formed vital infrastructure support for clean energy efforts.

### Green Policy Development

Sustainable energy policy has been an integral part of Burlington's planning over the last 10 years. In 2000 Burlington was one of the first communities in the country to develop and approve a comprehensive Climate Action Plan. The City is currently completing a process of rewriting the Plan, involving residents and other stakeholders, and setting GHG reduction goals of 20 percent by 2020 and 80 percent by 2050.

In 1999, Burlington began to develop a unified community vision based around "the four E's of sustainability": environment, education, social equity and economics. The resulting Legacy Action Plan was passed unanimously by the City Council in 2000 and since then has been used as a template and guide for much of the City's progress.

In the late 1970s and the early 1980s – when Senator Sanders was Mayor – Burlington intensified a focus on developing its downtown business district and waterfront – creating an urban core where people can live, work, and play. This effort has continued to progress through subsequent years and City administrations. Currently Burlington has a downtown business district which is a significant source of economic activity for the City and region. A very successful outdoor pedestrian mall draws tourists as well as residents into the downtown.

Sustainable energy policy is a key element of the Burlington's 2006 Municipal Development Plan. The Plan recognizes the importance of:

“...public education in resource conservation, publicly-owned alternatively-fueled electric generation, biomass-fueled district energy technologies, energy-efficient green building technologies, and climate-friendly transportation solutions, which includes support for alternative fueled vehicles.”

The municipal development plan also establishes policies for the development of mixed-used neighborhoods, with the goal of achieving a thriving live/work environment. At the same time these policies allow a reduction in the need for unnecessary vehicle trips and parking spaces.

### Zoning Ordinances

Burlington’s zoning ordinance includes height bonuses for the construction or rehabilitation of green buildings that achieve a minimum Silver certification under the US Green Building Council’s (USGBC) Leadership in Energy and Environmental Design (LEED) rating system.

The ordinance also allows the City to grant waivers from the parking requirements if the applicant can demonstrate that the proposed development can be adequately served by a more efficient approach to reducing dependence on the single-occupancy vehicle (SOV). Exemptions are also given for carpool, vanpool, car-share and alternative fuel vehicle parking, again encouraging a reduction of SOVs.

Site plan and architectural design standards in the ordinance also promote and enable green job creation by supporting the use of renewable energy resources, encouraging the reduction of energy utilization, and increasing the use of durable and environmentally friendly building materials.

### Business Assistance Program

Through its BE3 Project, the City’s Community and Economic Development Office (CEDO) offers over 125 restaurants and convenience stores a variety of free audits and services with project partner organizations that can help these business owners save money in an environmentally sustainable way. By helping this business sector save money through reductions in energy and water use, diverting organic waste from landfills

to compost projects, waste fry oil to biodiesel production, and switching to more environmentally benign consumables, including ‘greener’ paper products and cleaners, this program makes businesses more efficient while supporting job creation in the green economy.

### **3. Future Policies and Projects.**

I want to highlight two pending projects which will allow Burlington to move forward in its sustainable energy policy and I believe are valuable at the federal, state, and local level.

#### Clean Energy Assessment District

Burlington is actively working towards establishing a Clean Energy Assessment District which will allow homeowners to fund energy efficiency and renewable energy projects with 15 or 20 year loans, where re-payment is connected to the property, not the owner. This will significantly strengthen the incentive for homeowners to make energy improvements, which give a return on investment over a longer period of time than the typical 5 or 7-year home improvement loan. And, if the home is sold, both the benefit and the obligation to repay go with the property. This is modeled after a similar program initiated in Berkeley, California, focused on solar projects. Recent Vermont legislation allows any town or city in Vermont to establish these assessment districts.

This effort has great potential to grow jobs in both the renewable energy and energy efficiency industries.

#### District Energy

The Burlington District Energy Service (BURDES) is a proposal to capture waste thermal energy from the McNeil wood-fired plant to provide heating, hot water, and potentially cooling to residences, institutions and businesses. When fully-built, BURDES will make Burlington more energy self-sufficient – mitigating the impact of escalating fuel costs, increasing the efficiency of McNeil, and reducing the City’s carbon footprint. Burlington is in the process of developing an implementation plan for this project.

## Federal Policy and Funding

Cities face serious and extensive challenges. They must have the support of both the federal and state government, or we may all fail together to meet these challenges. As noted earlier, the EECBG program is a very important step toward giving local government the resources to adequately address climate change. The Climate Change bill passed by the House last month is also a significant step towards transitioning to a clean energy economy, including promotion of green jobs. The House version does not provide for direct funding for local governments. As a Mayor, I know that cities are well-positioned to distribute funds quickly and efficiently, focusing on local needs and priorities. The Senate version of the bill should provide for direct funding of municipalities, including full funding of the EECBG program, to ensure continued and sustained funding for local energy efficiency and conservation efforts. And, I hope the Senate provides EECBG funding for small cities in a fair and equitable manner.

Federal initiatives such as EECBG or the Climate Change bill now under consideration in the Senate directly address climate change and the green economy. Federal policy can also have an indirect yet significant impact on green job development. Burlington is fortunate to have been designated one of forty Renewal Communities nationwide, and one of 12 rural Renewal Communities. This HUD-designation comes with a number of important Federal tax incentives for businesses and commercial property owners located within the designated area.

RC designation has been integral to growing our green economy. Through one of the RC tax incentives, the commercial revitalization deduction, a local developer was able to construct an 118,000 square foot, LEED certified building that created hundreds of construction jobs and now houses one of the largest green businesses in the city, Seventh Generation. That tax incentive allowed the developer to build a desirable space that attracted and retained a green business providing livable wage jobs to Burlington area residents. Another tax incentive, the wage credit, is used by many businesses to help retain employees, to reinvest savings in their businesses, and often to undertake energy efficiency improvements. The Renewal Community program is slated to sunset at the end of 2009. This successful program should be extended to 2020 as an important tool in growing a green economy.

#### **4. Conclusion.**

For Burlington, sustainability means that we will take steps to remain healthy over the long term, develop a strong sense of place and a shared vision for our future, build on our assets, value healthy ecosystems and use resources efficiently, seek to retain and enhance locally based economies, develop productive partnerships between community stakeholders, and thrive on engaging, inclusive, and constructive public debate.

Burlington has made a commitment to sustainable economic development with tangible results to show for it. Affordable housing, livable wages, a vibrant downtown, an accessible waterfront, energy conservation and renewable resources, small business development, public telecommunications, arts and culture, food security, civic engagement and long-term planning are elements in a list to measure success for Burlington as a sustainable community.

Thank you again for the opportunity to address these issues and share some of the successes and challenges from Burlington's experience with green economic development. I reiterate that cities will continue to need the federal government as a strong partner if our efforts to address climate change and the economy are to succeed. I look forward to any questions Committee members may have.