

# COASTAL ENERGY PROJECT SIX MW WIND FARM COASTAL COMMUNITY ACTION PROGRAM



Coastal Energy Project  
Grays Harbor and Pacific Counties, WA



## SITE DESCRIPTION

Coastal Community Action Program (CCAP) is a nonprofit social services group serving low-income communities in Grays Harbor and Pacific Counties in southwest Washington. The organization has been working since 2000 to develop a renewable energy production model to help fund its efforts in subsidizing energy costs for the area's low-income residents.

After nearly 10 years, these efforts came to fruition with the expanded vision of the Coastal Energy Project, a six megawatt wind farm located on a rural site within the group's service area. The clean energy generated by the project will be sold directly to the local public utility district, and the electricity revenue will provide a long-term reliable funding source for CCAP's many needed programs, including the Low Income Home Energy Assistance Program.

## LOW INCOME COMMUNITY METRICS

- + Unemployment Rate: 1.18 / 1.71 times the national average\*
- + Poverty Rate: 15.7% / 16.3%\*
- + Median Family Income: 73.2% / 75.4% of benchmark\*
- + State-Designated Distressed Community (Designated Distressed Coastal County)
- + Non-Metropolitan County designation

## PROJECT GOALS

- + Effectively use the pairing of Renewable Energy Investment Tax Credits and New Markets Tax Credits to finance a clean energy project, simultaneously providing significant sustainable outcomes and funding integral community services.
- + Produce an estimated 13,500,000 kWh of clean energy annually, providing upwards of \$500,000 a year in additional funding for Coastal Community Action Program.
- + Successfully structure and finance a model for using clean energy production to fund nonprofit social services organizations, creating an example that can be duplicated elsewhere in the country.
- + Increase a wide range of services to low-income community residents in Grays Harbor and Pacific Counties.

## ECONOMIC IMPACTS SUMMARY

The allocation of \$15.18 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$18.8 million and complete financing for a project that, but for the tax credits, could not move forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the Coastal Energy Project is anticipated to create \$30.2 million in total economic impact, and \$2.8 million in federal and state fiscal impacts.

## BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$15.18 million in New Markets Tax Credits on the Coastal Energy Project, the federal government has effectively foregone the collection of \$5.9 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 155 construction and permanent jobs, \$7.6 million in wages, and \$1.6 million in new federal taxes during construction and the first ten years of operations.

\*Grays Harbor County, WA / Pacific County, WA

“We shall require a substantially  
new manner of thinking if mankind  
is to survive”

— Albert Einstein

## NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

## METHODOLOGY

The economic and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses “input-output accounting” and closely follows the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Employment impacts are based on an assessment of IMPLAN® data and best estimates provided by the project developer. All results shown in this report are based on total construction costs and New Markets Tax Credit allocation amounts at transaction closing. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impact figure does not include the fiscal impact, which represents the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during these same periods. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent and reflect jobs maintained or created as a result of the project development.

United Fund Advisors serves as the financial consultant for Portland Family of Funds Holdings, Inc. (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, National Community Fund I, LLC.



24 NW First Avenue, Suite 470  
Portland, Oregon, 97209  
T: 503.226.1370 F: 503.796.5865  
www.unitedfundadvisors.com

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# 3BL<sup>SM</sup>

**United Fund Advisors<sup>SM</sup> is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.**

## TRIPLE BOTTOM LINE RETURNS

**FINANCIAL** UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a small business, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

**SOCIAL** While a single UFA project cannot change the fortunes of a city or the world, strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

**ENVIRONMENTAL** Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

**PARTNERS IN THE COASTAL ENERGY PROJECT:**

- Coastal Community Action Program
- Coastal Energy Project, LLC
- United Fund Advisors, LLC
- National Community Fund I, LLC
- US Bancorp Community Development Corporation
- ShoreBank Enterprise Cascadia

**NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:**

Location	Grays Harbor and Pacific Counties, Washington
Development Type	Six Megawatt Wind Farm
Size	Four GE 1.5 MW Wind Turbines
Developer	Coastal Energy Project, LLC
Total Project Cost	\$18,813,250
Allocation Required	\$15,180,000
CDEs	National Community Fund I, LLC; ShoreBank Enterprise Cascadia
Low Income Community	Unemployment Rate: 1.18 / 1.71 times the national average*
Project Timeline	Poverty Rate: 15.7% / 16.3%*
Carbon Dioxide Offset	Median Family Income: 73.2% / 75.4% of benchmark*
	Project Online: Summer 2010
	291,340 Metric Tons Over the Life of the System**

\*Grays Harbor County, WA / Pacific County, WA  
 \*\*Source: www.epa.gov/cleanenergy/energy-resources/calculator.html

**JOBS\***  
**+155**

**WAGES\***  
**\$7.6M**

**FISCAL IMPACT\***  
**\$2.8M**

**TOTAL IMPACT\***  
**\$30.2M**

\* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see www.unitedfundadvisors.com for more information.

**+ ADDITIONAL COMMUNITY IMPACTS**

- + Enhance the existing scope of Coastal Community Action Program's services in Grays Harbor and Pacific Counties to serve an additional 1,000 low-income families per year
- + Develop a sustainable power source that will contribute to the goal of energy self-sufficiency for the area
- + Create indirect and induced economic impacts for the surrounding areas through increased tourism
- + Provide a reliable source of funding for the community's nonprofit social service programs which include: transitional housing, rental and low-income energy assistance; Meals on Wheels and an emergency food program; home repair and weatherization programs; in-home healthcare, medical transportation and HIV/AIDS services; and job training and employment programs