

Incentives offered for conservation

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SAN MARCOS — Hays County commissioners agreed Tuesday to start a new program that will provide low-interest loans for residents trying to conserve water or energy.

County residents will be able to borrow up to \$20,000 at 2 percent below the market rate to move from well water to a connection to a public water system, to clear cedar or mesquite trees from property, or install a rainwater collection system, solar cell system, drip irrigation system or wind energy system.

It is the first time a "linked deposit" program has been used to encourage conservation projects. Other cities, counties and states have used similar programs to subsidize student loans, small-business creation and job creation.

"I think it is an innovative, smart approach to the current groundwater emergency," said Andrew Backus, president of the Hays Trinity Groundwater Conservation District.

To pay for the program, the county will set aside \$1 million in unbudgeted funds, but that money will not be lent out. Instead, residents will borrow money from a local bank, and the county will buy a certificate of deposit from the bank for the same amount and duration as the loan. A portion of the interest earned by the CD will be used to reduce the interest rate on the loan.

The county will not guarantee the loans, so it will not lose any money if a borrower defaults.

County officials said they consider the \$1 million to be "seed money" they can use to attract grants from foundations to make the program self-sustaining.