

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 2/15/2010

Reviewed by: BP

SUBJECT: Resolutions authorizing the City of Albany's collaboration in applying for California State Energy Program (SEP) grants

REPORT BY: Nicole Almaguer, Environmental Specialist

STAFF RECOMMENDATION

1. Adopt Resolution No. 2010-4 authorizing Sacramento County as Lead Applicant for a State Energy Program Grant for a Municipal Financing Program (SEP-1) on behalf of the City of Albany; and
2. Adopt Resolution No. 2010-5 authorizing the Association of Bay Area Governments to act as Lead Applicant for a State Energy Program Grant for a Comprehensive Residential Building Retrofit Program (SEP-2) on behalf of the City of Albany.

BACKGROUND

The \$3.2 billion Energy Efficiency and Conservation Block Grant (EECBG) program created a number of funding streams for state and local energy efficiency efforts.

On December 7, 2009 City Council adopted a resolution supporting staff's submittal of an application for EECBG funds being distributed by the California Energy Commission to small cities and counties. Applications are now also being accepted under two additional EECBG-funded grant programs, the State Energy Program (SEP) and the Retrofit Ramp-Up (RRU). City staff has been working with neighboring cities, county agencies, and regional organizations to secure additional funds through these competitive solicitations. If some or all of the applications are successful, they could provide substantial energy conservation benefits to the community with a minimal investment of City funds and staff time.

DISCUSSION

The EECBG was funded as part of the American Reinvestment and Recovery Act (ARRA). There are three different potential avenues for the City to receive funding:

1. Small City and County Block Grants: Cities with less than 35,000 in population are eligible for Energy Efficiency and Conservation Block grants being distributed by the California Energy Commission (CEC). Council authorized staff in December 2009 to submit an application for the City's allocation, which proposes to fund a LED street light replacement program. The CEC is expected to award the funds to the City in March 2010.

2. Retrofit Ramp-Up: The Department of Energy (DOE) is using \$390 million of the EECBG to fund the "Retrofit Ramp-Up" (RRU) program. The RRU program will fund innovative programs that promote whole-neighborhood energy efficiency building retrofits. ABAG is coordinating with the Sacramento, Los Angeles, and San Diego regions, the California Energy Commission (CEC), and the California Air Resources Board to submit a \$75 million grant application to test innovative outreach channels and apply community-based social marketing to determine the most effective outreach approaches to be replicated nationwide. In the ABAG region, initial pilots would take place in Alameda County (coordinated by StopWaste.Org), Sonoma County, and San Francisco. If the application is successful, StopWaste.Org would receive \$3 million to initiate pilot neighborhood-focused energy efficiency projects for businesses and multi-family residential properties in several different locations around the County. No Council action is required for the City's participation in the RRU regional application.

3. State Energy Program (SEP): The State of California Energy Commission (CEC) has allocated \$95 million of its EECBG funds for the SEP, which will provide competitive grants to promote residential and commercial building energy efficiency (and water efficiency) retrofits. Specifically, the State intends to fund three types of programs:

(SEP 1) Municipal Financing Program

This grant program will fund implementation of financing programs for energy efficiency improvements in residential and commercial buildings where building owners contractually agree to repay the financing through property tax assessments (often referred to as AB 811-style programs). The CEC has indicated that it will prioritize award of these grants to broad regional consortiums of local governments. Alameda County is participating in a joint grant application with 13 other California counties in six regions throughout the state including the Bay Area, Capitol, Central Coast, Central Valley, Mid Coast, and Southern California Regions. The County of Sacramento is the lead applicant. The grant amount requested will be approximately \$16.5 million, with approximately \$780,000 allocated for the County of Alameda. These funds would be administered by the County on behalf of all the cities in the county as no direct monies would pass to the cities.

The grant is intended to support the successful launch of the CaliforniaFIRST financing program (On December 7, 2009, Council adopted a resolution authorizing City participation in CaliforniaFIRST). The SEP grant proposal consists of both statewide and countywide components. The statewide component provides a one-percent interest rate buy-down on the first \$25 million of projects in the CaliforniaFIRST pilot. It is hoped that a lower interest rate will make the program more attractive to property owners in the initial phases of the program. Additionally, the statewide component provides funding to offset the costs to all participating counties and cities for initial program set-up, including legal

validation of financing districts and websites for property owners to file their applications. For Albany, this would equate to a savings of up to \$10,000.

The countywide component will focus on increasing participation in the municipal financing program by providing enhanced customer service to residents and businesses in both cities and unincorporated communities. Additionally, the countywide component will fund enhanced outreach and customer service, including one-on-one consultations that would be available to those property owners who require more personalized assistance prior to enrolling in the program.

(SEP 2) California Comprehensive Residential Building Retrofit Program

SEP 2 grant funding will be allocated for programs that support a tiered approach to home energy retrofits. Alameda County jurisdictions are participating with eight Bay Area counties in an Association of Bay Area Governments (ABAG) proposal under this grant. ABAG is applying for an \$10.75 million grant to fund *Retrofit Bay Area*, a region-wide energy efficiency program that will retrofit 17,000 homes (single family and multifamily) to achieve reduction in home energy consumption, while creating 1,739 home energy retrofit jobs. The grant, if awarded, would include regional program development, local program development and implementation, evaluation, measurement and implementation and administration and reporting. The focus is the promotion of comprehensive whole-home retrofits. \$2.8 million is anticipated to be received by StopWaste.Org on behalf of Alameda County jurisdictions that would be used to expand elements currently covered at a basic level by jurisdictional contributions to the Green Packages Program, including workforce and training provider program coordination, a single-family media campaign, and multifamily property outreach.

(SEP 3) Municipal and Commercial Building Targeted Measure Retrofit Program

This program will fund public and/or private partnerships that will mass implement a few, targeted best practices measures in a large number of municipal and/or commercial buildings throughout California. Staff has determined that pursuit of this grant is not feasible for the City on its own or through any available regional collaborations.

ANALYSIS

Participation in grant applications for the SEP 1 and SEP 2 and RRU Programs would provide numerous benefits to the community if the grant applications are successful, including:

- Interest rate buy downs of 1% and enhanced customer service for participants in CaliforniaFIRST (SEP 1)
- Funding for set-up and validation costs related to the CaliforniaFIRST Program (SEP 1)
- Enhanced local workforce training and marketing related to whole-house energy retrofits (SEP 2)
- Pilot programs for neighborhood-scale efficiency retrofits (RRU)

SUSTAINABILITY IMPACT

Participation in the collaborative grant applications and proposed projects will provide resources for Albany property owners interested in completing energy efficiency and renewable energy retrofit projects. Increased energy efficiency and utilization of renewable energy both contribute to greenhouse gas emissions reductions, in line with the City's goal to reduce greenhouse gas emissions 25% below 2004 levels by the year 2020. Additionally, joining regional partnerships to reduce greenhouse gas emissions is identified as an implementable measure within the City's Climate Action Plan.

FINANCIAL IMPACT

Participation in the various grant applications requires no commitment of City funds. Additionally, other entities will administer the grant funds. The SEP 1 grant is expected to save the City up to \$10,000 in set-up and validation costs to participate in the CaliforniaFIRST program.

Attachments

- Attachment 1: Flow Chart—Alameda County SEP 1 Scope
- Attachment 2: Resolution authorizing SEP 1 grant application
- Attachment 3: Resolution authorizing SEP 2 grant application