



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 19244

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File Type: Resolution

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Reference:

Controlling Body: Comptroller's Office

File Created Date : 07/14/2010

File Name: ARRA grant U.S. Department of Energy (DOE) in the amount of \$7,200,000

Final Action:

Title: Authorizing the City of Madison to accept a grant from the Federal American Recovery Reinvestment Act (ARRA) U.S. Department of Energy (DOE) in the amount of \$7,200,000 and to use these funds for energy efficiency and conservation activities, amending the 2009 CDBG Operating Budget, and authorizing the Mayor and City Clerk to sign appropriate agreements to accept the funds and implement the program, and authorizing the Community Development Division to issue a Memorandum of Understanding with Wisconsin Energy Conservation Corporation for provision of specified services, and amending the 2010 CDBG Operating budget to provide for \$7.2M in additional revenues and associated expenditure authority.

Notes: BOE, CDBG

Sponsors: Marsha A. Rummel

Enactment Date:

Attachments:

Enactment Number:

Author: Larry Studesville

Hearing Date:

Entered by: tpeters@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Community Development Division	07/14/2010	Referred for Introduction				
	Action Text:		This Resolution was Referred for Introduction				
	Notes:		Board of Estimates, Community Development Block Grant Committee, Comptroller (for fiscal note)				
1	COMMON COUNCIL	07/20/2010	Referred	BOARD OF ESTIMATES			
	Action Text:		This Resolution was Referred to the BOARD OF ESTIMATES				
	Notes:		Additional Referrals: Community Development Block Grant Committee				
1	BOARD OF ESTIMATES	07/20/2010	Refer	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE			

Action Text: This Resolution was Refer to the COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE
Notes:

1 BOARD OF ESTIMATES 07/20/2010 Refer Comptroller's Office

Action Text: This Resolution was Refer to the Comptroller's Office
Notes:

1 COMMUNITY 08/02/2010
DEVELOPMENT BLOCK
GRANT COMMITTEE

Text of Legislative File 19244

Fiscal Note

Budget, project No. (), \$7,200,000

Title

Authorizing the City of Madison to accept a grant from the Federal American Recovery Reinvestment Act (ARRA) U.S. Department of Energy (DOE) in the amount of \$7,200,000 and to use these funds for energy efficiency and conservation activities, amending the 2009 CDBG Operating Budget, and authorizing the Mayor and City Clerk to sign appropriate agreements to accept the funds and implement the program, and authorizing the Community Development Division to issue a Memorandum of Understanding with Wisconsin Energy Conservation Corporation for provision of specified services, and amending the 2010 CDBG Operating budget to provide for \$7.2M in additional revenues and associated expenditure authority.

Body

As part of the Federal American Recovery and Reinvestment Act (ARRA) of 2009, the U.S.

Department of Energy (DOE) has made competitive grant awards available to qualifying cities through the Energy Efficiency and Conservation Block Grant (EECBG) program known as the Retrofit Ramp Up stimulus program. City staff submitted a joint grant application to DOE with its partners Wisconsin Energy Conservation Corporation (WECC) and the cities of Milwaukee and Racine on April 2010 requesting \$60,000,000 of EECBG funds to design and implement an energy market transformation program. This Wisconsin Partnership was awarded a \$20,000,000 grant. Madison received \$7,200,000 for its program design and implementation. DOE's competitive grants were awarded to twenty-five applicants nation-wide. Wisconsin Energy Conservation Corporation (WECC) will be the prime administrator of the award and will work in concert with Madison to assist with program design, marketing, loan loss fund management, federal reporting and program fund distribution of the DOE RETROFIT RAMP UP GRANT FUNDS. The City proposes to utilize the DOE grant funds to support energy efficiency and conservation activities implemented through the Community Development Division.

The submitted Statement of Project Objectives to DOE included a Residential Plan and a Non-Residential Plan (Commercial, Industrial and Institutional). The program design includes the use of a Property Assessed Clean Energy Programs (PACE) model or a similar model utilizing private capital from local banks. The PACE program utilizes the following program features:

- Creates financing district and approval process

- Provides upfront capital for energy projects
- Attaches repayment obligation to the property (building retrofit)
- Identifies scope of work and chooses reputable contractor
- Repays retrofit financing as a line item on the property tax bill
- Repayment obligation transfers with ownership
- Allows for a longer repayment period
- May provide lower interest rates available through municipal bonding and other financing resources

The residential outreach program will utilize a grass roots neighborhood participation approach and promotion of Focus on Energy rebates. This residential program will utilize the hiring of Energy Advisors to help homeowners with their retrofit projects. The commercial program will utilize the use of energy technology marketing tracks; focusing on lighting upgrade projects, HVAC and air handling upgrade projects, motor controls and use of Focus on Energy rebates.

This Residential program objective includes retrofitting 3,000 homes over a three year period. The number of retrofit projects will create a significant number of jobs to assist homeowners in the energy project management. The Residential Plan will utilize the social networking opportunities that a geographically targeted community effort affords. This program will be data driven and utilize the Neighborhood Indicators data base as well as work with MGE. This in turn will focus our efforts in assisting Neighborhood Associations for early project successes. We intend to incorporate the various Neighborhood Associations resources and ideas to: help define and deliver our outreach strategies, educate home owners on energy savings ideas, build interest in retrofit applications to reduce energy use and cost, green house gases and utilize reputable qualified contractors to perform retrofit work. This Retrofit Ramp Up program will serve as a model for other communities to replicate.

The Non Residential Program (Commercial) is designed to complement the Residential program utilizing commercial size energy retrofit projects. The number of commercial projects will be determined following the grant award that allow maximum opportunity for city wide diversity of participation with local businesses and organizations. These commercial retrofit projects normally include lighting upgrades, HVAC upgrades, boiler and air handling upgrades, production process efficiency upgrades. The current plan is to sequence the marketing and delivery of services in the commercial category based upon either business sectors (i.e., grocery stores) or common energy needs (ie; lighting)

The expectation for this program is to achieve ambitious federal and state market transformation goals as a pilot community. The State of Wisconsin also assisted in obtaining this grant. The \$20 million grant needs to be leveraged 5 to 1 and leveraging dollars were identified in our grant submittal. The energy reduction benefits that can be achieved from this program are substantial. There are environmental, economic, social and energy policy benefits to be gained from the successful implementation of this initiative. Actual results will depend on the follow through of energy audit recommendations made to businesses and home owners.

The PACE Model program benefits include:

- Substantial reduction in greenhouse gas emissions
- Job creation at the local level
- Developed community pilots to model successful ways to accelerate US energy policy goals
- Promotes equal access to homeowners of all income levels
- Energy cost savings improves homeowner cash position
- Mandatory homeowner energy audits to help prioritize energy payback projects
- Increased use of higher energy efficient technologies
- Use of local contractors
- Reduction of upfront cash outlays by homeowners
- The ability to pay back the loan over time
- Recent passage of Wisconsin Residential and Commercial PACE Statutes that allows local communities to participate

WECC submitted our Statement of Project Objectives document which promotes the use of the PACE Model. Current concerns for the PACE program is with recent meetings between Fannie Mae/Freddie Mac who is challenging DOE's mortgage subordinate guidelines. Current PACE Model subordinates the mortgage to special assessments for energy retrofits on owner's property.

DOE funded project contract obligations include the use of a Community Workforce Agreement and their Buy American Policy, City of Madison Waste Management Plan, Davis-Bacon Act (Madison's Prevailing Wage Ordinance) and Federal Bid Award Standards for sub-contracts awarded. The Retrofit Ramp Up program will include grant funding for residential market energy retrofits and financing options for businesses and home owners. The Madison program proposal included the use of the nationally recognized PACE model.

This DOE Retrofit Ramp Up program is expected to be joined with another DOE Federal "ARRA program called "Home Star" stimulus rebate program. Home Star recently passed through the House of Representatives and is intended to provide 50% rebates on energy efficient investments by home owners.

WHEREAS, the City of Madison Community Development Division, in collaboration with Neighborhood Associations, the Work Force Board and local Employment & Training organizations, Madison College, Financial institutions, Labor Unions, Contractors, Business Leadership Associations, WECC, Focus on Energy, State of Wisconsin and Energy Services Organizations to support energy efficiency and conservation activities within the City; and,

WHEREAS, the U.S. Department of Energy has awarded an "ARRA" EECBG Retrofit Ramp Up stimulus grant in the amount of \$7,200,000 to the City of Madison for energy efficiency and conservation activities; and,

WHEREAS, the City of Madison will provide \$7,200,000 in program and administrative support funds to Madison home owners and businesses, for program implementation

and administrative overhead cost to providing energy program services to reduce energy cost and use; job creation and reduction of green house gases; and,

WHEREAS, the City of Madison Community Development Division will prepare program designs for both residential and business retrofit projects and financing options throughout the Madison community; and,

NOW, THEREFORE, BE IT RESOLVED that the Common Council authorizes the Mayor and the City Clerk to enter into an agreement with the U.S. Department of Energy to accept \$7,200,000 of "ARRA" EECBG Retrofit Ramp Up funds consistent with the intent of this Resolution, all in a form as approved by the City Attorney; and,

BE IT FURTHER RESOLVED, that the Common Council amends the 2009 CDBG operating budget to reflect the additional allocation of "ARRA" Retrofit Ramp Up award funds by an additional \$7,200,000; and,

BE IT FURTHER RESOLVED, that the Mayor and the City Clerk are authorized to execute a grant Memorandum of Understanding agreement with Wisconsin Energy Conservation Corporation (WECC), in the amount of \$7,200,000; and,

BE IT WHEREAS, the City of Madison Community Development Division will prepare a Memorandum of Understanding for the purpose of contracting with WECC to provide program loan loss management, operation personnel and administration and associated overhead cost to include federal reporting, marketing, financial program design and funding capital assistance; approved by the City Attorney; and,

BE IT FURTHER RESOLVED, that the Mayor and City Clerk are authorized to execute necessary agreements with businesses and agencies in order to implement the programs as described in this Resolution; and,

BE IT FURTHER RESOLVED, that the Mayor is authorized to accept and approve recommendations from the City of Madison Community Development Division for energy audit and grant awards associated with this project grant, and that the Mayor and the City Clerk are authorized to enter into agreements for the disbursement of these funds; and,

BE IT FINALLY RESOLVED, that the staff of the Community Development Division is authorized to make minor grant changes (less than 10% of award) text and graphic modifications to the DOE Retrofit Ramp Up stimulus grant guidelines and application to reflect staff's future experience managing the program.