

DATE: March 2, 2010

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT: Resolution Authorizing the Association of Bay Area Governments to Accept State Energy Program (SEP 2) Funds on Behalf of the City of Hayward

RECOMMENDATION

That Council reads adopts the attached resolution (Attachment I) authorizing the Association of Bay Area Governments (ABAG) to accept State Energy Program (SEP 2) funds on behalf of the City of Hayward to be used for development of a regional energy efficiency retrofit program for existing residential buildings.

BACKGROUND

Staff has applied for \$1,361,900 in formula-based grant funds from the Department of Energy (DOE) to fund a variety of sustainability and energy efficiency initiatives through the Energy Efficiency and Conservation Block Grant (EECBG) program. At the June and October 2009 meetings of the Sustainability Committee, staff presented an update on programs intended to be funded by the City's EECBG funds, including a \$48,400 contribution toward Stopwaste.org's countywide Green Packages program. The June 2009 report is available at <http://www.hayward-ca.gov/citygov/meetings/csc/ccsc/2009/CSC-CCSC060309.pdf> . The October 2009 report is available at <http://www.hayward-ca.gov/citygov/meetings/csc/ccsc/2009/CSC-CCSC100709.pdf> . These programs support the City's goals of reducing greenhouse gas emissions as defined in the Climate Action Plan, which was adopted in July 2009.

Green Packages is an Alameda Countywide existing building retrofit program being developed by Stopwaste.org to stimulate demand and strengthen the infrastructure to retrofit existing residential and small commercial buildings by overcoming obstacles that hinder widespread deployment of proven resource-efficient retrofit strategies. Stopwaste.org has received financial commitments and political support from all fourteen cities in the County as well as from Alameda County. Stopwaste.org has hired two consultants to help with the marketing and technical aspects of implementing the program. Moore Iaconfano Goltzman Inc. (MIG) will provide marketing services and Bevilacqua-Knight, Inc. BKI, with subconsultants Build It Green, Heschong Mahone Group, KEMA, Renewable Funding, and California Building Performance Contractors Association (CBPCA) will provide technical assistance.

At the Council Sustainability Committee meetings in January, September, and December of 2009, staff presented updates regarding efforts leading to a renewable energy/energy efficiency financing program. Please refer to the Council Sustainability Committee report dated December 2, 2009, which is available at <http://www.hayward-ca.gov/citygov/meetings/csc/ccsc/2009/CSC-CCSC120209.pdf>.

This report seeks Council authorization related to the SEP 2 grant application. The SEP 2 funds will be used to develop a regional existing residential building retrofit program that would augment Alameda County's Green Packages program.

DISCUSSION

State Energy Program – The State of California, through the California Energy Commission (CEC), has made \$95 million dollars available for three competitive grant solicitations. The CEC received 104 proposals for the \$95 million available for the three SEP programs as follows: Municipal Financing Program (SEP 1) - sixteen proposals, California Comprehensive Residential Building Retrofit Program (SEP 2) -eighteen proposals, and Municipal and Commercial Building Targeted Measure Retrofits Program (SEP 3) - seventy proposals.

Stopwaste.org intended to submit a SEP 2 proposal for funds to further expand the scope of Green Packages. However, to be more competitive, Alameda County and its fourteen cities partnered with ABAG to develop an application to the CEC. ABAG, in partnership with the eight counties and a total of 109 local governments in the San Francisco Bay Area, worked together to present an innovative proposal - *Retrofit Bay Area* - to establish the infrastructure for a market-driven residential retrofit program (see later discussion). This self-sustaining program will stimulate the economy and create jobs while transforming energy markets in California. Designed for scalability and transferability this program will create a model that can be replicated statewide and nationally.

On February 10, the CEC released the attached Notice of Proposed Award (Attachment II), which indicates \$10.75 million will be awarded to ABAG. The SEP 2 grant will 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 would include regional program development, local program development and implementation, evaluation, measurement, administration, and reporting.

ABAG and the grant Steering Committee have agreed to a population-based allocation. In addition, StopWaste.Org and Sonoma County Transportation Authority will be tasked to carry out some regional deliverables, since the two agencies have a substantial head start in planning and developing components of green retrofit programs. StopWaste.Org's total budget allocation is \$2.8 million for both local and regional tasks. See the summary description of *Retrofit Bay Area* included as Attachment I-a.

All participating cities and counties in the ABAG proposal must provide an authorizing resolution, which must be approved by each participating municipality's governing authority. An agreement between the California Energy Commission and ABAG must be signed and will include the project description, work statement tasks, and milestones, budget, and schedule. Prior to the agreement

being executed, all cities in each county will have to sign a memorandum of understanding (MOU) to actively coordinate the program with ABAG, but will not receive SEP funds directly. Funds will be released by ABAG to StopWaste.Org as the program implementer for Alameda County jurisdictions.

Retrofit Bay Area Program Details – In partnership with participating local governments, ABAG seeks to achieve the following regional-scale benefits:

- Maximize funding for Bay Area residential building retrofit programs by creating and submitting a successful regional grant application..
- Reduce program design and implementation costs for each participating County-wide program through shared activities and cross-cutting tasks.
- Reduce confusion among contractors and homeowners with more program uniformity while maintaining individual County priorities.
- Leverage early adopter programs that will have developed tools and templates before SEP money has been released.
- Position the Bay Area to compete effectively for up to \$75 million through the DOE Retrofit Ramp-Up solicitation (see later discussion).
- Establish a successful regional program model that merits substantial investment of Public Goods Charge monies beyond the ARRA timeframe.

The program will be designed to leverage a number of longer-term financing and incentive mechanisms, including:

- Public Goods Charge (PGC) Incentives (collected by PG&E to fund energy efficiency programs)
- Low-income Weatherization Programs
- Energy Efficient Mortgages and other FHA and HUD financing
- Energy Efficiency Conservation Block Grants (EECBG)
- Property-Assessed Clean Energy (PACE) Financing (to be funded by SEP 1)
- *Retrofit California* (If funding is successful See later discussion.)
- Local Energy and Water Rebates and Incentives
- Neighborhood Stabilization Program

The ABAG Team's approach will be to design and implement strict quality assurance protocols that will achieve high performing installations and verifiable results. Consistent standards will be developed and applied to increase participant and contractor understanding and maximize overall program satisfaction levels. The participant recruitment strategy will be developed in concert with PG&E to assure seamless delivery. The collaboration goal will be to structure the communication plan to give participants the experience of participating in a single coordinated program.

A workforce plan will be developed in consultation with key stakeholders, such as the various Community College Districts and Workforce Investment Boards, the California Building Performance Contractors Association and other Home Energy Rating Systems (HERS) providers, Build It Green, PG&E, the U.S. Green Building Council, Building Owners and Managers Association (BOMA), International Facility Management Association (IFMA), and other professional and training organizations. Actual training delivery will occur through existing channels, including community colleges, utility training centers, and self-funded training events offered by California Building Performance Contractors Association (CBPCA), the HERS providers, Build It Green, and other qualified training organizations. The program will place particular emphasis on coordination with California Clean Energy Workforce Training Program (CEWTP) to achieve alignment between program training needs and CEWTP training offerings. Several CEWTP workforce development grants were awarded to the following local organizations in the region.

Retrofit California – A broad-based consortium of public and private partners throughout the State of California has come together to request \$75 million in grant funds from the U.S. Department of Energy’s Retrofit Ramp-Up Program. The consortium’s proposed green retrofit program, titled *Retrofit California*, is led by Los Angeles County and includes the California Energy Commission and Air Resources Board among its partners. *Retrofit California* is the only Retrofit Ramp-Up proposal to include the Energy Commission and to be endorsed by Gov. Arnold Schwarzenegger.

If funded, *Retrofit California* will rapidly accelerate building energy retrofits across the state with a target of 5,000 single-family and multifamily homes in Alameda County alone. The program is designed to complement existing and planned local retrofit programs, and to leverage anticipated funding from other grant programs, including the California State Energy Program (SEP) grants and Property Assessed Clean Energy (PACE) financing districts.

Programs Coordination – The SEP 2 funds would be used by participants to work closely with other local programs, such as the CaliforniaFIRST program, a complementary SEP 1 grant proposal with the County of Sacramento as the lead applicant, and *Retrofit California* (if funding is secured). A report authorizing Sacramento County to accept SEP 1 funds on behalf of the City of Hayward is also being provided to Council on March 2, 2010. From a property owner perspective, one overarching Countywide program will be created and marketed that will provide property-assessed financing, guidance on other types of financing, technical assistance, technical guidance on recommended packages of measures, dispute resolution, and contractor access. Cities will help determine the specifics of program development and implementation.

ECONOMIC IMPACT

The *Retrofit Bay Area* and Green Packages programs described in this report are expected to generate a positive economic impact on the community. Grant funds supporting energy efficiency and renewable energy improvements will generate jobs as well as savings on energy bills for residents and businesses.

FISCAL IMPACT

The City's participation in the SEP 2 application will have no impact on the City's General Fund, nor result in increased costs for the City. If the SEP 2 grant application is successful, the City will be asked to enter into a Memorandum of Understanding with Stopwaste.org prior to the distribution of funds.

PUBLIC CONTACT

As noted above, staff presented updates regarding efforts leading to a renewable energy/energy efficiency retrofit and financing programs to the Council Sustainability Committee in January, September, and December of 2009.

NEXT STEPS

The Green Packages program development is expected to be coordinated with the launch of CaliforniaFIRST (summer of 2010) and be completed by meeting the target project goal of 8,500 residential units by March of 2012. Staff will continue to work with the Alameda County and Stopwaste.org staffs to develop the details of local implementation for financing and building retrofit programs.

Prepared by: Erik J. Pearson, AICP, Senior Planner

Recommended by: David Rizk, AICP, Development Services Director

Approved by:



Gregory T. Jones, City Manager

Attachments:

- Attachment I Resolution Authorizing ABAG to Accept State Energy Program Funds on Behalf of the City of Hayward
- Attachment I-a (Exhibit A to Resolution)
- Attachment II Notice of Proposed Award

2/19/2010

HAYWARD CITY COUNCIL

RESOLUTION NO. 10-

Introduced by Council Member

RESOLUTION AUTHORIZING THE ASSOCIATION OF BAY
AREA GOVERNMENTS TO ACCEPT STATE ENERGY
PROGRAM FUNDS ON BEHALF OF THE CITY OF
HAYWARD

WHEREAS, the City of Hayward recognizes that it is in the interest of local, regional, state, and federal agencies to stimulate the economy, create and retain jobs, reduce fossil fuel emissions, reduce total energy usage and improve energy efficiency; and

WHEREAS, the City of Hayward has committed to the Alameda County Climate Protection Project and embarked on an ongoing, coordinated effort to reduce the emissions that cause global warming, improve air quality, reduce waste, cut energy use and save money, in part by reducing community-wide greenhouse gas emissions by 82.5 percent below 2005 levels by 2050; and

WHEREAS, State Energy Program (SEP) funds are available through the California Energy Commission's SEP Funding Opportunities for grants to eligible local governments for cost-effective energy efficiency projects; and

WHEREAS, the SEP allows for public agencies or non-profit entities to apply for funds on behalf of eligible local governments, and the City of Hayward is eligible for SEP funding under the California Energy Commission's SEP Program; and

WHEREAS, the City of Hayward has collaborated with the Association of Bay Area Governments (ABAG) to submit a regional application to implement the energy efficiency projects described in Exhibit A, for the purpose of qualifying for SEP funds from the California Energy Commission; and

WHEREAS, the approval of the energy efficiency projects described in Exhibit A is categorically exempt from environmental review under the California Environmental Quality Act (CEQA).

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Hayward finds that the approval of the energy efficiency projects described in Exhibit A is categorically exempt from environmental review under the California Environmental Quality Act pursuant to California Code of Regulations, Title 21, Sections 15301 (repairs and minor alterations to existing facilities), 15302 (replacement or reconstruction of existing structures and facilities), 15306 (information collection), 15308 (actions to protect the environment), 15309

(inspections), and 15322 (training programs), because the energy efficient projects will develop standards for resource-conserving and energy-saving retrofits of existing structures in conformance with existing building codes; train contractors, homeowners and other building professionals; encourage participation in the green retrofit program; provide rebates for tested and certified retrofit projects; and monitor and evaluate environmental performance of projects.

BE IT FURTHER RESOLVED that, if recommended for funding by the California Energy Commission, the City Council of the City of Hayward hereby authorizes ABAG to accept a grant award and to enter into all necessary contracts, agreements and amendments thereto on behalf of the City to implement and carry out the projects described in Exhibit A.

BE IT FURTHER RESOLVED that City Council of the City of Hayward recognizes StopWaste.Org as the lead local implementer for the projects described in Exhibit A for all of the local governments in Alameda County and that ABAG, as the fiscal agent, will disburse the funds to StopWaste.Org to implement and carry out the projects described in Exhibit A.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

Exhibit A

Retrofit Bay Area

Summary of proposal submitted to the California Energy Commission on December 21, 2009 (SEP2)

Description of Proposed Program

The Association of Bay Area Governments (ABAG) is collaborating with the Bay Area's eight counties to establish a comprehensive residential single-family and multifamily building retrofit program (*Retrofit Bay Area*) that leverages regional cooperation and funding while enabling autonomy at the local level. The proposed ABAG program aligns with local, regional and national goals of promoting economic vitality through an increase in green jobs, reducing U.S. oil dependency through increases in energy efficiency and deployment of renewable energy technologies, and reducing greenhouse gas emissions.

On behalf of 109 local governments, ABAG has submitted a proposal to the California Energy Commission's State Energy Program (SEP) to request \$10.75 million in American Recovery and Reinvestment Act (ARRA) grant funds administered by the U.S. Department of Energy. This grant program, known informally as SEP 2 to distinguish it from three other elements of California's SEP program, runs from February 1, 2010 to March 31, 2012. The ARRA/SEP 2 grant funds would be used by ABAG program participants to carry out local and Bay Area-wide consumer outreach and education campaigns and workforce development activities that will accelerate demand for home energy retrofits and expand the regional building industry's capacity to deliver high quality, cost-effective retrofit services. The program has a goal of retrofitting 15,000 single-family homes and 2,000 multifamily units in the region, and creating 1, 739 jobs.

Retrofit Bay Area will complement existing and planned local retrofit activities, including the Property Assessed Clean Energy (PACE) financing districts that enable homeowners to finance energy efficiency retrofits and renewable energy improvements through assessments paid via their property taxes. This ABAG program will leverage and complement other local, regional and federal funding sources for energy retrofits, including anticipated grant funds from the State Energy Program's Municipal Financing Program (known as SEP 1) and the federal Retrofit Ramp-Up program.

Program Participants and Roles

Participant	Role
Association of Bay Area Governments	Lead, fiscal agent and contract administrator
Alameda County (StopWaste.Org) and Sonoma County (Sonoma County Transportation Authority)	Regional tasks and local retrofit program implementation
Contra Costa, Marin, San Francisco, San Mateo, Santa Clara and Solano Counties	Local retrofit program implementation
Bevilacqua Knight, Inc., Build It Green and California Building Performance Contractors Assn.	Regional and local implementation assistance, quality assurance and reporting

StopWaste.Org Role

Retrofit Bay Area allocates \$2,831,786 to StopWaste.Org to manage specific local and regional tasks through StopWaste.Org's Green Packages program. Green Packages, a green retrofit program for existing buildings and landscapes in Alameda County, is supported by Alameda County and all 14 of its

cities. Green Packages consists of a set of verifiable standards and specifications to be used for financing and conducting energy efficiency retrofit projects. These standards will be supported with professional training of retrofit contractors, quality assurance mechanisms, systems for tracking and evaluating results, and a comprehensive consumer outreach campaign.

Local jurisdictions in Alameda County have already committed to funding the core Green Packages tasks. The table below lists additional Green Packages tasks that StopWaste.Org anticipates will be funded through the ARRA/SEP 2 grant program.

Green Packages Program Elements	ARRA/SEP 2 Grant Funds		StopWaste.Org Task Details
	Local	Regional	
Standards & Resources	\$85,186		Integrate Green Packages into PACE districts, coordinate funding sources and city programs, establish countywide bulk purchasing program
		\$127,400	Develop multifamily Green Packages, establish regional bulk purchasing program
Capacity Building & Green Jobs	\$555,056		Offer additional orientation workshops for contractors and building inspectors, conduct gap analysis and develop workforce training plan, update single-family training curriculum, launch contractor program and conduct outreach, sponsor trainings in county, provide rebates for Building Performance Institute certification, provide training scholarships for residents of economically disadvantaged areas.
		\$306,550	Develop multifamily curriculum and training for contractors, develop real estate training and advocacy program, develop multifamily asset manager tools
Marketing & Outreach	\$1,080,000		Implement countywide media campaign and social marketing/community-based outreach strategies, develop retailer channel for delivering energy retrofits, offer homeowner do-it-yourself package, conduct multifamily property owner outreach
		\$398,560	Conduct regional market surveys and focus groups, create templates for local media campaigns, conduct and monitor regional media relations/PR, develop retailer channel for delivering retrofits
Quantification & Accountability	\$68,644		Provide accountability and progress reports to funders
		\$210,390	Integrate projects into GreenPoint Rated tracking system and climate calculator, develop multifamily quality assurance plan and verification procedures
Funds Requested	\$1,788,866	\$1,042,900	Total: \$2,831,786

CALIFORNIA ENERGY COMMISSION1516 NINTH STREET
SACRAMENTO, CA 95814-5512

NOTICE OF PROPOSED AWARD
California Comprehensive Residential Retrofit Program
RFP # 400-09-403

Proposed Contractors:

SMUD

Association of Bay Area Governments

Regional Council of Rural Counties (CRHMFA Homebuyers Fund)

The San Francisco Mayor's Office of Housing

Total Amount of Proposed Contracts:

\$50,212,451

Final Scores and Rankings

Company	Final Score	Ranking	ARRA Funds Requested
SMUD	316.67	1	\$ 19,969,421.00
Association of Bay Area Governments	297.00	2	\$ 10,750,000.00
Regional Council of Rural Counties (CRHMFA Homebuyers Fund)	293.67	3	\$ 16,500,001.00
The San Francisco Mayor's Office of Housing	290.00	4	\$ 2,993,029.00

County of Los Angeles	266.00	*	\$ 12,890,000.00
San Diego Association of Governments (SANDAG)	259.00	*	\$ 5,944,839.00
San Joaquin Valley Unified Air Pollution Control District	232.00	*	\$ 4,994,474.00
Association of Monterey Bay Area Governments	213.33	*	\$ 4,175,582.00
NoRTEC	201.33	*	\$ 8,669,473.00
Greener Dawn, Inc.	201.33	*	\$ 7,982,379.00
Western Riverside Council of Governments (WRCOG)	188.67	*	\$ 20,000,000.00
Roseville Electric, City of Roseville	172.33	*	\$ 2,355,000.00

City of West Hollywood	172.00	*	\$ 3,014,784.00
City of Visalia	169.33	*	\$ 5,999,820.00
Amador-Tuolumne Community Action Agency (A-TCAA)	168.33	*	\$ 2,394,577.00
City of Vacaville	151.67	*	\$ 5,200,000.00
Syzygy Technologies, Inc.	120.67	*	\$ 20,000,000.00
Solar Sense, Inc.	13.33	*	\$ 2,000,000.00
n/a - CTG Energetics (Proposal was submitted for -402)	0.00		
* Did not meet the Minimum Technical Score of 280 points.			

Questions should be directed to: Angela Hockaday, Contract Officer
California Energy Commission
1516 Ninth Street, MS-18
Sacramento, CA 95814
(916) 654-5186

Dated: February 10, 2010
Expires: February 22, 2010