

GRANT ANALYSIS FORM OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS

Department/Division: Department of Administration – Office of Environmental Sustainability

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Category of Request

New Grant

Grant Continuation

Previous Council File No. _____

Change in Previously Approved Grant

Previous Council File No. _____

Project/Program Title: Energy Efficiency Conservation Block Grant

Grantor Agency: U.S. Department of Energy

Grant Application Date: 6/25/2009

Anticipated Award Date: 10/26/2009

1. Description of Grant Project/Program (Include Target Locations and Populations):

New program created by the U.S. Department of Energy under the America Recovery and Reinvestment Act (ARRA) – 2 year program; \$5.8 million allocated to City of Milwaukee through population based allocation; required to develop and submit Energy Conservation Strategy as part of application. No match is currently required but these programs will be able to leverage funds from We Energies and Focus on Energy (the state's public benefit fund, supported by electric and natural gas customers throughout Wisconsin)

This grant includes 7 activities:

1. Energy City of Milwaukee Facilities Energy Efficiency Retrofit Project: \$2,712,612. Subprojects include:
 - a. Safety Academy chiller replacement
 - b. Central library air handling unit replacement
 - c. Zeidler building air handling unit replacement
 - d. DPW "Tier II" energy efficiency measures at various facilities, including lighting retrofits, weather stripping, HVAC retro commissioning, and installation of occupancy sensors and more efficient refrigerators.
 - e. Additional work as identified in energy audits funded in activity 2.
 - f. Purchase of occupancy sensors and Energy Star office appliances, such as refrigerators
2. Energy Audits: \$78,460 to conduct energy audits of up to 35 city buildings, including libraries, fire houses, and police stations
3. LED streetlight demonstration project: \$440,210 for LED streetlight retrofit in the Historic 3rd Ward
4. Milwaukee Energy Efficiency Residential Program (Me2): \$1,471,704. This program will provide \$1,055,293 in loans to approximately 400 homeowners (in the first 10 years) to do energy retrofits in their homes, from energy audit to retrofit work. The original project plan called for using the funds in a traditional revolving loan program, administered by NIDC. Pending Council direction and the outcome of the City's EECGB Energy Ramp Up grant proposal, the Office of Environmental Sustainability may work with DOE to modify this activity to leverage a PACE loan program that could potentially retrofit more than 2,000 homes (winning the EECGB grant could make the retrofit of 12,000+ homes possible over 10 years.) Under a PACE model, the City would potentially use the Wisconsin Energy Conservation Corporation and other loan service agencies to administer the program.
5. Business Retrofit loans: \$865,863 for loans to business for energy efficiency improvements. The Milwaukee Economic Development Corporation will administer this program and establish guidelines consistent with federal policy. Loans will be targeted to industrial businesses that form the basis of the economy.
6. Business Energy Retrofit Incentive Program: \$132,501 will be used to provide 3rd party measurement and verification (M&V) services to businesses that choose to use private sector performance contracting to finance energy efficiency improvements. This 3rd party measurement and verification will add value to the energy saving guarantee that Energy Service Companies (ESCOs) provide under a traditional performance contract. In a traditional performance contract, the ESCO that completes the energy audit and provides the retrofit work also provides the measurement and verification services that show whether or not the energy guarantee was met. Third party M&V services will provide business owners with more confidence that the energy guarantee is met, and will therefore encourage more business owners to undertake privately financed retrofit work.
7. Fleet Retrofit program: \$137,752, including \$70,000 to pay for the marginal cost of 10 hybrid passenger vehicles, and \$67,752 for DPW to purchase and implement route management software to improve the efficiency of garbage collection and recycling collection routes.

2. Relationship to City-Wide Strategic Goals and Departmental Objectives:
Mayor has directed City facilities to reduce energy use by 15% by 2012 (using 2005 baseline); this results in lower costs for the City and taxpayers; General goal with America Recovery and Reinvestment Act to create jobs and to sustain activity beyond federal funding period. 105 jobs are expected to be created or retained on account of this grant.
General goal to support current staff – no new staff positions created or requested.
Goal to leverage funds available from other sources (We Energies, Focus on Energy, and private sector performance contracts in activity 6)
Goal to reduce green house gas emissions in support of U.S. Mayor's Climate Protection Agreement.
Goal to be accountable for funds and energy savings
3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):
This grant supports on-going efforts by the City of Milwaukee to reduce energy costs, reduce green house gas emissions and to provide savings to City businesses and residents. It will also help create/retain construction jobs as efficiency improvements are made to residences, commercial and industrial buildings.
Funds will support existing City positions including the Director of the Office of Environmental Sustainability (responsible for overall program management, oversight and reporting); Department of Public Works buildings and facilities staff to issue and review contracts for work on City buildings; support for Neighborhood Improvement Development Corporation staff to help administer the Milwaukee Energy Efficiency program for Milwaukee residential energy efficiency and support for Department of Administrative staff to assist with budget and contract management. Funding for these positions through this grant was built into the 2010 Adopted City Budget.
4. Results Measurement/Progress Report (Applies only to Programs):
The Department of Energy requires us to assess job creation, energy savings and green house gas emission reductions. We will assess this information in quarterly reports for the Department of Energy and will make this information available on the City's ARRA website.
5. Grant Period, Timetable and Program Phase-Out Plan:
10/26/2009 to 10/25/2012. We have 18 months to obligate the funds, starting 10/26/2009. The loan funds for businesses and residences will be allowed to extend beyond the 3 year period of performance. The residential revolving loan fund could extend over 15 years.
6. Provide a list of Subgrantees:
Milwaukee Economic Development Corporation – subgrant of \$850,000 to manage loan fund for Milwaukee businesses to implement energy efficiency retrofits.

The City will also contract out with private vendors for actual energy efficiency retrofit work done in City buildings and done in residential buildings under the Milwaukee Energy Efficiency program. This work may be sub-contracted to NIDC or another organization. These subcontractors are subject to DOE approval.

We will issue an RFP to help the City develop and populate a data base to assess energy cost savings in all City buildings. This will build on existing platforms but will ensure consistent monitoring of City energy use over time.
7. If Possible, complete Grant Budget Form and attach to back.
See attached federal budget narrative and grant documents.