

Staff Report
ENERGY EFFICIENCY & CONSERVATION BLOCK GRANTS
6/9/2009

The City of Ames has received notification that we are eligible to receive \$544,000 in funding through the Energy Efficiency and Conservation Block Grant (EECBG) program. Web-based information on this new federal program includes the following:

Program Purpose - The Energy Efficiency and Conservation Block Grants (EECBG) Program, funded for the first time by the American Recovery and Reinvestment Act (ARRA) of 2009, represents a Presidential priority to deploy the cheapest, cleanest, and most reliable energy technologies we have – energy efficiency and conservation – across the country. The Program, authorized in Title V, Subtitle E of the Energy Independence and Security Act (EISA) and signed into law on December 19, 2007, is modeled after the Community Development Block Grant program administered by the Department of Housing and Urban Development (HUD). It is intended to assist U.S. cities, counties, states, territories, and Indian tribes to develop, promote, implement, and manage energy efficiency and conservation projects and programs designed to:

- Reduce fossil fuel emissions;
- Reduce the total energy use of the eligible entities;
- Improve energy efficiency in the transportation, building, and other appropriate sectors; and
- Create and retain jobs.

Through formula and competitive grants, the Program empowers local communities to make strategic investments to meet the nation's long-term goals for energy independence and leadership on climate change.

Grant funds are to be used to assist State, local, territorial and Tribal governments in implementing strategies to reduce fossil fuel emissions and total energy use, and to improve energy efficiency in all sectors.

Program requirements include submission of an Energy Efficiency and Conservation Strategy (EECS) with each application. The scope of the EECS basically is the set of activities undertaken with EECBG program funds, although activities and plans beyond the scope of the EECS may be referenced as deemed appropriate. If the City's application is not initially approved or if any submitted projects are not acceptable, the City will be informed of the specific issues that need to be addressed in order to satisfy the requirements of the program. Per statute, eligible entities may revise and submit their proposed strategy "as many times as necessary" to get approval.

Success will reportedly be measured through regular reports to the DOE on the following five metrics:

1. Jobs created and/or retained
2. Energy savings on a per dollar invested basis
3. Renewable energy capacity installed
4. Greenhouse gas emissions reduced
5. Funds leveraged

Grant funds can be used community-wide as well as for government owned facilities and infrastructure projects. The following activities are eligible under the program:

- Development of an energy efficiency and conservation strategy, and technical consultant services to assist in the development of such a strategy.
- Residential and commercial building energy audits.
- Financial incentive programs and mechanisms for energy efficiency improvements, such as energy savings performance contracting, on-bill financing, and revolving loan funds.
- Grants to nonprofit organizations and government agencies for the purpose of performing energy efficiency retrofits.
- Energy efficiency and conservation programs for buildings and facilities.
- Development and implementation of transportation programs to conserve energy.
- Building codes and inspections to promote building energy efficiency.
- Energy distribution technologies that significantly increase energy efficiency, including distributed resources, combined heat and power, and district heating and cooling systems.
- Material conservation programs including source reduction, recycling, and recycled content procurement programs that lead to increases in energy efficiency.
- Reduction and capture of methane and greenhouse gases generated by landfills or similar waste-related sources.
- Energy efficient traffic signals and street lighting.
- Renewable energy technologies on government buildings.
- Any other appropriate activity that meets the purposes of the program and is approved by the DOE.

In response to this opportunity, City staff has identified a number of possible projects to utilize these EECBG funds. Council members and members of the public may also have other suggestions. At this time staff is asking the City Council to make a preliminary determination on which projects it may want to include in the grant application. Staff will then gather needed additional information regarding those projects for a final Council decision on June 23.

Shown on the following page are potential EECBG projects and programs identified by City staff. Most of these programs build upon existing City programs and services to accomplish the EECBG goals. Following Council discussion regarding possible programs, staff will gather additional data on whichever programs Council wishes to consider further for the grant application.

Potential Project	Brief Description	Estimated Capital Cost
Street lighting	Demonstration project replacing mercury vapor street lights with LED or inductive lighting along select arterial street corridors	Example: \$31,500 for project along South 16 th Street between South Duff and University Blvd.
Parking lot lighting	Demonstration project using LED or inductive lighting in parking lots at City facilities, parks, etc.	Example: \$18,000 for both City Hall parking lots
Hybrid vehicles	Replacement of standard City vehicles with hybrid vehicles	E.g., Sedans - \$23,000 each, SUV's - \$30,000 each
Shared use paths	Install or pave shared use paths within the City (such as along Skunk River from SE 16 th St. north to Lincoln Way) or between Ames and Gilbert to the north, or to the Heart of Iowa Trail to the south	Variable, up to \$544,000
City facility energy efficiency improvements	Upgrade lighting systems or install more energy efficient heating/cooling units (such as ground source heat pumps) in City buildings	Example: \$540,000 to replace all City hall heat pumps. (Note: An additional \$1,250,000 would be required for ground source wells if Council later decides to convert City Hall to a geo-thermal system)
Solar power	Demonstration project using solar energy to heat water	Example: \$10,000 for project at Animal Shelter
Energy conservation education	Examples: Collaborate with School District in conservation education for students; purchase/use a "solar tent" at public events; etc.	Variable
Electric demand side management	Further enhance Electric Services' existing DSM programs	Variable
Water conservation	Energy savings through water conservation (e.g., outdoor water audits)	Variable

The EECBG program is part of federal stimulus funding, and expenditure of these funds carries a sense of urgency from the federal government. The deadline for the submission of all applications is June 25, 2009. The EECBG web site notes that this timeframe leaves limited time for discussion and public input, since one of the intentions of the legislation is more immediate economic activity. However, Council will hopefully receive suggestions for other possible programs from the public on June 9.

It is recommended that this \$544,000 be channeled into one to three high profile projects due to the complexity involved in administering the grant and our desire to make a significant impact in any one area. As was noted above, Council is being asked to make a preliminary determination on a smaller number of projects for possible inclusion in the grant application. Additional information regarding those projects will then be gathered for a final Council decision on June 23.