ITEM # 16c
DATE: 02-23-10

COUNCIL ACTION FORM

SUBJECT: IOWA ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT APPLICATION

BACKGROUND:

The City of Ames is eligible to receive funding from the State of Iowa's share of the Energy Efficiency and Conservation Block Grant (EECBG) program. The purpose of the EECBG program is to reduce fossil fuel emissions, reduce total energy use, improve energy efficiency, and create and retain jobs.

In 2009, the American Recovery and Reinvestment Act (ARRA) appropriated $21,103,000 to the state of Iowa, of which $11,509,000 went directly to the largest cities and counties based on a population formula. Included among these large cities and counties, considered "entitlement communities," was a $544,000 grant to the City of Ames. Of the remaining state funds, $8,634,400 is to be allocated by the Iowa Office of Energy Independence (IOEI) to communities in Iowa based on entitlement status. Non-entitlement communities are eligible for $5,756,100, and **all** communities in Iowa are eligible to apply for the final portion of $2,878,300. This portion will be used to fund the following types of projects:

AMOUNT OF AVAILABLE FUNDING	TYPE OF PROJECTS FUNDED
$1,400,000	Transportation programs, traffic synchronization
$1,478,000	Existing building energy retrofits, efficiency and conservation planning for city facilities, development of building codes and inspection services to promote building energy efficiency, and onsite renewable energy generation technology development.

Applicants are encouraged to leverage other funding sources as much as possible. **There is a minimum requirement of $1 of secured leveraged funding for every $1 of Iowa EECBG funding.**

Proposals that will increase the net energy load (such as new lighting) and proposals that fail to demonstrate a comprehensive energy approach will be ineligible for these state funds. Projects will be considered based on four elements:

- The project brings something new to Iowa
- Practices developed or technologies used are better than what currently exists
- Projects are economically viable
- The ideas have widespread appeal or access

The following proposals have been identified to fall within the scope of this grant opportunity:

INITIATIVE	DESCRIPTION	POSSIBLE PROJECTS (with estimated costs, energy savings, payback schedules &/or local funding match sources)
MAJOR ENERGY EFFICIENCY IMPROVEMENTS TO ANIMAL CONTROL FACILITY	Create a "showcase City facility" by installing energy efficient lighting, energy-efficient appliances, insulation, and other energy-saving or power-generating technologies at the Ames Animal Shelter	*Specific components should be determined by Council. Possible elements include the following:* ** Energy recovery ventilator in kennel area - cost: $4,500 recouped over 5.6 years* ** Front Entry Vestibule and Building Insulation - cost: $12,000-$21,000 recouped over 14-25 years* ** Mechanical, lighting, water heater & plumbing updates - cost: $15,000-$19,800 recouped over 19 years* ** Geothermal heat pump* - cost: $12-14,000 ** Grey water recycling* - cost: $3,500 ** Solar radiant floor heating* - cost: $44,000 Match source: Animal Shelter donations fund (current available balance is approximately $100,000)
TRAFFIC SIGNAL MODERNIZATION	Replace remainder of incandescent traffic signal lamps with energy-efficient LED lamps	Upgrade of all 700 units that have not yet been fitted with LEDs through the city's existing LED modernization program (cost: $51,000). *Energy savings: $5,867 per year* Match source: 2009-10 and 10-11 Traffic operating budgets
WASTE-BIOFUEL CONVERSION STUDY	Study costs, quantity, quality, requirements, and job impacts of converting municipal solid waste into biofuel or biogas	Authorize a study on converting municipal solid waste into an oil or gas supplemental boiler fuel for use by the City Electric Utility (cost: $80,000) Match source: Resource Recovery Fund

INITIATIVE	DESCRIPTION	POSSIBLE PROJECTS (with estimated costs, energy savings, payback schedules &/or local funding match sources)
PARKING LOT LIGHTING DEMONSTRATION PROJECT	Replace existing public parking lot lighting with LED or inductive lighting to demonstrate new lighting technologies for use in City neighborhoods	City Hall west parking lot (cost: $18,000) *Energy savings: $360-720 per year* Match source: None identified
STREET LIGHTING DEMONSTRATION PROJECT	Replace existing street lighting with LED or inductive lighting to demonstrate new lighting technologies along a major street	South 16th Street from South Duff to ISU Vet Med College (cost: $31,500) Match source: None identified
ENERGY CONSERVATION EDUCATION PROGRAMS	Expand community education efforts to educate and persuade citizens to reduce fossil fuel emissions and energy use	• Collaborate with Ames Community School District in conservation education for students (cost: $9,000) • Purchase a "solar tent" from Iowa Thin Film Technologies, Inc. for use at public events • Enhance Electric Services' Demand Side Management programs • Offer outdoor water audits to encourage energy savings through water conservation Match sources: Existing operating budget allocations

The Mortensen Road lighting project described in the previous Council Action Form would not be eligible for funding under this state grant program, since it would increase the net energy load within the community by adding lighting where none currently exists.

Gloria Betcher, chair of the City's Historic Preservation Commission (HPC), provided general information regarding possible uses of EECBG or other stimulus funding for the greening of historic buildings, such as City Hall, the original library building, or the power plant. She shared the observation that we should be thinking broadly about buildings and areas in Ames that are not yet designated as historic, but which are likely to be as the Preservation Plan is actualized. Ms. Betcher noted that the best way to green historic areas or buildings may be to do many small projects rather than big-ticket items. She also suggested that CDBG money that has been used to buy houses for

conversion back to single family dwellings also be used for greater "greening" to demonstrate energy efficiency in home renovations.

Finally, Ms. Betcher noted that the tight time deadline for this grant program did not allow more concrete suggestions for use of EECBG funds for historic greening, and that many ideas have a longer timeline than is currently available. However, she encouraged the approach of looking for many small projects that will make an incremental contribution will help, and felt that most important in all of this is thinking holistically for future planning and projects. She also offered the HPC's services as a resource to the City in going green in historically sensitive ways.

The deadline to submit proposals to IOEI is March 5, 2010.

ALTERNATIVES:

1. Direct staff to submit an Iowa EECBG grant application for one or a combination of the proposed projects shown above.

2. Do not authorize submission of any Iowa EECBG grants, thus foregoing this grant opportunity.

MANAGER'S RECOMMENDED ACTION:

In conjunction with the federal EECBG grant program, Council has adopted an Energy Efficiency and Conservation Strategy that outlined goals similar to those that these proposals would help achieve. Receiving state funding for any of these projects would address those goals using outside (ARRA) funding.

Therefore, it is the recommendation of the City Manager that the Council adopt Alternative No. 1, thereby approving submission of Iowa EECBG grant applications for one or a combination of the proposed projects shown above.

It must be noted that not all of these projects have a dollar-for-dollar match included in the City's adopted budget. Therefore, if grant awards are received and the Council desires to proceed with those projects, funding may need to come from existing fund balances.