

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 MAY 28 PM 4:35

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Public Works Agency
DATE: June 9, 2009

RE: Resolution Authorizing The City Administrator To: 1) Apply For, Accept And Appropriate All Funds Designated For The City Of Oakland Under The American Recovery And Reinvestment Act Of 2009 (Federal Government's "Stimulus Package") Energy Efficiency And Conservation Block Grant Formula Allocation Estimated At Three Million Nine Hundred Nineteen Thousand Two Hundred Dollars (\$3,919,200.00); And 2) Apply For, Accept And Appropriate Rebates, Grants And Incentives For Related Energy Projects

SUMMARY

This item is a request for City Council approval of a resolution authorizing the City Administrator to: 1) apply for, accept and appropriate all funds designated for the City of Oakland under the American Recovery and Reinvestment Act of 2009 ("ARRA" or "Recovery Act") Energy Efficiency and Conservation Block Grant Program ("EECBG Program") Formula Allocation, made available to the City by the U.S. Department of Energy and estimated at \$3,919,200; and 2) apply for, accept and appropriate all rebates, grants and incentives for energy projects related to the EECBG Program.

The Recovery Act provides \$787 billion of funding and tax credits to help stimulate the American economy. The EECBG Program was established for the purpose of assisting local governments in developing and implementing projects designed to improve energy efficiency and reduce energy use and fossil fuel emissions in communities.

FISCAL IMPACT

The resolution will accept and appropriate all funds from the ARRA EECBG formula allocation that are designated for Oakland, currently estimated at \$3,919,200 in the FY 2009-11 budget year. The grant funds will be appropriated into the City Facilities Energy Conservation Projects Fund (4450).

Some of the projects listed in this report are eligible for rebates, grants and other incentives (incentives) from PG&E, the State of California and other organizations. This resolution also authorizes the City Administrator to accept and appropriate any incentives received for these projects into the City Facilities Energy Conservation Fund (4450), in order to offset the cost of energy efficiency projects funded by ARRA EECBG.

Item #: _____
Public Works Committee
June 9, 2009

BACKGROUND

On May 11, 2009, pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA” or “Recovery Act”), the United States Department of Energy (“DOE” or “Department”), Office of Energy Efficiency and Renewable Energy (“EERE”), Office of Weatherization and Intergovernmental Programs (“WIP”), announced the availability of \$2.8 billion in formula allocation funds available through the Energy Efficiency and Conservation Block Grant Formula Program (“EECBG Formula Program”).¹ Of the total EECBG Program Formula appropriation, approximately \$1.9 billion is reserved for eligible cities and counties; \$7.7 million is for formula grants to states; and \$5.4 million is for eligible Indian tribes. EECBG Funding Opportunity Announcement.

The City of Oakland is eligible for a formula allocation of approximately \$3.9 million under the EECBG Program.² Applications are due on June 25, 2009 by 8:00 PM EST. Guidelines for the EECBG Competitive grant have not yet been released.

The EECBG Formula Program makes funds available to local and state governments for the purpose of developing and implementing projects designed to improve energy efficiency and reduce energy use and fossil fuel emissions in communities. Specifically, the three-fold purpose of the EECBG Program is to assist entities like the City of Oakland in developing strategies that:

1. reduce fossil fuel emissions in a manner that is environmentally sustainable;
2. to the “maximum extent practicable,” maximize benefits for both local and regional communities; and
3. improve energy efficiency in the transportation, building, and other appropriate sectors.

KEY ISSUES AND IMPACTS

Overview

The DOE identified 14 eligible activities for EECBG Formula Program funding, which staff used as prerequisites when considering which opportunities to include in the grant application. The DOE also urged EECBG Formula Program applicants to include “new and innovative approaches” to energy efficiency and conservation in their grant submissions, which is one of Oakland’s strengths. In order to receive its designated the \$3.9 million EECBG Program formula allocation, Oakland will be required to submit an Energy Efficiency and Conservation

¹ The DOE’s initial announcement of the Energy Efficiency and Conservation Block Grant Formula Program occurred on March 26, 2009. The EECBG Formula Program Guidelines were subsequently released on May 11, 2009.

² The DOE stated that funding allocations to local governments were derived using a formula that accounts for population and energy use. Available at <http://www.energy.gov/news2009/7101.htm> (May 26, 2009).

Strategy after the initial application is approved by DOE. Cities are encouraged to create EECBG Formula Program proposals that link energy efficiency efforts to long-term priorities.

Prevailing Wage Requirement

EECBG Program Guidelines state that the Davis-Bacon Act applies to EECBG Program formula awards.

Federal/Recovery Act Reporting Requirements

Grantees will be required to report regularly to the DOE on 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

Allocation of EECBG Program Funds

For awards totaling \$2 million or more, the Guidelines state that "up to \$250,000" may be received at the time of the award for development of an EEC Strategy and approved activities. The balance of funding will then be obligated after one or more progress reviews in which the City must demonstrate appropriate obligation of funds, compliance with reporting requirements and requisite job creation.

Administrative Expenses

The EECBG Program Guidelines permit the City to apply "up to 10 percent or \$75,000, whichever is greater," of funds towards administrative expenses, excluding the cost of meeting the reporting requirements of the Program.

Establishment of Revolving Loan Funds

The Guidelines state that up to 20 percent or \$250,000, whichever is greater, of the grant funds may be used for the establishment of revolving loan funds.

Limits on Subgrants to Nongovernment Organizations

The Guidelines direct that the City may apply "up to 20 percent or \$250,000, whichever is greater," of grant funds towards the provision of subgrants to nongovernmental organizations for purposes of assisting in the implementation of the City's Energy Efficiency and Conservation Strategy.

Timeframe

The DOE has established several deadlines for cities receiving EECBG Formula Program grants. The most significant dates are provided in the table below.

Approximate EECBG Program Dates

Date	Description	Timeframe
6/25/09	City submission due to DOE	Application deadline
9/1/09	Initial EECBG Funds Released	Up to 120 days from application
1/1/10	Energy Efficiency and Conservation Strategy Due to DOE	Up to 120 days from initial funds release
2/28/11	Obligation Deadline	18 months from initial funds release
8/31/12	Expenditure Deadline	36 months from initial funds release
11/31/12	Final Report Due	

Consistent with these guidelines and the Recovery Act's overarching objective of creating or sustaining jobs in the near-term while generating economic and environmental benefits in the long-term, Staff submits the following recommendations for use of the EECBG Program formula grant.

PROGRAM DESCRIPTION

The recommended set of energy efficiency and conservation projects and activities proposed for EECBG Formula Program funding was developed according to the process described here. Attachment A provides details on each recommended project, a contingency project and information on projects that were considered but given a lower priority for funding than the recommended projects.

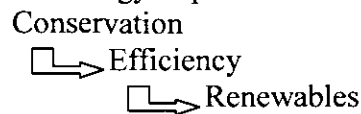
Generating Projects Ideas

A wide variety of projects were considered for EECBG Program funding to the City through the Department of Energy's formula allocation process. The City Administrator solicited EECBG project ideas from each Agency through a brainstorming process based upon information provided regarding ARRA funding opportunities. Project ideas for the EECBG formula allocation were provided by the Public Works Agency, Community Economic Development Agency, Department of Information Technology, Library, Oakland Parks and Recreation, Fire Services, and the Oakland Museum of California. Unfunded energy efficiency projects from the City's Capital Improvement Project list were included among the ideas. Once the initial list was created, discussions with various stakeholders, including Council staff, generated several more ideas to complement the list of projects.

Guiding Principles

To steer discussions about EECBG funding toward the best use of funds, the following set of guiding principles was provided by the Mayor and City Administrator:

- Result in jobs for vulnerable residents with focus on re-entry population and youth.
- Help fill City's budget needs.
- Support longer-term City economic development needs.
- Support the Model City vision.
- Serves as a "demonstration" site or project for best way to expend stimulus funds (leverage other resources, funding; equity and environmental best practices; sustainable)
- Serve as a best use of one-time monies.
- Avoid usage of block grant funds where other resources are or might easily be available
- Follow the energy improvement hierarchy:



Based on the principles outlined above, the following set of evaluative criteria was developed for the consideration process. For the purposes of completing the evaluation quickly, the qualitative criteria were applied using a high-medium-low scale.

- **Impact** – Will this project resolve something or move the agenda forward in a big way?
- **Meets City Budget/Health/Safety Need** – Will this project fill a critical City need or help the City to operate in an essential way?
- **Cost Savings Per Dollar Invested** – How much savings per dollar invested would this project generate? To whom would this savings accrue?
- **Economic Development Potential** – Is the project likely to generate or help retain a significant number of jobs or generate other local economic development in the near future?
- **Community Sense of Benefit** – How likely is the community to embrace this project as a good use of EECBG funds?
- **Potential for Long Term Benefits** – Does the project create longevity through either persistent benefits and/or serving as a platform to enable other significant future actions and benefits?
- **Key Co-Benefits** – Does the project create other key co-benefits such as equity benefits, GHG or air pollution reduction, public health and safety improvements, etc?
- **Timing** – Can the project be initiated quickly and completed within 36 months?

Additionally, criteria for evaluation using energy efficiency-specific and community benefits were developed. Analysis was performed to refine the project recommendations and facilitate the creation of a prioritized project list.

In addition, representatives from the Building Trades Council and Oakland Metropolitan Chamber of Commerce furnished estimates of the number of hours that construction personnel might spend on the proposed projects.

Prioritizing Projects

At the end of the input process, 17 potential projects, totaling \$9.9 million, were identified and considered using the evaluative criteria listed earlier in this report. Priorities were assigned to projects based on jobs created or retained, energy efficiency savings, shovel-readiness, and meeting City budget needs. Projects budgets were reviewed and subsequently adjusted when the funding amount could be scaled to deliver significant benefits with smaller budgets or when a project could leverage other funding.

Ten projects, totaling \$3.91 million, rose to the top of the list within the available funding amount, along with one contingency project which may be eligible if other projects cannot be delivered according to the DOE's shovel-readiness expectations, or if projects don't require all of the budget funds.

The resulting set of shovel-ready projects, detailed in Attachment A, will address several needs in Oakland:

1. Create and retain jobs,
2. Help keep critical facilities operating,
3. Deliver significant energy cost savings to the City, and
4. Create community economic and quality of life improvements.

Community members, for example, will benefit from enhanced bicycle connections into downtown Oakland, traffic circulation near the Coliseum, improved operation of lighting at community ball fields, and support for green building improvements.

Using EECBG Funds in Context of City Greening Efforts

The projects recommended for Oakland's EECBG formula allocation support the City's ongoing sustainability, climate action and energy efficiency work (e.g. Energy and Climate Action Planning, green building requirements). Staff will continue to seek funds from various sources, including other funds available through the ARRA competitive solicitation process, as well as public-private partnerships to meet the City's goals. This grant application supports connecting green jobs and green development in Oakland.

The City is also currently moving forward with other green initiatives that complement the activities list in Attachment A, including potential adoption of a green building ordinance for private construction and implementation of a sustainable energy financing program.

SUSTAINABLE OPPORTUNITIES

Economic: The EECBG funds will result in significant long-term energy cost savings to the City and the community.

Environmental: The EECBG Program supports the City's ongoing sustainability efforts by reducing greenhouse gas emissions, improving efficiency and conserving energy.

Social Equity: The EECBG Program funds will help create and retain jobs for Oakland residents and help create new contracting opportunities.

DISABILITY AND SENIOR CITIZEN ACCESS

This report and resolution will not have any direct impact on access for persons with disabilities or senior citizens.

RECOMMENDATION AND RATIONALE

The proposed set of EECBG Formula Program projects in Attachment A address several needs in Oakland. The proposal aids in keeping critical facilities in operation while delivering significant energy cost savings to the City, and simultaneously creating community economic and quality of life improvements; helping the Oakland fulfill its vision of being a model sustainable city and reducing greenhouse gas emissions.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the attached resolution authorizing the City Administrator to: 1) apply for, accept and appropriate all funds designated for the City of Oakland under the ARRA EECBG Program Formula Allocation; and 2) apply for, accept and appropriate all rebates, grants and incentives for energy projects related to the EECBG Program.

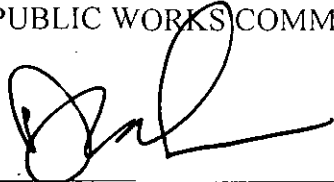
Respectfully submitted,



Raul Godinez II, P.E.
Director, Public Works Agency

Attachment A

APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE



Office of the City Administrator

Item #: _____
Public Works Committee
June 9, 2009

City of Oakland
Proposed EECBG Projects for Stimulus Funding

Attachment A

Description	Preliminary Cost Estimate	Recommended Funding Level	Job Hours from Local Trades *	Cost Savings per Year **	Shovel-Readiness	Notes
Recommended Projects:						
Adaptive traffic signal system to improve traffic flow (CEDA)	\$3,140,000	\$1,000,000	3,822	\$925,000	High	Would help to improve the flow of traffic in the Airport/Coliseum area, reducing gasoline consumption and air pollution associated with idling and moving vehicles and improving driver experience.
Energy efficiency upgrades to HVAC Systems at the Police Administration Building (PWA)	\$2,400,000	\$770,000	2,526	\$100,000	High	Would provide critical replacement of the PAB cooling tower, boiler and HVAC controls upgrades to improve energy efficiency and effectiveness of old equipment. Also expected to increase worker comfort, productivity and reduce maintenance costs. Fully funded would also include replacement of the PAB chiller.
Lighting retrofits for City buildings (PWA)	\$500,000	\$500,000	3,008	\$124,000	High	Would provide cost-effective lighting retrofits in City buildings.
Energy efficiency upgrades to Civic Center City buildings (PWA)	\$580,000	\$580,000	2,336	\$77,000	High	Would provide new HVAC controls for Civic Center (City Hall, Dalziel, Wilson) buildings to improve energy efficiency by replacing obsolete electronic equipment and creating remote facility control capabilities. Maintenance costs expected to be reduced as well.
City Data Center virtualization (DIT)	\$819,000	\$500,000	-	\$114,000	High	Would reduce energy demands and failure rates in existing City data centers and increase disaster recovery and business continuity for Wilson and EOC buildings.
EECBG technical assistance (PWA)	\$80,000	\$80,000	-	-	High	Would provide support to assist Staff in developing the required Energy Efficiency and Conservation Strategy describing EECBG-funded projects in more detail.
Electrical and energy efficiency upgrades to lighting systems at the Police Administration Building (PWA)	\$128,000	\$130,000	666	\$12,000	High	Would upgrade lighting controls to improve energy efficiency and reduce maintenance costs, including replacing obsolete and failing equipment.
Community ballfield lighting controls (PWA)	\$94,000	\$119,200	1,664	\$6,000	High	Would provide smart lighting energy controllers for all 17 of the City's lighted ballfields to dramatically reduce car travel for switching and increase field availability.
Community bike lane improvements (PWA)	\$390,000	\$200,000	1,756	-	High	Would support implementation of elements of the City's Bicycle Master Plan through lane striping, signage and other bicycle-related improvements.
Green building code training for City Staff (CEDA)	\$39,000	\$40,000	-	-	High	Would provide training for City staff in various aspects of implementing the City's current and upcoming green building codes.
Subtotal of Recommended Projects:		\$3,919,200				

* Extrapolated from data provided by trade representatives

** Can include direct energy cost savings, community fuel cost savings, staff utilization, accident cost savings and City maintenance cost savings

**City of Oakland
Proposed EECBG Projects for Stimulus Funding**

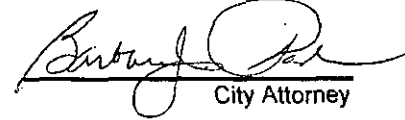
Description	Preliminary Cost Estimate	Recommended Funding Level	Job Hours from Local Trades	Cost Savings per Year	Shovel Readiness	Notes
Contingency Projects:						
Smart water controllers for City fields and landscaping (PWA)	\$336,000	\$300,000	1,920	\$79,000	High	Strong contingency project. Would reduce water consumption via improved sensor technology and leak isolation, also reducing maintenance trips, through smart water controllers for 17 fields and landscaping.
Other Considered Projects:						
Improve energy efficiency of City pools (PWA)	\$239,000	\$0	1,152	\$31,000	High	Not eligible for EECBG Funds. Would reduce energy consumption at two City pools to reduce costs and minimize availability disruptions.
Solar hot water systems for fire stations (PWA)	\$422,000	\$0	1,664	\$12,000	Medium	Insufficient benefits. Would install solar water heating systems at 24 fire stations.
Green retrofit specifications and training in support of sustainable energy financing program (StopWaste.Org 4% proposal) (CEDA)	\$136,000	\$0	-	-	High	Oakland will use funds from an existing source to participate in this program. Will develop technical specification packages for green residential retrofits, consumer marketing materials, training for local installers and building inspectors, and verification and reporting procedures for green retrofits, all in support of local implementation of a sustainable energy financing program.
Additional outreach and training to support sustainable energy financing program (ABAG 10% proposal adds 6% to StopWaste.Org item)	\$234,000	\$0	-	-	Low	Not shovel ready. Could be used to develop additional program outreach and/or workforce development elements to support a sustainable energy financing program.
Energy efficiency and electric vehicles at recreation centers (OPR)	-	-	-	-	Low	Partially covered by existing programs and partially not shovel ready. Would provide energy efficiency upgrades and electric vehicle charging spots at Oakland recreation centers. The majority of recreation centers have already received lighting upgrades and further retrofits will be addressed through existing programs. Electric vehicle charging spots are not shovel ready because of needed electric capacity upgrades.
Window rehabilitation at Historic Melrose Library (Library)	\$400,000	-	1,696	-	High	Insufficient benefits. Would replace existing windows with more energy efficient windows.
Total of all Considered Projects:	\$9,937,000					

* Extrapolated from data provided by trade representatives

** Can include direct energy cost savings, community fuel cost savings, staff utilization, accident cost savings and City maintenance cost savings

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2009 MAY 28 PM 4:33 RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: 1) APPLY FOR, ACCEPT AND APPROPRIATE ALL FUNDS DESIGNATED FOR THE CITY OF OAKLAND UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (FEDERAL GOVERNMENT'S "STIMULUS PACKAGE") ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT FORMULA ALLOCATION ESTIMATED AT THREE MILLION NINE HUNDRED NINETEEN THOUSAND TWO HUNDRED DOLLARS (\$3,919,200.00); AND 2) APPLY FOR, ACCEPT AND APPROPRIATE REBATES, GRANTS AND INCENTIVES FOR RELATED ENERGY PROJECTS

WHEREAS, on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (Public Law 111-05) (Federal Government's "Stimulus Package"); and

WHEREAS, a part of Public Law 111-05, provides \$2.8 billion in Energy Efficiency and Conservation Block Grants ("EECBG") as part of the American Recovery and Reinvestment Act of 2009 to carry out the EECBG Program under Title V, Subtitle E of the Energy Independence and Security Act (EISA) of 2007, on an expedited bases; and

WHEREAS, on May 11, 2009, the U. S. Department of Energy ("DOE") released the Funding Opportunity Announcement of the EECBG Program; and

WHEREAS, the City desires to accept the \$3,919,200 that the DOE has allocated to the City of Oakland through the EECBG Program; and

WHEREAS, DOE requires all EECBG Program grantees to submit to the DOE a proposed Energy Efficiency and Conservation Strategy ("EECS"); and

WHEREAS, the City will prepare a Energy Efficiency and Conservation Strategy in accordance with DOE requirements; and

WHEREAS, there is a need to administer programs funded through the EECBG Program to include the requirements as set forth by DOE; now, therefore, be it

RESOLVED: That the City Council hereby authorizes and directs the City Administrator, and/or his designee, to prepare and submit the EECBG Program formula application; and be it

FURTHER RESOLVED: That the City Council directs the City Administrator, and/or his designee, to prepare and submit the EECS, and to take any actions necessary to execute and submit all documents that may be required to secure DOE EECBG Program formula funding; and be it

FURTHER RESOLVED: That the City Council hereby accepts and appropriates the DOE funds totaling \$3,919,200 within the City Facilities Energy Conservation Projects Fund (4450) and authorizes the City Administrator or his designee to amend the FY 2009-11 budget to reflect actual grant receipts; and be it

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Administrator, and/or his designee to develop and administer programs funded through the EECBG Program to include the requirements set forth by DOE; and be it,

FURTHER RESOLVED: That the City Administrator, and/ or his designee, is authorized to temporarily allocate funds as a short term loan from the City Facilities Energy Conservation Fund (4450) to projects that have committed rebates from PG&E or the State of California provided that such allocation is limited to the amount of the rebate and loaned funds will be returned to the City Facilities Energy Conservation Fund (4450) upon receipt of the rebate from PG&E; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to conduct negotiations, execute documents, and take any other action with respect to the projects and the allocation of the EECBG funds consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That prior to execution, all contracts and agreements shall be reviewed and approved for form and legality by the Office of the City Attorney and a final copy shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER,

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California