

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: John Richardson, Sustainability Officer

SUBJECT: Plan for Use of Energy Efficiency and Conservation Block Formula Grant Funds Made Available Through the American Recovery and Reinvestment Act (ARRA) of 2009

DATE: June 8, 2009

PURPOSE

The purpose of this memorandum is to present a plan for use of Energy Efficiency and Conservation Block Grant funds made available to the Town under the American Recovery and Reinvestment Act (ARRA) of 2009 by way of a formula grant opportunity from the U.S. Department of Energy (DOE). The deadline for submitting the plan for the Energy Efficiency and Conservation Block Grant Program under the ARRA to the DOE is June 25, 2009.

BACKGROUND

We have received notification from the DOE that the Town of Chapel Hill is eligible for \$554,900 of Energy Efficiency and Conservation Block Grant funds under the ARRA. Therefore, we have developed a proposed plan based on this grant amount.

Town staff has presented a variety of options to the Sustainability, Energy and Environment (SEE) Committee for review and discussion regarding the possible uses for these funds. The range of options presented by the staff was derived from knowledge of possible investment opportunities to improve energy efficiency and conservation in Town operations and services. Additionally, the staff referenced an ARRA sustainable energy program proposal developed by the Sustainability Committee and submitted to Council on February 23, 2009 (Attachment 1). The attached spreadsheet (Attachment 2) identifies those projects drawn from a list of options and proposed to the SEE committee for funding through the Energy Efficiency and Conservation Block Grant Program.

DISCUSSION

The proposal for the use of these funds includes:

Energy Star Refrigerators for Public Housing Units

\$80,000-Funds would be used replace 175 of the oldest refrigerators in our public housing units. The units to be replaced pre-date the 2001 Energy Efficiency Standards and would be replaced by units certified as Energy Star Compliant.

Lighting Retrofit in Council Chamber

\$7,500-Fund would be used to replace the existing incandescent fixtures with dimmable compact fluorescent fixtures and new trim.

LED Lighting Retrofit at Town Hall Parking Deck

\$14,950-Funds would be used to replace the existing metal halide fixtures with LED fixtures.

LED Lighting Retrofit at Wallace Parking Deck

\$149,500-Funds would be used to replace the existing metal halide fixtures over the drive aisles, ramps and parking spaces with LED fixtures.

Development of Energy Efficiency & Conservation Strategy (EECS)

\$50,000-Funds would be used to hire a specialist to help create our EECS as required by the DOE for the grant.

Energy Coordinator for Town (Contract Position)

\$90,000-Funds would be used to hire a contract energy coordinator to help with review and analysis of Town energy usage and related resources. This position would be modeled after a similar position created in Ann Arbor, Michigan.

Energy Audits for Public and Transitional Housing Units

\$122,750-Funds would be used to conduct audits at Public Housing Units to develop data and recommendations to ensure that future renovation projects address identified energy conserving opportunities.

Weatherization Training Program

\$20,000-Funds would be earmarked to help develop local training programs to educate local contractors regarding energy savings/weatherization techniques.

Administrative Costs

\$20,000-Funds for costs associated with coordinating and implementing the proposed projects and preparing the necessary reports as required by DOE.

PROCESS

Under DOE guidelines for the grants, all entities receiving direct formula grants from DOE are required to submit both an application and a proposed Energy Efficiency and Conservation

Strategy (EECS) for approval. It is stated that the strategy may be submitted with the initial application for the block grant, or conversely applicants are allowed to request partial funding (up to \$250,000) for the purpose of developing the strategy and any related and approved activities.

The staff plans to submit an application on or before the June 25 funding opportunity deadline that requests the funds necessary to hire an Energy Coordinator on a contract basis for both the reasons stated in the discussion section above and to assist with the development and submittal of a strategy. Once the partial funding allocation is received, the strategy would then be submitted to the DOE within 120 days. The strategy is likely to include the other programs/projects listed on Attachment 2 (i.e., those other than the contract Energy Coordinator and strategy); however, review and analysis of the Town's energy use by the contract Energy Coordinator may provide additional considerations at the time the strategy is developed. Once the Town's strategy is approved by the DOE, the balance of funds will be made available to the Town to carry out implementation. The Town will then have 18 months to obligate the funds and 36 months to spend the entire allocation.

RECOMMENDATION

We recommend that the Council receive this report.

ATTACHMENTS

1. Sustainability Committee ARRA Program Proposal (p. 4)
2. EECBG Matrix (p.7)