



AGENDA ITEM

Public Utilities Commission

City and County of San Francisco



DEPARTMENT Power Enterprise AGENDA NO. _____
 MEETING DATE May 26, 2009

Energy Efficiency and Conservation Block Grant Formula Funding: Regular Calendar
Project Manager: Laura Spanjian

Energy Efficiency and Conservation Block Grant Formula Funding

Summary of Proposed Commission Action:	Discussion and possible action to approve application for \$7,700,000 of Energy Efficiency and Conservation Block Grant (EECBG) formula funding through the American Recovery and Reinvestment Act (ARRA), U.S. Department of Energy program.
Background:	<p>The Energy Independence and Security Act (EISA), signed into law on December 19, 2007, created the Energy Efficiency and Conservation Block Grant (EECBG) Program. The program as established by EISA is for federal grants to local governments to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. H.R.1, The American Recovery and Reinvestment Act of 2009, funded the EECBG program with \$3.2 billion to be allocated to municipalities. San Francisco is set to receive \$7,700,000, allocated by formula.</p> <p>The SFPUC participated in a technical advisory group with the Mayor's Office and several City Departments to analyze funding allocated through the ARRA and developed a set of proposals for allocating the Energy Efficiency Community Block Grant funds.</p> <p>These proposals may include the following from the SFPUC:</p> <ul style="list-style-type: none"> • Department of Public Health Energy Efficiency Retrofit for Southeast Health Center Heating, Ventilation and Air Conditioning (HVAC) • Sheriff's Department Community Justice Center 8 and 9 HVAC and BMS Upgrades • Sheriff's Department Community Justice Center 5 BMS and

APPROVAL:

DEPARTMENT / BUREAU _____ COMMISSION SECRETARY <u>Mike Housh</u>	FINANCE <u>Todd L. Rydstrom</u> GENERAL MANAGER <u>Ed Harrington</u>
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	<p>Lighting Upgrades</p> <ul style="list-style-type: none">• Sheriff’s Department Women’s Reentry Center (930 Bryant Street) Lighting and HVAC Upgrades• Art Commission Cultural Center (African American, SomArts & Mission Cultural Centers) Energy Efficiency Measures and/or HVAC Upgrades• Recreation and Parks Department Ella Hill Hutch Center Energy Efficiency Improvements and/or Cool Roof/Solar Installation <p>These proposals may include the following from the Department of the Environment:</p> <ul style="list-style-type: none">• Heating Systems (addressing hot water and heating systems primarily in multi-family buildings)• Community Resilience (providing comprehensive Home Resiliency assessments and incentives for home performance improvements) <p>As a separate matter the City’s Office of Public Finance has worked with staff of the Mayor’s office, the SFPUC, the Department of the Environment and other City departments to issue an RFP for financial and administrative partners for a tax lien financing program known as the “Clean Energy Loan Program.” As noted above, the Clean Energy Loan Program would allow private individuals to take out a loan for qualifying energy improvements and pay back that loan through a special tax on their property tax bill.</p> <p>The City has received responses to the RFP, but the selected proposal needs additional negotiation before the ultimate funding relationship is established. The workgroup continues to evaluate the progress of those negotiations, as this program represents a way to leverage public dollars with private dollars to stimulate the growth of a competitive energy efficiency and renewable energy installation industry.</p> <p>If an appropriate private sector lending opportunity is not identified for the proposed Clean Energy Loan Program then the Mayor would propose reallocating certain of the EECBG funds from either or both of the SFPUC or SFE programs to provide a startup investment for that program, with the expectation that those funds could be reapplied to the SFPUC or SFE programs if and when a permanent financing source is secured that would establish a sustainable revolving loan program and at the same time could refund the initial EECBG investment.</p> <p>Additionally, the SFPUC, the Department of the Environment and other City Departments shall work with the Controller and the Mayor’s Office to ensure that administrative costs for each ARRA funded project are covered by ARRA funds, respecting the 10% maximum allowance for ARRA funds to be spent on administrative costs.</p>
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<p>Pros & Cons:</p>	<p>PROS:</p> <ul style="list-style-type: none"> • Participation in the EECBG Program will allow the SFPUC to provide energy efficiency upgrades to General Fund Department infrastructure that might not otherwise have funding available in this year’s budget. • Providing energy efficiency upgrades to these departments will reduce energy demand, saving money and energy resources. • Providing incentives for heating systems and home performance improvements will reduce citywide GHG emissions by 3,447 tons and provide 63 jobs. • Use of EECBG grant money to fund the Department of the Environment programs described herein will leverage these funds across a wide range of beneficiaries and will stimulate the investment of private funds in energy efficiency improvements. • The potential use of EECBG funds to provide startup capital for the Clean Energy Loan Program would complement the SFE Home Heating and Community Resilience grant funded programs, as well as the SFPUC’s GoSolarSF incentive program, by allowing private individuals and entities the opportunity to finance the up-front cost of their energy improvements that is not otherwise paid for through federal, state or local sources. <p>CONS:</p> <ul style="list-style-type: none"> • None identified.
<p>Description:</p>	<p>This hearing will consider initiatives proposed by the Mayor and City Departments (including the SFPUC) as potential uses of the City and County of San Francisco’s \$7,700,000 share of 2009 Energy Efficiency and Conservation Block Grant formula funds.</p> <p><u>Funding</u> The total amount of 2009 ARRA EECBG funds allocated to the City and County of San Francisco is \$7,700,000. Of these funds, the Mayor proposes allocating \$3,850,000 (50%) of funds on SFPUC managed General Fund energy efficiency projects and \$3,850,000 (50%) on Department of Environment managed residential energy efficiency projects.</p> <p>The Mayor also proposes the potential allocation of funds to the proposed Clean Energy Loan program, a financing program for renewable energy and energy efficiency improvements on privately owned buildings where the loans are repaid through special taxes on the property tax bill. This potential allocation would provide the benefits sought by the program while at the same time allowing funds to be returned through loan repayments and such funds reused for the programs identified above.</p>

Contract: Energy Efficiency and Conservation Block Grant Formula Funding
Commission Meeting Date: May 26, 2009

Recommendation:	SFPUC staff recommends that the Commission adopt the attached resolution.
Attachments:	SFPUC Resolution

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. _____

WHEREAS, San Francisco Public Utilities Commission (SFPUC) staff participated in a technical advisory group sponsored by Mayor Newsom regarding Energy Efficiency and Conservation Block Grant (EECBG) funding; and

WHEREAS, The City and County of San Francisco's share of 2009 EECBG funding is \$7,700,000; and

WHEREAS, The technical advisory group recommends that \$3,850,000 (50%) of funds should be allocated to General Fund energy efficiency projects managed by the SFPUC, and \$3,850,000 (50%) of funds should be allocated to residential energy efficiency projects managed by the Department of the Environment; and

WHEREAS, The technical advisory group further observes that the establishment of the Clean Energy Loan Program, a proposed tax lien financing program for privately-owned renewable energy and energy efficiency improvements, would be a helpful complement to the City's existing incentive programs and the Department of the Environment programs described above; and

WHEREAS, If the Clean Energy Loan Program is unable to locate a private funding source on a cost-effective basis, the technical advisory group recommends that a portion of the EECBG grant funds be used as startup capital for such program, subject to the reallocation of funds upon the establishment of a revolving private financing source once the program reaches critical mass; now, therefore, be it

RESOLVED, That this Commission supports the General Manager of the San Francisco Public Utilities Commission in pursuing Energy Efficiency and Conservation Block Grant funds in coordination with the Mayor and Department of the Environment as described above and as further advised by the Mayor's technical advisory group.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of _____ May 26, 2009

Secretary, Public Utilities Commission