

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Energy Efficiency and Conservation Block Grant Funding
DEPARTMENT:	Administrative Services
PRESENTED BY:	Bethany Wolbrecht-Dunn, Grants Coordinator Patti Rader, Finance Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

In February of 2009, the American Recovery and Reinvestment Act (commonly referred to as “stimulus funding” or ARRA) was signed into law. The City of Shoreline benefited from several of ARRA’s programs, the largest being the Energy Efficiency and Conservation Block Grant (EECBG) program funding through the US Department of Energy (DOE). \$386,732 of the \$472,800 in EECBG allocated was used to install energy efficiency items in City Hall.

However, the DOE has determined that \$122,558 of the City Hall project does not meet the Buy American ARRA requirements and those EECBG funds must be repaid. As ARRA and EECBG compliance issues are being seen in other jurisdictions, the Department of Energy is allowing grantees the opportunity to reprogram the funds to other EECBG eligible projects or to simply refund the funds that were used in out of compliance project components.

Staff recommends that the EECBG funds be reallocated to purchase additional solar trash and recycling compactors that will be placed at high use locations throughout the City.

RESOURCE/FINANCIAL IMPACT:

Repayment would occur from the remaining City Hall project budget which has been designated for tenant improvements. Staff estimates that the current available balance in the City Hall project is \$724,105. The repayment would reduce the balance to \$601,547.

Reprogramming the EECBG funds would provide \$122,558 for eligible EECBG activity as determined by Council.

RECOMMENDATION

No Council action is required this evening, however, staff is seeking consensus to proceed with the following replacement EECBG project: purchase of solar trash and recycling compactors. The budget amendment, if any, would be brought back to Council as part of the normal carryover/budget amendment ordinance in April 2013.

Approved By: City Manager ***JU*** City Attorney ***IS***

BACKGROUND

The American Recovery and Reinvestment Act (commonly referred to as “stimulus funding” or ARRA) was signed into law by the President on February 17, 2009. The act had two major goals: 1) save and create jobs and 2) provide temporary relief programs for those most impacted by the recession and invest in education, infrastructure, health and “green” energy. Of the programs through which ARRA provided funding, the Energy Efficiency and Conservation Block Grant (EECBG) program was allocated \$3.2 billion nationwide. The EECBG program was initially authorized by the Energy Independence and Security Act (EISA) of 2007; however, ARRA appropriated the first funding for this new federal program. Based on a federal funding formula, the City of Shoreline was entitled to \$472,800 for EECBG eligible programs.

Final Approved Programs, Shoreline	Cost
City Hall Projects -	\$386,732
• <i>Occupancy sensor control for HVAC system (\$108,433)</i>	
• <i>Day-lighting sensors (\$184,067)</i>	
• <i>Bi-level stairway lighting (\$5,079)</i>	
• <i>Visqueen curtain for server racks (\$14,153)</i>	
• <i>Additional solar voltaic panels (\$75,000)</i>	
Sustainability Reporting (www.forevergreen.shorelinewa.gov)	\$ 45,000
Service Contract with Shoreline Chamber of Commerce for 2010 North King County Green Business Conference	\$ 4,246
Solar Trash/Recycling Compactors	\$ 36,822
Total	\$472,800

The City Hall project construction was well underway when the act was signed into law in February 2009. ARRA encouraged “shovel ready” projects in order to have an immediate benefit to the economy. While the City Hall project was identified at that time, guidance on the use of the program funds was evolving. The Shoreline City Council approved change order #5 on May 11, 2009, which incorporated the energy efficient items for City Hall listed above into the OPUS, NW development agreement.

Construction was completed and the city purchased the building and moved into it in August of 2009. The grant agreement with the Department of Energy was approved by City Council on January 11, 2010 (programs and project retroactive to the February 20, 2009 law signature date were allowable).

Because the EECBG program was established under EISA, but the funds were appropriated under ARRA, there were multiple regulations that dictated the use of the funds. The Department of Energy (DOE), as the federal department responsible for EECBG, is tasked with ensuring grantees meet all requirements of EISA and ARRA. In working to document all EECBG and ARRA compliance with DOE staff, it has become apparent that there are two components of the City Hall project that do not meet ARRA requirements, specially the Buy American provision.

Buy American

Buy American is a provision of ARRA that does not allow any of the funds appropriated or otherwise made available by the funding to be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all the iron, steel, and manufactured goods used are produced in the United States. A manufactured good is defined as a good brought to the construction site for incorporation into the building or work that has been processed into a specific form and shape; or combined with another raw material to create a material that has different properties than the properties of the individual raw materials.

City staff has worked closely with the DOE staff to document compliance with the Buy American provision for the City projects however, we have been unable to confirm compliance with Buy American for two components of the City Hall Project: Occupancy sensor control for HVAC (\$108,443) and Vizqueen curtain for server racks (\$14,115). While the Buy American provision has a waiver process, the DOE staff has indicated that is not an available option for these components. Therefore, these expenditures are ineligible for reimbursement. Since the City was reimbursed for these items in 2010, the City must now return the ineligible funds to the Department of Energy. This will be repaid from the remaining balance in the City Hall project budget which has been designated for future tenant improvements. Staff estimates that the current available balance in the City Hall project is \$724,105. The repayment would reduce the balance to \$601,547.

ALTERNATIVES ANALYSIS

As Buy American and other EECBG compliance issues are being seen in other jurisdictions, the Department of Energy is allowing grantees the opportunity to reprogram the funds to other EECBG eligible projects or to simply refund the funds that were used in out of compliance project components. Staff has identified the following options.

Option 1. Repay the \$122,558 for the items deemed out of compliance with Buy American. This would resolve the issue in its entirety. No further follow-up with the Department of Energy would be necessary.

Option 2. Reprogram the \$122,558 for other eligible EECBG programs. This process includes the repayment of the \$122,558 and a formal request for re-allocation of funds and an extension for the City's agreement. An approval and extension would likely not be approved until February/March 2013; and all funds must be expended, reported, and reviewed by DOE by September 30, 2013 (the end of the federal fiscal year). All EECBG and ARRA regulations remain in effect.

Activities eligible for use of EECBG funds include the following:

- Development of an energy efficiency and conservation strategy
- Building energy audits and retrofits, including weatherization
- Financial incentive programs for energy efficiency such as energy savings performance contracting, on-bill financing, and revolving loan funds

- Transportation programs to conserve energy and support renewable fuel infrastructure
- Building code development, implementation, and inspections
- Installation of distributed energy technologies including combined heat and power and district heating and cooling systems
- Material conservation programs including source reduction, recycling, and recycled content procurement programs
- Reduction and capture of greenhouse gas emissions generated by landfills or similar waste-related sources
- Installation of energy efficient traffic signals and street lighting
- Installation of renewable energy technologies on government buildings
- Any other appropriate activity that meets the purposes of the program and is approved by DOE

The City is most constrained by the time limitation on the use of funds, as no extensions will be granted to the September 30, 2013 deadline and all reporting (financial and programmatic) must also be submitted by the date. After discussing possible projects with City staff, the following options have been considered to reprogram the funds:

1) Traffic signal LED retrofitting. Initially seen as a viable option, further analysis has shown that only approximately \$40,000 is needed to complete this project in the City. There are approximately 20 locations where only the yellow light display has not been converted to LED. Due to the complexity of the project (coordination with King County Metro Transit for installation and compliance with the Buy American provision) and the September 30, 2013 deadline, staff has determined that this is not a reasonable use of the funds.

2) Additional solar panels at City Hall.

With approximately \$122,000 of EECBG funds, a preliminary estimate is that 48 solar panels could be purchased, which would produce 8.6 kilowatts of renewable energy. Without a more detailed analysis of the proposed locations at the back wall or center parking area of the upper deck of the garage, there may be unknown costs associated with the project. At a minimum, more electrical conduit, an inverter and specially fabricated 'trees' for support of the panels may be required, depending on the location.

Although the amount of electrical energy produced by the panels would offset a small part of the electricity used in the City Hall, and while the panels do reduce greenhouse gases and promote renewable energy in our community, the pay-back period for a return of investment would not be immediate, and could probably be measured in 50+ years.

In addition, based on staff's experience with the construction of the existing solar panels on the garage, the timeline for completing the proposed project by September 30, 2013 is unrealistic.

3) Purchase of alternative fuel vehicles.

While the purchase of vehicles is technically an eligible EECBG expense, only the incremental difference between a conventional vehicle and an alternative fuel or hybrid vehicle is eligible. However, if the vehicle is integral to part of another eligible activity (such as a recycling program), then the full cost may be eligible. The City is scheduled to purchase only one replacement vehicle in 2013 (conventional), so the potential benefit is minimal.

4) Additional solar trash and recycling compactors – (preferred option).

This project proposes to purchase 17 total sets of Big Belly solar compacting (BBSC) garbage and recycling containers for high use bus stops in Shoreline. Twelve sets would be installed in the Aurora corridor; two sets would be at Shoreline Community College that attracts thousands of students annually; and three sets would be in the North City business district corridor. Using EECBG funds, 13 sets of BigBellys could be purchased. In addition, other available recycling grant funds could be used to purchase an additional 4 sets to complete the proposed project. This is staff's preferred option as the City has previously used EECBG funds for this purpose, therefore we can be assured of DOE approval for this purchase and believe that the project can be achieved within the extension timeline.

King County Metro Transit has agreed to collect the garbage and recycling at the bus stops in the Aurora corridor and at Shoreline Community College. The North City business district BigBellys will be emptied by CleanScapes (the City's solid waste contractor).

The City currently has multiple sets of BigBelly Solar trash and recycling compactors located along Aurora (8 sets, with 2 additional sets that will be placed once the final section of construction along Aurora is completed) that were purchased with the assistance of EECBG funds. The receptacles are emptied by King County Metro Transit.

Additionally, there are sets located in five City parks (Richmond Beach, Shoreview, Twin Ponds, Shoreline Center soccer fields, Paramount School Park), a set at City Hall and a set in North City. Parks' staff maintain the ones located in the parks and CleanScapes empties the North City set.

By reducing the need to collect the garbage and recycling at bus stops from once per week to once per month, the installation of the BigBellys would reduce truck mileage by 913 miles, conserving 330 gallons of gasoline annually, and avoiding 3.28 tons of CO₂E (a sum of the major greenhouse gases) per year.

Additionally, this project meets the City Council Goal #2 (Continue to implement the City's Environmental Sustainability Strategy and Tree City USA initiatives). Since BigBelly recycling containers would be added to bus stops that currently have only garbage collection, materials will be diverted from the landfill, and an increased amount of natural resources will be recycled, making them available for the production of new products. Based on the

current 7 BigBelly units on Aurora, 8.10 tons were recycled and diverted from the landfill in 2012.

To summarize, BigBellys are the only renewable energy compactors for outdoor use, which will compact approximately 160 gallons of solid waste or recycling before needing to be emptied. This unique process satisfies the City's goals of promoting fiscal stewardship and an environmentally sustainable community through the reduction of collection trips, operation costs, fuel use and greenhouse gas emissions. In addition, attached panels on the side of the Big Belly compactors provide an opportunity to educate the public about recycling, waste reduction, climate protection and the importance of renewable energy in our lives.

RESOURCE/FINANCIAL IMPACT

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