

Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: February 2, 2010

To: Council Member Lisa Goodman, Chair, Community Development Committee

Referral to: Council Member Elizabeth Glidden, Chair, Regulatory Services, Energy, and Environment Committee

Council Member Betsy Hodges, Chair, Ways and Means/Budget Committee

Subject: **Minneapolis Economic Recovery Strategy: State Office of Energy Security Solicitation for Grant Funds to Establish Energy Loan Programs for Commercial, Industrial, and Nonprofit Facilities.**

Recommendation:

1. Authorize staff to submit an application to the Minnesota Department of Commerce, Office of Energy Security, on behalf of the City of Minneapolis for a \$500,000 grant in response to a competitive funding solicitation to establish a revolving loan fund to finance energy upgrades and improvements for commercial, industrial, and/or nonprofit facilities in the city.
2. Authorize staff to make such modifications as indicated by further guidance by Department of Commerce.

Previous Directives: On June 1, 2009 the Council authorized staff to submit an application for formula-EECBG funds to the U.S. Department of Energy (DOE) in the amount of \$3.9 million. On November 17, 2009 the City Council authorized staff to accept a grant of \$150,000 from Living Cities for the purpose of planning and beginning to implement a comprehensive energy efficiency building retrofit program across the Twin Cities. On November 30, 2009, the City Council authorized staff to submit an application to the DOE on behalf of the Cities of Minneapolis and Saint Paul for \$30 million of EECBG funds through a competitive solicitation process.

Department Information

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Approved by: Catherine A. Polasky, Director of Economic Devel, CPED _____ Charles T. Lutz - Deputy Director, CPED _____
Presenters in Committee: Catherine A. Polasky, Director of Economic Development, CPED

Financial Impact

- Other financial impact – partial city match required

Supporting Information

The Minnesota Department of Commerce Office of Energy Security (OES) has issued a competitive solicitation requesting proposals from Minnesota economic development authorities and commercial, industrial and nonprofit facility owners to develop and implement energy efficiency and renewable energy projects or programs in commercial, industrial, and nonprofit facilities.

Funds for this RFP have been awarded to the State by the U.S. Department of Energy (DOE) under a State Energy Program (SEP) Grant. Up to \$4,100,000 is available under this solicitation. The maximum individual award is \$500,000.

City staff plan to apply for grant funds under Category 2 of the RFP – Revolving Loan Programs. Under this category, proposals are requested from economic development authorities and nonprofit entities to establish and operate revolving loan programs or similar financing mechanisms to finance cost-effective energy efficiency and renewable energy improvements in commercial, industrial and nonprofit facilities in Minnesota.

City staff plan to apply for the maximum grant award amount of \$500,000 to establish a revolving loan fund to provide low-interest financing for energy upgrades and improvements to commercial, industrial, and/or nonprofit facilities in the city. Staff are in the process of developing a workplan for how the loan program would be structured, how the funds would be targeted (types of facilities, projects, etc.), and the most appropriate sources for the required match. We expect that we will be able to identify a match through existing allocations to energy efficiency programs.

Applications in response to this solicitation are due to the state on or before February 12, 2010. Award announcements are expected in March 2010, with a projected grant start date in early May 2010.