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

Date: November 17, 2009

To: Chair Lisa Goodman, Community Development Committee Referral To: Chair Paul Ostrow, Ways & Means/Budget Committee

Subject: Minneapolis Recovery Strategy: Selection of external provider through RFP

Process to provide energy efficiency improvements to residents in

Minneapolis.

Recommendation: That the proper City officers be authorized to execute a contract with Center for Energy and Environment (CEE) to utilize \$705,000 from the City of Minneapolis allocation of Energy Efficiency Conservation Block Grant (EECBG) funding to provide Residential Energy Efficiency Services through its Community Energy Services Program.

Previous Directives: On June 1, 2009 City Council authorized City Staff to select an external provider through an RFP process to support energy efficiency improvements to residents in Minneapolis.

Prepared by: Becky Shaw, CPED Business Finance 673-5066

Approved by: Mike D. Christenson, Director CPED _

Catherine A. Polasky, Director of Economic Policy & Development_

Presenters in Committee: Becky Shaw

Financial Impact

Other Financial Impact

Community Impact

- Neighborhood Notification: Each neighborhood was notified of the RFP for a service provider for Energy Efficiency Residential Program.
- City Goals Enriched Environment sustainability and increasing usage of renewable energy.
- Comprehensive Plan: The proposed project is in compliance with the policies of the Minneapolis plan.
- Zoning Code: The proposed project is in compliance.

Supporting Information

In February 2009, Congress passed and the President signed the American Recovery and Reinvestment Act (ARRA) which allocated \$3.2 billion to the Energy Efficiency Conservation Block Grant Program (EECBG). The program allocated funds to cities, counties and states to implement strategies to reduce fossil fuel emissions, increase efficiency and to reduce total energy use, while creating jobs.

In June 2009, City Council authorized staff to submit an application to the U.S. Department of Energy for \$3.9 million for proposed activities. Council approved an appropriation of \$705,000 of that \$3.9 million for a Residential Energy Efficiency and Conservation Program. City staff was approved to select an external provider to support energy efficiency improvements to residences in Minneapolis through an RFP process.

The RFP issued in September 2009 urged proposers to demonstrate:

- 1. Strategies and techniques that can maximize the energy efficiency of residential properties treated through this program.
- 2. Leveraging other programs and funding sources that are compatible with the goals of the EECBG Program.
- 3. Linkage with local workplace development programs that can maximize employment opportunities for city residents.
- 4. Partnerships with neighborhood associations and other community based organizations in Minneapolis.

The City received one proposal. The proposal submitted by Center for Energy and Environment (CEE) demonstrates many strengths that satisfy the requirements of the RFP.

CEE proposes to expand on their current Community Energy Services (CES) program in Minneapolis to serve an additional 4000 homes in 2010 and 2011. Energy savings are obtained through three basic measures:

- Education on no-cost actions residents can take such as turning off lights and electronics in unused rooms;
- Installation of low-cost energy-saving materials such as compact fluorescent lights (CFLs), low-flow showerheads, and setback thermostats; and

 Major home retrofits such as insulation, air sealing and replacement of furnaces, boilers, water heaters and installation of Energy Star windows.

CEE has an existing program and other funding sources that allow for easily implementing funding and strategies of the EEBCG program. CEE has received \$2 million in funding from the Environment and Natural Resources Trust Fund to start Community Energy Services (CES) and similar programs in Minneapolis and greater Minnesota. This funding provides services for approximately 2000 homes in Minneapolis and 6000 others across the state. With the EECBG funding, CEE will be able to expand the program to an additional 4000 homes in Minneapolis. CEE is a current contractor for CenterPoint Energy and Xcel Energy's new "Home Energy Squad" program. CenterPoint and Xcel are supportive of expanding this program and working with the City of Minneapolis to provide funding and services to an additional 4000 homes in Minneapolis. CenterPoint Energy and Minnesota Housing Finance Agency provide rebates and grants for insulation, air sealing and major mechanical replacements. Major retrofits can be financed from loans provided by CEE. CEE will also use its own funds to purchase blower doors for the air sealing and insulation contractors that Summit Academy OIC will help mentor.

Total estimate of leveraged funds:

Funding Source	Amount
LCCMR	\$ 50,000
Home Visits (CenterPoint/Xcel)	\$ 940,000
Rebates/Grants (CenterPoint/MHFA)	\$ 532,000
Financing (CEE and partners)	\$1,600,000
CEE – blower doors for minority contractors	\$ 20,000
Total:	\$3,142,000

CEE will maximize employment opportunities for city residents. CEE will work with Summit Academy OIC to recruit and train new contractors for air sealing and insulation. Summit Academy OIC is a non-profit, community bases vocational training and job placement center in North Minneapolis. EECBG funding would allow them to provide field training to new contractors for homes that would be air sealed and insulated through the CES programs.

Partnerships with neighborhood associations and other community organizations are a key part of the marketing and delivery strategy for this program. CEE currently works with 35 Minneapolis neighborhood organizations to provide home rehab work.

Overall, city staff agrees that the proposal submitted by CEE demonstrates experience, capacity and proven track record with energy efficiency service delivery and financing. They fully meet our objectives for this residential energy efficiency program on all measures – number of homes serviced, financing provided, jobs generated/workers trained, energy savings and CO2 emission reductions.