

DATE: January 6, 2010

TO: Mayor and City Council

FROM: Intergovernmental Affairs and Economic Development

**SUBJECT: APPROVAL OF AUTHORIZATION LETTER FOR FOUNDATION
FOR CALIFORNIA COMMUNITY COLLEGES' APPLICATION
FOR US DEPARTMENT OF ENERGY RETROFIT RAMP-UP
PROGRAM**

BACKGROUND/ISSUE/ANALYSIS

In October 2009, the US Department of Energy (USDOE) issued Funding Opportunity Announcement DE-FOA-000148 providing up to \$454 million in Energy Efficiency Conservation Block Grant (EECBG) competitive funding. This funding is organized under two topic areas. Topic 1, the Retrofit Ramp-up Program, provides up to \$390 million for programs of \$5 to \$75 million for 8 to 20 awards. Topic 2, The General Innovation Fund, is for competitive grants that are reserved for units of local government and state-recognized tribes not eligible for direct formula grants. Topic 2 provides up to \$64 million for projects of \$1 to \$5 million for 15 to 60 awards. The deadline for submittal of applications was December 14, 2009.

The goal of this FOA is to stimulate activities that move beyond traditional public awareness campaigns, program maintenance, demonstration projects, and other "one-time" strategies and projects. Through this FOA, USDOE seeks to stimulate activities and investments which can fundamentally and permanently transform energy markets in a way that make energy efficiency and renewable energy the options of first choice; and, sustain themselves beyond the grant monies and the grant period by designing a viable strategy for program sustainability.

This FOA stresses leveraging, to the maximum degree possible, participation and support of multiple local jurisdictions, regional planning agencies, and state energy offices; prioritizing energy efficiency and/or energy conservation as first in the loading order before investments are made in new generation; moving beyond the planning stage and being ready for implementation; articulating and demonstrating the ability to achieve measurable goals that have the potential to make an impact at the regional or national level; and maximizing the creation and/or retention of jobs in the United States.

In response to this FOA, the Foundation for California Community Colleges (FCCC) submitted an application for \$20 million from Topic 1 funding for the Sustainable Output Labor and Retraining (SOLAR) Program. Under SOLAR, funding will be provided for energy efficiency and renewable generation improvements, workforce development

training, and professional development among 16 of the 72 community college districts throughout the state.

Of the \$20 million requested, \$16 million would be allocated equally among 16 community college districts. Due to their early and active support of the SOLAR program and FCCC's application to USDOE, Saddleback Community College District in Mission Viejo and Los Rios Community College District (including Folsom Lake College), in particular, would receive direct allocations of \$1 million from the Topic 1 grant funding. The remaining \$14 million or \$1 million each would be distributed, through a competitive process, among 14 of the remaining 70 community college districts in the state.

The balance of the Topic 1 grant funding would be used for student training (\$3 million) with the rest directed towards staff training and grant administration. Staff understands that in addition to the direct allocation of \$1 million from the grant, Folsom Lake College will also be the designated institution within northern California to provide certified staff training in energy management and auditing. An executive summary describing the SOLAR program is attached (Attachment No. 2).

To complete the FOA application FCCC is required to have a California city, which did not apply for the competitive grant funding, authorize FCCC to apply on that City's behalf.¹ Due to the significant emphasis on leveraging and long-term sustainability under this FOA (i.e., focus on programs versus individual projects), staff understands only the City of Los Angeles submitted an application. By approving the attached authorization letter, Folsom will serve as the authorizing City for FCCC's application. Staff understands FCCC has coordinated with USDOE regarding receipt of this authorization letter even though the official deadline for applications has passed.

Also attached is a copy of a letter from Mayor Starsky dated December 14, 2009, encouraging the USDOE to approve FCCC's SOLAR application (Attachment No. 3).² This letter was included in FCCC application to USDOE. Apparently, due to the fact the City of Folsom was the only City in the state to respond to FCCC with a written letter of encouragement, FCCC asked Folsom to serve as the authorizing City.

POLICY/RULE

The City of Folsom is a Charter City with the power and authority to regulate municipal affairs. Such powers of the City are vested in the City Council including all ordinances

¹ Since the deadline for applications has passed, the City's decision to apply for these competitive EECBG grant funds is moot. However, due to the exceptional leveraging requirements and long-term sustainability expectations it is unlikely the City would have applied or if it had applied been successful. Although technically a moot point by approving the attached authorization letter the City, in effect, waives its opportunity to apply for these same competitive grant funds.

² Although this earlier letter references a formal resolution, staff has confirmed with FCCC that the attached authorization letter is actually what is required by USDOE to complete the application.

and regulations needed to provide for public health, safety, and welfare and to improve and enhance the quality of life for Folsom's citizens, their children, and their neighbors.

FINANCIAL IMPACT

There are no direct financial impacts to the City of Folsom associated with supporting the SOLAR program. If the application is successful, the SOLAR program will provide funding for renewable energy and energy efficiency improvements as well as job training for colleges in the Los Rios Community College District including Folsom Lake College. Indirectly, the City will benefit from the creation of new jobs and workforce development training in our local area.

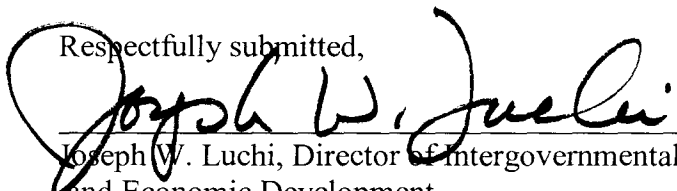
ATTACHMENTS

1. Approval of Authorization Letter for Foundation for California Community Colleges' Application for USDOE Energy Retrofit Ramp-Up Program
2. Executive Summary of SOLAR program
3. Copy of Letter of Encouragement from Mayor Starsky

RECOMMENDATION/CITY COUNCIL ACTION

Staff recommends the City Council approve the Authorization Letter for Foundation for California Community Colleges' Application for USDOE Energy Retrofit Ramp-Up Program

Respectfully submitted,



Joseph W. Luchi, Director of Intergovernmental Affairs
and Economic Development

Attachment No. 1



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

January 12, 2010

The Honorable Steven Chu, Secretary
U.S. Department of Energy
1000 Independence Ave, SW
Washington DC 20585

**Subject: Authorization Letter for Retrofit Ramp-up Program Application by
Foundation for California Community Colleges**

Dear Secretary Chu:

By this letter, the City of Folsom authorizes the Foundation for California Community Colleges to apply for, receive funds, and administer an award on its behalf under the Retrofit Ramp-up Program (U.S. Department of Energy Funding Opportunity Announcement DE-FOA-0000148, Topic 1).

Sincerely,

Jeff Starsky
Mayor

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Attachment No. 2



Sustainable Output Labor And Retraining (SOLAR) Program Executive Summary

The Sustainable Output Labor And Retraining (SOLAR) Program is a highly leveraged public/private partnership between multiple local governments, Saddleback College, the Foundation for California Community Colleges (FCCC) and private industry. The program presents an entirely new model for delivering energy efficiency, renewable generation, dislocated worker career technical education in clean technology and professional development for Community College facilities staff. The program is anticipated to generate over \$160 Million dollars of direct construction expenditures alone in California Community Colleges from a \$20 Million dollar grant. The \$160 Million in direct expenditures does not include additional millions of "in kind" donations that will further demonstrate its unmatched economic impact. Beyond this SOLAR will demonstrate a model to other facility owners, both public and private, whereby similar projects can be completed at no first cost to a campus and are cash-flow positive from the first year.

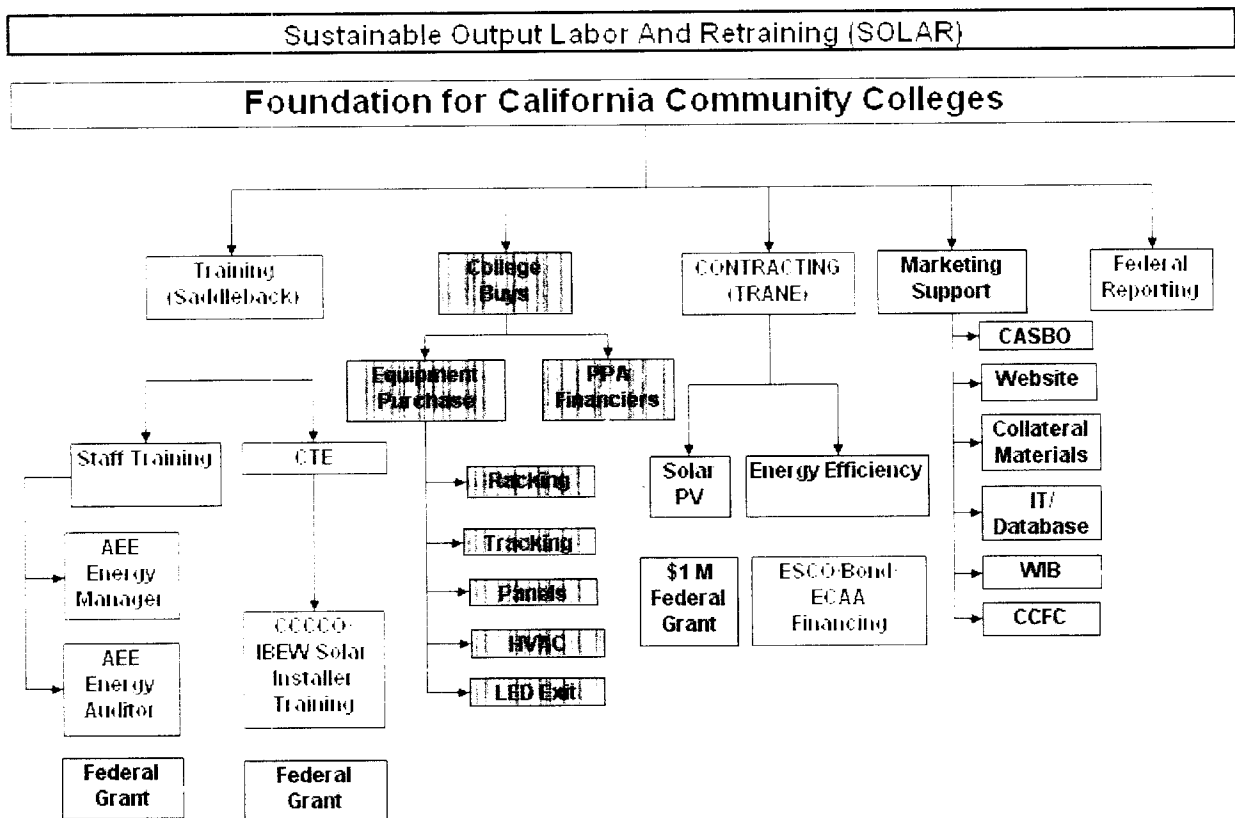
The program consists of the following elements:

- 1. FCCC group purchasing discounts.** By making use of the existing College Buys program, group purchasing of common elements can be accomplished, reducing unit price
- 2. Energy Efficiency Upgrades to existing structures.** Utilizing existing utility incentives and financing from an Energy Services Contractor, conservation projects will be completed at the participating campuses to eliminate an average of 2 Million Kilowatt hours of annual electrical power consumption, 200,000 Therms of annual natural gas consumption, or a combination of the two. The work will be performed at no first cost to participating campuses, and will be cash flow positive as well. The ESCO partner for this program, Trane/Ingersoll-Rand, has committed \$100 Million in ESCO financing for the project, and has further committed to managing all of the projects on a "lowest cost/open book" basis, to guaranty both transparency and cost effectiveness.
- 3. Renewable Energy installations.** An average of 1 MW of solar photovoltaic power will be installed at each of the participating campuses. The annual energy production from any PV systems will be matched with an equal or greater degree of annual energy conservation first. The cost of these projects will be further reduced by virtue of the College Buys purchasing arrangements noted above.
- 4. Competitive bidding for Power Purchase Agreements (PPA).** Five different PPA financiers have agreed to competitively bid each project under the SOLAR program through College Buys under a common set of financing terms in order to keep individual campus prices as low as possible.
- 5. Workforce Development Training.** The Solar Installer curriculum is currently being jointly developed by the California Community Colleges Chancellor's Office (CCCCO) and the International Brotherhood of Electrical Workers (IBEW) under an ARRA Green Jobs Award. SOLAR will fund this curriculum to be taught at each participating campus. Further, the installation of the PV systems will be completed in a phased manner so that

the students, after completing their training, will have an opportunity to earn money while applying their new trade on an actual project.

6. **Professional Development.** Participating Community College facilities staff will receive intensive instruction in energy issues. This training, funded through the SOLAR program, will bring selected candidates through the Association of Energy Engineers (AEE) Certified Energy Manager and Certified Energy Auditor programs. These peer reviewed programs will not only allow individuals to learn the skills that they need to produce continual improvements in energy efficiency, they will also allow the Community College system to act as a continual improvement model for other facility owners and operators to emulate.
7. **First Cost Buy down.** The 16 participating Colleges will each receive a \$1M grant in order to buy down the first cost of the projects to guaranty a positive cash flow.

Together, this combination of training, efficiency and renewable generation is an unmatched way to generate jobs and stimulate local economies with a leverage rate of over ten to one. It will also provide a lasting model of how both efficiency and renewable generation can work together in a cost-effective manner to answer the needs of our society while at the same time offering dislocated workers a chance to participate in the clean tech revolution.



Attachment No. 3



CITY OF
FOLSOM
DISTINCTIVE BY NATURE

December 14, 2009

To Whom It May Concern:

Re: Support of the City of Folsom for the SOLAR program

The City of Folsom encourages the Department of Energy to select the Sustainable Output Labor And Retraining (SOLAR) program as part of the Energy Efficiency Conservation Block Grant (EECBG) Federal Competitive process outlined in Funding Opportunity Announcement (FOA) Number DE-FOA-0000148.

There are many benefits to cities like Folsom of a program like SOLAR going forward. Construction jobs at our Community College in the short term are balanced with the training that both facilities staff and students will receive. Energy savings from conservation projects are balanced with renewable energy generation from a solar photovoltaic installation. SOLAR is most impressive though in the way that the program uses its activities to drive long lasting changes in society, from teaming with the local Workforce Investment Board to improve processes for dislocated workers to the manner in which it will show that a public/private partnership can provide much desired turn-key energy measures in a way that combines the elimination of up-front expenditures with cash-flow positive projects. In fact, should there be a second round of the SOLAR program, Folsom would wish to be at the head of the line to look at participating.

The combination of a compressed timeline for the Retrofit Ramp-up solicitation, the time it has taken the SOLAR team to put together this program, and our own established public review protocols meant that we were unable to have a resolution before our Council in time by the submission deadline of December 14. The formal resolution authorizing the Foundation for California Community Colleges to apply for the EECBG on behalf of the City of Folsom is scheduled for consideration in January, 2010 and has been added to the agenda.

Sincerely,

Jeffrey Starsky
Mayor

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