

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 19, 2010

CAO File No. 0130-01994-0000

Council File No. 09-0648-S15

Council District: Citywide

To: The Council
The Mayor

From: Miguel A. Santana, City Administrative Officer *MS*

Reference: Environmental Affairs Department Transmittal dated May 18, 2010

Subject: **REQUEST FOR ACCEPTANCE OF ENERGY EFFICIENCY AND CONSERVATION
BLOCK GRANT (EECBG) FUNDS AND TRANSFER ADMINISTRATION OF THE
GRANT TO THE DEPARTMENT OF WATER AND POWER**

SUMMARY

The Environmental Affairs Department (EAD) requests authority to accept the balance of the \$37,017,900 in Energy Efficiency and Conservation Block Grant funds made available to the City through the American Recovery and Reinvestment Act of 2009. EAD also requests various program adjustments, including the transfer of program and financial administration for the Grant to the Department of Water and Power.

Grant Background

Under the American Recovery and Reinvestment Act (ARRA), the U.S. Department of Energy (DOE) made funding available to various cities under the Energy Efficiency and Conservation Block Grant (EECBG – Formula). A total of \$37,017,900 of this funding was allocated to the City of Los Angeles.

The Grant required that the City prepare a strategy for the use of these funds and submit that plan to the DOE prior to the release of the City's allocation. The DOE approved a request for an allocation of \$250,000 for the preparation of the Energy Efficiency and Conservation Strategy. Council approved acceptance and expenditure of the funds on October 23, 2009.

The strategy was approved by Council on November 18, 2009 and the EAD submitted the document to the DOE on November 24, 2009. The DOE approved the strategy on March 12, 2010.

Energy Efficiency and Conservation Strategy

The strategy approved by Council recommended 14 program areas and lead departments. After working with the DOE and lead departments, EAD reports that the strategy remains largely unchanged (Attachment 1). However, smaller program adjustments are requested.

The funding previously assigned to the Foreclosed Properties Retrofit/Neighborhood Stabilization Plan in the original strategy is requested to be reprogrammed into the Multi-Family Affordable Residential Financing Program. The Housing Department receives sufficient funding for foreclosed properties from the Neighborhood Stabilization Program. EAD discussed the change with the DOE and received their approval. Council approval is still required.

After discussions with the Community Redevelopment Agency (CRA) and the Community Development Department (CDD), it is requested that the Council designate the CRA as the lead for the Commercial Properties Financing Program. The CRA Board of Commissioners approved taking on the project as part of the Municipal Financing District Program (MFDP). In 2008, the California State Legislature passed Assembly Bill 811 (AS 811) which allows local municipalities to establish contractual assessment districts to help finance energy efficiency and renewable energy projects. The Agency will establish a Citywide AS 811 program which will enable owners of commercial property to arrange private financing of energy efficiency and renewable energy projects and to repay the loan through a special assessment placed on the building's property tax bill. The public agencies are provided funding for certain uses specified by the California Energy Commission (CEC), such as program start-up and ongoing costs, interim financings, interest rate buy-downs and property owner rebates. The MFDP is a Citywide program and funds would not be restricted to redevelopment areas.

Other requested changes to the strategy involve the transfer of leadership or co-leadership on several programs from the EAD to other departments due to the consolidation of the EAD with other City departments. These programs include:

<u>Program</u>	<u>Leadership Change</u>
Green Workforce Program	EAD/CDD to CDD
Energy Efficiency Retrofits for Non-Profit Organizations	EAD to DWP
Single Family Residential Financing	EAD/DWP to DWP
Regional Climate Action Plan	EAD to the Mayor's Office
Community Outreach, Research and Public Education Program	EAD to DWP
Accountability and Transparency	EAD to DWP

Additionally, EAD requests that the program oversight and financial administration of the EECBG be transferred from the EAD to the DWP. This would ensure consistent oversight of the Grant as the two key EAD program staff have already transferred to the DWP. The former EAD staff would also have the support of the Energy Efficiency section to provide assistance in the development and implementation of the programs transferred to the DWP as well as sufficient accounting and support staff to ensure success. The DWP is not requesting additional funding to administer the Grant on behalf of the City.

The EAD report requests appropriations and staffing for City departments involved in administration of the Grant programs. We have worked with EAD and those departments in establishing the need for these resources and recommend approval of the request.

Should the transfer of the Grant to DWP not be approved, the administration of the Grant could be transferred to the Community Development Department (CDD). CDD would require additional resources to absorb the workload as detailed below:

<u>No. of Positions</u>	<u>Code</u>	<u>Class Title</u>	<u>Salary</u>
1	1523-2	Senior Accountant II	\$ 82,601
1	1523	Accountant II	\$ 65,709
2	9184-2	Management Analyst II	\$ 167,499
1	7320	Environmental Affairs Officer	<u>\$ 123,000</u>
		Total Direct Salaries:	\$ 438,809
		General Admin support (4%)	\$ 17,552
		Office and Admin, 6010	\$ 2,000
		Rent and Parking, 6030	<u>\$ 31,000</u>
		Total	\$ 489,361

Funding for the direct costs would need to be provided to CDD immediately. Related costs could be calculated and provided at Mid-Year. Funds could be reprogrammed from the following programs within the Energy Efficiency and Conservation Strategy:

- Accountability and Transparency: \$500,000
- Enhancement of EECS: \$147,507

RECOMMENDATIONS

That the Council and Mayor:

1. Accept the award of \$37,017,900 of Energy Efficiency and Conservation Block Grant funds and approve revisions to the Energy Efficiency and Conservation Strategy outlined in Attachment 1 and authorize the General Manager of the Department of Water and Power to execute the required documents with the US Department of Energy;
2. Authorize the Department of Water and Power to act as the agent of the City concerning this Grant and to:
 - oversee the program and financial administration functions of the Grant;
 - comply with all applicable reporting requirements related to acceptance of the Grant;
 - ensure that the City has no disallowed costs from the use of Grant funds; and,
3. Approve Recommendations No. 4 through 11 of the attached May 18, 2010 report from the Department of Environmental Affairs.

FISCAL IMPACT STATEMENT

Acceptance of the Grant will allow the City to receive a total of \$37,017,900 in Federal Stimulus funds through the Department of Energy.

MAS:EOS:06100105

Attachments

Program	Proposed Lead Department(s)	Change	Funding
1. Municipal Buildings Retrofit Program			
a. Retrofit of Municipal Buildings	General Services Department (GSD)		\$ 14,000,000
b. Streetlight Retrofit	Public Works, Bureau of Street Lighting		\$ 2,000,000
2. Green Workforce Program	Community Development Department (CDD)	Remove EAD as co-lead	\$ 750,000
3. Energy Efficiency Retrofits for Non-Profit Organizations	Department of Water and Power (DWP)	Remove EAD as lead	\$ 2,000,000
4. Enhanced Utility Incentives	DWP		\$ 3,500,000
5. Single Family Residential Financing	DWP	Remove EAD as co-lead	\$ 1,000,000
6. Multi-Family Affordable Residential Financing	LAHD	Increase funding by \$2,000,000	\$ 5,417,900
7. Commercial Properties Financing	Community Redevelopment Agency (in cooperation with CDD)	Request CRA as lead	\$ 3,000,000
8. Study of On-Bill Financing	DWP		\$ 250,000
9. Clean Tech Corridor Integrated Strategy	CRA		\$ 500,000
10. Port Technology Advancement Program	Port of Los Angeles		\$ 1,750,000
11. Regional Climate Action Plan	Mayor's Office	Remove EAD as lead	\$ 600,000
12. Community Outreach, Research and Public Education Grant Program for Non-Profits	DWP	Remove EAD as lead	\$ 1,500,000
13. Accountability and Transparency	DWP	Remove EAD as lead	\$ 500,000
14. Enhancement of Energy Environment Conservation Strategy	DWP	New Program	\$ 147,507
15. Foreclosed Properties Retrofit / Neighborhood Stabilization Program	LAHD	Delete program – move funding to Program 6 above	\$ 0

EnvironmentLA
Environmental Affairs Department

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MAY 18, 2010

Ad Hoc Committee on Economic Recovery & Reinvestment
City Council, City of Los Angeles
Room 395, City Hall
Los Angeles, CA 90012

Attention: John White

Subject: Request for Acceptance of Energy Efficiency and Conservation Block Grant
Funds through the Federal Stimulus Package

Honorable Members:

SUMMARY

The City of Los Angeles has been allocated \$37,017,900 in direct formula funding under the American Recovery and Reinvestment Act of 2009 (ARRA), U.S. Department of Energy's (DOE) Energy Efficiency and Conservation Block Grant (EECBG – Formula). Per the requirements of the EECBG, the City requested an initial \$250,000 to prepare an Energy Efficiency and Conservation Strategy (Strategy) to set forth the City's energy efficiency policies and programs, and to guide the expenditure of the \$37 million allocation. The Strategy is a requirement for all local government applicants for EECBG funds and must be completed and approved by DOE prior to disbursement of the allocated funds. The Department of Energy (DOE) approved the \$250,000 allocation on July 27, 2009, and City Council accepted the funds and approved expenditures on October 23, 2009 in CF# 09-0648-S15.

On November 18, 2009, Council approved the submittal of the Strategy and on November 24, 2009, the Environmental Affairs Department (EAD) submitted the Strategy and related application documents (attached) to the DOE. The Strategy development process was used to identify priorities for expenditure of the allocation, conduct public outreach and request input on the types of projects to be funded, further investigate potential elements of the strategy, and recommend programs/projects for funding through the allocation. Program and project ideas were solicited from the City's ARRA working group for Energy and Environment to meet the objectives and eligibility criteria established by DOE for the EECBG program. Public outreach for the strategy included a special Environmental Affairs Commission hearing, seven open house style public meetings throughout the City, a survey available at the meetings and on-line, and the EnvironmentLA.org website, which provided complete information on the Strategy process.



Feedback from the meetings and surveys was then organized into Program Areas and compared to the DOE list of eligible activities and the Council's guiding principles for ARRA funds. Energy working group staff then developed recommended program categories for the application. With assistance from Mayor and Council staff, EAD convened a writing committee which drafted the most promising programs for consideration. To satisfy many of the Council and DOE objectives, funding was proposed in program categories rather than recommending funds for individual projects. Opportunities to apply or compete for funds would then occur within the programs.

On March 12, 2010, the City received notice of DOE approval of the City's Energy Efficiency and Conservation Strategy, and approval for the expenditure of \$34,517,900 of the full \$37,017,900. The remaining \$2,500,000 is awaiting final approval by DOE, after further guidance was issued in April on specific energy efficiency retrofit financing programs.

Timelines from US DOE: The terms of the original assistance agreement call for all EECBG funds to be encumbered within 18 months of the initial award date, or January 2011, and expenditure of all funds no later than 36 months after award, or July 26, 2012. In April 2010, the DOE issued suggested supplemental milestones for programming and expending funds. The DOE is now requesting that all subcontractor and subgrantee agreements be in place by June 25, 2010, and that funds be spent according to the following timeline:

- 20% by September 30, 2010
- 50% by June 30, 2011
- 90% by June 30, 2012

Where these dates cannot be met, the DOE has requested an alternative milestone schedule that provides the dates when funds will be obligated. As the June 25 target date falls only 15 weeks after approval of the City's award, which will not allow enough time to complete all subcontractor arrangements, the City will submit a proposed alternative schedule based on the timelines provided by each lead department. The clear message from DOE is to encumber and spend the EECBG funds in compliance with all requirements, as quickly as possible to begin creating and retaining jobs and realizing energy savings.

This report requests approval from the City Council and Mayor to accept and expend the City's full allocation of \$37,017,900 (initial \$250,000 expenditure is already approved) in specific program areas as identified in the approved Strategy. Due to the ongoing consolidation of the Environmental Affairs Department, this report also requests the transfer of the EECBG program and financial administration functions to the Los Angeles Department of Water and Power (LADWP), where lead EECBG staff from EAD has already transferred and will continue to work on the program. The award acceptance and transfer recommendations occur together in this report due to the expediency expected by DOE and the public in implementing these stimulus funded programs and due to a lack of capacity at EAD to perform these functions. The designated program areas that were approved by the City Council and Mayor in November, as well as the associated program budgets and reporting requirements to City Council, Mayor and the federal government, will be unchanged by this transfer of administration.

RECOMMENDATIONS:

The Environmental Affairs Department on behalf of the General Services Department, Public Works Bureau of Street Lighting, Community Development Department, Housing Department, Mayor's Office of Sustainability, Department of Water and Power, Community Redevelopment Agency, and Port of Los Angeles recommends that the City Council adopt the following recommendations to accept and expend grant funds for EECBG programs:

1. AUTHORIZE the General Manager of the Environmental Affairs Department to accept and execute the required documents between the US Department of Energy and the City of Los Angeles for the receipt and disbursement of the Energy Efficiency and Conservation Block Grant (EECBG) in the amount of \$37,017,900.
2. AUTHORIZE the transfer of the EECBG program management and financial administration functions to LADWP, where transferred EAD staff will continue to work on the program because of the restructuring of EAD. The designated program areas, budgets, and reporting requirements to Council, Mayor, and the federal government shall be unchanged by this transfer. LADWP will charge no administrative fee for these tasks. EECBG program funds shall be administered for the programs approved by Council and Mayor, as outlined in the discussion below, through the conclusion of the grant period ending July 26, 2012.
3. APPROVE one exception to the approved programs, by reprogramming \$2,000,000 originally approved for the Foreclosed Properties Retrofit/Neighborhood Stabilization Program into the Multi-Family Affordable Residential Financing Program, at the request of the Los Angeles Housing Department (LAHD), due to the availability of sufficient funds from other grant sources in the Neighborhood Stabilization Program.
4. Request the LADWP and other program leads to report to City Council and Mayor in six (6) months with the status of the implementation of the EECBG Programs and the status of funds provided to City departments and agencies, and to continue regular reporting as requested.
5. AUTHORIZE the Controller to:
 - a. ESTABLISH a new Fund entitled "ARRA – Energy Efficiency and Conservation Block Grant Fund" (ARRA – EECBG) for the purpose of receipt, retention, expending and reporting of EECBG programs and allocation to City departments and Community Redevelopment Agency. REQUEST the General Manager of the Department of Water and Power or his/her designee to administer the Fund.
 - b. MODIFY the fund title of Fund 51S to "ARRA – EECBG Strategic Plan and Programs" for the purpose of receipt, retention, expending and reporting of EECBG programs implemented by EAD and the following City departments:

- i. Municipal Buildings Retrofit Program, Street Lighting Component:
\$2,000,000 administered by the Director of the Bureau of Street Lighting,
Department of Public Works.
 - ii. Green Workforce Program: \$750,000, administered by the General Manager
of the Community Development Department.
 - iii. Regional Climate Action Plan: \$600,000, administered by the Mayor's Office
of Energy, Environment and Sustainability.
- c. ESTABLISH a new Fund entitled "ARRA – EECBG Fund – Harbor" for the purpose
of receipt, retention, expending and reporting of the EECBG Port Technology
Advancement program and related. REQUEST the Executive Director of the Port of
Los Angeles or her/his designee to administer the Fund.
- d. ESTABLISH a new fund entitled "ARRA – EECBG Fund – GSD" for the purpose of
receipt, retention, expending and reporting of EECBG Municipal Buildings Retrofit
Program and related. AUTHORIZE the General Manager of the General Services
Department or his/her designee to administer the Fund.
- i. AUTHORIZE, subject to the Mayor's approval, the appropriation of \$175,000 in
the new Fund ARRA – EECBG Fund – GSD, Account F140 General Services
Department, and transfer thereafter to General Fund 100, Department 40 GSD, and
increase appropriations in the following accounts:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries	\$63,751
1100	Hiring Hall Salaries	\$25,000
1120	Hiring Hall Fringe Benefits	\$10,000
3160	Maintenance Materials, Supplies	\$71,249
6010	Office and Administrative	<u>\$ 5,000</u>
Total		\$175,000

- e. Establish a new Fund entitled "ARRA – EECBG Fund - LAHD" for the purpose of
receipt, retention, expending and reporting of EECBG Multifamily Affordable
Retrofit Financing Program and related. Authorize the General Manager of the Los
Angeles Housing Department or his/her designee to administer the Fund.
- i. Authorize, subject to Mayor's approval, the appropriation of \$93,125 in the new
Fund ARRA – EECBG Fund – LAHD, Account F143 Los Angeles Housing
Department, and transfer thereafter to General Fund 100 Department 43 LAHD,
and increase appropriation in the following accounts:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries	\$93,125

- f. AUTHORIZE General Managers of above new Funds and Fund 51S to establish program accounts within their Funds and Programs, subject to CAO approval. The process of appropriation, procurement and expending of the funds shall comply with the City's financial policies and procedures and any EECBG requirements. At the close of any fiscal year, surplus money remaining in the Funds shall remain in the Funds and shall not revert to the Reserve Fund.
6. AUTHORIZE by Council Resolution Authority, employment of the following positions within the General Services Department for the Municipal Building Retrofit program to be implemented under the EECBG program for the period from May 1, 2010 to June 30, 2010, subject to the review and approval by the Personnel Department as to Civil Service classification and appropriate allocation and the CAO Employee Relations Division as to paygrade:

<u>No. of Positions</u>	<u>Code</u>	<u>Class Title</u>
1	3124-1	Bldg Construction & Maintenance Superintendent I
1	3190	Bldg Maintenance District Supervisor
1	3781	Air Conditioning Mechanic Supervisor
1	3865	Electrician Supervisor
1	3478	Roofing Supervisor
1	9184-2	Management Analyst II
1	1513	Accountant II
<u>1</u>	1368	Sr Clerk Typist
8		

- i. INSTRUCT the City Administrative Officer to include the positions listed above in the Fiscal Year 2010-11 Position Authority Resolution (PAR).
7. AUTHORIZE by Council Resolution Authority, employment of the following grant-funded exempt position within the Housing Department for the Multifamily Affordable Retrofit Financing Program to be implemented under the EECBG program for the period from May 1, 2010 to June 30, 2010:

<u>No. of Positions</u>	<u>Code</u>	<u>Class Title</u>
1	1538	Senior Project Coordinator

- i. REQUEST that, in accordance with the City Charter Section 1001, the Civil Service Commission exempt the above-mentioned position in the Los Angeles Housing Department from the civil service provisions of the Charter, based on the position being grant-funded and to be for a term of no more than two years which, by application of the procedures described in 1001(d)(4), may be extended for one additional year for a maximum exemption of three years, and exempt the position from the City's managed hiring process.

8. AUTHORIZE the General Managers of GSD, LAHD, Public Works/bureau of Street Lighting, CDD, or their designees, to release Requests for Proposals (RFPs) or bids to potential contractors and/or non-profit organizations as consistent with the program descriptions to implement the EECBG programs, subject to City Attorney review and approval as to form, and report back to the Mayor and Council with RFP results, recommendations for contractor selections, loan recommendations, funding amounts, and any necessary Controller instructions.
9. AUTHORIZE the Mayor's Office of Energy, Environment and Sustainability to enter into a contract with the University of California Los Angeles to conduct regional climate modeling activities in partnership with the City per CF# 08-3385, which was heard in Energy and Environment Committee on February 3 and April 21, 2009, and was held in committee pending the identification of a non-General Fund source of funds.
10. DIRECT the GSD, LAHD, Public Works/Bureau of Street Lighting, CDD, and request the Port of Los Angeles, Department of Water and Power, CRA and Mayor's office, to follow all EECBG program requirements, including regular reporting required by CAO, ARRA/OMB and U.S. DOE, in coordination with program oversight staff at DWP, CAO, CLA, City Controller, and other relevant departments.
11. AUTHORIZE the CLA and CAO to reconcile any administrative changes or discrepancies associated with the grant award due to the pending consolidation of EAD.

FISCAL IMPACT STATEMENT:

There would be no negative impact to the General Fund from accepting the grant funds.

DISCUSSION

As described above, the EECBG Strategy and expenditure plan consists of 14 program areas which were described and approved for submittal to DOE by the City Council on November 18, 2009. Funds assigned to a 15th program area, Foreclosed Properties Retrofit/Neighborhood Stabilization Program, are requested to be reprogrammed into the Multi-Family Affordable Residential Financing program at the request of LAHD, due to sufficient funds from other grant sources in the Neighborhood Stabilization Program. The 14 program areas provide funding for energy efficiency retrofits and workforce development, financial incentives and loan programs to foster energy efficiency improvements in residences and non-City buildings, energy efficient goods movement equipment, and the development and implementation of strategies, research and outreach programs to further the City's energy efficiency and conservation goals. The program areas and a brief description are provided below, and further details on each program are found in the attachments to this report.

Due to the consolidation of the Environmental Affairs Department (EAD), which has been the City's lead on the EECBG, the Mayor's office recommended the transfer of program oversight and financial administration of the EECBG to the LADWP. The two key EAD program staff members have already transferred to the Energy Efficiency section of the LADWP's

Environmental Affairs and Sustainability Programs division. The LADWP is well-positioned to accept program management and financial administration of this grant on behalf of the City. The Energy Efficiency section has the expertise to provide advice and assistance in the development and implementation of several of the EECBG program areas, including energy efficiency retrofits for single-family and multi-family residential buildings, non-profit organizations, and commercial properties. Education, research and outreach programs would enhance existing outreach efforts of the LADWP. The LADWP also has experience in administering federal grant programs and has the capacity to perform the financial tasks and transfer payments to lead departments. The department is not requesting funding to administer the award on behalf of the eight departments involved.

The DOE is pushing local government recipients of EECBG funds to begin spending the funds and entering into subcontractor and vendor agreements as quickly as possible. A second round of allocations may be considered by Congress this coming Fall, and good progress this first grant year will show that the funds are indeed needed by local jurisdictions and are playing an important role in improving energy efficiency and creating or retaining jobs in our communities. The DOE has established monthly reporting requirements for recipients, and has encouraged us to submit success stories that can be shared on the DOE's "Energy Empowers" website (www.energyempowers.gov).

Please note that each of the program areas identified below was approved by the City Council and Mayor in November 2009, and by the DOE on March 12, 2010. No changes are being requested to the programs with the exception of removing the Foreclosed Properties Retrofit Program and moving those funds to the Multi-Family Residential Financing Program. Further detail on the proposed budgets for each program is provided in the recommendations. Each department will also be responsible for reporting progress on program implementation and funding status to the CAO (through E-Civis), the OMB (through E-Civis), and the DOE (through DOE's PAGE reporting system). DWP program staff will coordinate these activities for all City EECBG recipients.

1. Municipal Buildings Retrofit Program –

a. Retrofit of Municipal Buildings: \$14,000,000 - Program Lead: General Services Department

The City is currently in the process of developing a comprehensive municipal building retrofit program and GSD has been benchmarking energy use across City buildings to identify under-performing buildings and energy savings opportunities. The municipal building retrofit program will utilize stimulus funding to help perform energy efficiency retrofits at municipal buildings City-wide and to demonstrate emerging efficiency strategies such as green roofs, cool surfaces, and computer network energy management. The program will be guided by City Ordinance for workforce development and will provide retro-commissioning and related training opportunities.

As a result of the City's deteriorating revenues, the 2009-10 Fiscal Year budget provides several City departments with significant reductions in employment authority, which has removed the ability of these City departments to absorb the incremental workload

presented by the ARRA projects. Therefore, GSD is requesting to use a portion of the EECBG funds for new resolution authority positions to implement the building retrofit program. The department requests the authority to hire City employees who would otherwise be laid off to do this work, due to their familiarity with the ARRA projects and the short deadlines that need to be met to obligate and expend the EECBG funds.

The Building Maintenance Division of GSD is requesting a total of 8 resolution authorities for the EECBG program. The intent is to renew these positions annually for the life of the program. Non-supervisory skilled craft work is expected to be performed by exempt Hiring Hall employees in numbers sufficient to perform the work required.

b. Streetlight Retrofit: \$2,000,000 - Program Lead: Public Works Bureau of Street Lighting

This program will provide \$2,000,000 in funds for accelerating the conversion to LED streetlights. This funding will complement existing funds being used to replace fixtures with LED fixtures, and allow work to proceed on replacing existing high voltage deteriorated circuits and street lights with low voltage, energy efficient circuitry and new LED street lights.

2. Green Workforce Program: \$750,000 - Program Lead: Community Development Department

The Green Workforce Program is intended to develop strategies and pathways for a new workforce in the emerging green building/energy efficiency sector, consistent with City Ordinance (Reconnections Academy). The program will create jobs for low-income residents of Los Angeles in the retrofitting of city-owned buildings and public spaces to meet specified energy efficiency standards. It will include collaboration with existing green workforce efforts to maximize and leverage existing workforce training opportunities (e.g. LACCD). Funding will be used for to implement, with community-based partners, a workforce development and training program, to include building energy audits and retrofits, training in efficient transportation fuels, and other efficiency measures.

3. Energy Efficiency Retrofits for Non-Profit Organizations: \$2,000,000 - Program Lead: Los Angeles Department of Water and Power

The City of Los Angeles will establish a competitive grant program for non-profit entities interested in maximizing the energy efficiency of their own buildings and office space. Non-profit organizations and community organizations with 501(c) 3 status will be eligible to compete for funds to install and demonstrate new and emerging energy efficient technologies and strategies and allow these organizations to participate in the benefits of energy efficiency. Eligible energy efficiency and building retrofit efforts will be determined as part of the program development and may include energy audits, efficient building cooling and lighting, energy management systems, retro-commissioning, green roofs, smart lots, transportation efficiency measures, energy efficient landscaping, water conservation measures, and other activities. Project successes and lessons learned will be made available to the public as case studies to help promote successful strategies.

4. **Enhanced Utility Incentives: \$3,500,000** - Program Lead: Los Angeles Department of Water and Power

This program is intended to enable LADWP to broaden the impact of customer incentives and expand the reach of the EECBG funds. Funding will be used to develop and implement new incentive programs for residents and businesses and to ensure public awareness of these new opportunities. Rebates or financial incentives would leverage DWP funds and, if successful, be incorporated into DWP's menu of customer incentives. Proposed new incentives being considered include:

- New rebates for whole house fans, cool roofs, and other cooling strategies to provide building cooling, incentivize less energy-intensive alternatives to air conditioning, and reduce the use of existing air conditioning.
- Enhanced commercial performance program to include a retro-commissioning incentive to encourage systematic tune-ups of existing buildings.

5. **Single Family Residential Financing: \$1,000,000** - Program Lead: Los Angeles Department of Water and Power

Los Angeles County, in its position as the property taxing authority, has taken a valuable leadership role in establishing an AB 811 PACE (Property Assessed Clean Energy) program that will be available to all cities in the County. The AB 811 concept is to defray upfront energy retrofit costs through loans that are repaid through property tax bills over time. The City is coordinating closely with the County in the structuring of this program. The County will provide the bond financing, loan underwriting, tax lien processing, and other "back end" support for the program. The financial commitment required from the City will be for marketing and assistance to single-family property owners for enrollment into the program. A City Council resolution is required to participate in the program.

6. **Multi-Family Affordable Residential Financing: \$5,417,900** - Lead Department: Los Angeles Housing Department

The LAHD has an existing project pipeline and loan process through the Affordable Housing Trust Fund that will be enhanced to include energy efficiency improvements. Affordable housing projects that have received past funding, and are identified as excessive energy consumers, would qualify for additional financing of energy efficiency upgrades. To qualify, projects must exceed 2009 Title 24 Energy Standards, for example, increase existing energy efficiency by 25-40% for rehabilitation projects. Projects would request energy efficiency funds in response to a competitive, performance-based bid process. Qualified projects that received past funding from the LAHD would be allowed to submit an application for a soft-second loan (i.e., residual receipts loan).

7. **Commercial Properties Financing: \$3,000,000** - Lead Department: Community Redevelopment Agency in coordination with Community Development Department

The City of Los Angeles is developing a commercial tax-lien energy retrofit program that

would enable owners of commercial property to arrange private financing of energy efficiency and renewable energy projects. Again based on AB 811, this program would allow owners to repay the retrofit loan through a special assessment placed on the asset's property tax bill. Projects will be structured such that during the term of the loan, the energy savings would cover or exceed the cost of the newly-created special assessment. The commercial loan program, however, would depend upon private, owner-arranged financing to cover the cost of energy efficiency improvements. The City has already identified potential participants and lending institutions, and the program will provide dramatic energy reductions in the City's many large commercial districts. The City will use EECBG funds to cover legal and administrative costs associated with setting up and administering the program, and to capitalize a loan loss reserve fund to provide additional security to lenders.

8. Study of On-Bill Financing: \$250,000 - Lead Department: Los Angeles Department of Water and Power

The multi-family (non-affordable) sector has presented challenges for energy efficiency improvements due the lack of incentives for landlords to make building retrofits since energy savings are only reflected on tenant energy bills. On-bill financing provides one potential way to solve this dilemma through coordination of tenants and landlords, enabling financing and savings to occur and offset one another on the tenants' energy bills. LADWP's current Customer Information System (CIS) cannot accommodate on-bill financing. However, the CIS is being overhauled, providing an opportunity to optimize the system for on-bill financing and evaluate the best approach for implementation. The City proposes to contract with a third-party organization to assess options for expanding the benefits of energy efficiency programs for multi-family residential and multi-tenant commercial buildings. The goal is to examine features such as on-bill financing, smart metering and smart grid capabilities, and additional tools for comprehensive energy and water data tracking, with the intent of providing incentives to the rental/leasing community.

9. Clean Tech Corridor Integrated Strategy: \$500,000 - Lead Department: Community Redevelopment Agency

The Los Angeles Clean Tech Corridor is located along the Los Angeles River in close proximity to the Downtown LA financial district, several low to moderate income communities, areas targeted for new residential development, and major entertainment facilities. An integrated strategy will make the Corridor a living laboratory in which sustainable innovation drives the operation and growth of successful businesses, the education of a diverse workforce, the design of infrastructure, buildings, and public spaces, and the lifestyle of residents. The Clean Tech Corridor Strategy will combine urgent and long-term actions to spur new jobs in energy efficient sustainable technologies, monitor and achieve dramatic reductions in greenhouse gas emissions and water consumption, and expand opportunities, while providing climate justice to surrounding communities. EECBG funds are proposed to hire consultants to perform various analyses and evaluations to support the strategy, and emphasize energy efficiency in the district.

10. Port Technology Advancement Program: \$1,750,000 - Lead Department: Port of Los Angeles

The Port Technology Advancement Program is a critical feeder component of the Green Port Technology Center, which was formed to attract green technology to the Los Angeles waterfront and its surrounding communities. It is anticipated that the TAP can create as many as 189 green jobs, with the potential for additional jobs should technologies prove successful and be implemented at the Port of Los Angeles and other ports nationally and internationally. The TAP aggressively aims to improve energy efficiency and significantly reduce all port-related emission sources, including ships, trains, trucks, terminal equipment and harbor craft, to reduce pollution by at least 45% in the next five years. EECBG funding will be offered as incentive grant funds to cover the incremental cost of the purchase of energy efficient freight transport technologies. The most common purchases are expected to be zero emission heavy-duty trucks, electric rubber tired gantry cranes and possibly efficient harbor craft and shore-side power technologies.

11. Regional Climate Action Plan: \$600,000 - Lead Department: Mayor's Office of Energy, Environment and Sustainability

In 2009, the City Council approved a motion of support for the City's leadership role in the Los Angeles Regional Collaborative for Climate Action and Sustainability (Collaborative), a fee-based membership of stakeholders designed to encourage greater coordination and cooperation at the local and regional levels, and adaptation modeling work that will form the basis of the regional strategy. With the EECBG funds, the City will enter into an agreement with University of California Los Angeles, in conjunction with Los Angeles County, to downscale climate forecast models used by the United Nations to the Los Angeles area. The regional modeling will provide quantitative information about climate change impacts on the region, and examine the impacts of climate change on factors such as heat waves, precipitation, wildfire, high-elevation snowpack, ecosystems, and recreation, fire, energy and water consumption. Modeling results will assist the City in designing adaptation strategies and long-term infrastructure plans.

12. Community Outreach, Research and Public Education Grant Program for Non-Profits: \$1,500,000 - Lead Department: Los Angeles Department of Water and Power

The City of Los Angeles will establish a competitive grant program targeted at non-profit (501(c) 3) organizations to assist in community outreach, research and public education to maximize community engagement and participation in energy efficiency programs. The goal of this program is to educate Angelenos and generate public interest in the impacts of our energy use as it relates to climate change and sustainability and the benefits of energy efficiency. Qualified non-profit organizations include those that are actively engaged in public education activities on energy, resource and transportation efficiency issues, climate and environmental protection issues, public health and environmental justice issues, and community development and home improvement. Outreach activities are intended to reach all geographic areas of the City and to address the needs of diverse communities.

**13. Accountability and Transparency: \$500,000 - Lead Department: Los Angeles
Department of Water and Power**

The City will contract with one or more consultants, through a competitive bid process, to establish a comprehensive new media public outreach strategy to ensure transparency and accountability in the use of EECBG funds. This comprehensive strategy will employ traditional and new social media with a goal of changing behavior to promote energy efficiency and water conservation and reduce greenhouse gases. This program area will also ensure that progress on all 14 EECBG programs is reported on the City's relevant websites.

**14. Enhancement of EECS: up to \$147,507 – Lead Department: Los Angeles Department of
Water and Power**

The city's initial submittal to DOE included a draft Energy Efficiency and Conservation Strategy (EECS) document that describes the City's effort to reduce energy use and greenhouse gas emissions. With the transfer of program staff from EAD, the LADWP will refine this strategy, as well as provide oversight for all EECBG program areas, working closely with the CAO and Controller's office to ensure coordinated program and financial reporting. In addition, program management staff will transmit all mandated reports to federal agencies, and ensure that DOE guidance is available to all program lead departments. Staff will also ensure that all RFPs, bids and solicitations for the various program areas are available on the EnvironmentLA.org website, as well as on the City's BAVN site and other usual mechanisms. Staff will continue to advise staff in other departments as they develop and implement their programs, and will provide regular updates on the status of the EECBG programs to City Council and the Mayor.

Thank you for your consideration of this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Detrich B. Allen".

Detrich B. Allen
General Manager, EAD