

**Council Meeting: November 16, 2010**

SUBJECT: Memorandum of Agreement between the City of Sunnyvale and the County of Santa Clara regarding the State Energy Program Grant for Retrofit Bay Area

BACKGROUND

The State Energy Program (SEP) was described briefly in RTC 10-006 and presented at the January 5, 2010 Council meeting. There were three components to the SEP funding program: SEP1 for municipal “property assessed clean energy” (PACE) financing programs; SEP2 for residential retrofit programs, and SEP3, for municipal and commercial retrofit projects. The City did not receive any SEP3 funds, and the SEP1 component was rescinded by the California Energy Commission on July 28, 2010. This RTC pertains to a grant of “SEP2” funds to the Association of Bay Area Governments (ABAG) for a regional residential energy efficiency program called “Retrofit Bay Area,” in partnership with ABAG member cities and counties, including Sunnyvale.

ABAG has recently asked each participating county to enter into a Memorandum of Understanding (MOU) with each of its participating cities to describe the nature and use of the matching funds committed as leverage for Retrofit Bay Area in ABAG’s application for the grant. A draft MOU developed for this purpose is provided in **Attachment 1** to this report. The City match proposed in ABAG’s application consisted of \$49,500 in Energy Efficiency Conservation Block Grant (EECBG) funds that the City granted to Acterra earlier this year to provide “Green@Home” home energy audits in Sunnyvale, approved as part of RTC 10-024. This program was selected to serve as match because the home audit activities support the Retrofit Bay Area program. The draft MOU memorializes these matching funds as Sunnyvale’s contribution toward Retrofit Bay Area.

Approve the MOU provided in **Attachment 1** which identifies the City grant of \$49,500 to Acterra as the City’s leverage funds in support of Retrofit Bay Area.

EXISTING POLICY

The City’s Sustainability Policy, adopted in 2007, includes a goal “to become a regional leader in environmental sustainability, advocating to reduce dependence on non-renewable resources by providing greater transportation options, reducing waste, protecting our natural resources, and promoting alternative energy usage and research”.

This policy was implemented in part by the adoption of the City's Green Building Ordinance in March 2009, and further supported by the Housing Sub-Element Update in August 2009, which contains a goal relating to sustainability and green building in housing (Goal 25, p. 111).

DISCUSSION

The Retrofit Bay Area Program was developed primarily by ABAG staff in consultation with representatives from each participating county. A summary of the program approved for SEP2 funding is provided in **Attachment 2** to this report. If this MOU is approved, Acterra will be asked to include referrals to the County's Retrofit Bay Area program in their Green@Home program outreach materials, and the County will provide reciprocal referrals in their outreach materials. Acterra will continue to provide home energy audits in Sunnyvale until the City's funds are exhausted. The audits are available to all residents of Sunnyvale, including renters and homeowners, at no cost. In addition, the County has invited a staff representative from each participating jurisdiction to participate in an advisory committee to provide input and guidance regarding implementation of the SEP2 grant within the county. The City's Housing Rehabilitation Specialist and/or Sustainability Coordinator have attended the initial advisory committee meetings.

FISCAL IMPACT

This action will not have an impact on the General Fund. A grant of \$10.75 million in SEP2 funds was awarded to ABAG, of which approximately \$1.9 million will be made available to Santa Clara County to create a public outreach campaign known as "Retrofit Bay Area" to increase demand for home energy retrofits throughout the County. The leveraged funds included in this MOU have already been awarded to Acterra for the Green@Home program.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

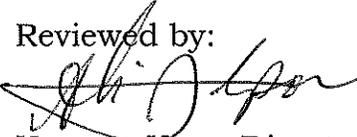
ALTERNATIVES

1. Approve the MOU as shown in Attachment 1.
2. Approve the MOU with modifications as directed by Council.
3. Do not approve the MOU.

RECOMMENDATION

Approve the MOU provided in **Attachment 1** which identifies the City grant of \$49,500 to Acterra as the City's leverage funds in support of Retrofit Bay Area.

Reviewed by:

 (for Hanson Hom)

Hanson Hom, Director, Community Development Department

Prepared by: Suzanne Isé, Housing Officer

Approved by:


Gary M. Luebbbers
City Manager

Attachments

1. Draft MOU Regarding State Energy Program Grant for Residential Energy Efficiency Programs
2. Summary of Retrofit Bay Area

ATTACHMENT 1

DRAFT MOU REGARDING STATE ENERGY PROGRAM GRANT FOR RESIDENTIAL ENERGY EFFICIENCY PROGRAMS

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN THE COUNTY OF SANTA CLARA
AND THE CITY OF SUNNYVALE
REGARDING USE OF LEVERAGED FUNDS IN THE GRANT-FUNDED REGIONAL
RETROFIT BAY AREA ENERGY UPGRADE PROGRAM**

This Memorandum of Understanding (“MOU”) shall be effective as of November 16, 2010 (“Effective Date”), by and between the County of Santa Clara (“County”) and the City of Sunnyvale (“City”), known collectively as “the Parties”.

Recitals

WHEREAS, the City acknowledges and agrees that it is familiar with the goals and intent of Retrofit Bay Area: Comprehensive Residential Building Retrofit Program (“Program”) sponsored by the Association of Bay Area Governments (“ABAG”) and funded under Grant Agreement 400-09-021 (“Funding Agreement”) between the California Energy Commission Energy Resources Conservation and Development Commission (“CEC”) and ABAG;

WHEREAS, the Program includes the commitment of “Leveraged Funds,” described as follows: “Retrofit Bay Area will leverage a diverse range of funds, including limited-term opportunities such as Energy Efficiency and Conservation Block Grant (“EECBG”) formula grant funds, State Energy Program (“SEP”) 401 funds, California Clean Energy Workforce Training Grants, foundation funding, and in-kind staff time and resources. More importantly, Retrofit Bay Area will leverage potential long-term sources to maximize sustainability, including utility incentives and private investment”;

WHEREAS, the County is a subawardee under the Grant Agreement 400-09-021 and, as such, is required to document use of Leveraged Funds within the County to support the goals of Retrofit Bay Area;

WHEREAS, this MOU partially fulfills the requirement described above;

WHEREAS, County will collaborate with City to use the Leveraged Funds described in this MOU to support the County Retrofit Program in accordance with the terms of the Funding Agreement and the County’s subaward agreement with ABAG;

NOW THEREFORE, in consideration of their mutual promises and agreements, and subject to the terms, conditions and provisions hereinafter set forth, the Parties agree as follows:

SECTION 1. TERM

This MOU shall commence on the Effective Date and shall expire upon completion of the City’s leveraged efforts or upon termination of the Program on March 31, 2012, whichever is earlier.

SECTION 2. ROLES AND RESPONSIBILITIES OF THE COUNTY AND CITY

- A. The County shall participate in the regional Bay Area Retrofit Program managed by ABAG and funded by a grant from the CEC, and County will provide a comprehensive marketing program to promote energy audits and retrofits to the residential community. The County will work cooperatively with the City to provide an integrated approach for residents to participate in the residential energy efficiency programs offered by the City, the County, Pacific Gas and Electric and Energy Upgrade California.
- B. The City shall provide Leveraged Funds in support of the Program as follows:

Type of Leveraged Funds:

EECBG from U.S. Department of Energy (DOE) to City of Sunnyvale, sub-granted to Acterra for their Green@Home energy audit and retrofit program (“City Program”).

Amount of Leveraged Funds:

\$49,500

Contribution to Program Success:

City Program will provide Tier I residential energy audits and energy-efficiency retrofits to Sunnyvale residents. City Program helps residents save energy, money and reduce greenhouse gas emissions. Trained volunteers meet with residents in their homes to install simple energy-saving devices and create home energy conservation plans. Volunteers demonstrate environmentally friendly choices and foster a deeper awareness of the need for energy efficiency improvements. Services are available to all residents of Sunnyvale, including renters and homeowners. City Program will include information on the County Retrofit Program in City outreach materials upon receipt of suggested content from the County (logos, phone numbers, etc.).

Workforce Development:

City Program provides free training in conducting Tier I energy audits, retrofits, program outreach, and office management to a diverse group of local resident volunteers. This training provides valuable work experience and job references to those seeking careers in related fields. Training for groups is also available upon request.

Coordination:

The City and the County shall partner on a program that promotes residential energy efficiency improvements to residents. The County will support the City’s efforts by including in County promotional materials and/or events City Program information as one of the energy efficiency options available to Sunnyvale residents.

The City will provide reports to the County upon request regarding City's use of the Leveraged Funds. The form and due date(s) of the required report shall be provided by the County at least thirty (30) days in advance of the date needed by the County for its grant reporting to ABAG and/or CEC for the Program. Information to be provided to the County shall be limited to that information available to the City pursuant to the terms of its EECBG grant agreement with Acterra. Any additional information needed by County may be provided at Acterra's sole discretion. The City shall cooperate with the County to ensure that the County Retrofit Program and the City Program are integrated to the extent possible, in order to make both easily accessible to the public.

The City shall immediately notify the County of Santa Clara in writing if the City decides to limit, suspend or cease the provision of any portion of the Leveraged Funds.

SECTION 3. GOVERNING LAW.

The law governing this MOU shall be that of the State of California.

SECTION 4. NOTICES.

All notices and other communications required or permitted to be given under this MOU shall be in writing and shall be personally served or delivered by overnight service, addressed to the respective Parties as follows:

To County: Sharlene Carlson
Community Energy Program Manager
Santa Clara County Office of Sustainability
70 W. Hedding, East Wing, 11th Floor
San Jose, Ca 95110

To City: Dustin Clark, Environmental Sustainability Coordinator
Department of Public Works
City of Sunnyvale
PO Box 3707 / 456 W. Olive Ave.
Sunnyvale, CA 94088

SECTION 5. VENUE.

In the event that suit shall be brought by any party to this contract, the Parties agree that venue shall be exclusively vested in the states courts of the County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

SECTION 6. NO WAIVER.

No waiver by any party to this MOU of any breach or violation of any term or condition of this MOU shall be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition.

ATTACHMENT 2

SUMMARY OF “RETROFIT BAY AREA” DATED DECEMBER 21, 2009

Retrofit Bay Area

Comprehensive Residential Building Retrofit Program

*Summary of grant proposal submitted by ABAG to the California Energy Commission on
December 21, 2009*

Description of Proposed Program

The Association of Bay Area Governments (ABAG) is collaborating with eight Bay Area counties to establish a comprehensive residential single-family and multifamily building retrofit program that leverages regional cooperation and funding while enabling autonomy at the local level. The proposed ABAG program aligns with local, regional and national goals of promoting economic vitality through an increase in green jobs, reducing U.S. oil dependency through increases in energy efficiency and deployment of renewable energy technologies, and reducing greenhouse gas emissions.

On behalf of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties, ABAG submitted a proposal to the California Energy Commission's State Energy Program (SEP) to receive \$10.8 million in American Recovery and Reinvestment Act (ARRA) grant funds administered by the U.S. Department of Energy. This grant program, known informally as SEP 2 to distinguish it from three other elements of California's SEP program, runs from February 11, 2010 to March 31, 2012. The ARRA/SEP 2 grant funds would be used by ABAG program participants to carry out local and Bay Area-wide consumer outreach and education campaigns and workforce development activities that will accelerate demand for home energy retrofits and expand the regional building industry's capacity to delivery high-quality, cost-effective retrofit services.

To achieve these goals, Retrofit Bay Area has identified a set of three core program objectives:

1. Provide Property Assessed Clean Energy (PACE) financing to address the high upfront cost of retrofits, which enables homeowners to finance energy efficiency retrofits and renewable energy improvements through assessments paid via their property taxes.
2. Demonstrate more effective marketing and outreach methods to inform and motivate property owner participation.
3. Streamline participant, contractor, and administration processes to reduce the high transaction costs and build a quality "green" workforce.

The ABAG program thereby will complement existing and planned local retrofit activities.

Program Participants and Roles

Participant	Role
Association of Bay Area Governments	Fiscal agent and contract administrator
Alameda County (StopWaste.Org) and Sonoma County (Sonoma County Transportation Authority)	Regional tasks and local retrofit program implementation
Contra Costa, Marin, San Francisco, San Mateo, Santa Clara and Solano Counties	Local retrofit program implementation
Bevilacqua Knight, Inc., Build It Green and California Building Performance Contractors Association	Regional and local implementation assistance, quality assurance and reporting

The County of Santa Clara's Role

The County of Santa Clara has represented the interests of the County and its cities in working with ABAG to develop a regional energy program and is working with the cities to develop a countywide element that will become the Santa Clara County Residential Retrofit Program (SCRRP). If grant funding is awarded to ABAG, Santa Clara County will receive more than \$1,950,000 for the SCRRP to implement local efforts to promote energy audits and retrofits for the residential sector in all the cities and unincorporated areas of the County.

The County is providing a grant process for nonprofits, businesses, housing agencies, utilities and consulting firms to provide energy audits to the residential community. The SCRRP will consist of a suite of environmental programs and information, including PACE financing options, that will be uniformly packaged, marketed and presented to County constituents. The energy audits are expected to stimulate interest in comprehensive home retrofits such as added insulation, weatherization, heating, ventilation and air conditioning upgrades, new windows and energy efficient appliances, resulting in significant reductions in energy and water consumption.

The nearly \$2 million that will be available for the SCRRP will fund two County staff positions and various programs. ABAG is seeking to facilitate 17,000 retrofits in the Bay Area during the grant cycle, with an average of 20% energy reduction. Based on the County having 26% of the population of the eight participating counties, the SCRRP will aim for 4,359 retrofits. It is projected that this work will result in 446 new jobs, \$1.7 million saved in energy costs for homeowners, 100 billion reduction of BTU, and \$43.8 million spent in the County.

The SCRRP will not change the permitting or building inspection processes within the County, and will seek to inform and educate residents on steps that they can take to reduce their energy consumption and water usage. Residents who participate in the program and have energy audits performed on their homes will be encouraged to implement the steps recommended by the energy audit and upgrade their home to be more energy efficient and to consume less water.