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To: TJPD Commissioners
From: Stephen Williams, Executive Director
Date: October 28, 2009
Re: Energy Efficiency and Conservation Block Grant Application

Purpose: To brief the Commission on the status of regional initiatives related to energy which are proposed to be funded through competitive grants from the American Recovery and Reinvestment Act of 2009 (ARRA).

Background: At previous meetings the Commission directed staff to work with member governments to develop regional proposals for funding from the American Recovery and Reinvestment Act of 2009 (stimulus package). Local governments in Virginia not receiving direct allocations of funds are eligible to compete for \$9.2 million in energy efficiency funding through the Energy Efficiency and Conservation Block Grant (EECBG) program. The Virginia Department of Mines, Minerals and Energy (DMME) decided to administer this program through Virginia's 21 PDCs. At the beginning of October agreements were executed between DMME and the PDCs and a training was held for PDC staff members on October 9. The Governor announced the program on October 6 and applications for funding are due on November 6. During the application period, TJPDC's role is to provide information, training, technical assistance and to coordinate multi-jurisdictional applications. TJPDC staff conducted a training session for staff from the eligible governments on October 14 and has been in contact with staff members several times since to identify and address any needs.

Issues: On September 9, an initial meeting was held with representatives of the eligible member governments (Fluvanna, Greene, Louisa and Nelson Counties) to inform them about the application process for EECBG funds and to discuss potential applications. At the meeting, TJPDC staff described the application process and eligible project categories. During the discussion, the locality representatives stated that they intended to submit applications for a local project. TJPDC staff raised the possibility of a regional application for EECBG funding. The representatives of the member governments stated that they saw no problem with TJPDC preparing and submitting a separate, regional application for a project that would benefit all four counties equally. TJPDC staff suggested that the counties consider asking for funding to expand the LEAP Program developed by Charlottesville and Albemarle County into the rest of the region. Staff from the counties suggested that TJPDC work with the HOME Consortium

to develop an application for funds to benefit low income households. Based on that suggestion, TJPDC raised the issue with members of the HOME Consortium at the Housing Directors meeting on September 15. At that meeting, Howard Evergreen, Fluvanna/Louisa Housing Foundation, and George Krieger, Nelson County Community Development Foundation, agreed to assist TJPDC staff in developing the proposed program. After further discussion with them, the following main points of the proposed program have been developed:

- TJPDC would be the applicant and the members of the HOME Consortium for Fluvanna, Greene, Louisa and Nelson Counties would be contractors.
- The grant funds would be used to pay for increased efficiency heat pumps for applicant households with incomes at 80% of county median or below.
- The cost for a standard efficiency (13 SEER) heat pump would be paid with non-EECBG funds. Households that could afford that cost would pay it themselves. For those that could not afford the cost of the standard efficiency heat pump, the housing non-profits would provide grant funds from other sources. EECBG grant funds would be used to pay for increased efficiency 16 or 20 SEER units.
- The EECBG grant funds would be provided in the form of a no interest loan. The increased efficiency units would reduce heating and cooling costs enough to allow the household to pay off the loan. In cases of need, no payments would be required and the loan would be required to be paid off when the house eventually was sold or transferred. In either case the loan would be recorded with the deed to ensure repayment.
- The three housing non-profits would structure this as a revolving loan pool. Once repayment occurred, the housing non-profits would be able to use the repaid funds to make additional loans for high efficiency heat pumps.
- We expect the total cost per unit installed to average \$3,500 including both the installation of the high efficiency heat pump plus any needed duct work. The housing non-profits would receive \$500 per unit for program marketing. As part of the grant, TJPDC as the lead agency would receive 1% of the grant funds for administration.

An application based on the above program outline is being submitted. If awarded funding, TJPDC will get resolutions of support from the four county Boards of Supervisors. The counties will not be required to undertake any activities or provide any funding for the program.