

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

10-0039R

RESOLUTION AUTHORIZING THE ACCEPTANCE OF \$1,500,000 IN INNOVATIVE ENERGY RESIDENTIAL EFFICIENCY PROGRAM FUNDING FROM THE STATE OF MINNESOTA OFFICE OF ENERGY SECURITY FOR THE DULUTH ENERGY EFFICIENCY PROGRAM (DEEP) AND AUTHORIZING CONTRACTS WITH APPROPRIATE AGENCIES.

CITY PROPOSAL:

RESOLVED, that the city council of Duluth hereby accepts \$1,500,000 in innovative energy residential efficiency program funds from the Minnesota office of energy security for the Duluth energy efficiency program (DEEP), which will assist Duluth's property owners to reduce energy costs through home performance assessment, education or energy savings options and a revolving loan fund for energy improvement. Grant funds to be deposited into Federal Program Fund 262 - community development - Agency 025, Revenue Source 4210-02.

FURTHER RESOLVED, that the city council authorizes a contract for implementing DEEP with Northern Communities Land Trust for \$1,500,000, payable from Federal Program Fund 262 - community development - Agency 025, Object 5434, project DEEP.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

CD KAH/KO:rlb 2/1/2010

STATEMENT OF PURPOSE: This resolution authorizes the city to accept a grant from the state of Minnesota's office of energy security to be used for the Duluth energy efficiency program (DEEP), and to contract with the Northern Communities Land Trust's Common Ground Construction to carry out the program activities.

In 2009, the state legislature enacted Minnesota Laws 2009, Chapter 138, Article 2, Section 3, innovative energy residential efficiency program, awarding the city \$1.5 million in funding from the federal American Recovery and Reinvestment Act of 2009. The funds will implement the DEEP, a joint effort by Minnesota Power, city utilities and other interested parties to reduce energy costs through home audits, education on available energy saving options, and a revolving loan fund to finance energy improvements. In February of this year the city issued a request for proposals (RFP) seeking an administrator for the program. Common Ground Construction, which is part of the Northern Communities Land Trust organization, was selected as the entity to oversee the implementation of DEEP and to coordinate access to the various partners' energy related programs.

Goals for DEEP include providing personalized home energy rating reports for ten percent of Duluth's homeowners; helping 400 households with low-cost, or no-cost energy saving measures; issuing 400 affordable loans for energy improvements; and conducting a community-wide campaign to increase homeowners' awareness of the benefits of improved energy efficiency. The grant requires 20 percent matching funds. Minnesota Power and Comfort Systems are contributing \$125 each towards the cost of comprehensive home audits (valued at \$375); a community development block grant award of \$187,200 to assist moderate-income households; and private funds spent by higher income households as their share in the retrofit of their homes. DEEP is intending to be a long-term program, with \$1,200,000 of the grant funds returning to a revolving loan fund that will assist additional homeowners in the future. The \$1,500,000 grant will be spent entirely for energy efficiency activities.