

TRANSMITTAL

To:

THE COUNCIL


Date:

FEB 17 2011

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.


ANTONIO R. VILLARAIGOSA
Mayor



1200 West 7th Street, 8th Floor, Los Angeles, CA 90017
tel 213.808.8936 | fax 213.808.8918
lahd.lacity.org



Antonio R. Villaralghosa, Mayor
Douglas Guthrie, General Manager

February 17, 2011

Council File: C.F. 09-2841
Council District: City-wide
Contact Persons: Krista Kline 213-808-8931

Honorable Antonio R. Villaralghosa
Mayor, City of Los Angeles
Room 303, City Hall
202 North Spring Street
Los Angeles, CA 90012

Attention: Pamela Finley, Legislative Coordinator

REQUEST FOR AUTHORITY TO EXPAND THE CURRENT MULTI-FAMILY RETROFIT PROGRAM AS DESCRIBED IN THE 2010 ROUND 3 NOTICE OF FUNDING AVAILABILITY (NOFA)- ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG) TO INCLUDE PHASE II: THE GATEWAY TO GREEN PROGRAM.

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) requests Mayoral and Council authority to expand the current Multi-Family Affordable Residential Financing Program as described in Round 3 of the 2010 NOFA – Energy Efficiency and Conservation Block Grant (EECBG) to include Phase II: The Gateway to Green Program. The total amount required to fund this second phase is \$299,995. In addition, the LAHD is requesting to amend the EECBG Multi-Family Affordable Residential Financing Program budget to include additional costs totaling \$135,435 associated with the completion of the fifteen (15) approved retrofit projects related to the loan documents and other technical services. The total amount is less than the balance of the unencumbered EECBG Multi-Family Retrofit Program funds. Per the requirements of American Recovery and Reinvestment Act (ARRA) Funds, the EECBG funds must be fully expended by June 30, 2012.

EECBG 2010 Round 3 Affordable Housing Trust Fund (AHTF) NOFA

The authority to accept applications for the EECBG funds as part of the 2010 Round 3 AHTF NOFA was granted on October 6, 2010 via Amended Special Motion- 43A (C.F. #09-2841).

The LAHD evaluated the proposals and ranked them in order of responsiveness to the Request for Proposals (RFP). The top fifteen (15) projects, out of a total of twenty (20) applications, underwent energy audits to confirm a minimum 20% improvement in energy efficiency with a retrofit work program capped at \$500,000 including soft costs. The audits were spot-checked by a third party auditor hired by Enterprise Community Partners. Each project applicant was asked to submit a standard matrix of energy audit recommendations summary table, with a ranking of the most effective set of measures to achieve a 20% efficiency improvement, followed by a ranking of additional measures to improve

efficiency beyond 20% ranked by British Thermal Units (BTUs) saved per \$1,000 invested. The LAHD used these matrices to determine final work programs and budgets.

The LAHD is currently entering into loan agreements with the fifteen (15) top performing applicants for their retrofit work programs based on each of their energy audits. The completed reports included expected energy improvements, outlined a recommended retrofit work program, and showed estimated construction costs (including soft costs) for each proposed project. Once completed, the retrofit work at the fifteen (15) properties will impact a total of 1005 residential units.

The most significant lesson learned during the development and implementation of the Multi-Family Retrofit Program was the value of the audits for each property owner. For example, the audits demonstrated the return on investment which could be achieved for each retrofit action, from changing out light bulbs to adding a photovoltaic (PV) system. The audits clearly showed that the investment in certain retrofit work had a reasonable payback period. In addition, cost savings accrued due to lower utility bills would be realized quickly, making certain retrofit actions appear more financially worthwhile to the property owner.

The Gateway to Green Program would expand upon that lesson to enable gateway audits to take place citywide on a repeating 4-year cycle, leveraging the work already being performed under the LAHD's Systematic Code Enforcement Program (SCEP). Expansion of the Multi-Family Retrofit Program to include this second phase would ultimately impact all 750,000 multifamily housing units in the city, moving far beyond the fifteen (15) projects with 1005 units currently being served. In addition, scaling this program up to become permanent and city-wide would meet the ARRA and Department of Energy stimulus funding goal of creating long-term policy change and programs with wide-spread impact.

RECOMMENDATIONS:

The General Manager of LAHD respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council Committee(s) and schedule for consideration of the full City Council immediately thereafter.
2. The City Council:
 - A. Authorize LAHD General Manager, or designee, to expand the scope of the Multifamily Retrofit Program to include the development and implementation of a Phase II: Gateway to Green Program.
 - B. Authorize the City Controller to:
 - i. Establish a new accounts within ARRA-EECBG Fund No. 52P/43 as follows:

<u>Account No.</u>	<u>Account Name</u>
G212	Housing Environmental Study
G245	Professional Services Contractor

ii. Transfer appropriations within Fund 52P/43 as follows:

From:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G818	EECBG/Multifamily Housing Retr	\$435,463.20
G844	Technical Services	\$ 17,600.00
F143	Housing	\$ 2,497.60
		<u>\$455,560.80</u>
To:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G143	LAHD	\$ 60,070.00
G212	Housing Environmental Study	\$ 11,325.00
G245	Professional Services Contractor	\$244,000.00
G299	Related Costs	\$ 13,997.80
G304	EECBG/Admin Res for 2 yrs	<u>\$126,168.00</u>
		<u>\$455,560.80</u>

iii. Increase appropriations within Fund 100/43 as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries General	\$ 34,585.00
1070	Salaries As-Needed	\$ 4,650.00
1090	Overtime General	\$ 13,835.00
2130	Travel	\$ 1,000.00
6010	Office and Administrative	<u>\$ 6,000.00</u>
		<u>\$ 60,070.00</u>

iv. INSTRUCT the City Clerk to place on the agenda for the first regular Council meeting after July 1, 2011, or shortly thereafter, the following items for council action:

v. Authorize the City Controller to:

a. Transfer appropriations within ARRA-EECBG Fund No. 52P/43, for budget fiscal year 2011-2012 as follows:

From:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
G304	EECBG/Admin Res for 2 yrs	\$200,865.00
To:		
<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
X143	LAHD	\$151,784.00
X299	Related Costs	\$ 49,081.00
		<u>\$200,865.00</u>

- b. Increase appropriations within General Fund 100/43 as follows:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
1010	Salaries	\$ 96,939.00
1070	Salaries As-needed	\$ 30,345.00
2120	Printing	\$ 15,000.00
2130	Travel	\$ 2,000.00
6010	Office and Administrative	\$ 7,500.00
		<u>\$151,784.00</u>

- c. Expend funds in the accounts mentioned above in items v-a and v-b upon the proper written demand by the General Manager, LAHD, or designee.
3. Authorize the LAHD General Manager or designee to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement these instructions.
4. That the Mayor concurs with the action of the City Council.

BACKGROUND:

Multi-Family Energy Retrofit Program Phase I

On October 6, 2010, the City Council approved the 2010 Round 3 NOFA- EECBG and authorized the General Manager to accept applications under this Request for Proposals for the 2010 Round 3 NOFA EECBG on October 18, 2010.

On October 6, 2010, the LAHD released the 2010 Round 3 NOFA- EECBG, with an application deadline of October 18, 2010. The LAHD notified the development community via e-mail to a list of more than 100 interested parties. In addition, the LAHD posted the program guidelines, application and attachments on the LAHD internet site and requested that the Southern California Association of Non-profit Housing (SCANPH) post an announcement on their website.

A total of twenty (20) applications were received. All of the applicants were ranked according to comparative scoring criteria. The top fifteen (15) applicants were asked to undergo energy audits on their respective properties. The remaining five (5) applications (those with the lowest comparative scores) did not continue to be in the selection process, thus they were not required to obtain an energy audit.

The energy audit results demonstrated expected energy improvements, outlined a recommended retrofit work program, and showed construction costs (including soft costs) for each proposed project. After the audits were completed, the LAHD had a sampling of the projects reviewed by a third party auditor, provided by Enterprise Community Partners. When anomalies were found, the LAHD asked the applicant to verify outcomes and/or explain the methodology in reaching those numbers.

In addition, the LAHD asked that every applicant submit a standard matrix showing a ranking of the most effective set of measures to achieve a 20% efficiency improvement, followed by a ranking of additional measures to improve efficiency beyond 20% ranked by BTUs saved per \$1,000 invested. The minimum 20% efficiency improvement standard is required by the grant regulations. The LAHD used these matrices to determine final work programs and budget awards.

For the top fifteen (15) applicants, the LAHD staff approved all of the work program measures to achieve a 20% efficiency improvement for each project. Then, the LAHD staff approved additional measures to improve efficiency beyond 20% ranked by BTUs saved per \$1,000 invested from most cost efficient to least cost efficient. The work programs of all fifteen (15) of the applications that underwent audits were funded at various levels. The total amount funded was \$3,932,348.

Because the recommended total amount budgeted for the proposed work programs did not reach the total available funds, there remains a balance of \$707,595. The LAHD is recommending that \$135,468 of these funds be approved for staffing and soft costs such as title reports to complete the loan contracts and administer the retrofit construction work. In addition, the LAHD is recommending that \$299,995 of these monies be used to fund the development of the Gateway to Green Program, in order to apply the lessons learned during the development and implementation of the Multi-Family Retrofit Program to a long-term, citywide initiative to help green Los Angeles' multi-family housing stock. The remaining unspent balance \$272,496 could be utilized by the City to enhance other EECBG ARRA grant projects. Line item budgets are outlined in Table 1 and Table 2 below.

TABLE 1: Budget Line Items and Costs for Multi-Family Retrofit Completion

Description	Total Cost
Staffing	\$81,243
Soft costs (title reports & insurance, escrow)	\$32,400
Technical services (historic review)	\$11,325
Equipment (camcorder)	\$500
Utility monitoring software	\$10,000
TOTAL:	\$135,468

TABLE 2: Budget Line Items and Costs for Gateway to Green

Description	Total Cost
Student Professional Workers	\$34,995
IT programming	\$244,000
Printing and outreach	\$15,000
Conferences, training, and travel	\$3,000
Publications and subscriptions	\$3,000
TOTAL:	\$299,995

The Gateway to Green Program

The proposed Gateway to Green Program (G2G) would enable gateway water and energy efficiency assessments to take place citywide at 100,000 apartment properties totaling 750,000 units on a repeating four-year cycle, leveraging the work already being performed under the Department's Systematic Code Enforcement Program SCEP. This will assist the LAHD in accomplishing its obligations under the EECBG to green the City's multi-family housing stock through energy audits and building retrofits. The creation and launch of the Gateway to Green Program is anticipated to take twelve (12) months.

Goals/Expected Outcomes

The LAHD anticipates that a large number of the property owners will invest in full building sustainability audits, building retrofits, and new, energy- and water-saving appliances after being made aware of their current water and energy use, the costs of such use, and information about retrofit incentives and rebates.

In addition to the environmental benefits of decreasing water and energy use, this investment will result in the creation of new jobs, from energy and water efficiency assessment professionals determining the best package of retrofits for each building, to construction trade workers completing the anticipated subsequent retrofit work. As the G2G is developed, the LAHD will be able to calculate the expected job creation resulting from the launch of the program.

In addition, the LAHD will share the collected water and energy information with the Los Angeles Department of Water and Power (LADWP) and the Gas Company. This level of insight will enable the utilities to identify problem areas and follow up with individual property owners, as needed. This data would also help them to more effectively target their incentive programs which will increase the impact and payback of their programs.

Project Activities

The creation of the Gateway to Green Program will entail the development of an informational framework to capture the baseline sustainability of the city's multi-family rental housing stock. This information will be programmed into an electronic platform linked to the Code Compliance and Rent Information System (CCRIS) so that as SCEP inspectors are evaluating a building's habitability they will also be able to quickly determine a building's water and energy efficiency. The information programmed into the CCRIS must be robust enough to result in a useful report for the building owner and the utility providers while not requiring the inspectors to be experts in green building.

In order to create the informational framework, data about the city's multi-family rental housing stock must be collected. This will entail a review of the properties by address to determine building type, construction type, age, location (microclimate), solar access, retrofit work completed, number of units, square footage, number of stories, and other factors. Data sources such as Google Earth, the United States Geographical Survey (USGS) maps, National Oceanic and Atmospheric Administration (NOAA) climate information, the Department of Building and Safety permit database, the City of Los Angeles' Zoning Information and Map Access System (ZIMAS), and the County of Los Angeles solar map, among other data sources, will all be utilized. The student professional workers would assist with this data collection and mapping.

In addition to collecting information about the city's multi-family rental housing building stock, information must be gathered regarding the types of cost-effective green building retrofit work that building owners can perform to make their properties more water and energy efficient. This will include interviews with green building and water & energy efficiency experts, construction specialists, energy and water auditors, and utility providers such as the Los Angeles Department of Water and Power (LADWP) and the Gas Company, among others. A review of industry-accepted audit protocols and sample audits will also occur.

Interviews with the code enforcement staff will be conducted to ascertain what data input requirements will be reasonable with regard to inspection time and inspector knowledge of housing sustainability features. Interviews with apartment building owners and managers will also be done to determine what information will be most useful to them, as well as how that information should be presented in the final report.

Finally, all the information collected will be incorporated into the Housing Department's existing Code Compliance and Rent Information System (CCRIS). This will involve creating a new module with reporting abilities to the existing CCRIS. The Housing Department's inspector field data collection program (known as Mobile CCRIS) must also be enhanced.

The enhancement of the CCRIS will enable the inspectors to produce sustainability reports for each building owner. These reports will explain the building's current water and energy use, how the building can be made more efficient, the payback period for any completed water and energy efficiency upgrades, and available incentives. This will enable the owners of the city's multi-family rental housing stock to see how they can increase their building's water and energy efficiency and plan building renovations around a defined return-on-investment.

Plan for Measuring Project Results

After the first four-year inspection cycle has been completed using the Gateway to Green protocols, the LAHD will have established a baseline water and energy use profile for each multi-family property in the city. The LAHD will then be able to measure its success with this program as it revisits each multi-family property in subsequent four-year inspection cycles. At each such inspection, current water and energy usage will be compared with data collected within the previous four years. This will show whether property owners are investing in retrofits, and, possibly, what retrofits they are electing to choose.

Funding Sources for EECBG 2010/11

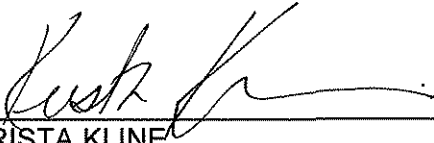
The LAHD is recommending \$135,468 in funding for the staffing and soft costs to complete the fifteen (15) multi-family retrofit projects.

In addition, the LAHD is recommending \$299,995 in funding for the expansion of the current Multi-Family Retrofit Program as described in Round 3 of the 2010 NOFA – Energy Efficiency and Conservation Block Grant to include Phase II: The Gateway to Green Program.

FISCAL IMPACT:

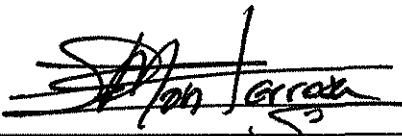
There is no impact on the General Fund. The Department of Energy (DOE) will be providing the Energy Efficiency and Conservation Block Grant (EECBG) as the only source of funding.

Prepared by:



KRISTA KLINE
Senior Project Coordinator, Policy Unit

Reviewed by:



CLAUDIA MONTERROSA
Director, Policy and Planning Unit

Approved by:



DOUGLAS GUTHRIE
General Manager