



DATE: March 13, 2023

TO: Council Sustainability Committee

FROM: Director of Public Works

SUBJECT Options for Spending Energy Efficiency & Conservation Block Grant Funds – Information and Discussion

RECOMMENDATION

That the Council Sustainability Committee (CSC) reviews and comments on this report and provides direction to staff.

SUMMARY

Through the Energy Efficiency & Conservation Block Grant program, the City of Hayward is expected to receive \$197,040 in formula-based grant funds. The funds must be used on a project that reduces carbon emissions, improves energy efficiency, or reduces energy use. Staff seeks the CSC’s input on how to spend the grant funds and has identified five potential projects for consideration.

BACKGROUND

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act, which provides \$550 billion for roads, bridges, public transportation, water infrastructure, climate resilience, and broadband over fiscal years 2022 through 2026. One program of the Act is the Energy Efficiency & Conservation Block Grant (EECBG) program, which is managed by the Department of Energy (DOE). The EECBG program will provide \$430 million to state, local and tribal governments.

The 2009 American Recovery and Reinvestment Act provided \$3.2 billion in EECBG funding for energy efficiency and conservation projects with an emphasis on job creation. That round of funding resulted in Hayward receiving \$1,361,900 in formula-based grant funds which was used to support:

- A consultant to serve as the City’s Sustainability Coordinator for two years.
- Energy efficiency incentive programs for residents and businesses.
- Retrofitting streetlights with LED fixtures.

- A countywide energy efficiency incentive and education program, which led to the formation of the StopWaste Energy Council.

DISCUSSION

Hayward will receive \$197,040 in formula-based grant funds under the renewed EECBG program. Staff must submit a preliminary application by April 23, 2023, and then a full application by January 2024. The funds must be used for projects and programs that achieve any of the following:

- Cut carbon emissions
- Improve energy efficiency
- Reduce energy use

The DOE is encouraging use of the funds for seed investment and projects that benefit disadvantaged communities. According to DOE guidelines, funds may be used for:

- Strategy development
- Technical Consultant Services
- Building Energy Audits
- Financial Incentive Programs
- Energy Efficiency Retrofits
- Energy Efficiency and Conservation Programs for Buildings and Facilities
- Development and Implementation of Transportation Programs
- Building Codes and Inspections
- Energy Distribution Tech for Energy Efficiency
- Material Conservation Programs
- Reduction and Capture of Methane and Greenhouse Gases
- Traffic Signals and Street Lighting
- Renewable Energy Technologies on Gov. Buildings
- Programs for financing, purchasing, and installing energy efficiency, renewable energy, and zero-emission transportation (and associated infrastructure) measures

Staff considered current City initiatives and priorities, including projects in the Council-adopted Strategic Roadmap when evaluating potential projects for the grant funds. Staff is seeking the CSC's input on the following potential projects.

1. Existing Home Electrification Equity Project – In November 2022, it was announced that a \$1 million grant from ICLEI Local Governments for Sustainability was awarded to Habitat for Humanity, the cities of Hayward, Oakland, Berkeley and Fremont, and CSU East Bay. The project, being called the Home Electrification Equity Project, will leverage the City's Housing Repair Program, which is operated by Habitat for Humanity East Bay/Silicon Valley. The project will develop a data-driven method to serve low-income homeowners with critical repairs that keep them in their homes and accelerate the shift away from fossil fuels. Funding will be used to integrate holistic electrification upgrades with critical health and safety repairs – preventing displacement, preserving affordable housing stock, and supporting climate goals. The project, as initially scoped, will result in electrification of one to two low-income

single-family homes in Hayward. Use of the EECBG funds could electrify two additional Hayward homes, which would result in a very small reduction in emissions.

2. Existing Home Electrification Roadmap – A portion of the funds may be used to prepare an Existing Building Electrification Roadmap, which is a plan called for in the current draft of the updated Climate Action Plan. The estimated cost for this planning effort is approximately \$100,000, so any remaining funds could be applied to the Home Electrification Equity Project. This project would not result in a direct reduction in emissions or energy use but would help facilitate a community-wide effort to convert existing homes to all electric.
3. Streetlight Conversion to LEDs – A portion of the 2009 EECBG funds was used to convert streetlights on Tennyson Road from high pressure sodium to Light Emitting Diode (LED) technology. That project, and others, have resulted in approximately 8,400 of the City’s 9,500 streetlights being converted to LED. If the full amount of the current grant funds are used for streetlights, approximately 400 additional lights could be converted to LED. This project would reduce energy use and reduce the cost to operate the streetlights.
4. EV Charging at City Facilities – The funds could be used toward electric vehicle charging infrastructure for City employees. This project would result in an increase in energy use but would help facilitate Hayward employees’ transition to electric vehicles, which would reduce employee commute emissions.
5. Energy Efficiency Improvements at City Facilities – Staff is currently working with a firm to assess several City facilities for potential projects that would improve energy efficiency and add solar. The funds could be used to help support a lighting or HVAC (heating ventilation and cooling) retrofit project. An HVAC retrofit project would likely entail replacement of existing natural gas-fired equipment with electric equipment. This project would be similar to Project 3 in that it would reduce energy use and reduce operating costs.

ECONOMIC IMPACT

Use of the City’s EECBG funds will make a small positive impact on the local economy. Staff will seek to maximize the benefits to the Hayward economy by working with local vendors to the extent possible.

FISCAL IMPACT

Projects 1 and 2 listed above would have no fiscal impact to the City. The EECBG funds would not be sufficient to fully fund projects 3, 4 and 5. Additional funds would be identified for these projects and would be proposed for Council approval at the time the projects are formally proposed.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priorities to *Confront Climate Crisis & Champion Environmental Justice* and *Invest in Infrastructure*. Depending on the project(s) chosen, the grant funds may be used to support implementation of the following projects:

- Project C5: Adopt & Implement 2030 GHG Goal and Roadmap along with other General Plan Elements
- Project C6: Prepare a plan to facilitate transition of natural gas appliances to electric in City Facilities
- Project N9: Expand EV charging infrastructure for city fleet and employees

SUSTAINABILITY FEATURES

The City's EECBG funds will be used to advance sustainability and reduce greenhouse gas emissions by implementing key initiatives of Hayward's Climate Action Plan.

PUBLIC CONTACT

No public contact has been made related to this report.

NEXT STEPS

Upon direction from the CSC, staff will select a project to include in the preliminary application that is due by April 23, 2023. Staff will prepare the full application by January 2024 as required by the EECBG program.

Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Kelly McAdoo, City Manager