Round two application deadline is January 15, 2013
Today’s presenters

Pat Gibbon  
Department of Commerce  
360.725.3023  
patricia.gibbon@commerce.wa.gov  
www.commerce.wa.gov

Tom Stilz  
Department of Commerce  
360.725.4045  
tom.stilz@commerce.wa.gov  
www.commerce.wa.gov
Background and program purpose

Engrossed Senate Bill 5127
(http://leap.leg.wa.gov/leap/budget/index_lbsns.asp)
passed by the 2012 Legislature includes an appropriation of $38 million to the Washington State Department of Commerce for energy cost saving grants.

Section 301 appropriates $18 million to local governments (at least a 10 percent set aside for small cities or towns, population of 5,000 or less).

Section 307 appropriates $20 million to higher education.
Background and program purpose

- Grants are awarded through a competitive process
- Grants may be used solely for energy and operational cost savings improvements
- Immediate program goal - stimulate Washington’s economy by creating jobs
- Long-term goal - reduce energy costs at the state’s local agencies and public education facilities
How to apply for round two

Apply through the Department of Commerce website
www.commerce.wa.gov/Programs/services/CapitalFacilities/Pages/EnergyEfficiencyGrants.aspx

Links to:

• Program’s enabling legislation
• The grant application
• Program guidelines and frequently asked questions
• Program contacts

Applications due by 5 pm January 15, 2013
Energy savings performance contracting

Grants will be awarded for projects using Energy Savings Performance Contracting (ESPC) per Department of Enterprise Services published guidelines, or its equivalent.


In order to be considered, applicants must demonstrate they have the expertise to manage their own projects and must follow the ESPC guidelines.
What is energy savings performance contracting?

- Energy Savings Performance Contracting (ESPC) is a method of identifying, constructing and financing energy and utility conservation projects.
- Uses energy and utility dollars saved to pay for the project costs.
- Eliminates most of the risks associated with the design, bid, build (DBB) process.
Grant scoring criteria

Grants will be awarded through a competitive process, based on the following criteria and scored in the following order (per ESB 5127):

1. **Leverage ratio** – the higher the ratio of non-state funds to state funds, the higher the score
2. **Energy savings** – the higher the energy savings, the higher the score
3. **Expediency** of project – how soon can the work begin?
What funds can be used for non-state leveraged match?

1. Local governments may use the following non-state funds as leverage/match:

   • Local Option Capital Asset Lending (LOCAL) program through the Office of the State Treasurer
   • Private lenders
   • Utility incentives
   • Local and federal funds
   • Non-state appropriated funds
What funds *cannot* be used as leveraged match?

- Funds from Washington’s Public Works Board’s Financing Energy/Water Efficiency loan program (these are funds appropriated in the state capital budget)

- Any funds that originated as an appropriation from the Legislature (these funds cannot be used to supplant other funds obtained through the private sector – e.g. payoff loans)
Grant scoring criteria (cont.)

2. **Energy savings**
   The 2012 Energy Efficiency Grant program seeks to promote larger projects with deep energy efficiency savings and paybacks of seven years or more. Energy savings are based on current operating conditions as compared to the proposed operating conditions.

3. **Expediency of the project**
   An important program goal is helping to support and create jobs in the construction sector.
Key facts and figures

• The maximum grant award is $500,000 for local agencies
• To promote competition, Commerce may only award funds to the top 85% of projects applying in a round
• The Legislation directs Commerce to award at least 10% of each competitive grant round to small cities or towns with a population of fewer than 5,000 residents
• There is approximately $10 million available for projects in Round Two, of which approximately $1,800,000 is set aside for small cities or towns
Frequently asked questions

Can these grant funds be used for new construction projects?

Answer: No
Frequently asked questions

What if an applicant doesn’t want to use the Department of Enterprise Services (DES) program and instead use a self-performing alternative non-Energy Service Company (non-ESCO)?

Answer: An applicant does not have to use the DES program. However, the applicant must follow DES guidelines for Energy Savings Performance Contracting

www.ga.wa.gov/EAS/epc/ESPCGuidelines.pdf

RCW 39.35C enumerates Energy Savings Performance Contracting. RCW 39.80 and 39.04 cover ordinary public works contracting. Applicants will need to comply with public works statutes.
Frequently asked questions

Is competitive bidding required for hiring an Energy Service Company (ESCO) or a non-ESCO?

**Answer:** If you are hiring an ESCO from the DES list, then you do not have to go through a competitive bidding process (DES has already done this work in compiling their ESCO list). If you are hiring a non-ESCO or hiring your own ESCO and following the ordinary public works contracting process, then yes, you do have to select through a competitive bidding process.
Can the grant be used to pay for in-house labor and if it cannot, can the in-house labor be used as match?

**Answer:** Commerce’s funds cannot be used to pay for in-house labor. All match funds must be capital and not employee time, benefits and overhead.
Can both a loan’s principal and interest be included as non-state funds for match?

**Answer:** No, only the principal can be used.
Frequently asked questions

If a project is beginning construction before the January 15, 2013 application deadline, can the applicant still apply for a grant to cover project costs? The construction contract was signed after April 23, 2012.

**Answer:** Yes, the applicant can apply for a Round Two grant. The grant funds can be used to pay for costs incurred after April 23, 2012. Any costs incurred before this date will not be reimbursed, but can count as match (the applicant’s share of the project).
Frequently asked questions

Are prevailing wages required?

**Answer:** Yes. Grantees are required to pay at least state prevailing wages (RCW 39.12). If your project is receiving any federal funds then you are required to pay whichever wage rate is higher (this may be either the Davis–Bacon Act or state requirements). If you have questions regarding prevailing wages please contact Ann Selover, Industrial Statistician at Washington State Department of Labor & Industries at 360.902.5330/ sela235@lni.wa.gov
More questions?
2012 Energy Efficiency Grants
For higher education and local governments

www.commerce.wa.gov/Programs/services/CapitalFacilities/Pages/EnergyEfficiencyGrants.aspx

www.ga.wa.gov/EAS/epc/ESPCGuidelines.pdf

Pat Gibbon
Department of Commerce
360.725.3023
patricia.gibbon@commerce.wa.gov
www.commerce.wa.gov

Tom Stilz
Department of Commerce
360.725.4045
tom.stilz@commerce.wa.gov
www.commerce.wa.gov

Roger Wigfield
Department of Enterprise Services
360.407.9371
roger.wigfield@des.wa.gov
www.des.wa.gov