



Department of Commerce
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Energy Efficiency Grants for Higher Education and Local Governments

2013 Joint Report per Engrossed Senate Bill 5127

*Chapter 1, Sections 301 and 307
2012 Second Special Session*

June 2014

Report to the Legislature

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Introduction

The 2012 Legislature established the Energy Efficiency Grants for Higher Education and Local Governments program in [Engrossed Senate Bill 5127](#), Sections 301 and 307, in the second special session. The budget included two appropriations totaling \$38 million to the Washington State Department of Commerce (Commerce) for energy cost-savings grants.

- Section 301 appropriated \$18 million for grants to local governments.
- Section 307 appropriated \$20 million for grants to higher education.

The program's immediate goal was to stimulate Washington's economy by creating jobs. The long-term goal is to reduce energy costs at the state's public education facilities and local agencies. These grants must be used solely for energy and operational cost-savings improvements.

The legislation directed Commerce to work with the Department of Enterprise Services Energy Program (DES) and the Washington State University Extension – Energy Programs (WSU) to conduct a competitive grant process to solicit and evaluate applications. After projects were selected, Commerce worked with grantees to execute contracts.

These are the second and third appropriations the Legislature made to Commerce for energy efficiency programs. The first appropriation was the Jobs Act for K-12 Public Schools and Higher Education Institutions (2010 Supplemental Capital Budget: Chapter 36, Laws of 2010, Section 1016).

This is the second legislative report prepared for the 2012 Energy Efficiency Grants for Higher Education and Local Governments program. The legislation directs Commerce to submit reports by June 30 every year until all funds are expended and all savings verification requirements are fulfilled, which could take from three to 10 years depending on the projects.

Program Results

Executed Contracts and Completed Projects

The 2012 Energy Efficiency Grants for Higher Education and Local Governments program has executed 78 **contracts** totaling \$32,553,367. Nine contracts totaling \$3,909,695 have yet to be executed. As of April 30, 2014, 35 **projects** have been completed and Commerce has reimbursed grantees \$12,719,446. There are 54 projects that have either partially billed Commerce for their grant or not finished the work. The two main reasons for not finishing the work are a change in the scope or a scheduling delay.

Number of Jobs Funded

The primary purpose of the 2012 Energy Efficiency program is to fund family wage jobs throughout Washington, specifically in the construction industry. As of April 30, 2014, approximately 473 jobs have been funded by these projects. This figure comes directly from the quarterly reports submitted to Commerce by the grantees. Commerce expects the number of jobs funded to increase as more projects are finished.

Apprenticeships

A total of 34 apprenticeships have been created through the program as of April 2014. Even projects that were not required to follow the apprenticeship utilization standards hired apprentices, which was an unexpected outcome. Commerce expects this number to increase as more projects are finished.

Prevailing Wages

Commerce's Energy Efficiency contracts require all grantee contractors and subcontractors performing work on these projects to comply with prevailing wage laws set forth in RCW 39.12. The grantee must maintain records indicating compliance and these records must be made available if requested by Commerce.

Leverage

Commerce's goal was to have the grant funds constitute 25 percent or less of the total project cost (leverage ratio of 3:1). The leverage ratio for higher education was 1.56:1, for local governments excluding small cities and towns it was 3.79:1, and for small cities and towns the ratio was 1.24:1. The overall ratio for all projects was 2.26:1.

Program Administration and Expenses

During this reporting period (July 2013-June 2014), Commerce continued to write and review contracts for compliance, pay invoices, and gather quarterly jobs data.

Administrative expenses fell into two main categories: Commerce staff costs and interagency agreements with the DES Energy Program and WSU. The Commerce model for administering capital programs assumes that no general funds will be used for administrative expenses. Commerce used 3 percent (\$1,140,000 million) of the original appropriation for ongoing program administrative expenses. Commerce estimates that \$203,000 from Section 301 and \$230,000 from Section 307 appropriations will be expended by June 30, 2014.

The remainder will be used by Commerce and the DES Energy Program to assist with ongoing technical support. After 2012 Energy Efficiency grantees have drawn down all contract funds, Commerce and the DES Energy Program will continue project monitoring, including the mandatory measurement and verification process for some projects, for up to 10 years to ensure that energy savings pay for the project.

In the previous fiscal year, Commerce entered into interagency agreements with DES (\$30,000) and WSU (\$15,000) to provide technical assistance. Neither the DES Energy Program nor the WSU Energy Program invoiced Commerce for any funds during that reporting period. Additional interagency agreements will be negotiated as necessary as the program moves forward through project construction, completion, monitoring, and measurement and verification phases.

Department of Enterprise Services

The DES Energy Program partnered with Commerce to implement the 2012 Energy Efficiency Grants for Higher Education and Local Governments program. During this reporting period, DES provided Commerce with on-going technical services that covered reviewing energy service proposals, contractor bids and invoices, and measurement and verification plans and reports.

Appendix: Final Contract Grant Awards and Expenditures

As of April 30, 2014

Higher Education	Grant Amount	Amount Paid
Bates Technical College	\$128,037	
Bellevue College	\$815,000	\$815,000
Bellevue College	\$1,185,000	
Bellingham Technical College	\$153,241	\$153,241
Big Bend Community College	\$472,032	\$472,032
Cascadia Community College	\$142,386	\$142,386
Central Washington University	\$1,200,000	\$1,200,000
Columbia Basin College	\$1,762,301	\$272,214
Community Colleges of Spokane	\$141,378	\$141,378
Community Colleges of Spokane	\$80,000	\$80,000
Clover Park Technical College	\$180,000	
Edmonds Community College	\$1,971,537	
Green River Community College	\$453,000	
Highline Community College	\$452,699	\$452,699
Highline Community College	\$196,877	
Olympic College	\$1,025,000	
Peninsula College - Forks	\$1,307,114	\$1,117,239
Peninsula College - Fort Warden	\$692,374	
Pierce College	\$825,000	
Shoreline Community College	\$349,643	\$349,643
South Puget Sound Community College	\$508,490	
The Evergreen State College	\$664,100	
University of Washington - Friday Harbor Laboratories	\$533,147	\$533,147
University of Washington - Main	\$978,555	\$588,461
University of Washington - Medical Center	\$496,769	
Washington State University	\$1,445,627	\$476,000
Wenatchee Valley College	\$258,881	
Yakima Valley Community College	\$503,000	\$414,921
Higher Education Totals	\$18,921,188	\$7,208,361

Local Government	Grant Amount	Amount Paid
City of Bellevue	\$410,000	\$404,477
City of Bremerton	\$500,000	\$500,000
City of Camas	\$110,711	\$110,711
City of Centralia	\$423,508	\$423,508
City of Edmonds	\$187,566	\$187,566
City of Everett	\$262,206	\$232,220
City of Everett	\$191,949	
City of Kirkland	\$208,000	
City of Lacey	\$108,000	
City of Longview	\$500,000	\$500,000
City of Mountlake Terrace	\$79,500	\$79,500
City of Olympia	\$500,000	\$500,000
City of Port Townsend	\$500,000	
City of Renton	\$500,000	
City of SeaTac	\$100,562	
City of Seattle	\$500,000	\$500,000
City of Shelton	\$106,415	\$106,415
City of Tacoma	\$273,000	
Des Moines Pool Metropolitan Park District	\$83,675	\$73,699
Ferry County Memorial Hospital	\$500,000	
Grant County Public Hospital District #1	\$200,000	\$200,000
Grant County Public Hospital District #1	\$214,535	
Grays Harbor County	\$170,000	
Harborview Medical Center	\$500,000	
Island County	\$367,000	
Island Hospital	\$164,850	
Kitsap County	\$33,634	
Kittitas County	\$330,384	
Lakehaven Utility District	\$368,411	\$368,411
Lincoln County	\$5,809	
LOTT Clean Water Alliance	\$352,120	
Mason County	\$499,500	
Model Irrigation District 18	\$40,500	\$29,935
Okanogan County	\$500,000	
Port of Bellingham	\$328,405	\$328,405
Port of Longview	\$45,744	
Port of Seattle	\$384,450	\$384,450
Port of Tacoma	\$128,445	

Skagit County	\$103,419	\$103,419
Snohomish County	\$462,000	\$462,000
Sound Transit	\$400,000	\$400,000
Spokane County	\$500,000	
Spokane Regional Health District	\$500,000	\$500,000
Thurston County	\$178,544	\$178,544
Thurston County	\$189,125	\$189,125
Tukwila Metropolitan Park District	\$416,666	\$416,666
Valley Medical Center	\$500,000	\$500,000
Walla Walla County	\$281,388	\$281,388
Whitman Hospital and Medical Center	\$500,000	\$250,000
William Shore Pool District	\$415,000	\$415,000
Local Government (excluding small cities and towns) Totals	\$14,758,021	\$8,625,439

Small Cities and Towns	Grant Amount	Amount Paid
City of Blaine	\$500,000	
City of Buckley	\$325,000	\$252,298
City of Mabton	\$68,229	
City of Royal City	\$244,812	\$244,812
City of Pateros	\$500,000	\$500,000
City of Tenino	\$300,000	\$123,141
Small Cities and Towns Totals	\$1,938,041	\$1,120,251