

## AGENDA



Thursday, May 27, 2010

**Austin Energy  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 2**

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**Subject:** Approve an ordinance authorizing acceptance of \$10,000,000 in American Recovery and Reinvestment Act (ARRA) competitive grant funds from the U.S. Department of Energy and amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to appropriate funds for a Retrofit Ramp-Up Program and for the addition of eight (8) full-time equivalent positions to implement the program.

**Amount and Source of Funding:** Funding is available from the U.S. Department of Energy for the grant period of June 1, 2010 to June 1, 2013. No match is required.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Karl R. Rábago, Vice President, Distributed Energy Services, 322-6098.

**Boards and Commission Action:** Recommended by the Electric Utility Commission and the Resource Management Commission.

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The U.S. Department of Energy (DOE) has awarded the City of Austin (Austin Energy) \$10,000,000 in American Recovery and Reinvestment Act (ARRA) competitive grant funds to design, develop, and implement an ARRA Retrofit Ramp-Up Program. The purpose of this program is to create jobs and accelerate the number of residential and commercial comprehensive building retrofits in the Austin Energy service area by providing enhanced marketing and outreach and a new financing option to complement existing energy efficiency and solar programs.

The acceptance of these funds will allow Austin Energy to conduct customer research, develop marketing, provide contractor and customer outreach, design financing mechanisms, and provide oversight, inspections, tracking, and grant reporting activities. Eight FTEs will be employed during the grant period of June 1, 2010 to June 1, 2013 to implement the program.

A major component of this program will be to develop a Property-Assessed Clean Energy (PACE) financing mechanism whereby City of Austin property owners could use money from a financing pool and then repay their loans through a property tax assessment that would stay with the property even if it were sold. The financing pool could come from either municipal or private financing, and both options will be explored during this grant period. The public financing approach is supported by 2009 Texas legislation (House Bill 1937). The cities of San Antonio and El Paso have also expressed their intention to move forward with PACE financing.

The City of San Antonio also received a DOE grant for \$10 million to develop a program approach and pursue financing options. Austin Energy intends to collaborate with San Antonio and El Paso and possibly other interested Texas cities to ensure that a PACE program can be developed to meet all state legal and financial requirements. Council consideration and approval of a companion interlocal agreement with San Antonio is included on this meeting's agenda.