



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
January 8, 2008

Honorable Mayor and
Members of the City Council

Title: Grant/Agreements: Solar Cities America 2008 Grant Application

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** authorizing the City Manager, to: 1) submit an application for the Solar Cities America 2008 Grant (Grant) in the amount of \$200,000 for the Sacramento Solar Access Program (Program); 2) execute all necessary agreement(s), establish related revenue and expenditure budgets for the grant funds and appropriate the grant funds **contingent on receipt of award**, and 3) sign the attached letter stating that the City will allocate staff time equal to \$100,000 over two years, if awarded the grant, to the Program as an in-kind grant match.

Contact: Diana Sasser, Project Manager, 808-5519; Lorrie Lowry, Administrative Analyst, 808-5448; Jamie Cutlip, Assistant Planner, 808-8684; Keith Roberts, Senior Engineer, 808-4726

Presenters: Not Applicable

Department: Economic Development, Development Services and General Services

Division: Citywide

Organization No:

Description/Analysis

Issue: On November 14, 2007, the U.S. Department of Energy (DOE) released a Funding Opportunity Announcement (FOA) for the Solar America Initiative (SAI) Market Transformation: Solar America Cities 2008 (Grant) to support cities that have progressive and renewable energy ideas to help accelerate the adoption of solar technology. DOE is looking for cities to commit to achieving sustainable solar infrastructure, not simply a year or two of experimental projects.

The City of Sacramento (City) has made great strides toward solar technology.

In fact, a Request for Qualifications (RFQ) is anticipated to be released early next year to procure solar energy through a Power Purchase Agreement (PPA). In addition, the City is exploring the possibility of partnering with Sacramento Municipal Utility District (SMUD) on their "Solar Shares" surrogate-roof program. This Grant will assist the City with setting up Sacramento Solar Access Program (Program).

The Grant also requires that the City and its partners share 50% of the costs, or up to \$200,000 of in-kind grant match. This match can come from City staff time, third party staff time, travel related to the Program and purchase of any equipment needed.

Policy Considerations: This resolution fully supports the goals and targets of the Sustainability Master Plan (SMP) which was presented to City Council on December 18, 2007.

The SMP is intended to be a means for Creating a Sustainable City, not an end. The SMP is a tool for future operational and policy decisions. To proceed in a sensible way to change long-standing environmental practices, it is necessary to develop focus areas, goals and targets to be achieved.

Environmental Considerations: Actions requested in this staff report do not constitute a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(4)].

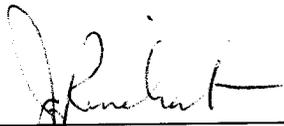
Rationale for Recommendation: The Governor has set a goal to install 3,000 megawatts (MW) of solar photovoltaic electricity in California by 2017. Based on this goal, the City's share of solar photovoltaic electricity would be approximately 40 MW. To achieve this ambitious goal, approximately \$30 million per year would need to be invested in solar electricity. As a major landowner, employer, building manager, fleet operator, utility owner and operator, consumer of goods and services, and service provider, the City has both the opportunity and the capacity to assist the local electric utility, SMUD, bring about significant improvements in environmental quality in and around the region.

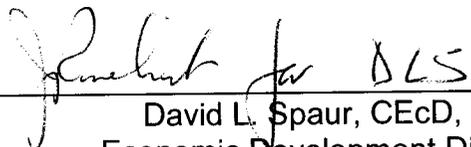
Financial Considerations: No additional funds are requested. The DOE has a 50% match or dollar-for-dollar match requirement. Staff will be requesting up to \$200,000 total in grant funds, thus a \$200,000 grant request requires a match of \$200,000 for a total project budget of \$400,000 for the Program. Approximately \$100,000 of the match for Program will come from City staff time, roughly 1,000 hours total from General Services, Economic Development and Development Services. The remaining match will come from third-party sources such as, SMUD, Valley Vision, Solar Depot and Clean Start.

Staff recommends that the City Council authorize the City Manager to establish related revenue and expenditure budgets for the grant funds and appropriate the grant funds ***contingent on receipt of award. Staff will return to Council if there is any significant change in requested dollar amounts, either grant or match.***

While the City's required contribution to the proposed projects is 50% of the total budget, those funds identified as "required match" may only be used to cover costs related to the project that are eligible under the DOE program. With some grant programs, other costs such as indirect rate charges are not eligible, therefore the City's contribution to the grant-funded project will exceed the required match amount.

Emerging Small Business Development (ESBD): The selection of consultants and contractors for this project will follow City established guidelines for inclusion of ESBD firms.

Respectfully Submitted by: 
James R. Rinehart
Citywide Development Manager

Approved by: 
David L. Spaur, CECD, EDFP
Economic Development Director

Recommendation Approved:

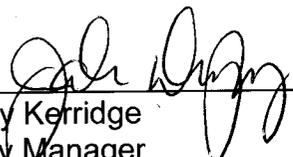

Ray Kerridge
For City Manager

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Attachment 1**BACKGROUND INFORMATION:**

Sustainability is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. When a process is sustainable, it can be carried out over and over without negative environmental effects or high costs.

In June 2005, City Council directed staff to develop a Sustainability Agenda with goals and objectives that contributes to moving the City toward using natural resources efficiently to prevent pollution and improve the economic, environmental, and social well-being of current and future generations.

On April 4, 2006, City Council held a workshop to review elements of the Agenda including draft focus areas and goals. The nine focus areas are as follows:

1. Energy Independence
2. Climate Protection
3. Air Quality
4. Material Resources
5. Public Health and Nutrition
6. Urban Design, Land Use, Green Building and Transportation
7. Parks, Open Space and Habitat Conservation
8. Water Resources and Flood Protection, and
9. Public Involvement and Personal Responsibility

In addition, the City Council took action in support of the United Nations (UN) Urban Environmental Accords. The UN Urban Environmental Accords are a set of 21 actions that the United Nations has asked city governments to adopt and implement over a seven year period. The UN Urban Environmental Accords provide a basis for the City's Sustainability Agenda. However, to achieve long-term sustainability, the City will have to progressively improve performance in all thematic areas.

In Fall 2006, the Sustainability Technical Advisory Committee (STAC) was created including representatives from City Departments and the Mayor/City Council Office. STAC has worked over the past months to refine and develop the City's draft Sustainability Master Plan – *Creating a Sustainable City*, to ensure that sustainability concerns are incorporated into the City's decision making processes.

On December 18, 2007, the final of the Sustainability Master Plan (SMP) was presented to City Council for approval. Several targets under the SMP relate directly to the goals of this grant proposal, specifically:

1. Work to maximize local and regional renewable energy production with the goal that fifty percent of the energy (electricity, natural gas, motor fuels) consumed within the Sacramento Area Council of Governments (SACOG) region be produced within the SACOG region.
2. By 2020, city operations will be substantially fossil free (electricity, motor fuels).

3. By 2030, energy consumption (electricity, natural gas, motor fuels) per capita for the Sacramento community will be reduced by 25% relative to 2005.
4. By 2015, the SACOG region will have added 20,000 new jobs to the renewable/clean energy sector.
5. By 2020, City operations will have reduced carbon dioxide emissions to 54,000 metric tons (equal to 1990 levels).
6. By 2020, the SACOG planning region will have reduced carbon dioxide emissions to 1990 levels.

Additionally, the Economic Development Department has embarked on establishing a Clean/Green Technology Incentive Zone within an existing industrial area. The Incentive Zone will be located in an area that has already been designated as an Enterprise Zone by the State of California. As such, new operations setting up shop in the area can avail themselves of attractive tax benefits related to their purchase of equipment, and creation of new jobs. The City intends to provide additional incentives, on top of those currently available through the Enterprise Zone, to induce firms within the Clean/Green industry sector to locate within the area. Thus, the City hopes to grow a new industry cluster within its boundaries, become an innovation center for this emerging industry and create new jobs for its citizens.

Potential barriers to Sacramento evolving into such a center for innovation and employment in this industry include deficient infrastructure within the target area and lack of industry-specific vocational training in the area. The City proposes to use Solar America Cities grant assistance to formulate a plan to address these barriers.

Attachment 2**GRANT PROPOSAL:****Objective**

The City of Sacramento is applying to the Department of Energy's (DOE) Solar America Cities 2008 Grant. Under this funding opportunity, the City may request technical assistance and up to \$200,000 in DOE funding. The City is required to provide matching funding or hours (up to 50%) of awarded assistance.

Proposal

The City of Sacramento is seeking DOE's assistance in advancing city-wide solar installation by identifying barriers to infrastructure development. The City has identified three key areas of focus.

1. Marketing of solar energy systems is paramount if the City is to achieve Governors goal of 40 MW of solar in the City. To address this component, the City of Sacramento is developing an RFQ to procure solar energy through a conventional third-party ownership arrangement known as a Power Purchase Agreement (PPA) and The City wishes to explore the possibility of partnering with Sacramento Municipal Utilities District (SMUD) to allow SMUD to use City sites for SMUD owned solar systems that are then leased to city residents and businesses as part of SMUD's "Solar Shares" surrogate-roof program. No grant funding is requested for this portion of the proposal, but technical assistance is desired to: (1) assist in developing and marketing the surrogate-roof lease concept and (2) to assist in implementing PPA's that are financially transparent and do no harm to the City.
2. The City's Economic Development Department has embarked on establishing a Clean/Green Technology Incentive Zone within an existing industrial area. The Incentive Zone will be located in an area that has already been designated as an Enterprise Zone by the State of California. As such, new operations setting up shop in the area can avail themselves of attractive tax benefits related to their purchase of equipment, and creation of new jobs. The City intends to provide additional incentives, on top of those currently available through the enterprise zone, to induce firms within the Clean/Green industry sector to locate within the area. Thus, the City hopes to grow a new industry cluster within its boundaries, become an innovation center for this emerging industry and create new jobs for its citizens.

Potential barriers to Sacramento evolving into such a center for innovation and employment in this industry include deficient infrastructure within the target area and lack of industry-specific vocational training in the area. The City proposes to use Solar America Cities grant assistance to formulate a plan to address these barriers.

3. Addressing the demand side of solar infrastructure, the City will identify zoning and building code barriers, create policy changes to facilitate solar installation and develop tools addressing barriers to infrastructure development. Program areas identified are:
 - a. Solar Access Corridors program will identify projected density for future growth based on 3-D modeling, key locations and design guidelines such as appropriate roof slope for incorporating solar installation. This information will guide the City in strategizing for future solar incentives for private development and in the creation of educational packets.
 - b. Sacramento is known as the "City of Trees" and has identified barriers to solar access due to the City's tree shading policies. Through a partnership with Sacramento Tree Foundation and our Urban Forestry Department, the City will develop best management practices for solar access and tree shading. Secondly, the City is interested in exploring an integrated approach to accommodate solar installation on carports and shading structures while meeting parking lot shading requirements for commercial and multifamily residential development.

RESOLUTION NO.

Adopted by the Sacramento City Council

**SOLAR AMERICA INITIATIVE MARKET TRANSFORMATION: SOLAR AMERICA
CITIES 2008 GRANT APPLICATION AND FUNDING**

January 8, 2008

BACKGROUND

- A. On April 4, 2006, the City Council took action in support of the United Nations (UN) Urban Environmental Accords. The UN Urban Environmental Accords are a set of 21 actions that the United Nations has asked city governments to adopt and implement over a seven year period. The UN Urban Environmental Accords provide a basis for the City's Sustainability Agenda. However, to achieve long-term sustainability, the City will have to progressively improve performance in all thematic areas.
- B. On December 18, 2007, the City Council approved the Sustainability Master Plan (SMP). Several targets under the SMP relate directly to the goals of this grant proposal.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Approves the filing of an Application for Department of Energy Solar America Cities 2008 assistance; and
- Section 2. Certifies that the Project is compatible with the land use plans of those jurisdictions immediately surrounding the Project; and
- Section 3. Appoints the City Manager, Assistant City Manager, Director of Parks and Recreation or Support Services Manager as agent of the Applicant to conduct all negotiations and execute and submit all documents, including, but not limited to, Applications, contracts, amendments, payment requests, and compliance with all applicable current state and federal laws which may be necessary for the completion of the aforementioned Project.
- Section 4. The City Manager is authorized to allocate staff time equal to \$100,000 over two years, if awarded the grant, to the Program as in-kind grant match and sign the attached letter. The remaining match will come from various third parties.

Exhibit A

January 10, 2008

Samuel Bodman, Secretary of Energy
Solar America Initiative
Solar America Cities 2008
US Department of Energy
Funding Opp DE-PS36-08GO98003

Dear Secretary Bodman,

I am writing to express the City of Sacramento's commitment of staff time and other resources to Sacramento Solar Access.

Through its Sacramento Solar Access Program, Sacramento proposes to implement a comprehensive, city-wide approach to addressing some of the main barriers facing the promotion of solar today: awareness, affordability and ease/convenience of installation. Mayor Heather Fargo and the City Council recognize the necessity for such a program, and feels this could greatly increase the size and pace of Sacramento's solar development.

The City will provide \$100,000 in staff time over the course of the 2-year project. This includes project management, development of outreach materials, managing subcontractors, and coordination with external partners. In addition, Sacramento Municipal Utilities District (SMUD), Valley Vision, Solar Depot and Clean Start, the City's partners, will provide approximately \$115,000, \$50,000, \$15,000 and \$4,500, respectively, in staff hours over the course of two years, as stated in their letter of commitment.

Sincerely,

Ray Kerridge
City Manager