

**CITY OF AUSTIN – AUSTIN ENERGY
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA DATE: 04/07/2011

SUBJECT: Approve an ordinance authorizing acceptance of \$2,121,100 in American Recovery and Reinvestment Act (ARRA) grant funds from the U.S. Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) as the administering agency, and amending the Fiscal Year 2010-2011 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20100913-002 to appropriate \$2,121,100 for weatherization of homes for low-income, elderly, and disabled customers within Austin Energy's service area.

AMOUNT AND SOURCE OF FUNDING: Funding is available from the Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) as a result of the American Recovery and Reinvestment Act (ARRA) of 2009 for the grant period of September 1, 2009 to December 31, 2011. No match is required.

FISCAL NOTE: A fiscal note is required.

FOR MORE INFORMATION: Karl R. Rábago, Vice-President, Distributed Energy Services, 322-6098; Fred Yebra, Director, Energy Efficiency Services, 482-5305.

PRIOR COUNCIL ACTION: November 19, 2009 – Approved acceptance of a \$2.9 million grant from DOE and an interlocal agreement with Travis County; April 8, 2010 – Approved contracts to complete weatherization services; September 13, 2010 – Approved AE's Operating Budget including \$2.983 million in additional grant funds from DOE; January 13, 2011 – Approved acceptance of an additional \$86,774 grant from DOE.

BOARDS AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on March 21, 2011 and by the Resource Management Commission on March 22, 2011.

The Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) awarded Austin Energy grant funds to weatherize homes for low-income, elderly, and disabled customers within Austin Energy's service area. The award was through the American Recovery and Reinvestment Act (ARRA) for the 2009 Weatherization Assistance Program (WAP.)

TDHCA has notified Austin Energy that its contract will be amended to reflect a voluntary reobligation of funds and a contract extension through December 31, 2011. TDHCA stated, "The Reobligation is attributable to the outstanding performance to date, the implementation of quality assurance processes and the current capacity of your [Austin Energy's] contractor base."

TDHCA continues with "This opportunity reflects the processes that you have implemented for quality assurance and high levels of production. Additionally, it recognizes that your [Austin Energy's] current contractors have the capacity to produce the additional units, and that no time will be lost due to a rebid process. As you know, the State of Texas wants to expend all of the ARRA funds without returning them to the Treasury. Our fiscal analysis (projections) of your

current production shows that your current production allows AE to continue to be a high performer in the ARRA WAP network.”

This budget amendment is to accept an additional \$2,121,100.00 in grant funds included in the amended version of the contract, which disbursed the second year allocation of funds. The new budget total for this grant award is \$8,090,874.00. The grant period is from September 1, 2009 to December 31, 2011. The General Fund is not required to contribute to this grant. Austin Energy has hired four full-time grant-funded employees to support execution of the program; continuation of these positions will be evaluated in light of budget and program needs at the time.

Acceptance of these funds allows Austin Energy to continue weatherization services to approximately 1,706 homes for the two-year grant period, including single-family homes, manufactured homes, duplexes, and qualifying multi-family complexes. Significantly, the additional funds will allow Austin Energy to complete work for a number of customers for whom applications have already been processed. The ARRA sets the income limit for eligibility at 200 percent of the Federal Poverty Guidelines.

Weatherization Assistance Program Results to Date:

- Austin Energy has generated green jobs by contracting with 24 vendors to conduct initial assessments, weatherization construction measures, and final inspections of eligible homes.
- As of February 2011, vendors have performed 1,264 Test-In assessments, weatherized 1,075 homes, and conducted 770 final inspections (Test-Out).)
- As of February 2011, the Weatherization Assistance Program has expensed and encumbered a total of \$3.3M of the grant budget.