



Department of Commerce



Jobs Act for K-12 Public Schools and Higher Education Institutions

*Final Joint Report per Supplemental Capital Budget
(ESHB 2836, Section 1016, 2010)*

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Report to the Legislature

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Introduction

The Jobs Act for K-12 Public Schools and Higher Education Institutions (Jobs Act) was established in the 2010 Supplemental Capital Budget, [ESHB 2836](#)¹, Section 1016. This budget included an appropriation of \$50 million to the Washington State Department of Commerce (Commerce) for energy cost-savings grants. The program's immediate goal was to stimulate Washington's economy by creating jobs to alleviate high unemployment in the construction sector. The long-term goal was to reduce the energy costs at the state's public educational facilities. These grants were solely for energy and operational cost-savings improvements.

Per legislative direction, Commerce worked with the Department of Enterprise Services Energy Program (DES), the Office of Superintendent of Public Instruction (OSPI), and the Washington State University Extension-Energy Programs (WSU) to develop the program, conduct a competitive grant process and evaluate applications. Final grant awards were determined by Commerce.

This joint report addresses project completion, program administrative function and administrative fees, compliance with apprenticeship utilization requirements in RCW 39.04.320, compliance with prevailing wage requirements, and the role of DES.

This is the final legislative report for the Jobs Act. All of the Jobs Act funds are expended and the energy savings have been verified.

¹ <http://leap.leg.wa.gov/leap/Budget/Detail/2010/ccbill0413.pdf>

Jobs Act Results

Program History, Final Executed Contracts and Completed Projects

The Jobs Act program was designed by a working energy team comprised of management and staff from Commerce, DES, OSPI and WSU. The working team collaborated on developing the grant application, competitive round dates, program guidelines and technical review criteria, and worked together to resolve challenges. The working team met regularly while the program was being developed and then as needed after projects were selected. In-depth technical energy assistance was provided by DES and WSU.

The Jobs Act legislation required Commerce to:

- Award grants in competitive rounds based on demand and capacity.
- Award at least 5 percent of each grant round to small public school districts with fewer than 1,000 full-time equivalent students.
- Award funds to the top 85 percent of projects applying in a round.
- Score applicants based on three criteria (in order of priority): leverage ratio, energy savings and expediency of expenditure.

Commerce held two competitive solicitation rounds. The deadline for the first round was July 26, 2010; and the second round was due September 20, 2010.

Round One Results

- \$32,267,871 requested from 37 applications
- \$16,867,096 awarded to 29 projects
- \$44,652,327 in total project costs

Round Two Results

- \$45,751,195 requested from 55 applicants
- \$31,141,659 awarded to 46 projects
- \$87,666,169 in total project costs

Commerce awarded a total of 75 grants in these two rounds of competition, but not all of the projects were completed. The final number of completed projects was 72, and Commerce paid \$42,561,459 to the grantees. This [interactive map](#)² shows Jobs Act projects throughout the state and provides basic information about each project.

² <https://www.google.com/maps/d/edit?mid=zFvxzwftcD54.khvoTbQw9TUQ&usp=sharing>

Three grantees could not finish their projects. One grantee could not fund the project as originally intended, while the other two either changed the project's scope of work or dropped the project completely. The grantees that could not fund the project as originally intended had unanticipated financial problems and could not move funds from other higher education or K-12 school budgets, or obtain other funds to cover the project.

One of the Jobs Act's goals was to have the grant funds constitute 25 percent or less of the total project cost (leverage ratio of 3:1). The program's final leverage ratio was 1.74 to 1.

Number of Jobs Funded

The primary purpose of the Jobs Act was to fund family wage jobs throughout Washington, specifically in the construction industry, and the final number of jobs funded was 695. This figure comes directly from the quarterly reports submitted to Commerce by the grantees. Commerce no longer receives quarterly reports from grantees.

Apprenticeships

The final number of apprenticeships funded by the Jobs Act was 77. An unexpected outcome of the Jobs Act was the number of apprenticeships funded. Even projects that were not required to follow the apprenticeship utilization standards nonetheless hired apprentices.

Prevailing Wages

Commerce's Jobs Act contracts required 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.

Program Administration and Expenses

All of the Jobs Act's administrative funds have been expended. Commerce used 3 percent (\$1.5 million) of the Jobs Act appropriation to cover startup costs and ongoing administrative expenses. During this reporting period (July 1, 2015 to June 30, 2016), Commerce staff gathered the last of the measurement and verification reports. No staff time was charged to the Jobs Act administrative funds because the funds were fully expended by June 30, 2015.

The 2011 Legislature directed Commerce to return \$5,191,000 in unspent funds to the bond pool.

Measurement and Verification of Energy Savings

Commerce's projects used two methods of delivering the energy efficiency work: energy service companies (ESCOs) and energy/mechanical engineering firms that are not ESCOs. ESCOs were required to guarantee their energy savings projections. If the work did not meet these projections, the ESCO worked to achieve these savings or, in some cases, paid the project owner the difference between projected and actual energy savings.

Independent energy/mechanical engineering firms were not required to guarantee their energy savings projections. If there was a difference between projected and actual savings, the project owner assumed the risk. Only Seattle Public Schools and Everett School District used independent energy/mechanical engineering firms.

Approximately one year after the energy-saving measures were installed, ESCOs and independent energy consulting firms were to submit a Measurement and Verification (M&V) report. An M&V report is required under DES' Energy Savings Performance Contracting program. This report details how well the energy saving measures are working, what has changed in the facility's use, and what needs to be done to correct any energy savings measures that are not operating at peak performance.

All of the M&V reports from the independent energy/mechanical engineering firms were completed and 79 percent of the Jobs Act projects had M&V reports. Commerce and DES staff worked diligently with the ESCOs, using emails, personal phone calls and face-to-face meetings, to direct them to complete the M&V reports for all of their projects. The three most common reasons why M&V reports were not completed were:

- An inability to receive complete data from the utilities.
- A significant change in the project's original scope.
- A significant change in the building's use.

Based on the M&V report data, the actual amount of energy saved was 111 percent of the original estimates. The original estimated total annual kBtu energy savings was 80,171,310, and the actual total annual kBtu energy savings was 89,200,860, resulting in energy savings of 9,029,550 kBtu above the original estimate.

Department of Enterprise Services

The DES Energy Program partnered with Commerce to implement the Jobs Act program. During this reporting period, DES provided Commerce with ongoing technical services that covered reviewing measurement and verification plans and reports.

Program Successes, Challenges Encountered & Lessons Learned

The Jobs Act program operated during 2010 and 2011, a period in which the country was experiencing a major economic downturn. The construction industry was particularly hurt; many Washington employees were laid off and suppliers lost equipment orders. The Jobs Act was the Legislature's attempt to help Washington's construction industry. Because of the economic situation, the Jobs Act encountered many unusual program challenges.

- Grantees were reluctant to proceed with projects that ended after the biennium (in case the Legislature did not reappropriate funds and the project could not be finished).
- Grantees were not able to use all of their grant funds (because they could not obtain all of the equipment needed for the project).
- Grantees were not able to obtain the fund-match they committed to.
- Projects took much longer to complete because of labor and equipment shortages (many of the trades workers had either left the state or gone back to school).

Commerce's subsequent energy efficiency and solar grant programs have not had these problems because the state's economy and the construction industry have improved immensely.

One of the most important lessons learned involved scoring applications. The Legislature directed Commerce to score applicants on three criteria in the following order.

- Leverage ratio (non-state to state funds)
- Energy savings
- Expediency of expenditure

The first scoring criterion, leverage ratio, was a confusing concept to many applicants. Applicants did not understand what funds were non-state, and why state funds could not match state funds. Commerce solved this confusion by clarifying state and non-state funds, and how they could be used, in subsequent program guidelines. For example, all utility rebate or incentive funds and loans from the state treasurer are non-state funds. Commerce staff continues to explain why state funds can't be counted as match.

The third scoring criteria, expediency of expenditure, meant how quickly the project could begin. Commerce's application asked for the start date. Commerce subsequently learned most of the start dates given were erroneous and at best good guesses. This scoring criterion was eliminated in future legislation.

Another lesson learned revolved around the length of time it took to develop and execute contracts with higher educational facilities, such as the University of Washington and Washington State University. Because these universities have their own contract language, risk assessment requirements and attorney generals, Commerce's standard contract language had to be negotiated separately with each university.

Negotiations between Commerce's attorney general and the universities' attorney generals took several months. Once the language was agreed upon, the contracts had to pass through a myriad of administrative reviews at each university. The lengthy time to develop and execute these contracts slowed down project start dates. In current energy efficiency and solar grant programs, this has not been a problem because the original contracts are still being used.

The Jobs Act program was a success. In the time of severe economic crisis, 695 jobs were created, particularly in the construction industries. Higher education institutions and K-12 schools saved energy and lowered utility bills. Lower utility bills allowed the grantees to invest more money in their students and staff, or helped eliminate the back log of maintenance projects. As Marilyn Cox, vice-chancellor of administrative and planning at the University of Washington-Bothell said, "The fewer dollars we have to pay to utilities means more money to invest in educating our students. We want to give them the best experience possible."

There are many other tangible benefits of the Jobs Act. For example, the end users (students, teachers, and administrative and maintenance staff) have more comfortable and healthy buildings. The buildings no longer have areas that are either too cold or too hot, and the overall indoor air quality has improved with adequate fresh air. Students and teachers are now working in class rooms with improved lighting and in some cases, daylighting. Maintenance staff has more time to work on other pressing needs instead of repairing outdated equipment.

Appendix A: Final Contract Grant Awards

Round One

	Grant Amount
Bethel Public Schools	\$645,000
CWU* – Getz	\$100,000
CWU – Pools	\$70,000
CWU – Library & Farrel Hall	\$30,000
Colville School District	\$765,000
Edmonds Community College	\$850,000
Everett School District No. 2 – HS Commercial	\$85,500
Everett School District No. 2 – District-wide	\$71,400
Everett School District No. 2 – Heatherwood	\$12,986
Lake Washington School District	\$501,580
North Seattle Community College	\$273,524
North Thurston School District	\$173,000
Olympic College	\$130,000
SPS** – Green Lake Elementary & Ballard High School	\$749,000
SPS – 6 boilers	1,030,360
SPS – Hawthorne Elementary	\$457,629
SPS – Lawton Elementary	\$496,565
SPS – 8 gyms	\$45,530
SPS – Madrona & Cooper Elementary	\$565,800
SPS – Viewlands Elementary	\$513,300
South Puget Sound Community College	\$375,000
The Evergreen College	\$415,742
UW*** – Bothell	\$745,000
UW – Seattle	\$2,210,000
WSU****	\$3,075,180
Wishkah Valley School District	\$200,000
Yakima School District	\$715,000
Total	\$15,302,096

Audit Only Grant

	Grant Amount
Spokane School District	\$12,500
Total	\$12,500

Round Two and Reassigned Funds

	Grant Amount
Bates Technical College	\$2,125,000
Battle Ground School District #119	\$850,000
Camas School District 117	\$68,130
Clover Park Technical College	\$800,000
Columbia Basin College	\$2,170,784
Edmonds Community College	\$660,466
Everett School District No. 2 High School – Main	\$232,000
Everett School District No. 2 High School – Science	\$195,795
Everett School District No. 2 High School – Vocational	\$191,235
Everett School District No. 2 – Heatherwood	\$328,250
Everett Community College	\$162,825
Grays Harbor College	\$175,000
Kahlotus School District	\$287,408
Lake Washington School District	\$1,123,925
Montesano School District	\$145,500
Northshore School District #417	\$3,181,095
North Thurston School District	\$197,000
Orcas Island	\$900,000
Peninsula College	\$264,879
Puyallup School District	\$675,000
Quilcene School District	\$230,000
Renton School District No. 403	\$595,000
Ritzville School District	\$298,813
SPS – 6 DDC upgrades	\$1,832,053
SPS – Columbia & Wing Luke Elementary	\$310,171
SPS – Catherine Blaine K-8	\$77,545
SPS – Olympic View & Bagley Elementary	\$105,500
SPS – Meany Middle School	\$522,183
SPS – Leschi Elementary	\$185,500
SPS – Lowell Elementary	\$276,000
SPS – Sand Point Elementary	\$248,400
SPS – Rainier Beach High School	\$21,870

Seattle Central Community College	\$2,058,915
Skagit Valley College	\$302,000
Sunnyside School District	\$450,000
Tumwater School District	
– New Market Center	\$119,170
UW – Tacoma	\$846,314
Walla Walla Community College	\$526,969
Walla Walla Public Schools	\$350,000
WSU – 2.9a Info Tech Building	\$378,241
WSU – In-Vessel Compost	\$780,402
Washtucna School District	\$1,450,000
Wenatchee Valley College	\$320,000
Whatcom Community College	\$227,525
Total	\$27,246,863

*Central Washington University

** Seattle Public Schools

*** University of Washington

****Washington State University