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**General Administration**  
ENERGY PROGRAM

# **Joint Report on Jobs Act for K-12 Public Schools and Higher Education Institutions**

.....  
Supplemental Capital Budget (ESHB 2836, Section 1016, 2010)

**June 2011**

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## EXECUTIVE SUMMARY

The Jobs Act for K-12 Public Schools and Higher Education Institutions (Jobs Act) was established as part of the 2010 Supplemental Capital Budget (ESHB 2836 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. The Legislature recognized the need to create jobs quickly to alleviate high unemployment in the construction sector. The long-term goal is to reduce the energy costs at the state's public educational facilities.

The legislation directed Commerce to work with the Department of General Administration's Energy Program (General Administration), the Office of Superintendent of Public Instruction (OSPI) and the Washington State University Extension – Energy Programs (WSU) to develop the program and conduct a competitive grant process to solicit and evaluate applications. After projects were selected, Commerce worked with grantees to execute contracts.

The Jobs Act program held two competitive solicitation rounds. Deadline for the first round was July 26, 2010, and the second round's due date was 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

### Additional Information in Future Reports

At this time, Commerce has little data on the number of jobs funded because the schools and higher education institutions are just beginning or still completing their projects. This is especially true for K-12 schools that do most of their capital projects during the summer.

### Jobs Act Requirements in the 2010 Supplemental Capital Budget (ESHB 2836 Sec. 1016)

1. Award grants in competitive rounds based on demand and capacity;
2. Award at least 5 percent of each grant round to small public school districts with fewer than 1,000 full-time equivalent students;
3. Award funds to the top 85 percent of projects applying in a round;

4. Score applicants based on three criteria (in order of priority): leverage ratio, energy savings and expediency of expenditure;
5. Submit a joint report with General Administration to the appropriate committees and the Office of Financial Management on the timing and use of the grant funds; program administrative function; compliance with apprenticeship utilization requirements in RCW 39.04.320; compliance with prevailing wage requirements; and administration fees by the end of each fiscal year until the funds are fully expended and all savings verification requirements are fulfilled.

### **Challenges Encountered**

As with any new program, Commerce encountered and overcame a few unexpected challenges while implementing the Jobs Act. Some grantees cannot use all of their grant funds and are returning portions to Commerce. Some of those funds have been redistributed. In other cases, Commerce is waiting for more legislative guidance before redistributing funds.

Some grantees were reluctant to proceed with projects after funds were awarded because of concerns about the stability of project funds. Most of those projects are now under way.

Because the energy service companies were extremely busy with the large volume of work the Jobs Act created, they were not able to complete the investment-grade audits in a timely manner. Grantees were required to have an investment-grade audit done before a contract with Commerce could be completed. Most projects affected by those delays have begun work.

## USE OF GRANT FUNDS AND EXAMPLES OF PROJECTS

A variety of energy and water efficiency projects were funded by Jobs Act grant funds. Some applicants upgraded their lighting and controls while others installed new HVAC systems or water efficiency measures. A few projects installed solar panels and one university installed electric car-charging stations. The actual numbers of jobs funded is unknown at this time. The numbers included in these project examples are estimates based on the Office of Financial Management multiplier of 9.9 jobs per \$1 million in construction costs.

### **University of Washington – Bothell Campus**

The University of Washington’s Bothell campus (which also contains Cascadia Community College) undertook a comprehensive energy project. The most innovative element of this project is the solar panel array on the parking garage that will supply the new charging stations for electric vehicles. Complex measures included chiller control system improvements. Basic measures included lighting upgrades and installation of window film that limits solar gain.

- Anticipated number of jobs funded: 22
- Total project costs: \$2,232,780
- Anticipated annual savings: \$185,670
- Grant award: \$745,000

### **South Puget Sound Community College**

South Puget Sound Community College is making a mixture of energy and water improvements and the college is upgrading the mechanical system in a building with a new energy management system that will allow the college to better control the building’s energy use. The Jobs Act will also fund new lighting systems throughout the campus including LED lights on several campus pathways. Water conservation measures funded through the Jobs Act will reduce campus water consumption and wastewater output by more than half.

- Anticipated number of jobs funded: 8
- Total project costs: \$783,688
- Anticipated annual savings: \$41,200
- Grant award: \$375,000

### **Sunnyside School District**

Sunnyside School District is replacing outdated and ineffective controls in several buildings. The new controls will enable the district to better manage its energy use and address ventilation problems. Several of the controls being replaced are outdated. Energy efficient lighting upgrades will provide students and teachers with better classroom lighting, as well as reduce energy costs.

- Anticipated number of jobs funded: 10
- Total project costs: \$1,016,257
- Anticipated annual savings: \$37,738
- Grant award: \$450,000

## **PROGRAM ADMINISTRATION**

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

Commerce staff administers the Jobs Act program. Administrative activities include:

- Answering program questions from applicants, media, legislative staff and legislators;
- Obtaining project details needed for developing and negotiating contracts;
- Developing and supporting communications including a Web page, reports and fact sheets;
- Collecting and compiling data for internal and external reporting and contract monitoring;
- Developing and monitoring interagency agreements with General Administration and WSU to provide program and technical assistance;
- Collaborating with General Administration and OSPI staff; and
- Testifying at legislative hearings as requested.

A significant portion of Commerce's administrative responsibilities involves developing and negotiating contracts for public K-12 schools and higher education institutions. Because of the diversity in needs and requirements, the Jobs Act program developed five different contracts.

Each contract contains specific provisions for either complying with or reporting on:

- Apprenticeship requirements in RCW 39.04.320;
- Prevailing wages; and
- Jobs funded through the program.

Commerce continues to gather data for these specific provisions. At the time of this report schools and institutions are either still completing projects or they have not started work. This is particularly the case for K-12 schools that do most of their capital projects during the summer.

### **Technical Function**

To provide the Jobs Act program with more in-depth energy technical assistance, Commerce developed interagency agreements with the General Administration and WSU. Both General Administration and WSU staff also helped create the Jobs Act program and General Administration created the Energy Savings Performance Contracting Guidelines.

WSU staff conducted the technical review of applications for the two competitive rounds. General Administration staff provides ongoing technical and project management support.

Because 65 percent of selected applicants are using General Administration to manage their energy-savings projects, General Administration is involved with every aspect of Jobs Act projects. Commerce uses General Administration's Energy Program staff on a wide range of activities including review of investment grade audits; clarifying scope of work; answering questions on funding and utility incentives; and reviewing technical forms and measurement and verification plans.

### **Administrative Expenses**

Administrative expenses for the Jobs Act fall into two main categories: Commerce costs and interagency agreements with General Administration and WSU.

The Commerce model for administering capital programs assumes that no general funds will be used for administrative expenses. Commerce used 3 percent (\$1.5 million) of the Jobs Act appropriation to cover startup costs and ongoing administrative expenses. Approximately \$425,000 of those funds will be expended by June 30, 2011. The remainder will be used by Commerce and General Administration to assist with ongoing technical support. After Jobs Act grantees have drawn down all contract funds, Commerce and General Administration 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.

Commerce also entered into interagency agreements with General Administration (\$900,000) and WSU (\$35,000) to provide technical assistance. Of that \$935,000, we estimate that \$915,000 will be expended by June 30, 2011. Additional interagency agreements will be negotiated as necessary as the program moves forward through the project construction, completion, monitoring, and measurement and verification phases.

### **Application Solicitation**

The Jobs Act program held two competitive solicitation rounds. Deadline for the first round was July 26, 2010, and the second round's due date was September 20, 2010. To promote the program Commerce used a combination of press releases, email announcements, list serve solicitation, Web links and application workshops.

### **Application Scoring**

The legislation directed Commerce to score the applications based on criteria in the following priority order:

- Leverage ratio (non-state to state funds);
- Energy savings; and
- Expediency of expenditures.

Non-state fund sources included local, private, debt financing (local or state), federal, and utility incentives or rebates. The program's leverage goal was 3:1 (\$3 of non-state funds to \$1 in state funds). The actual leverage ratio for both rounds combined was 1.57:1.

### **Round One**

Thirty-seven public K-12 schools and higher education institutions submitted applications for grants and three applications were received for energy audits in the first round. The total amount of grants requested was \$32.2 million. The 37 applications underwent a technical review by WSU staff and Commerce energy experts. Commerce reviewed and scored the applications after receiving the technical review. Twenty-nine projects were selected for funding from the Jobs Act as a result. These 29 projects received \$16.8 million.

### **Round Two**

Fifty-five K-12 schools and higher education institutions submitted applications for grants in round two. Those schools and institutions requested a total of \$45.7 million. Applications underwent a technical review by WSU staff and Commerce energy experts. Commerce reviewed and scored the applications after receiving the technical review. The 46 projects selected for funding based on program criteria received \$31.1 million.

### **Returned Funds**

Six schools returned funds to Commerce because matching funds could not be secured. Commerce redistributed some of those funds to other projects. In other cases, the Legislature requested that funds go back to the bond pool. The Evergreen State College's biomass project funds were returned to the bond pool because the college discontinued the project. Another school's funds were reallocated to the next district on the award list. Commerce is seeking guidance from the Legislature on how to distribute other returned funds.

## GENERAL ADMINISTRATION ENERGY PROGRAM REPORT

General Administration partnered with Commerce, OSPI, and WSU to implement the Jobs Act. The \$50 million appropriation was provided for grants to public school districts and public higher education institutions for operational cost savings improvements to public school district and higher education facilities that result in energy and operational cost savings. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective.

### Use of Funding

General Administration’s responsibilities in implementing the 2010 Jobs Act included working with partner agencies to develop a competitive grant process and to provide technical support to Jobs Act projects that the agency managed. To carry out these duties, it was necessary for the program to expand its capacity. The following table shows the cost detail of how the funds were used by General Administration.

Positions Created	Total FTE	Costs
Energy Utility Engineer 3	1	
Energy Utility Engineer 3	1	
Energy Utility Engineer 3	1	
Energy Utility Engineer 3 (.75)	.75	
Contracts Specialist	1	
<b>Total FTE</b>	<b>4.75</b>	
<b>Costs</b>		
Salary and Benefits		\$505,920
Overhead Expenses and Other Costs		244,080
Goods and Services		150,000
<b>Total</b>	<b>4.75</b>	<b>\$900,000</b>

## **Technical Support Services**

General Administration is currently managing 44 projects that received grant funds from the Jobs Act. This total includes 20 public school districts (K-12) and 24 institutions of higher education.

General Administration provided projects with the following assistance:

- Identification of potential energy/utility conservation measures and estimated cost savings;
- Assistance in the selection of Energy Service Company (ESCO) consistent with the requirements of RCW 39.35C;
- Negotiation of scope of work and fee for ESCO audit of the facilities;
- Identification of appropriate project funding sources and assistance with obtaining project funding;
- Review and approval of ESCO energy/utility audits and Energy Services Proposals;
- Assistance in negotiating the technical, financial and legal issues associated with the ESCO's Energy Services Proposal;
- Assistance during the design, construction and commissioning processes;
- Review and approval of the invoice vouchers for payment;
- Assistance with final project approval; and
- Other services as required to complete a successful energy performance contract.

In addition, General Administration provided the following:

- Development of energy savings performance contracting guidelines;
- Completion of a supplemental section to add additional ESCO's to the General Administration prequalified list;
- Collaboration with Commerce, OSPI, and WSU to establish a competitive process to evaluate applications for public schools and higher education institutions;
- Technical support to Commerce on energy services proposals, and measurement and verification; and
- Development of General Administration's portion of the joint report with Commerce on the grant project activity to the Legislature.

## **Jobs Act Project Summary**

To date, General Administration is managing 65 percent of the total number of Jobs Act grants for K-12 public schools and higher education institutions that were awarded by Commerce (see table below). The grants awarded to General Administration clients totaled \$27.1 million and generated \$71.3 million in total construction costs.

<b>Commerce (K-12 Public Schools and Higher Education Institutions)</b>			
	Number of Awards	Grant Dollars Awarded	Total Project Value
Total Grant Information (as of 11/1/10) <span style="float: right;">(Dollars are rounded to the nearest thousand)</span>			
Round 1 Grants - 7/26/10	25	\$16,867,000	\$44,652,000
Round 2 Grants - 9/20/10	43	\$30,495,000	\$84,724,000
<b>Total</b>	<b>68</b>	<b>\$47,362,000</b>	<b>\$129,376,000</b>
Projects Managed by General Administration Energy Program			
Round 1 Grants - 7/26/10	16	\$9,362,000	\$21,364,000
Round 2 Grants - 9/20/10	28	\$18,723,000	\$51,300,000
<b>Total</b>	<b>44</b>	<b>\$ 28,085,000</b>	<b>\$72,664,000</b>
Energy Percent of Dollars:	65%	57%	55%

**APPENDIX A**  
**LIST OF ORIGINAL GRANT AWARDS\***

**Round One**

SCHOOL	GRANT AMOUNT
Bates Technical College	\$ 665,000
Bethel Public Schools	\$ 645,000
Central Washington University - Getz	\$ 100,000
Central Washington University - Pools	\$ 70,000
Central Washington University - Library & Farrell Hall	\$ 30,000
Colville School District	\$ 765,000
Edmonds Community College	\$ 850,000
Everett School District No. 2 -	\$ 85,500
Everett School District No. 2 -	\$ 71,400
Everett School District No. 2 -	\$ 12,986
Lake Washington School District	\$ 501,580
North Seattle Community College	\$ 273,524
North Thurston School District	\$ 173,000
Olympic College	\$ 130,000
Seattle Public Schools - Green Lake Elementary & Ballard High School	\$ 749,000
Seattle Public Schools - 6 Schools	\$ 1,030,360
Seattle Public Schools - Hawthorne Elementary	\$ 457,629
Seattle Public Schools - Lawton Elementary	\$ 496,565
Seattle Public Schools - 8 Gyms	\$ 45,530
Seattle Public Schools - Madrona Elementary & Cooper Elementary	\$ 565,800
Seattle Public Schools - Viewlands Elementary	\$ 513,300
South Puget Sound Community College	\$ 375,000
The Evergreen State College	\$ 415,742
University of Washington - Bothell Campus	\$ 745,000
University of Washington - Seattle Campus	\$ 2,210,000
Washington State University	\$ 3,075,180
Washtucna School District	\$ 900,000
Wishkah Valley School District No. 117	\$ 200,000
Yakima School District	\$ 715,000
<b>Total</b>	<b>\$16,867,096</b>

\* Award amounts are subject to changes that may include return of funds due to cancelation of projects.

SCHOOL	GRANT AMOUNT
<b>Audit Only Grants</b>	
Everett School District No. 2	\$ 14,023
Spokane Public Schools	\$ 12,500
Wahluke School District No.73	\$ 15,519
Walla Walla Public Schools	\$ 25,896
<b>Total</b>	<b>\$ 67,938</b>

**Round Two**

SCHOOL	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 HS - Main	\$ 232,000
Everett HS - Science	\$ 195,795
Everett HS - Voc	\$ 191,235
Everett SD - Heatherwood	\$ 328,250
Everett Community College	\$ 162,825
Grays Harbor College	\$ 175,000
Kahlotus School District	\$ 287,408
Lake Washington School District	\$ 622,345
Lake Washington School District	\$ 501,580
Montesano School District	\$ 145,500
North Thurston School District	\$ 197,000
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
Seattle Public Schools - DDC Upgrade (Beacon Hill thru Jane Addams - 6 Projects)	\$ 1,832,053
Seattle Public Schools - Catherine Blaine K-8 School	\$ 77,457
Seattle Public Schools - Olympic View Elementary & Bagley Elementary	\$ 105,500
Seattle School District - Meany Middle School	\$ 522,183
Seattle Public Schools - Leschi Elementary	\$ 185,500
Seattle Public Schools - Sand Point Elementary	\$ 248,400

SCHOOL	GRANT AMOUNT
Seattle School District - Rainier Beach High School	\$ 21,870
Seattle Central Community College	\$ 2,058,915
Skagit Valley College	\$ 302,000
Sunnyside School District	\$ 450,000
The Evergreen State College - Biomass	\$ 3,750,000
Tumwater School District - New Market Center	\$ 180,436
University of Washington - Tacoma Campus	\$ 846,314
Walla Walla Community College	\$ 526,969
Walla Walla Public Schools	\$ 350,000
Washington State University (2.9a Info Tech Building)	\$ 378,241
Washington State University (1.23 In-Vessel Compost)	\$ 1,034,020
Washtucna School District	\$ 1,450,000
Wenatchee Valley College	\$ 320,000
Whatcom Community College	\$ 227,525
	<b>\$31,141,659</b>