

***Community Development Department
Housing Division***

DATE: January 29, 2010

TO: Northfield City Council
Joel Walinski, City Administrator

FROM: Michele Merxbauer, Housing Manager
Jennifer Nash, Assistant to the City Administrator

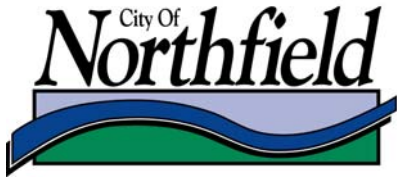
RE: EECBG Stimulus Grant

On January 4, 2010, Council passed Resolution 2010-002 authorizing staff to submit a grant application to the MN Department of Energy for funds to assist with energy upgrades to City Hall, specifically window replacement. The Energy Efficiency and Conservation Block Grant program (EECBG) is a part of the federal stimulus package, American Reinvestment and Recovery Act of 2009 (ARRA). This memo is to provide you with an update on work completed in preparation for an application for funds through this program.

Staff has worked to determine an appropriate project, initially hoping to use the funds towards window replacement at City Hall. However, the program has a strict stipulation of a 10-year simple payback, which means all funds put into the project must be returned in savings within ten years. The City Hall window replacement has an estimated cost of \$360,000-400,000. Current energy costs for heating and cooling City Hall are approximately \$20,000 per year. Given these numbers, this project would not qualify for this grant opportunity.

Staff then looked at two more potential projects: replacing/upgrading the heating system in City Hall, and replacing traffic signal lights with LED bulbs. Facility staff researched costs for upgrading the heating system at City hall and received an estimate of \$35,000 to replace the current steam boiler. However, steam boilers are an inefficient way to heat, and even with a new boiler we would not be able to increase efficiency enough to achieve the required 10-year payback. As another option we looked at replacing the steam system with hot water heat, we could increase efficiency by approximately 20% but the estimated replacement cost of \$250,000 for the system would be substantially more than the potential energy saving in ten years.

Engineering and Street Department staff provided estimates for upgrades to two signal lights on Hwy 3 from the current traditional bulbs to LED bulbs. The upgrading of signal lights would cost an estimated \$10,000-12,000 each for the two intersections. By



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reviewing what the City currently pays for electricity at signal lights equipped with the more efficient LED lights compared to what the City is paying for the intersections with traditional bulbs we were able to estimate the energy savings that could be expected at about \$70 per month per intersection. This savings extended over the 10-year payback period would be \$8,400, short of the required payback of costs of the upgrades.

Unfortunately, staff is unable to submit any requests for the EECBG funding opportunity that would meet the program requirements. The EECBG funding stream was designed to assist cities and governments with quick, simple payback projects or studies. The City worked on many of these kinds of projects through Johnson Controls in 2007 and 2008. Staff will continue to research other grant and funding opportunities for energy upgrades to City Hall and other city facilities.

Please feel free to contact Housing Manager Michele Merxbauer or Assistant to the Administrator Jennifer Nash with any questions you may have.