

5.5 Resolution to Authorize Mayor Svante Myrick to Designate a Program Manager for the City of Ithaca's Energy Efficiency Retrofitting and Thermal Load Electrification Program

WHEREAS, the City of Ithaca (City) has demonstrated its desire and commitment to be a leader in sustainability and social equity, as exemplified by adoption of the Ithaca Green New Deal (IGND); and

WHEREAS, to implement the IGND, the City will need to adopt emissions reduction strategies to reach the goals stipulated in the resolution to adopt the IGND; and

WHEREAS, the implementation of the IGND will require reduction of greenhouse gas emissions from energy use in buildings and transportation; and

WHEREAS, to reduce emissions in new construction and major renovations the City adopted the Ithaca Energy Code Supplement in May 2021; and

WHEREAS, to further reduce emissions the City require a city-wide effort to maximize energy efficiency and reduce greenhouse gas emissions from energy use in existing buildings; and

WHEREAS, this effort would allow the creation of an estimated 400 jobs and the reduction of approximately 40% of the emissions from energy use in existing buildings, with particular focus on low and moderate income communities; and

WHEREAS, this effort will primarily focus on assisting low and moderate income communities to make their homes and businesses more energy efficient and resilient, by offering technical and financial assistance; and

WHEREAS, the city was able to assist local companies by obtaining commitments from private investors to work directly with local companies to upfront all capital costs related to energy efficiency retrofitting and substitution of thermal loads in existing buildings; and

WHEREAS, this coordinated effort to reduce greenhouse gas emissions involving local companies, the city government and the community will require specialized operational and financial expertise; and

WHEREAS, the city used a competitive process to identify the best candidate to manage this program, inviting local companies to partner with other organizations to participate in this program;

WHEREAS, the city received three proposals from local and out-of-state companies to participate in the program, including one proposal from a consortium of five companies; and

WHEREAS, the city reviewed the proposals using a predefined criteria resulting in one consortium being recommended to become program manager; and

WHEREAS, the recommended proposal is that represented by Bloccpower, Taitem Engineering, Alturus, Guidehouse and Energetic Insurance, with support from Cornell Cooperative Extension, NYSERDA and US Department of Energy; therefore, be it

RESOLVED, That the Common Council approves the designation of the consortium led by Bloccpower and including Taitem Engineering, Alturus, Guidehouse and Energetic Insurance, as Program Manager for the City's Energy Efficiency Retrofitting and Thermal Load Electrification Program; and, be it further

RESOLVED, That the Common Council authorizes Mayor Svante Myrick to sign an agreement with said consortium designating them as Program Manager, including the following elements

Obligations of Program Manager:

Set up and manage a financing facility to fund the energy efficiency retrofit and thermal load electrification program.

Manage relationship with local contractors, while also acting as a contractor.

Manage grant application process for NYSERDA, NYS Department of Environmental Conservation, US Department of Energy and US Environmental Protection Agency.

Manage supply chain to drive economies of scale and cost reductions through bulk purchasing.

Assist the City with workforce development and training.

Work with the City in the implementation of outreach programs.

Commitments by the City of Ithaca:

Facilitate and assist the PM with outreach and customer acquisition.

Review and approve work-completion reports to guarantee quality assurance.

Supervise fair implementation of local company designation.

Supervise implementation of climate justice (LMI).

Supervise workforce development integration.

Assist with negotiations with NYSERDA, NYS Department of Environmental Conservation, US Department of Energy and US Environmental Protection Agency.

and, be it further

RESOLVED, That such agreement will not include any obligation of the City of Ithaca to provide loan guarantees, or include any obligation that would negatively affect the City's financial liability and credit rating; and, be it further

RESOLVED, That the city will continue to support the implementation of the energy efficiency retrofitting and thermal load electrification program by convening stakeholders, developing partnerships, and assisting with outreach to the community.



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To: Common Council

From: Luis Aguirre-Torres, Director of Sustainability

Date: November 3rd, 2021.

RE: Resolution to Authorize Mayor Svante Myrick to Designate a Program Manager for the City of Ithaca's Energy Efficiency Retrofitting and Thermal Load Electrification Program.

This memo provides additional information meant to support the Resolution to Authorize Mayor Svante Myrick to Designate a Program Manager for the City of Ithaca's Energy Efficiency Retrofitting and Thermal Load Electrification Program.

On June 5th, 2019, the City of Ithaca's Common Council adopted the **Ithaca Green New Deal (IGND)**. This signaled the City's commitment to fight climate change, economic inequality and racial injustice, while at the same time committing to enable a just transition to a carbon neutral economy by 2030.

The Ithaca Green New Deal goals included the following:

- Achieve carbon neutrality community-wide by 2030.
- Meet the electricity needs of City government operations with 100% renewable energy by 2025.
- Reduce emissions from City vehicle fleet by 50% by 2025.
- Ensure the benefits are shared among all local communities to reduce historical social and economic inequities.
- Facilitate a comprehensive public engagement process.

The City of Ithaca's carbon emissions are estimated¹ around 400,000 Mt CO₂. It identifies stationary sources, including residential and non-residential buildings, and transportation as the top two sources of greenhouse gas (GHG) emissions.

The City of Ithaca's emissions reduction strategy relies on four different concurrent programs, each one designed to tackle a portion of the City's GHG emissions:

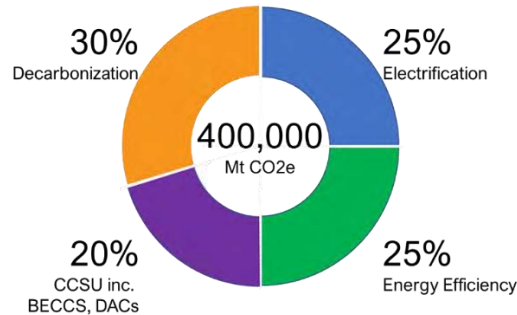
- 1) energy efficiency.
- 2) electrification.
- 3) decarbonization of the electric grid.
- 4) carbon capture and sequestration.

¹ Current estimation based on available data (2021).



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As part of the overall emissions reduction strategy, the Office of Sustainability has launched several interrelated emissions-reduction and climate justice programs:

- Community engagement.
- Community Choice Aggregation.
- Green workforce development.
- Energy efficiency
- Thermal Load Electrification.
- Material and organic waste management.

A key element of the overall IGND strategy, is the reduction of GHG emissions from stationary sources (buildings). This will require the implementation of a comprehensive, multi-year **Energy Efficiency Retrofit and Thermal Load Electrification Program**, focused on residential and non-residential buildings, with special emphasis on serving low- and moderate-income communities. **This effort alone is expected to reduce GHG emissions in the City of Ithaca by at least 50%.**

The main objective of the program is to **gradually improve the overall energy performance of the city's building stock**, by assessing each individual building and determining potential energy efficiency improvements², through energy retrofitting and the substitution of non-electric thermal loads and air conditioning systems, with air-source and ground-source heat pumps, and the installation of efficient lighting, photovoltaic and solar thermal systems, onsite storage, smart thermostats and smart meters.

This City of Ithaca's building stock includes approximately 6,000 buildings, including single family and multifamily residential buildings, commercial, mixed-use, schools, churches, institutional and special purpose buildings³.

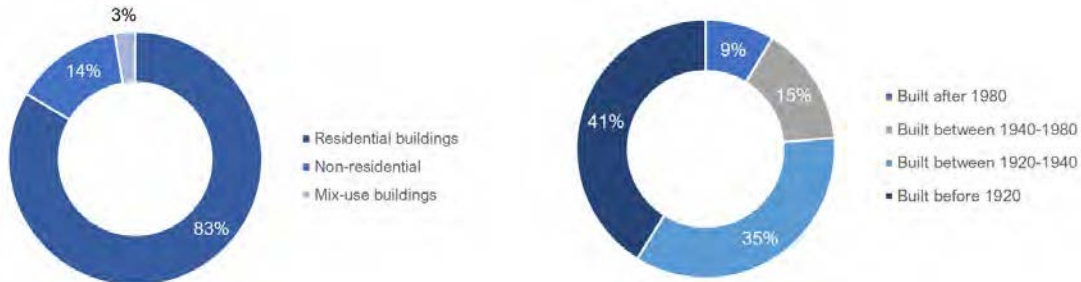
² Focused on minimizing energy consumption and peak loads.

³ This represents approximately one third of the total building stock in Tompkins County



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The **Energy Efficiency Retrofit and Thermal Load Electrification Program** is expected to be implemented in two stages:

- **Phase 1:** 1,000 residential and 600 non-residential units, with emphasis on LMI communities.
- **Phase 2:** 3,500 residential and 900 non-residential units, with emphasis on LMI communities.

It is the expectation that not all buildings will require deep envelope intervention or the electrification of thermal loads; however, the expectation is that **all buildings will be assessed prior to being issued a recommendation to improve overall energy performance** and eliminate carbon emissions, potentially including some of the following measures:

- Envelope intervention to maximize performance and reduce energy loads.
- Replacement of low performance windows.
- Installation of energy recovery ventilation systems.
- Efficient and automated LED lighting.
- Electrical panel and installation upgrades.
- Substitution of electric appliances with highly efficient, smart electric alternatives.
- Substitution of natural gas, propane and fuel oil space heating systems with cold-climate air-source and ground-source heat pumps for space heating and cooling.
- Substitution of natural gas and propane water heaters with heat pump water heaters with storage tanks.
- Substitution of natural gas and propane cooking stoves with electric induction cooktops.
- Substitution of natural gas and propane clothes dryers with electric heat pump dryers.
- Load flexibility, grid interacting, advance control systems.
- Solar PV and onsite energy storage systems.
- Bi-directional electric vehicle charging systems.

This program recognizes the effects the pandemic has had on the city's economy, which has disproportionately affected disadvantaged communities, where unemployment or underemployment remain higher than in other groups. It is therefore the intention of this program to create a Green Workforce Development program to consolidate existing efforts and assist in the development and certification of local skilled workers.

The Office of Sustainability issued an RFP to identify a third party to manage the operational aspects related to the electrification program. This RFP was released on August 2nd, for which the City received four proposals, with one of them eventually withdrawing from the process.



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The RFP required each proposal to include the following information:

- Cover letter. (Weight: 5%)
- Experience. (Weight: 30%)
- Financing strategy. (Weight: 30%)
- Strategy to address the needs of disadvantaged communities. (Weigh: 10%)
- Strategy to assist with job creation. (Weight: 10%)
- Strategy to create economies of scale. (Weight 15%)

The following rubric was used to objectively assess all proposals:

| Section: Executive Summary | |
|-------------------------------------|--|
| Qualifications | 10 if it meets all required qualifications. 5 if it meets some qualifications. 0 if it does not meet any qualifications. |
| Operational experience | 10 if it offers proof of operational experience. 5 if experience is limited. 0 if there is not demonstrable operational experience. |
| Financial Backing | 10 if the organization has the financial backing to support the operation. 5 if it does not have enough financial backing. 0 if no financial backing is offered. |
| Proposed Approach | 10 if they present a viable approach. 5 if the approach is incomplete or not all viable. 0 if the approach is inviable or if it is not described. |
| Section: Experience | |
| Energy efficiency | 10 if it offers proof of operational experience in energy efficiency. 5 if it offers limited experience. 0 if it has no experience in energy efficiency retrofits. |
| Thermal load electrification | 10 if it offers proof of operational experience in thermal load electrification. 5 if it offers limited experience. 0 if it has no experience in thermal load electrification retrofits. |
| Program Management | 10 if it offers proof of experience managing program managements. 5 if it offers limited experience. 0 if it has no experience. |
| Partnerships | 5 if it offers established partnership options. 3 if it is limited. 0 if no partnerships have been established. |
| Supply Chain | 10 if it offers proof of experience managing supply chains. 5 if it offers limited experience. 0 if it has no experience in supply chain management. |
| Monitoring Tools | 5 if it offers proof of experience managing monitoring tools. 3 if it offers limited experience. 0 if it has no experience. |
| Cost Structure | 10 if it offers proof of experience managing cost structures. 5 if it offers limited experience. 0 if it has no experience. |
| Quality Assurance | 10 if it offers proof of experience managing quality assurances. 5 if it offers limited experience. 0 if it has no experience. |
| Section: Financing | |
| Experience | 10 if it demonstrates experience structuring and deploying financial products. |



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| | |
|---|---|
| | 5 if limited experience. 0 if no experience. |
| Financial structure | 10 if it provides a proposed financial structure. 5 if it is limited or incomplete. 0 if no proposal is included. |
| Risk Mitigation | 10 if it provides a proposed financial risk mitigation strategy. 5 if it is limited. 0 if it is no included. |
| Cost of Capital | 20 if it provides an indication of how to reduce cost of capital, 10 if it is limited, 0 if it is not included. |
| State and Federal Incentives | 5 if it demonstrates ability to use state and federal incentives, 3 if it is limited or incomplete, 0 if it is not included. |
| Section: Disadvantaged Communities | |
| Strategy | 10 if it presents a strategy for working with disadvantaged communities, 5 if it is limited or out of state, 0 if it is not included. |
| Experience | 10 if it has experience working with disadvantaged communities, 5 if it is limited or out of state, 0 if it is not included. |
| Section: Job Creation | |
| Proposal | 10 if it has a clear proposal on how to develop a workforce. 5 if limited. 0 if not included. |
| LMI | 10 if it has a proposal on how to assist LMI communities to develop skills and training. 5 if limited. 0 if no included. |
| Section: Economies of Scale | |
| Strategy | 10 if it offers a strategy to create and take advantage of economies of scale. 5 if limited. 0 if not included. |
| Bulk Purchasing Power | 10 if it offers a strategy to create and benefit from bulk purchasing power. 5 if limited. 0 if not included. |
| Relationships with Manufacturers | 10 if already has relationships with manufacturers 5 if limited 0 if not included. |

Using this rubric and the weight assigned to each part of the proposal, the Office of Sustainability produced the following table, containing the results of the RFP:



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| Executive Summary | Max Value | Blocpower | Hub Controls | PSD | | MEAN |
|----------------------------------|------------------|------------------|---------------------|------------|--|-------------|
| Qualifications | 10 | 7 | 5 | 10 | | |
| Operational experience | 10 | 8 | 5 | 8 | | |
| Financial Backing | 10 | 10 | 5 | 8 | | |
| Proposed Approach | 10 | 10 | 5 | 5 | | |
| Total | 5% | 4% | 3% | 4% | | 4% |
| Experience | Max Value | Blocpower | Hub Controls | PSD | | |
| Energy efficiency | 10 | 10 | 7 | 5 | | |
| Thermal load electrification | 10 | 10 | 0 | 5 | | |
| Program Management | 10 | 10 | 5 | 8 | | |
| Partnerships | 5 | 5 | 0 | 3 | | |
| Supply Chain | 10 | 10 | 0 | 5 | | |
| Monitoring Tools | 5 | 5 | 5 | 3 | | |
| Cost Structure | 10 | 8 | 0 | 8 | | |
| Quality Assurance | 10 | 10 | 0 | 10 | | |
| Total | 30% | 29% | 7% | 20% | | 19% |
| Financing | Max Value | Blocpower | Hub Controls | PSD | | |
| Experience | 10 | 10 | 7 | 7 | | |
| Financial structure | 10 | 10 | 5 | 5 | | |
| Risk Mitigation | 10 | 10 | 0 | 5 | | |
| Cost of Capital | 20 | 20 | 5 | 5 | | |
| State and Federal Incentives | 5 | 5 | 5 | 5 | | |
| Total | 30% | 30% | 12% | 15% | | 19% |
| Disadvantaged Communities | Max Value | Blocpower | Hub Controls | PSD | | |
| Strategy | 10 | 10 | 5 | 10 | | |
| Experience | 10 | 10 | 5 | 8 | | |
| Total | 10% | 10% | 5% | 9% | | 8% |
| Job Creation | Max Value | Blocpower | Hub Controls | PSD | | |
| Proposal | 10 | 8 | 5 | 10 | | |
| LMI | 10 | 10 | 5 | 8 | | |
| Total | 10% | 9% | 5% | 9% | | 8% |
| Economies of Scale | Max Value | Blocpower | Hub Controls | PSD | | |
| Strategy | 10 | 10 | 5 | 7 | | |
| Bulk Purchasing Power | 10 | 10 | 10 | 5 | | |
| Relationships with Manufacturers | 10 | 10 | 7 | 10 | | |
| Total | 15% | 15% | 11% | 11% | | 12% |
| | | | | | | |
| | | Blocpower | Hub Controls | PSD | | MEAN |
| TOTAL | | 98% | 43% | 68% | | 69% |

Based on the above results, the Office of Sustainability recommends the Mayor and Common Council to authorize Mayor Myrick to sign a contract with the consortium led by Blocpower recognizing them as Program Manager of the Energy Efficiency Retrofitting and Thermal Load Electrification Program. The obligations and responsibilities of both Blocpower as Program Manager and the City of Ithaca are summarized in the accompanying Resolution.