

Project/Performance Site Location(s)

Project/Performance Site Primary Location I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

Project/Performance Site Location 1 I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

Application for Federal Assistance SF-424

Version 02

* 1. Type of Submission:		* 2. Type of Application:		* If Revision, select appropriate letter(s):	
<input type="checkbox"/> Preapplication		<input checked="" type="checkbox"/> New		<input type="text"/>	
<input checked="" type="checkbox"/> Application		<input type="checkbox"/> Continuation		* Other (Specify)	
<input type="checkbox"/> Changed/Corrected Application		<input type="checkbox"/> Revision		<input type="text"/>	
* 3. Date Received:		4. Applicant Identifier:			
<input type="text" value="12/14/2009"/>		<input type="text"/>			
5a. Federal Entity Identifier:			* 5b. Federal Award Identifier:		
<input type="text"/>			<input type="text"/>		
State Use Only:					
6. Date Received by State:		7. State Application Identifier:			
<input type="text"/>		<input type="text"/>			
8. APPLICANT INFORMATION:					
* a. Legal Name: <input type="text" value="State of Michigan"/>					
* b. Employer/Taxpayer Identification Number (EIN/TIN):			* c. Organizational DUNS:		
<input type="text" value="386000134"/>			<input type="text" value="148674265"/>		
d. Address:					
* Street1:	<input type="text" value="611 W. Ottawa, 4th Floor"/>				
Street2:	<input type="text"/>				
* City:	<input type="text" value="Lansing"/>				
County:	<input type="text"/>				
* State:	<input type="text" value="MI: Michigan"/>				
Province:	<input type="text"/>				
* Country:	<input type="text" value="USA: UNITED STATES"/>				
* Zip / Postal Code:	<input type="text" value="48909-7721"/>				
e. Organizational Unit:					
Department Name:			Division Name:		
<input type="text" value="Energy, Labor, & Economic Growth"/>			<input type="text" value="Energy Office"/>		
f. Name and contact information of person to be contacted on matters involving this application:					
Prefix:	<input type="text" value="Ms."/>	* First Name:	<input type="text" value="Amy"/>		
Middle Name:	<input type="text"/>				
* Last Name:	<input type="text" value="Butler"/>				
Suffix:	<input type="text"/>				
Title:	<input type="text" value="Bureau Director"/>				
Organizational Affiliation:					
<input type="text" value="State of Michigan"/>					
* Telephone Number:	<input type="text" value="517-373-4626"/>	Fax Number:	<input type="text" value="517-241-6229"/>		
* Email:	<input type="text" value="Butleral@michigan.gov"/>				

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9. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

N: Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

Environmental Management Consolidated Business Cen

11. Catalog of Federal Domestic Assistance Number:

81.128

CFDA Title:

Energy Efficiency & Conservation Block Grant Program

* 12. Funding Opportunity Number:

DE-FOA-0000148

* Title:

Recovery Act: Energy Efficiency and Conservation Block Grants: Competitive Solicitation: Retrofit Ramp-up and General Innovation Fund Programs

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide, including Detroit, Grand Rapids, and Southeast Michigan Suburbs

* 15. Descriptive Title of Applicant's Project:

Michigan Retrofit Ramp up Initiative (MRRI)

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

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16. Congressional Districts Of:

* a. Applicant * b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date: * b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="70,564,725.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="70,564,725.00"/>

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)

Yes No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

 ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title: * Telephone Number: Fax Number: * Email: * Signature of Authorized Representative: * Date Signed:

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*** Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

I. Project Objectives

Overall, our goal is to create a vibrant, growing and sustainable market for high quality, deep energy efficiency retrofits on residential, commercial, industrial and public buildings across Michigan. To support this goal, we will use the retrofit ramp-up program to achieve the following objectives:

Objective 1: Create ~6,600 energy efficiency focused jobs and reduce energy consumption in Michigan by 0.9 TBTUs in the residential sector and 115 TBTUs in the non-residential sectors. **Action:** Through Michigan Retrofit Ramp-up Initiative (MRRRI) we will deliver outreach and energy efficiency education to 19,500 homes, conduct audits and install basic energy efficiency measures in 15,600 homes and stimulate uptake of homeowner-paid deep retrofits in 5,850 homes, in addition to completing deep energy retrofits in over 3,000 low income homes. In the commercial, industrial and public sectors we will deliver energy efficiency education/outreach, conduct audits and complete deep energy efficiency retrofits in ~1,200 buildings across Michigan. In total, this will result in reduced energy consumption of 0.9 TBTUs per year in the residential sector, and 115 TBTUs per year in the non-residential sector by the end of the three-year program. In addition, this work will create or sustain ~6,600 energy efficiency focused jobs per year.

Objective 2: Pilot a well informed model program that will drive economies of scale and large-scale uptake of significant energy efficiency improvements across entire neighborhoods/communities. **Action:** The "neighborhood retrofit" approach employed in MRRRI will drive significant economies of scale. Through this method neighborhoods are proactively targeted for energy efficiency retrofits within a pre-defined period of time allowing for: (1) reduced per building administrative and outreach costs, (2) bulk purchase of materials and labor, and (3) maximization of dollars spent on energy efficiency measures. In addition, the targeted marketing of a neighborhood retrofit allows for a diversity of traditional and non-traditional outreach approaches to drive deeper uptake. Finally, our investigative approach, applying multiple variations of outreach/marketing and financing/incentives across sectors, is designed to maximize uptake over the three-year project period while improving our understanding of what drives uptake in different sectors and community types, allowing for more effective programs in the future.

Objective 3: Strengthen our existing MI Saves financing program to ensure a strong private sector market ready to invest in energy efficiency loans in Michigan and a deep pool of energy efficiency incentives and credit enhancements in perpetuity. **Action:** Michigan has created an innovative new program called Michigan Saves (MI Saves). Endowed with an initial trust fund of \$6.5 million from the Michigan Public Service Commission, this program eliminates the up-front costs of energy efficiency installation for residential and business customers and provide a streamlined process for securing financing at preferred rates. To do this, MI Saves leverages capital with innovative credit enhancements including loan loss reserves, interest rate buy downs, and matching rebate assistance. By linking customers to lender and investor capital sources, MI Saves facilitates investment in cost-effective energy efficiency upgrades for homes, businesses, and institutional buildings and creates a funding model that will sustain the program beyond the grant period.

MRRRI will utilize the mechanism of MI Saves to leverage investments in both the residential and commercial centers program, while strengthening the program in four distinct ways. First, MRRRI will increase MI Saves' pool of funds available for credit enhancements by \$35.5 million. Second, it will encourage additional third-party capital investment in the secondary market by capital by creating a large-scale coordinated program with consistent loan servicing and underwriting. Third, the lessons learned from the MRRRI neighborhoods will provide valuable lessons and information as well as capital to improve and sustain the MI Saves program. Finally, the outreach and education provided by MRRRI will increase public awareness of energy efficiency and the MI Saves program itself, thereby driving sustained uptake of this new program. The MRRRI funds contributed to the MI Saves program will persist well beyond the grant period and allow for energy efficiency incentives and credit enhancements in perpetuity.

Objective 4: Create a critical mass of growing awareness about the benefits of energy efficiency and the means to achieve it in residential, commercial, industrial and public buildings. **Action:** At a community level, the sustained focus on energy efficiency in our MRRRI communities will leverage the strengths and community relationships of our partners to engage and educate the public as well as establishing the skills and knowledge for ongoing education, providing persistent, pervasive consumer awareness. In addition, lessons learned coupled with the training received by statewide outreach groups such as Michigan State University Extension, will allow for on-going, sustainable delivery of the energy efficiency message into new communities across Michigan. At a state level, both the residential and commercial centers programs will create high-profile energy retrofit impacts that will develop support

amongst community leaders, public decision makers, commercial real estate players, and institutional leaders generating top-down leadership on energy efficiency. Finally, MRRI will help create brand awareness for the MI Saves program that will lend credence and generate demand for the program as it expands through use of "recycled" funds into new communities. All of these elements will combine to drive critical mass in awareness of energy efficiency programs, certifications (Energy Star, home labeling), and whole-home audit options, ultimately generating the market demand to sustain on-going energy efficiency implementation.

Objective 5: Kick start an energy efficiency qualified contractor infrastructure that is strong and growing. **Action:** Consistent delivery and results of work performed by certified contractors will build increased consumer confidence in energy efficiency measures. In addition to the nearly 200 existing energy efficiency-certified construction professionals in Michigan, the State has over 40,000 unemployed residential and commercial construction professionals who can be re-trained to conduct energy efficiency retrofit work. To ensure access to training, we will partner and leverage with existing training programs and institutions including "No Worker Left Behind," the Building Science Academy, Northwestern Michigan College, and work with Ferris State University, Detroit Workforce Development Department and Henry Ford Community College to expand their programs. In addition, we will partially subsidize the training and certification of 125 energy efficiency professionals to BPI, RESNET or equivalent, and upgrade the skills of 50 Detroit commercial/ institutional/ public facilities managers and operations personnel. To generate the demand for training, we have designed our programs to provide consistent work for these individuals over the next 3 years, creating over 250 auditor and energy efficiency contractor jobs within the MRRI. Together, these measures will help ensure the qualified contractor base to provide high quality energy efficiency retrofits in Michigan.

Objective 6: Develop an informed knowledge base about what drives uptake of energy efficiency improvements across numerous customer segments. **Action:** Lessons from each of our neighborhood retrofits will be captured through a variety of means, including consumer level surveys designed to characterize market segments, consumer motivations to undertake retrofits, and the effectiveness of pilot, public sector and utility company programs in driving awareness and uptake. We will also track actual energy saved and the persistence of savings. Finally, we will use data collected from the auditing, measurement and verification, and financing programs run by our partners as sources of insight. In the spirit of continuous improvement, the extensive data collection and analysis will allow us to evaluate the effectiveness of different approaches to driving energy efficiency retrofit uptake. We will use the accumulated data to successively refine our marketing and financing approaches in an attempt to create a successful and scalable national model.

Objective 7: Develop and amplify nascent policy and voluntary programs such as the PACE program and home labeling in order to enhance their efficacy in driving consumer awareness and uptake. **Action:** Several of the Michigan collaborative partners have initiated policy initiatives that, according to national literature and experience in other states, holds great promise to increase customer awareness and uptake of energy efficiency upgrades. Programs such as Property Assessed Clean Energy, home labeling, and Qualified Energy Conservation Bonds will be tested in our program and we will engage community partners in learning about and implementing these initiatives.

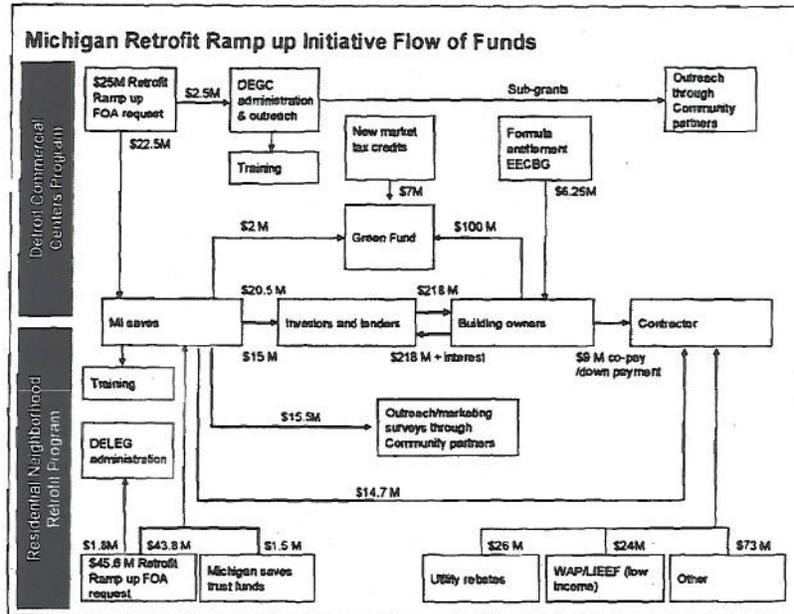
For a number of reasons, Michigan is uniquely positioned to implement a program of this size and scope and to gain substantial economic benefit from the outcomes. First, the State has a largely older building stock and an extreme climate creating a substantial energy efficiency opportunity of ~450 TBTU per year in reduced energy consumption in residential, commercial and public buildings, in addition to the sizable industrial opportunity. Second, with a high unemployment rate and substantial decrease in the traditional manufacturing base, the State has launched an aggressive strategy to transition workers to the green economy and to realize energy efficiency and renewable energy as a means to put our labor force back to work and create new business and investment opportunities. Third, under a Governor who has been an outspoken leader on the need to transition to a clean energy economy, Michigan has generated strong momentum toward capturing this energy efficiency potential. In 2008, the State legislation established energy efficiency targets and required utilities to launch energy optimization programs to achieve those targets. In 2009, the State created the exemplary MI Saves program to provide sustainable innovative financing for energy efficiency retrofits and renewable generation installations. Finally, in recent years, the State has examined and strategically aligned organizations and programs to focus on energy efficiency measures and developed a cohesive, innovative collaboration among state and local agencies, nonprofits, universities, utilities and the private

sector that has laid the groundwork for the kind of collaboration illustrated by the MRRP proposal. The DOE Retrofit Ramp-up Program is an exciting opportunity to accelerate the substantial momentum Michigan has already achieved by enhancing energy efficiency penetration, attracting significant private investment, exponentially increasing consumer awareness and coalescing multiple partners around our State's ultimate goal of a successful transition to a green economy.

II. Merit Review Criterion Discussion

1. LEVERAGING AND SUSTAINABILITY

1.A. Extent to which the proposed activity leverages EECBG grant dollars.



With MI Saves as a central tool, the MRRP has created a strong model to leverage EECBG grant dollars by more than 1:5. The table above shows the flow of funds through the program.

Residential Neighborhood Retrofit Program: The RNRP will leverage \$45.6 million FOA dollars by a ratio of 1:6, enabling access to another \$217 million in outside leveraged funds. By carefully deploying competitive EECBG dollars in targeted neighborhoods, we will be able to draw down utility rebates in the project areas totaling \$26 million, in conjunction with customer contributions of \$9 million. Using EECBG and other dollars to buy down interest rates and provide loss reserves for loans, we will further draw upon \$82 million in third-party capital and \$97 million from existing programs (including \$24 million from WAP).

In addition to traditional leverage sources such as utility rebates and existing program funds (e.g., WAP), this effort includes an innovative approach to financing a large portion of the retrofit work utilizing the existing MI Saves program. With the assistance of national energy efficiency finance expert Mathew Brown of Conover Brown, MI Saves has conducted extensive research and consulted with representatives from more than 30 different financial institutions including Comerica Bank, Morgan Stanley, Fifth Third Bank, ShoreBank, other Community Development Financial Institutions (CDFIs), and various credit unions to develop this program. Using existing grant funds from the Michigan Public Service Commission as well as EECBG funds, MI Saves will offer a loan loss reserve to third-party lenders. In turn, these lenders will provide low-cost capital for energy efficiency upgrade loans.

To increase lender interest, MI Saves is working to cultivate a secondary market for lenders including developing a loan product that meets certain conforming product specifications (interest rate, credit score, security) and energy efficiency standards that will be critical to satisfy specific secondary markets. MI Saves has explored this issue in discussion with the Energy Program Consortium in Washington, D.C., which has developed a variety of ways to facilitate the securitization of loans, and is working with Fannie Mae, other investors, utilities and public sector

programs to test them.

Detroit Commercial Centers Program: will be leveraging FOA dollars 1:6 to enhance financing for commercial center energy efficiency retrofits. Through a Detroit dedicated fund within MI Saves, \$20.5 million in competitive EECBG grant funds will allow institutional, commercial, and public actors to complete \$136 million in energy-efficient projects by funding predevelopment costs, acting as a loan loss-reserve, or buying down interest rates for performance contracts or other financing for these projects. Coupled with the direct investment of \$6.25 million of the City of Detroit's noncompetitive EECBG funds into public projects, these funds will create a critical mass of improvements that will incorporate an ongoing energy-efficiency agenda into the facilities operations of public and institutional actors. In addition, \$2 million of FOA funding will be matched with \$7 million in New Markets Tax Credits, bank and foundation investments to create a new revolving Green Fund to generate an additional \$20 million in energy-efficiency upgrades for commercial projects, yielding \$100 million in total development costs. With a seven-year payback period, the revolving Green Fund will be a sustainable financing tool that will allow the DCCP eventually to target areas outside of the initial three commercial centers.

1.B. Extent to which the proposed project will create meaningful and sustainable market transformation, particularly after grant monies are exhausted. The MRRRI is strategically designed to build on existing initiatives to create the financial resources, skill base, and program focus to ensure sustainable market transformation well beyond the expenditure of ARRA funds.

1. **Ongoing financing of energy efficiency upgrades through MI Saves:** DOE and other funding dollars channeled into MI Saves from the MRRRI will be used provide loan enhancements and a Detroit-focused revolving fund that will significantly leverage bank investments, foundation grants, and tax credits. Transforming the lending market is a key goal of MI Saves. Currently, only a few financial institutions have participated in energy efficiency or renewable energy lending programs, and these tend to be specialty lenders or investors such as AFC First in Pennsylvania. In addition, these few lenders either hold on to the loans to maturity or have a specialty secondary market (such as the Pennsylvania Treasury) to which they sell. To move energy efficiency financing to scale, more participation from lenders and investors is necessary. MI Saves is addressing this challenge by working to attract low-cost outside capital using a loan loss reserve to secure payment. Default rates for these types of loans are typically less than 1 percent, so we do not anticipate quick depletion of the funds in the loan loss reserve, but we are exploring the possibility of charging application fees and/or requiring participating lender and/or contractor contributions to ensure adequate funding in the reserve.
2. **Increase the number of and market for qualified, home retrofit contractors and commercial facilities managers:** A key objective of the MRRRI is to build a strong network of energy efficiency retrofit professionals in Michigan. In addition to providing qualified professionals to meet market demand, growing the energy efficiency contractor base in Michigan will support the efforts of the Michigan Public Service Commission (MPSC) to roll out a statewide Home Performance with Energy Star program (see MPSC letter of support). As outlined above, through the MRRRI we will help generate the demand for certification by ensuring that all auditors and contractors employed by the MRRRI have RESNET, BPI or equivalent certification. MI Saves will adopt a similar certification standard so that both programs can develop and access the same base of contractors. We will also subsidize the cost of certification, and plan to support the development of 1-2 more accredited providers, in addition to Masco Home Services (currently the only BPI accredited service provider in the State) through provision of consistent work and financial support for accreditation.
3. **Integration into utility Energy Optimization programs:** Michigan's electric and natural gas utilities operate Energy Optimization (EO) programs to deliver energy efficiency, conservation and demand management to their customers throughout the state. These programs will continue well past the conclusion of the MRRRI. We will integrate these EO programs into the MRRRI pilots, providing both leverage for the pilots and insight for the EO program operators. Once the pilots are completed and evaluated, the EO programs will sustain the successful approaches throughout Michigan as elements of their ongoing EO efforts.
4. **Integration of energy efficiency initiatives into State, community and nonprofit programs:** The MRRRI is working closely with communities, foundations and government agencies throughout Michigan. Our partnership with communities will ensure that local decision makers develop awareness about the real costs and quantitative

benefits of energy efficiency for their constituents. Foundations have long been aware of the importance of energy efficiency to utility bill reduction, and have engaged in several small neighborhood pilots within the State, but direct experience with the MRRRI will help solidify their understanding of how to design and implement these programs on a community-wide basis. Finally, at the government level we will be partnering in a number of ways: (1) integrating the efficiency programs of natural gas and electric utilities with MI Saves and other grantees of the State's Low Income and Energy Efficiency Fund (LIEEF) to leverage tools and funds supporting energy efficiency improvements for all customer classes; (2) supporting the repurposing of the Michigan State University Extension for energy efficiency education and outreach; (3) collaborating with the Michigan State Housing Development Authority (MSHDA) to incorporate energy efficiency into their neighborhood and community revitalization programs; (4) training interagency staff of Michigan Economic Development Corporation to arm economic development professionals with energy efficiency incentives and tools to attract and retain businesses; and (5) collaborating with the Bureau of Energy Systems (BES) community and local government network in programs such as the Green Communities Challenge. Through these collaborations, the retrofit ramp-up will strengthen our partners' commitment to energy efficiency-focused programs both during and beyond the three years of the retrofit ramp-up.

2. PROJECT IMPACT

2.A. Extent to which the project achieves the goal of benefiting from economies of scale and critical mass in a focused building retrofit program, while mitigating risks of increased mortgage defaults. With the use of MI Saves as a financing tool, smaller loan volumes result in no increased risk for defaults given backing from the loss reserve. Large loans also benefit from the loss reserve reducing the need for security in the form of property liens.

Reaching economies of scale will be critical to the success of the MRRRI; we approach this concept from both a financial and programmatic perspective. Financially, the MRRRI will benefit from: (1) attracting private capital; (2) leveraging that capital through innovative use of DOE dollars; (3) promoting innovative approaches to financial and incentive offerings and measuring their impact on uptake; and (4) working with other existing state and local energy efficiency programs. Programmatically, our partners will utilize existing policies, practices, and procedures to remove duplication and allow a race to scale much faster than if we had created new forms, documents, and procedures. By utilizing the same application form from lenders, the same underwriting standards for loans, and the same identification and application process as existing programs, the MRRRI will be operational much faster than if starting with a new program design. Plus, as many of these policies and procedures are already in place, lessons learned from the MRRRI can be immediately translated into scalable projects statewide.

2.B. Expected quantitative impact of the project in terms of energy saved and emissions avoided and the reasonableness of projections of number of buildings retrofitted and average utility savings. During the three years covered by the ARRA funds in this proposal, we expect to address ~19,500 residential buildings and ~1,200 commercial, public and industrial buildings across Michigan, avoiding 116 TBTUs of energy consumption and 60,000 tons of greenhouse gas emissions per year and creating \$15 m in utility savings per year by the end of the program.

While outreach to this number of buildings is simple to guarantee, we do not have the means to accurately predict uptake or the levels of retrofit building owners will install. Our residential models assume 80% uptake of our highly subsidized base package and 30% uptake of homeowner-paid deeper retrofits, while energy savings are based on the energy needs of two homes built before and after 1970 and assumptions about the age of Michigan's housing stock. Similarly, our commercial models assume 0-50% uptake of some level of energy efficiency retrofits, and utility savings are based on a roll up of actual electricity and natural gas savings from a sample of all types of buildings. Experience suggests that uptake and energy capture in commercial, public and industrial buildings is highly variable. Our estimates in years 4-6 are consistent with those in years 1-3. As a result, our predictions rely on best estimates; only rollout of these programs will provide the accurate data to test these assumptions. Please see Appendix G for assumptions and other data.

2.C. Extent to which the program or project strategy can be adopted or replicated by other communities. The MRRRI was specifically designed to encompass a diverse range of representative communities in order to ensure insight into the drivers of uptake across a wide variety of consumers. In addition, the initiative focuses on increasing public awareness, developing a skilled contractor base, and piloting a sustainable financing mechanism for energy

efficiency retrofits - the three essential elements to replicating a retrofit program in any state. Given the elements of the approach, we are confident that this program is fully replicable and can be adopted for nationwide rollout.

3. PROJECT APPROACH

Overall approach - Michigan's unique proposal leverages an adaptive experimental approach across residential, commercial, industrial and public buildings to ensure continuous improvement and increasing uptake of energy efficiency programs.

Our *Residential Neighborhood Retrofit Program* is designed to drive uptake of energy efficiency measures in contiguous groups of buildings in largely residential neighborhoods. By providing energy efficiency education and implementation to groups of homeowners at a time, we will be addressing several traditional barriers to non-low income residential uptake including: (1) limited understanding of energy use and the measures required to reduce it; (2) transaction barriers involved in researching, contracting and scheduling qualified energy efficiency experts; (3) limited availability of contractors; and (4) incorrect installation and use of energy efficiency measures¹. Remaining barriers that are not automatically addressed by such a program are largely financial including elevated hurdle rates (shortened expected payback periods), ownership transfer issues, and competing uses for capital in constrained budgets. We intend to test potential solutions to these barriers by varying outreach/marketing and financing/incentives across neighborhoods to look at the impact of specific packages and delivery mechanisms on uptake.

To this end, we will implement three neighborhood retrofit pilots each year for three years in each of our primary partner communities (Detroit, Grand Rapids and SEMI). Non-entitlement communities will have three pilots each for two consecutive years. This will result in a total of 12 pilots in year one, 15 in year two and 12 in year three (see project plan and timetable section). Pilots within a region will be designed to test the impact on uptake of variations in outreach/marketing and financing/incentives and will be accompanied by extensive surveys and data collection. At the end of each year, data collected will be analyzed and used to design the pilots for the following year. This model will leverage and build on existing initiatives in Michigan and create a multi-stakeholder effort including foundations, utilities, universities, public and private sector. At the end of the three year period, the data collected from the 39 pilots in Michigan will provide the DOE the essential understanding of what drives energy efficiency uptake in communities across the Midwest.

Our *Detroit Commercial Centers Program* will focus on driving uptake of energy efficiency retrofits in three neighborhoods consisting largely of commercial, industrial and public buildings. These building types present a different set of barriers to uptake than residential buildings, but again these barriers are largely financial¹. These actors face up-front financing challenges and a lack of understanding about the benefits of energy-efficiency improvements and the optimal role of performance contractors. Given Detroit and SEMI's depressed real estate climate and low rents available, it is often difficult to finance energy efficiency improvements. Public and institutional actors are challenged in sustaining long-term energy efficiency agendas because these savings are often utilized to address other budgetary needs. Suggested solutions to these barriers most often involve tiered financial incentives, loan guarantee programs designed to facilitate third party financing, and involvement of energy service companies. As a result, our program is specifically designed to test the impact of different financial packages on uptake of energy efficiency measures in these buildings and to facilitate participation of performance contracting.

In each of the three neighborhoods, we will conduct targeted outreach to the key public, institutional and commercial real estate actors, offering four financing packages (1) interest rate buy-down, (2) pre-development cost absorption, (3) utilization of loan-loss reserve to enhance other financing, and (4) energy company asset program (through the Green Fund). While each package will cost the program no more than 10%-15% of the total loan, the impact on interest rate, loan period and required upfront investment will vary. Differing uptake of the four packages will allow us to test the efficacy of these different incentive packages. Financing will be accompanied by education, both for key organizational decision makers and facilities staff in order to ensure program sustainability. Again, extensive data collection will accompany this program in order to inform the DOE on the effectiveness of the various financial

¹ McKinsey and Company, 2009. Unlocking Energy Efficiency in the US Economy.

packages and education strategies in overcoming traditional financing and awareness barriers for large commercial, institutional, and public stakeholders.

The following is an overview of the management strategy for (1) the Residential Neighborhood Retrofit program (RNRP) and (2) the Detroit Commercial Centers Program (DCCP), including specifics of the outreach/marketing strategy, funding structure, implementation/delivery plan, monitoring/verification plan and strategy for feedback and continuous improvement for each.

Residential Neighborhood Retrofit Program

I. Overview of implementation/delivery plan - All RNRP pilots will follow the same basic model.

Outreach will be led by our community partners. This phase is designed to drive uptake of the highly subsidized base package (see funding structure below) as well as prime homeowners for purchase of deeper retrofit packages. At this time, homeowners will also be informed of the prerequisites for participation: (1) access to utility bills one year pre and post, (2) commitment to participate in two sets of surveys, and in some pilots (3) \$50-100 contribution to base package based on voluntary income disclosure. Specific outreach methods will vary across pilots (see Outreach/marketing strategy below).

Delivery of energy efficiency services will be provided by our service providers including Masco Home Services (see also project objective #5). Once the outreach phase is complete, service providers will schedule delivery of the base package to individual homes with all implementation to occur within an eight week period. Service providers will also be responsible for oversight and implementation of additional energy efficiency upgrades services contracted by homeowners beyond the base package.

In-home marketing will be carried out by trained service provider marketing staff/auditors. At the completion of the audit and base package installations, marketing staff will sit with homeowners to discuss work completed, additional energy efficiency measures needed in their home, the energy savings potential, the cost to install, and the financing options. Specific marketing messaging will vary across pilots to test for impact on uptake (see Outreach/marketing strategy below).

Financing details of the packages offered to homeowners are outlined under "Retrofit offerings and funding structure" below. The impact on uptake of variations in uptake will be tested across pilots.

Data collection will be centrally managed by DELEG. Details are outlined in the "Monitoring/verification plan" below.

Program oversight will be conducted by our steering committee of stakeholders with DELEG as a lead in the communication and regular status updates. At the end of each year of pilots, the data collected on energy savings, uptake, drivers of uptake, etc. will be collected and synthesized by DELEG and presented to the steering committee. Using these data, the committee will decide on the design of the pilots for the subsequent year and any additional necessary changes. In addition, the committee will be available to consult on solving any roadblocks encountered.

II. Neighborhood selection - The three regions selected represent the varying income distributions, mixes of building type, and home ownership levels found across Michigan, and each region is expected to require variations on the outreach and financing models to drive the desired uptake.

- **Detroit (Region 1):** inner city with significant challenges of low income, high rental, and a building mix including multifamily residential.
- **SEMI (Region 2):** large city suburbs with diverse mix of incomes, high home ownership and strong regional collaboration.
- **Central & West Michigan (Region 3):** highly diverse mix of rural, semi-rural and small city communities with highly diverse building and income mix and strong community partnerships characterized by local government involvement.

The MRR1 includes entitlement communities in each of these three regions. In addition, two non-entitlement communities, statewide will be selected competitively by DELEG upon grant award.

Community representatives for entitlement communities have selected neighborhoods of ~500 homes with roughly 5% small commercial and similar income distributions. The SEMI Regional Energy Office (SMREO) will manage

RNRP pilots in Detroit (Region 1) and communities in Wayne, Washtenaw, Oakland and Macomb counties (Region 2). SMREO has chosen communities along public transportation corridors and within the major employment centers of SEMI. This focus aligns with their objective of creating green communities that are transit-oriented, environmentally sustainable, and supportive of the people and businesses that will drive Michigan's green economy forward. Pilots in Region 3 will be managed by the City of Grand Rapids, which will target "traditional" neighborhoods within the central city. In choosing non-entitlement communities DELEG will consider rural and semi-rural communities as well as smaller towns. Together these communities represent the breadth and diversity of Michigan's population allowing us to test uptake and cost effectiveness of retrofit ramp-up models across the range of community types found in Michigan.

III. Outreach/marketing strategy - Outreach led by individual communities involves the initial *education of the neighborhood* about building energy efficiency and the availability of the neighborhood-wide energy efficiency program. Basic outreach will include fliers, community meetings, and door to door information sessions to address any homeowner questions or concerns. However, individual communities will leverage different partners in this outreach and have slightly different approaches. For example, the SMREO plans to create a branded identity for neighborhood-wide energy awareness and improvements, and to leverage internet-based outlets, such as viral email campaigns, Metromodemedia.com, and Greenovation.tv, a local government web portal. Meanwhile, Grand Rapids will deploy "energy outreach organizers" to work with residents and business owners to raise awareness, interest and participation in the MRRRI.

In addition, within regions we will be testing the efficacy of less conventional tools, for example, the impact of within and between neighborhood competition on uptake. Within a neighborhood residents may be provided with information on their energy consumption per square foot relative to neighboring homes for 3 months prior to any other outreach. In addition, prior to the retrofit rollout, we may advertise that prizes will be awarded for the ten greenest homes in a neighborhood one year after the retrofit. Between neighborhood competition could be generated by providing information on uptake levels and average energy savings. These are some of the many ideas we will test for impact on uptake.

In-home marketing occurs post-audit to *educate individual homeowners* on the specific opportunities in their homes and the financing opportunities and financial incentives available if they choose to purchase deeper retrofit packages. Marketing will be carried out by our service providers with in-home sales training according to recommendations of our steering committee. Thus, the exact messaging around financing options, including a description of the rebates, tax incentives, and preferential rates, will be carefully designed and standardized within a pilot but will vary between pilots to allow for insight into what homeowners respond to and why.

In addition, studies of barriers to uptake suggest that other than education and financing incentives homeowners often require: (1) proof and guarantees of savings achieved; (2) a mechanism to reflect energy efficiency upgrades in home value at time of resale; and (3) flexibility around the "whole home" approach. As a result, we will test the following marketing ideas to determine their importance in uptake:

- *Energy savings guarantee* offered on all work completed above the base package provides a money-back guarantee on projected energy savings for one year following installation of upgrades and is designed to overcome homeowners' doubts about the efficacy of energy efficiency measures.
- *Home labeling* has the potential to drive increased energy efficiency uptake through increased consumer awareness, and reflection of upgrade investments in property prices and rental rates. As a result, we will be testing the impact of this tool in marketing (e.g., to show homeowners where their house ranks and where it could rank with investment). In addition, we are open to partnering with the DOE to test the design of specific labeling programs across our pilots.
- *Custom retrofit packages* will be available to homeowners who would like to install select measures only. While the intention of MRRRI is to drive uptake of whole-home retrofits, marketing staff will work with homeowners when requested to provide customized installation packages.

IV. Retrofit offerings and funding structure - Residential program: Homeowners will be offered four tiers of assistance in weatherizing their homes. The source of funds offered in these packages will be extremely simplified in its presentation to the homeowner. Details are provided here for the purposes of this proposal:

Base package: A highly subsidized audit plus direct install of low cost measures based on individual home needs; cost to the program is expected to range between \$1,000-1,300 depending on the home and the pilot, and will be covered by (1) leveraging all available utility and government rebates/incentives, (2) in at least some pilots, requesting a \$50-100 contribution from upper income homeowners (based on voluntary disclosure), and (3) covering the remainder of the cost with pilot program funds. The average expected annual energy savings is \$300-450.

Full cost savings package: Installation of energy efficiency measures in order of cost effectiveness as identified by the audit to a total generating a monthly loan repayment roughly equal to the projected energy cost savings achieved on the utility bill (i.e., bill parity). The measures installed and total investment per home by the homeowner will vary depending on the needs of the home and the financial package offered, but is expected to range between \$5,000-5,500 and capture an average annual energy savings of \$550-1,100 including the base package savings. The cost of this package will be covered by (1) leveraging all available utility and government rebates/incentives, and (2) enhanced loans to the homeowner through MI Saves. When possible, the option to attach the loan to property taxes in a PACE program or to utility bills will be offered.

Deep retrofit package: Installation of energy efficiency measures totaling a cost that may have a payback period beyond the life of the loan and/or require a monthly payment that exceeds projected energy cost savings achieved on the utility bill. Overall, the whole installed package will be cost effective (net present value positive) over the lifetime of the measures installed. Again, the measures installed and total investment per home by the homeowner will vary depending on the needs of the home and the financial package offered, but is expected to range between US\$8,000-14,800 and capture an average annual energy savings of \$700-1,600 including the base package savings. Similar to the previous package, the cost of this package will be covered by leveraging any remaining utility and government incentives and through enhanced loans to the homeowner through MI Saves. The intention at this level of investment is to encourage uptake through further reduced interest rates and/or an enhanced loss reserve compared to the full cost package.

Zero energy home package: Installation of measures that may not be cost effective, but may help the home achieve a zero energy home status. This level of investment is beyond the scope of our pilot, but for those rare homeowners who would like to take their homes to this level, we will provide information on financing available through third party lenders (e.g., Energy Star loans) and MI Saves. Homeowner investment in homes in these homes is expected to range between US\$20,000-30,000 and capture an average annual energy savings of \$900-2,000 including base package savings.

Variations on the financing packages: The financing outlined above is intended as a baseline offering. Between pilots and over the course of the three year program, we plan to test the impact of additional financial incentives on uptake. Some ideas we are currently considering include:

Extending the preferred loan to non-energy related home upgrades, e.g., selection and installment of full cost savings package prequalifies the homeowner to borrow an additional \$2,000 to cover cosmetic upgrades like granite counter tops in the kitchen.

Differential incentives depending on the depth of retrofit chosen, e.g., free energy star refrigerator for homes achieving 20% savings, plus a free energy star appliance of their choice for 30% savings.

Testing the "cash for caulkers" idea by increasing current utility rebates to determine what level of rebate is necessary to drive uptake at each level of investment.

Low income homeowners typically are unable to invest in energy efficiency retrofits, yet are the most likely to benefit from reduced utility bills. Homeowners in focus neighborhoods with incomes at or below 200% of the federal poverty guidelines will receive energy efficiency upgrades worth up to \$6,500 free of charge. We will be partnering with utility low-income energy optimization programs, various foundations, the Weatherization Assistance Program, and the Low Income Energy Efficiency Fund to cover these expenses.

Rental properties are a widely recognized challenge to energy efficiency uptake due to the principal-agent issue (i.e., tenants have no incentive to make long-term investments in a short-term rental, and landlords have no incentive to invest in upgrades because they do not pay the utility bills). As a result, this subgroup will require additional outreach and financial incentives. To address this challenge, we will provide (1) additional outreach/education for the landlords of rental properties, (2) base package audit results to both tenants and landlords, and (3) landlords contracting energy efficiency work with certificates of work completed and estimated impact on utility bills for use in marketing to future renters.

Non-residential program: Our program will include energy efficiency upgrades of all small commercial, industrial, municipal or state owned buildings within the neighborhoods in which we run pilots. While the sources of funding may differ for each of these building types, we believe that our four part program is sufficient to overcome the four most significant barriers to uptake in these sectors.

- *Highly subsidized /free energy audit:* Most small businesses underestimate the energy savings opportunity; audits will provide information on the value-at-stake (energy/cost savings opportunity and the upfront investment required).
- *Facilitated access to utility rebate programs:* Many small businesses are not yet aware of the new utility rebates offered through Michigan utilities' Energy Optimization (EO) programs or find the paperwork confusing or daunting. In collaboration with the utilities, the retrofit ramp-up will provide free assistance with applying for and completing rebate program paperwork. In addition, both major utilities in our target communities are partnering with us in this application (DTE Energy and Consumers Energy) and have agreed to ensure that their small business programs are available to all qualifying non-residential buildings within the pilot areas.
- *Attractive financing:* Up-front capital is a major barrier to uptake for small commercial customers. Providing low cost capital can dramatically increase participation. The retrofit ramp-up program will offer enhanced financing through MI Saves for any uncovered energy efficiency installation costs up to \$50,000. Additional funding is available through Michigan's existing Small Business Pollution Prevention Fund.
- *Service provider recommendations:* Coordinating complex projects with multiple sub-contractors is time consuming beyond the capacity of most small businesses. We will provide a list of qualified contractors to oversee and coordinate any sub-contractors necessary. In some cases this service is already provided by the utilities allowing for 100% cost coverage by their EO programs.

Special considerations for public buildings: A traditional limitation for small businesses is a lack of interest from energy service companies (ESCOs) due to the small size of investments, and the risk of loan default. ESCOs are generally more willing to work with public buildings, and the MRR1 will work to match ESCOs with public building managers whenever possible. In addition, the State Energy Program is providing additional training and assistance directly to municipalities on performance contracting and is setting up a revolving loan fund for public buildings. Whenever possible, this fund will be used to support the applications of public buildings for loan buy-downs to encourage the partnership of ESCOs.

Detroit Commercial Centers Program

I. Overview of implementation/delivery plan -The Detroit Economic Growth Corporation will manage the implementation of the DCCP following a similar model to the RNRP:

Outreach to initial major property owners is already underway. This finite group of larger users requires one-on-one contact with facilities managers and other organizational leadership to engage their participation. Once initial projects have been identified, additional outreach will be conducted to the broader commercial real estate community, as described in the Outreach section below. Throughout the program, public and institutional decision makers at both leadership and staff levels will be targeted for outreach in order to strengthen their commitment to the program. As the program generates successful projects, a broader marketing campaign will be initiated to raise awareness and public understanding of the role of energy-efficiency retrofits in Detroit's redevelopment strategy.

Assessment of commercial, institutional, and public sector project retrofit needs will be conducted, either utilizing existing contractors working with these organizations or through program service providers. These assessments will either be funded directly through FOA grants or indirectly absorbed as part of project buy-downs.

Financing of these projects will be conducted through Detroit-specific financing programs held at MI Saves and the new Green Fund. These Detroit-specific financing components are intended to significantly leverage private/public financing or tax credits. The financing program is described in the Funding Structure section below

Data Collection will be monitored directly by DEGC due to the manageable number of projects that the program will handle and is outlined in the "Monitoring/verification plan."

Program oversight will be conducted by our steering committee of stakeholders. DEGC will annually report data collected on energy savings, uptake, drivers of uptake, etc. to the steering committee and make recommendations for program modifications. The steering committee will approve program modifications, provide guidance to program implementation, and be consulted and updated on a regular basis throughout each of the three years

II. Neighborhood selection - The DCCP complements the transit-oriented, sustainable development strategy also tested in the RNRP. Three adjacent commercial centers will be selected along the Woodward new mass transit Corridor, but which vary in building mix and market: (1) Central Business District, characterized by a larger volume of commercial buildings and public buildings, with significant development activity focused on a smaller number of larger buildings; (2) Midtown, characterized by many smaller commercial buildings, many of which are slated for redevelopment, and containing the highest concentration of institutional properties; and (3) New Center, characterized by a more even distribution of sized and number of commercial, public and institutional buildings.

III. Outreach/marketing strategy

Outreach to businesses in our three commercial centers is being carried out in four phases by DEGC. Outreach and education strategies will be fine-tuned over the program duration to test different strategies and to incorporate lessons learned:

Initial Outreach to Stakeholders: DEGC has already approached the City of Detroit, several key institutional stakeholders, and major commercial property owners about participating in the DCCP. More formal discussions will take place with facilities managers to screen and phase potential projects to ensure maximum leverage and to ensure that the experimental design of the program is supported. One-on-one outreach will be made to other key stakeholders that have not already been approached to gauge interest in the program.

Implementation of Broader Outreach Strategy: An outreach program primarily targeted to the commercial real estate community will be implemented in each of the three target areas to generate a 6-year pipeline of projects. This outreach strategy will include (1) utilization of DEGC's existing business retention channels, (2) existing community organizing activities underway in the targeted neighborhoods, (3) informational meetings in the targeted areas for property owners and developers, and (4) one-on-one outreach with specific developers and property owners.

Implementation of Leadership Education Program: DEGC will begin the process of educating key leadership at participating organizations (i.e. governing boards, department directors, elected officials) in order to ensure long-lasting support for energy-efficient and sustainable approaches.

Marketing/Public Awareness Campaign: A broad marketing campaign will be conducted to promote high profile retrofit projects that raise awareness and public understanding of the role of energy-efficiency retrofits in Detroit's redevelopment strategy and to encourage widespread community support for such efforts. Community support will help bolster efforts to change the disposition of key organizational leadership, especially among public and institutional actors, toward energy-efficiency retrofits and sustainable development practices.

IV. Funding structure - Once thoroughly screened by program staff, retrofits will be funded through the Detroit-specific financing programs held at MI Saves. FOA grant funds will be used to buy down up front costs and/or interest rates for performance contracts or other financing for these projects, especially testing the uptake in different methods of financing these kinds of projects. Primarily intended to enhance the financing available to public and institutional actors, these funds will also benefit commercial real estate projects. In addition, \$2 million of the FOA grant will be invested in the Detroit-specific Green Fund, which will be passed through a New Markets Tax Credit

structure to provide enhancement of 20-25%. These funds will be primarily used to create a new Energy Investment Company model, which will take possession of the applicable energy-efficient systems, holding and managing these assets for seven years, at which time they are sold back to the project. The Green Fund will also be enhanced by other energy tax credits, allowing projects to utilize renewable energy systems as part of their energy efficiency retrofits. With discussions already underway, additional private investments in the Green Fund will be secured. The Green Fund will provide commercial project financing, either directly to projects or by offering a loan-loss reserve to help backstop private financing. This fund will especially test uptake among commercial users for the Energy Investment Company model.

V. Monitoring/verification plan - Data about both the RNRP and DCCPs will be collected through utilities, contractors, financial institutions servicing the loans, and surveys. All building owners will be required to sign a waiver allowing the program to collect utility information for one year before and one year after installation of energy efficiency measures, and agreeing to participate in follow up surveys. Pre- and post-installation, audits will be completed and the following recorded: (1) occupancy; (2) conditioned and unconditioned square footage; (3) measures implemented; and (4) financing options chosen (if any). Finally, at the end of the neighborhood retrofit, and one year after, MSU (residential) or DEGC (commercial) will survey property owners for any changes in the above data, satisfaction with the program implementation and results, feedback on what drove or prevented uptake of packages offers, attitudes toward energy efficiency, and additional perceived benefits such as home comfort and safety.

DELEG program staff will collect all information in a central database, as well as coordinate with utilities to gather utility bill information. Energy usage in the home pre- and post- energy efficiency upgrades will be normalized based on (1) heating/cooling degree days in each year; (2) increase/decrease in occupancy, and (3) changes in the square footage of the building. Greenhouse gas emission reductions will be determined for electricity reductions by assigning a carbon intensity factor to the Midwest grid. Greenhouse gas emission reductions for other fuel types (e.g., natural gas, propane) will be calculated using EIA carbon intensity levels. All data collected during these pilots will be available in a synthesized, homeowner-disguised form to all partners in the proposal. In addition, homeowners will receive a mailed report on energy savings realized in their home and in their neighborhood.

Finally, DOW Chemical, Michigan State University, and Habitat for Humanity are applying for a DOE grant through the Build for America (DE-FOA-0000099). In part, they plan to conduct scientific energy and cost performance analyses of homes pre- and post- deep energy retrofits in order to assess the true savings achieved by individual measures and to develop best practice recommendations for deep energy retrofits. Should they receive the grant, we will collaborate with them to obtain homeowner permission to perform these tests on a subset of homes where homeowners will implement deep retrofits through our program. This will provide the dual benefit of added verification of energy savings in our pilot as well as increasing the sample size and diversity of homes analyzed in their program.

VI. Strategy for feedback and continuous improvement - The entire adaptive management model of the MRRI is designed to capture and incorporate feedback. From the extensive surveys and data collection conducted on each pilot, to the regular communication amongst the steering committee, to the annual refinement of the pilots, our proposal builds on the principles of continuous improvement to drive learning about what motivates uptake of energy efficiency retrofit programs. This process will be ensured by our steering committee of stakeholders providing continuous program oversight, redesign, and issue resolution.

3.B. Extent to which the proposal contains clear goals, well-defined tasks and methods, objective deliverables, and realistic milestones. We believe that the tasks and methods outlined above will lead to a clear set of outcomes. Over the three years of the program, we expect to accomplish the following deliverables and milestones:

Deliver energy efficiency education to 19,500 homes, 975 small, and 213 large businesses across Michigan: We will complete neighborhood-wide outreach in 39 contiguous groups of ~500 homes and 25 small businesses across Michigan, and 213 large businesses within Detroit.

Conduct audits and install basic energy efficiency measures in 15,600 homes: We anticipate an uptake of 80% for our base package achieving audits and basic energy efficiency measures, resulting in 0.53 TBTUs of reduced energy consumption per year by the end of the project.

Stimulate uptake of homeowner paid deep retrofits in ~5,850 homes: Through community education, free audits, in-home marketing, and attractive financing packages we hope to generate uptake of deeper retrofit packages in ~30% of homes involved in the pilots, saving 0.3-0.6 TBTUs per year in addition to the base package by year three.

Complete deep energy retrofits in ~3,900 low income homes: Partnering with foundations and government initiatives we plan to cover 100% of the costs of deep energy efficiency upgrades in low income households within our pilot neighborhoods, saving 0.13 TBTUs per year by year three.

Conduct energy audits and stimulate uptake of energy efficiency measures in 975 small businesses: In collaboration with our utilities, we plan to offer highly subsidized audits to all small businesses within the neighborhoods in which we are conducting pilots. In addition, through utility rebate programs and preferential loans from MI Saves, we anticipate a combination of subsidized and private investments of ~ \$60M in energy efficiency in small businesses across Michigan, resulting in 1.4 TBTUs of reduced energy consumption per year by the end of the project.

Subsidize the training and certification 125 auditors and contractors, and 50 facilities management staff: Through the provision of consistent work in the energy efficiency retrofit industry, as well as generous subsidization of training and certification programs, we plan to create a strong and maturing professional contractor base.

Complete energy retrofits in 215 significant commercial, public and institutional buildings in Detroit: This work will impact 45,000,000 square feet of commercial, institutional, and public space, generating over \$11 million in energy savings over the life of the installations.

3.C. Extent to which institutional, regulatory, or market barriers have been identified and the project includes reasonable approaches to overcoming those barriers. In designing the MRRI we considered market barriers as identified in *Unlocking Energy Efficiency in the US Economy* (McKinsey and Company) and the *CEQ Recovery Through Retrofit Ramp Up* (Middle Class Task Force) reports. The design of this program considers a number of the market barriers and their solutions (see Overall approach under Project Approach section).

We were able to overcome several regulatory barriers through creative problem solving. For example, the State Historic Preservation Office (SHPO) has agreed to collaborate on expedited means of historic reviews on a neighborhood-wide basis. See 3.D below for additional creative solutions.

Finally, we examined several institutional barriers and found that collaboration amongst state agencies can turn barriers into mutual program solutions. For example, Michigan State Housing Development Authority is partnering with MRRI in to create a loan loss reserve for their Personal Improvement Property loans so that the MRRI program can access those funds for energy efficiency retrofit loans to lower income households. Such collaborative relationships built amongst the state and local agencies will continue to serve as a means to find additional creative solutions for institutional barriers.

3.D. Plan to address environmental, health and safety, permitting, and compliance issues, sufficient to support DOE's review and analysis in accordance with the National Environmental Policy Act. DELEG has a NEPA specialist and a SHPO Specialist that will staff this program. They will oversee the work and conduct monitoring to assure compliance. Our NEPA specialist also serves as the liaison with the State's Department of Environmental Quality, to assist in ensuring health and safety, and environmental compliance. The "Standard Bounded Categories Template" as provided by DOE for the EECBG program is included with the NEPA summary in this application. It provides the full plan for meeting these requirements. Compliance with the State Historic Preservation Act will be managed by our SHPO specialist, consistent with the Interagency Agreement (IA) that DELEG has signed with the Michigan SHPO Officer. The IA is included with the NEPA summary in this application.

4. PARTNERSHIP STRUCTURE AND CAPABILITIES

4.A. Extent of involvement from a broad range of entities/organizations representing government agencies, private sector entities, and other organizations. Primary applicants: These are a collaborative group of

Michigan entities including MI Saves, the Michigan DOE, Labor, and Economic Growth, the City of Detroit represented by the Detroit Economic Growth Corporation, Southeastern Michigan represented by the South East Michigan Regional Energy Office, and the City of Grand Rapids.

Core stakeholders: We have assembled a core group of stakeholders who have made significant contributions to this proposal, will play important roles in the execution of the proposal, as well as serving on an oversight steering committee. These stakeholders include DTE Energy, Consumers Energy, MASCO Home Services, Detroit Investment Fund, Community Foundation for Southeastern Michigan, Henry Ford Community College, and Michigan State University in addition to the primary applicants.

Additional stakeholders: Through the course of implementation of this proposal we will be drawing on numerous additional stakeholders including:

Neighborhood outreach partnerships: Kresge Foundation, Skillman Foundation, LISC Detroit, West Michigan Environmental Action Council, SEMI Council of Governments, Energy Works Michigan, Community Development Advocates of Detroit, MSU Extension, University Cultural Center Association.

Contractor workforce development including training/ certification of contractors: Building Science Academy, Northwestern Michigan College, and Ferris State University, DELEG Bureau of Workforce Transformation, Michigan Association of Homebuilders/Green Built Michigan, WARM Training Center, Henry Ford Community College.

Leveraging of funds: Michigan's Weatherization Assistance Program in the Department of Human Services, Michigan State Housing Development Authority, Michigan Public Service Commission, State Energy Program, Wayne State University, Henry Ford Health System, Detroit Medical Center, Detroit Institute of Arts, Detroit Wayne Joint Building Authority, Cobo Regional Authority, Sterling Group, Farbman Group.

4.B. Extent to which roles and responsibilities of each team member have been identified and are reasonably matched to their ability to successfully manage and implement the proposed project. The roles and responsibilities of the team are outlined in the table below. Please see section 4c for the qualifications of the team members and section V details on the coordination of participant activities.

Stakeholder roles and responsibilities		
Project phase	Tasks	Owner
Outreach	Base outreach	
	<ul style="list-style-type: none"> ▪ Distribution of fliers and other advertising ▪ Door to door information sessions ▪ Outreach through community organizations 	<ul style="list-style-type: none"> ▪ Com. partners and utilities ▪ Community partners ▪ Community partners
	<ul style="list-style-type: none"> ▪ Design of marketing message by pilot ▪ Delivery of marketing message to homeowners ▪ Follow-up surveys/data collection 	<ul style="list-style-type: none"> ▪ SC, marketing advisors ▪ Masco & other svc. providers ▪ MSU
Administration of funds	<ul style="list-style-type: none"> ▪ Submission of application ▪ Financial and energy metrics synthesis and reporting to DOE ▪ Distribution and tracking of funds ▪ Contracts with communities for distribution of funds 	<ul style="list-style-type: none"> ▪ MI Saves/DELEG ▪ MI Saves ▪ MI Saves/DELEG
	<ul style="list-style-type: none"> ▪ Annual design of pilots (marketing, outreach, financial packages, incentives) ▪ Collection and analysis of uptake data ▪ Evaluation of previous year's data and incorporation into following year's pilot ▪ Decisions on customized requests 	<ul style="list-style-type: none"> ▪ Steering committee ▪ MSU / Detroit investment fund ▪ Steering committee ▪ Steering committee
	<ul style="list-style-type: none"> ▪ Communications management ▪ Program Success Promotion ▪ Ensuring consistency of rollout across communities ▪ Compliance and monitoring with state and local regulations e.g., NEPA, SHIPO, Davis Bacon, and terms and conditions of award 	<ul style="list-style-type: none"> ▪ DELEG with support from utilities and service providers and MI Saves

	<ul style="list-style-type: none"> ▪ Tracking and synthesis of measurement and verification metrics ▪ Coordinating/convening stakeholders ▪ Liability insurance 	
Project implementation	<ul style="list-style-type: none"> ▪ Neighborhood security during retrofit pilot (contractor id, coordination with police departments, etc.) ▪ Neighborhood logistics (parking permits, road closures, material storage, etc.) ▪ Audits and installation of residential measures <ul style="list-style-type: none"> – Contracting, training, deployment of contractors – Invoicing – Clean up/recycling – Compliance with Davis Bacon – Complaint resolution – Homeowner education on financing options ▪ Management of small and large commercial clients <ul style="list-style-type: none"> – Audits – Coordinating access to utility incentives – Financing – Installation management of small commercial – Installation management of large commercial 	<ul style="list-style-type: none"> ▪ Community ▪ Community ▪ Masco and other service providers ▪ DELEG / DEGC ▪ DELEG/ DEGC / Utilities ▪ DELEG/ DEGC / Utilities ▪ DELEG/ DEGC / MI Saves ▪ DELEG/ Utilities ▪ Detroit service providers
Financing / incentives	<ul style="list-style-type: none"> ▪ Design of financing/incentive packages ▪ Alignment with third part financing 	<ul style="list-style-type: none"> ▪ MI Saves / Detroit Inv. Fund/ DEGC / DELEG
Measurement and verification	<ul style="list-style-type: none"> ▪ Homeowner permission to collection of pre- and post- energy consumption data and capture carbon credits ▪ Provision of pre- and post- energy consumption data to DELEG / service provider ▪ Collection of (1) occupancy; (2) conditioned and unconditioned square footage; (3) energy efficiency measures implemented; and (4) energy efficiency financing options chosen (if any) ▪ Satisfaction surveys / interviews / capture of success stories ▪ Collection of all data in central database including tracking and verification of savings 	<ul style="list-style-type: none"> ▪ Masco and other service providers ▪ Utilities ▪ Service provider (at audit), MSU (post audit – residential only) ▪ Communities/ MSU/ DEGC ▪ DELEG

4.C. Ability of the project team to complete the work successfully. Our team has substantial experience in managing large complex projects. *Please see the attached resumes for additional details.*

Bureau of Energy Systems/State Energy Office (BES): The DOE, Labor, and Economic Growth (DELEG) includes: the Public Service Commission, Bureau of Workforce Training, Bureau of Construction Codes; Bureau of Statistics and the State Energy Office, and additional energy efficiency and renewable energy programs, and is directed by the State's Chief Energy Officer. BES serves as the State Energy Office and administers the ARRA Energy funds. Key Personnel: *Amy Butler* (Bureau Director), *Pat Hudson*, *Robert Jackson* (Senior Engineer Manager) (see resumes).

MI Saves Inc: Public Sector Consultants Inc., is a Michigan-based policy analysis and program management firm, who, with its technical partner, the Delta Institute, is designing and implementing the MI Saves. Key Personnel: *Jeff Williams* (Project Director), *Julie Metty Bennett* (Trust Manager), *Sally Talberg* (Operations Manager) (see resumes.)

SEMI Regional Energy Office (& Michigan Suburbs Alliance). SMREO is a unique partnership between the Michigan Suburbs Alliance, WARM Training Center, the Michigan Municipal League and SEMCOG, the SEMI Council of Governments, as well as numerous local governments across the seven-county metropolitan Detroit region. The Michigan Suburbs Alliance manages the partnership and will act as the fiduciary and administrative agent supporting the SMREO. Key Personnel: *Conan Smith* (Executive Director), *Luke Forrest* (Director, SMREO), *Jacob Corvidae* (Warm Training).

City of Grand Rapids. This city is widely recognized for its relevant energy efficiency projects and a development culture reflecting a commitment to sustainability in the building and manufacturing industries in the city and region. The city has met and collaborated with an extensive group of partners offering both leveraging to support the

implementation of their pilots and long term sustainable capacity to continue the effort beyond the duration of the initiative. Key Personnel: *Haris Alibasic, Landon Bartley* (see resume).

Masco Home Services: Is a home performance company providing comprehensive assessments, trusted solutions and a whole home energy savings limited guarantee. They offer a whole-house, objective approach to helping a home owner make their home more comfortable and energy efficient. Key Personnel: *Steve Toepfner* (see resume).

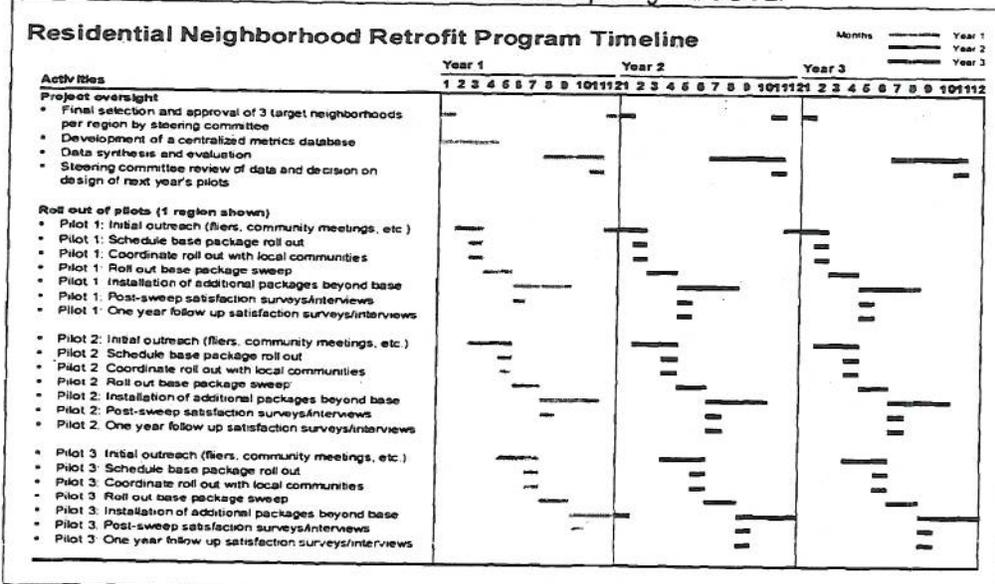
Detroit Economic Growth Corporation has served as the lead implementing agency for business retention, attraction, and economic development initiatives in the city of Detroit since 1978. The DEGC/DEGA has helped businesses create new jobs and leverage private investment by providing technical, financial and development assistance to the business community, from the small developer to the multinational corporation. In addition, DEGC provides staff services to the city's public economic development authorities and has helped to catalyze and implement significant public infrastructure and private development. Key Personnel: *Waymon Guillebeaux, Malik Goodwin, Will Tamminga, Ron Flies, Gary Brown, Olga Stella.* (see attached resumes

The Detroit Investment Fund is a \$52 million private capital fund created by Business Leaders of Michigan to provide financing for growing commercial and industrial businesses, residential real estate development projects and special projects that address strategic needs of the city of Detroit. The Fund views itself as a catalyst for investment in the city and funds projects that have the potential to stimulate economic development within Detroit. Key Personnel: *David Blaszkiewicz:* (see attached resume)

III. Project Plan and Timetable - Expected impacts and outcomes for both the RNRP and the DCCP are listed in section 3B.

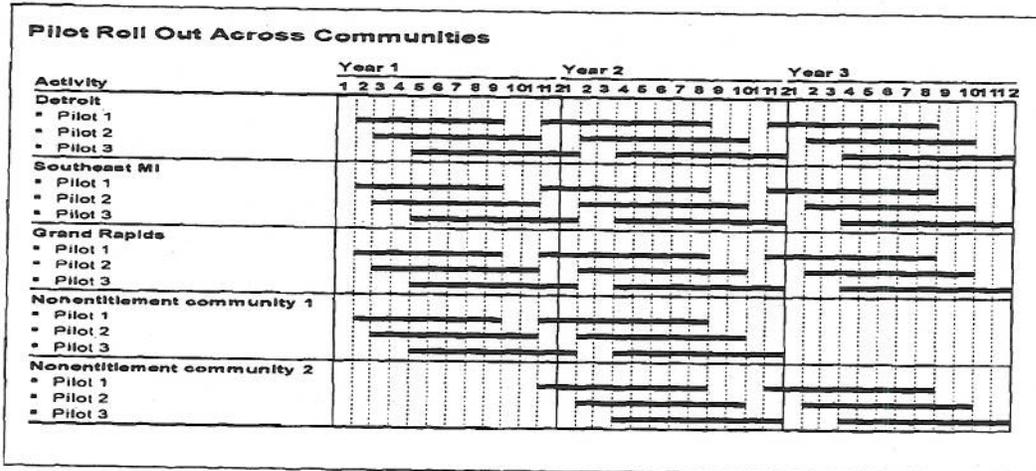
Residential Neighborhood Retrofit Program:

Program oversight: DELEG will be responsible for program oversight including: ensuring final selection and approval of the target neighborhoods with regional partners (month 1 year 1, month 12 years 2&3); development of a centralized automated database (month 5 year 1); synthesizing data and lessons learned from pilots (month 11 each year); convening and reporting to the steering committee and aligning stakeholders on redesign details for the following year (month 12 of each year), and coordinate with regional program coordinators on continuous progress (see section V) MI Saves and DELEG will coordinate reporting to the DOE.



Pilot rollout: The RNRP Timeline graphic depicts the proposed 3 year rollout of neighborhood retrofit pilots for one region. In each region, outreach and program oversight will be directed by community leaders coordinated with the regional program manager. Outreach will occur at least two months before scheduling the base package retrofit rollout for each neighborhood. The regional program manager then coordinates the rollout with the regional service provider, and installation of the base package will occur for all buildings in a neighborhood within a 2 month window.

Service providers will be responsible to scheduling installation of deeper retrofit measures purchased by the homeowner and completing the work in a neighborhood within 4 months. MSU will administer post-retrofit surveys immediately following completion of the base package installation and one year later. There will be three pilots a year in each of four communities with a fifth community to be added in the second year. Two of these communities will be non-entitlement communities and will run pilots for only 2 years. The image below is a representation of the timing of all pilots.



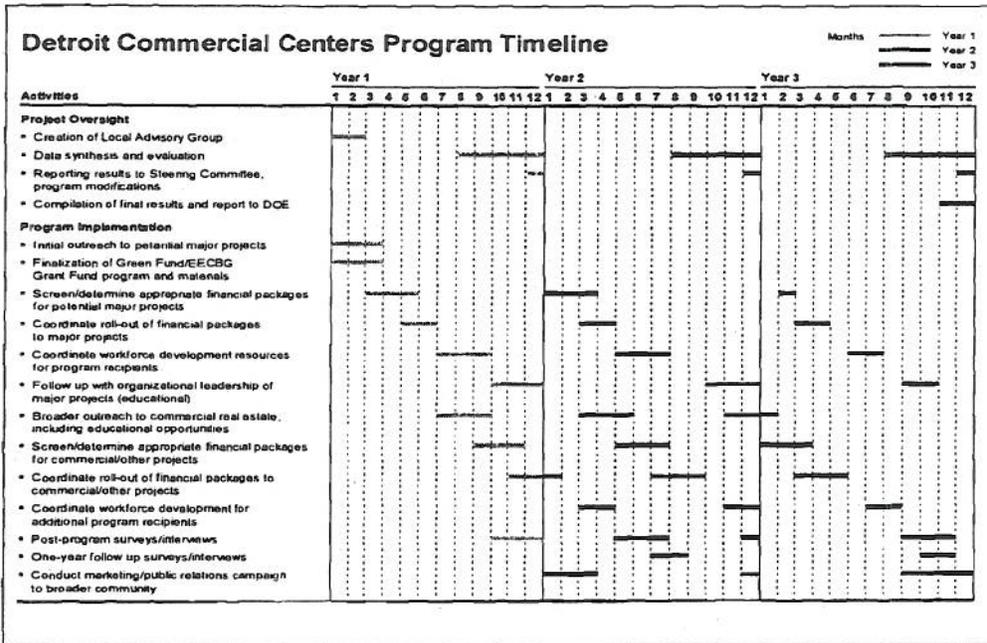
Training: Target is to have 125 contractors and auditors trained and certified in BPI or equivalent within the first year. DELEG and regional coordinators will work with service providers to ensure training.

Detroit Commercial Centers Program Activities:

Program Oversight: DEGC will be responsible for program oversight including creation of a local advisory committee to assist in program implementation (month 2, year 1), synthesizing data and lessons learned from pilots (by month 11 each year), convening and reporting to the steering committee and aligning stakeholders on redesign details for the following year (month 12 of each year), and assisting in the preparation of regular reports to the US DOE.

Program Implementation: DEGC will implement the program in three phases. First, it will work with MI Saves and DIF to finalize the Detroit-specific financing components, including the Green Fund (month 3, year 1). Second, it will establish the pipeline of major projects by (1) continuing outreach to major institutional, public, and commercial stakeholders and confirming the first round of potential (month 3, year 1), (2) with MI Saves, offering appropriate financial packages for each major project within two months of program selection, (3) coordinating the roll-out of these packages within an additional month, (4) coordinating workforce development resources for facilities staff of major program recipients with Henry Ford Community College within 3 months of the project, and (5) meeting with organizational leadership to ensure satisfaction with program experience, educating them on the benefits of the retrofit program, and to solicit subsequent rounds of projects within 3 months of the project completion. This cycle will continue in Years 2 and 3. Third, DEGC will establish a pipeline of commercial real estate projects by (1) conducting outreach to the broader commercial real estate community to solicit the first round of projects by month 9, year 1, (2) with DIF and MI Saves, offering appropriate financial packages within 2 months of program application, (3) coordinating the roll-out of these packages within an additional month, and (4) coordinating workforce development resources for facilities staff of program recipients within 3 months of the project. This cycle will continue in Years 2 and 3. Finally, DEGC will conduct formal program evaluation through surveys/interviews with all program recipients to assess program effectiveness and recipient attitudes satisfaction immediately after project completion and again one year after project completion. DEGC will also design and conduct a broad marketing/public relations campaign to promote retrofit projects as they are initiated and completed, to raise awareness and public understanding of the role

of energy-efficiency retrofits in Detroit's redevelopment strategy, and to encourage widespread community support for such efforts (first wave of the strategy by Month 3, Year 2, and subsequent waves conducted in Year 2 and 3).



Quarterly spend by program

Residential Neighborhood Retrofit Program	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EECBG Funds expended	\$ 3,504,979	\$ 3,504,979	\$ 3,504,979	\$ 3,504,979	\$ 4,381,224	\$ 4,381,224	\$ 4,381,224	\$ 4,381,224	\$ 3,504,979	\$ 3,504,979	\$ 3,504,979	\$ 3,504,979
Leveraged Funds and In-kind resources expended	\$ 16,680,571	\$ 16,680,571	\$ 16,680,571	\$ 16,680,571	\$ 20,850,714	\$ 20,850,714	\$ 20,850,714	\$ 20,850,714	\$ 16,680,571	\$ 16,680,571	\$ 16,680,571	\$ 16,680,571
Total	\$ 20,185,550	\$ 20,185,550	\$ 20,185,550	\$ 20,185,550	\$ 25,231,938	\$ 25,231,938	\$ 25,231,938	\$ 25,231,938	\$ 20,185,550	\$ 20,185,550	\$ 20,185,550	\$ 20,185,550

Detroit Commercial Centers Program	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EECBG Funds expended	\$ 4,122,500	\$ 4,122,500	\$ 4,122,500	\$ 4,122,500	\$ 751,250	\$ 751,250	\$ 751,250	\$ 751,250	\$ 751,250	\$ 751,250	\$ 751,250	\$ 751,250
Leveraged Funds and In-kind resources expended	\$ 4,287,792	\$ 4,287,792	\$ 4,287,792	\$ 4,287,792	\$ 12,143,280	\$ 12,143,280	\$ 12,143,280	\$ 12,143,280	\$ 8,442,072	\$ 8,442,072	\$ 8,442,072	\$ 8,442,072
Total	\$ 8,410,292	\$ 8,410,292	\$ 8,410,292	\$ 8,410,292	\$ 12,894,530	\$ 12,894,530	\$ 12,894,530	\$ 12,894,530	\$ 9,193,322	\$ 9,193,322	\$ 9,193,322	\$ 9,193,322

Ensuring success: The MRR program framework provides consistent monitoring, data collection, experienced management, well-organized outreach, and strong partners to ensure flexibility and expert guidance and ensure the success of the initiative (see section V for communications strategies.)

IV. Relevance and Outcomes/Impacts

The MRR meets all of the objectives outlined in the funding announcement:

Deliver verified energy savings from a variety of projects in the local jurisdiction of the applicant, with a particular emphasis on efficiency improvements in residential, commercial, industrial, and public buildings - The combined approach of the 39 neighborhood retrofit pilots across Michigan, plus the focus on 3 commercial centers in Detroit will ensure that we are able to deliver efficiency improvements in residential, commercial, industrial, and public buildings. The rigorous data collection and tracking of energy savings proposed in the MRR ensures that savings are verified through multiple methods.

Leverage the participation and support of multiple local jurisdictions, regional planning agencies, and state energy offices – The MRRI combines collaborative efforts across three regions of Michigan and the State Energy Office, as well as, numerous community organizations, foundations, academic institutions, and the private sector.

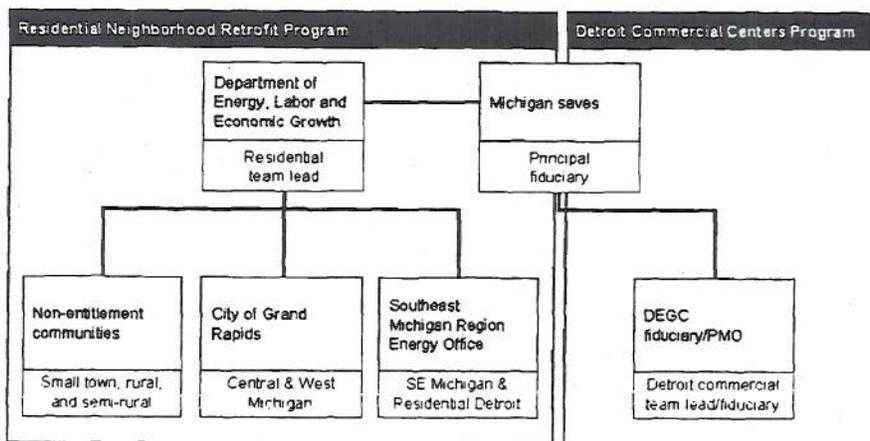
Achieve broader market participation and greater efficiency savings from retrofits – We believe that the MRRI will drive broad market participation across the residential, commercial, industrial, and public sectors. The RNRP specifically designed to incorporate learnings from one year to the next in order to drive increasing participation through continual refinement of the outreach/marketing and financing/incentives offered. In addition, the DCCP will influence the actions of significant public, institutional and commercial actors, setting high-level examples of exemplary energy-efficiency retrofit strategies and incorporating these strategies into broader messages about Detroit’s revitalization successes.

Highly leverage grant funding in order to significantly enhance the resources available (i.e. goal of at least 1:5) - Through the coordinated use of a loan loss reserve and interest-rate buy down, our financial model projects that \$70.56 million of FOA funds will leverage \$351.23 million in activity from existing programs and lender or private capital achieving 1:6 leverage in the DCCP and 1:5 leverage in the RNRP.

Sustain themselves beyond the grant monies and the grant period by designing a viable strategy for program sustainability – MI Saves’ use of innovative credit enhancements including loan loss reserves, interest rate buy downs, and matching rebate assistance mean that as loans are repaid, funds continually become available to finance additional retrofits of homes, businesses, industrial, and institutional buildings. Meanwhile, the DCCP will jumpstart an innovative Green Fund that will integrate energy-efficiency and renewable energy into reinvestment efforts in Detroit. In addition, legislation currently in progress to implement Property Assisted Clean Energy across the State, lays the groundwork for community based financing programs for energy efficiency. Finally, we continue to work with our utilities to explore and test on-the-bill financing as an option for energy consumers.

Serve as pilot building retrofit programs that demonstrate the benefits of gaining economy of scale and serve as examples of comprehensive community-scale energy-efficiency approaches that could be replicated in other communities across the country – The MRRI is designed to test various neighborhood-wide retrofit designs to determine the optimal approach to community-scale energy efficiency rollout. At the end of three years, in addition to installing significant energy efficiency measures in these communities, we will have generated deep insight into what drives economies of scale and uptake of energy efficiency building retrofits in communities, including neighborhoods dominated by large commercial, institutional, and public buildings, providing all of the necessary information for a replicable, scalable approach that can be implemented across the country.

V. Roles of Participants



Residential Neighborhood Retrofit Program coordination overview

DELEG will lead the implementation teams for the RNRP and serve as the overall MRRI communication coordinator with the Steering Committee and direct liaison with DOE. DELEG will directly coordinate with the MI Saves, the

fiduciary manager. DELEG's project manager will coordinate weekly, at a minimum, with regional coordinators for the RNRP and with the coordinator for the DCCP. The coordinators will review schedules of outreach, pilots, surveys, as well as problem solving, and review progress. A minimum of monthly progress reports will be provided to the entire steering committee. The regional coordinators are responsible for the schedule and progress of work in their territories.

DELEG and MI Saves will host a kickoff meeting with the steering committee and partners and provide a detailed communication plan. The meeting agenda will include a review of terms and conditions and reporting requirements for the award, and assure clear understanding of the designated principal investigators, their roles, accountability and authority. Tracking, data flow, reporting of leverage and federal reporting responsibilities will be reviewed. Additional DELEG responsibilities are detailed in Section III, Project Plan.

Detroit Commercial Centers Program (DCCP) coordination overview - DEGC will lead the implementation of the DCCP, accomplishing the following activities: (1) manage the outreach strategy; (2) screen and approve program applicants, including assisting likely applicants in necessary pre-development work; (3) work with the Detroit Investment Fund to execute the Green Fund and with MI Saves to execute the Detroit-specific financing, (4) monitor the progress of retrofit projects to ensure successful completion, (5) track and report all relevant program data; and (6) make program adjustments to reflect learnings. The local stakeholder committee will include representatives from the City of Detroit, DIF, MI Saves, energy-efficiency/sustainable development experts, and other community stakeholders. In addition, DIF will consult with MI Saves to develop the Detroit-specific components of their financing program and lead the creation of the Green Fund.

VI. American Recovery and Reinvestment Act Information - The MRRP will promote the direct goals of ARRA, specifically job retention/ creation; economic development; and energy savings (see 3.b). The MRRP is estimated to create/retain 4585 direct jobs, assuming \$92,000 per job year. Job creation/retention will be monitored and reported and the State' Green Jobs Report will be updated biannually to examine the impact of ARRA funds on green jobs in Michigan. Economic development will be evaluated by looking at a four quantitative measures that will be captured throughout the MRRP: (1) Reduction in Energy Bills- As energy bills are reduced, more cash is available to homeowner. Through verification of energy savings, reduction in bills will be determined for various income levels; (2) Increase in trained/certified contractors: will also accelerate implementation of new residential and commercial energy codes currently in rules promulgation. These codes will complete promulgation process early 2010 in close proximity to this award date; (3) Increased availability of financing tools such as loans; and (4) Private investment in the program- Reaching the targeted leverage in the MRRP program will document economic development and further attract private and public investment.

Project Narrative

Michigan Retrofit Ramp-up Initiative Proposal
December 14, 2009

Submitted By:
Amy Butler, DELEG

Principal Investigator:
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Julie Metty Bennett, MI Saves
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517-484-6549
JBennett@pscinc.com

Submitted To:
U. S. DOE
National Energy Technology Laboratory
FPM: {TBD after award}
E-Mail: {TBD after award}



CITY OF ANN ARBOR, MICHIGAN

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Phone (734) 994-2766 • Fax (734) 332-5966

<http://www.a2gov.org>

Office of the Mayor
John Hieftje

December 8, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148;
Competitive Energy Efficiency Conservation Block Grant Program

Dear Secretary Chu:

It is my pleasure to provide this letter of support affirming our co-application with the Michigan Collaborative Retrofit Ramp-up Initiative (MRRI). This letter also serves as our authorization for the Michigan Saves and Michigan Suburbs Alliance non-profit organizations to apply on behalf of ourselves and the Michigan Collaborative under Topic 1 of the FOA.

Through our Energy Office, we are actively engaged in ensuring that we are prepared to put this funding to effective use in our community. Ann Arbor has long understood the need for increased energy efficiency in our community, and for over twenty years the Energy Office and the Ann Arbor Energy Commission—of which I am a member—have worked to adopt necessary measures and make much-needed improvements.

Successful tools like our Municipal Energy Fund and LED Streetlight Program have improved our energy efficiency and served as models for other communities around the country. And since 2006, my Green Energy Challenge goals for moving to renewable energy have helped to pave the way for new initiatives, including a planned Property Assessed Clean Energy program to provide direct loans to homeowners and businesses to make efficiency upgrades they would otherwise be unable to afford.

Michigan can rapidly put our unemployed workers back to work through retrofitting homes and buildings while saving homeowners energy and money.

The MRRI framework is an innovative and strategic approach to developing long-term sustainable programs that will advance energy efficiency broadly throughout the state. Ann Arbor looks forward to contributing the time and resources that are required to make this program a success, and it is our pleasure to offer our commitment to fully participate in this exciting Initiative.

Sincerely,



John Hieftje
Mayor
City of Ann Arbor

CC:

Mr. Stanley F. Pruss
Director and Chief Energy Office
Department of Energy, Labor, and Economic Growth
P.O. Box 30004
Lansing, MI 48909

Ms. Amy A. Butler
Director, Bureau of Energy Systems
Department of Energy, Labor, and Economic Growth
P.O. Box 30221
Lansing, MI 48909



CDAD

COMMUNITY DEVELOPMENT ADVOCATES OF DETROIT

December 9, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148; Competitive Energy Efficiency Conservation Block Grant Program.

Dear Secretary Chu:

On behalf of Community Development Advocates of Detroit, it is our pleasure to provide this letter of support for the Michigan Collaborative Retrofit Ramp-up Initiative (MRRI) proposal under Topic 1 of the FOA, as submitted by Michigan Saves.

We have participated in several discussions in the development of the framework for this competitive opportunity provided under the Energy Efficiency and Conservation Block Grant program through the U.S. Department of Energy. We concur with the belief there is a significant opportunity for Michigan to rapidly put our unemployed workers back to work through retrofitting homes and buildings while allowing homeowners to save energy and money as well. The MRRI framework reflects an innovative and strategic approach to developing long-term sustainable programs that will advance energy efficiency broadly throughout the state. We are especially encouraged that this proposal is bringing together entities from across the metropolitan Detroit region and the state in a collaborative fashion. We urge you to fund MRRI and help catalyze investment in communities where it is sorely needed.

This program will build on several years of discussion within the community development world of Detroit about how to focus efforts within the city. We believe that this scale of neighborhood-wide investment is key to the revitalization of Detroit by developing dense, transit-oriented neighborhoods in select locations. It is part of the larger "right-sizing" effort that the city is beginning to undertake to account for its decrease in population over the past 50 years.

CDAD's mission is to enhance the capacity and effectiveness of Detroit community development organizations in their efforts to revitalize and rebuild Detroit's communities by providing a vehicle for information-sharing, technical assistance, advocacy and common action on issues affecting our members. Thus, CDAD's work with Michigan Saves complements our mission.



CDAD

COMMUNITY DEVELOPMENT ADVOCATES OF DETROIT

As the trade association of community development organizations in Detroit, CDAD is intricately involved in the current "right-sizing" discussions. And in collaboration with over 85 stakeholders—including government, educational institutions, funding institutions, businesses and city-wide and regional nonprofit organizations— CDAD is developing a set of revitalization strategies for neighborhoods throughout the city of Detroit. Energy efficiency and the production and use of alternative energy sources are key components of those strategies.

In the past, CDAD's advocacy efforts have focused on establishing the framework for a Detroit Land Bank Authority, reforming the local Community Development Block program, transparency in the implementation of the Neighborhood Stabilization Program, establishment of the Administrative Hearings Bureau as a vehicle for addressing blight issues, and partnering with local, state and national legislators to retain Community Reinvestment Act standards.

CDAD and its members will work closely with the Southeast Michigan Regional Energy Office to implement and coordinate the outreach and recruitment efforts within the selected neighborhoods. Our organizations bring years of grassroots, on-the-ground community organizing and service delivery experience to this effort. They are known and trusted in their communities, and have been for many years. They bring credibility as well as crucial relationships and intimate knowledge of the community to this effort and are an important key to its success.

Sincerely,

A handwritten signature in cursive script that reads "Anita Lane".

Anita Lane
Director of Programs

CC:

Mr. Stanley F. Pruss, Director
Department of Energy, Labor, and Economic Growth
P.O. Box 30004
Lansing, MI 48909

Ms. Amy A. Butler
Director, Bureau of Energy Systems
Department of Energy, Labor, and Economic Growth
P.O. Box 30221
Lansing, MI 48909



CDAD Members

Community Development Organization Members (Alphabetically):

Abayomi CDC
Alkebu-Lan Village Community Development Corporation
Amandla Community Development Corporation
Arab-American Chaldean Council
Bagley Housing Association
Bridging Communities, Inc.
Cass Corridor Neighborhood Development Corporation
Central Detroit Christian
Chene Community Providence Alliance Non Profit Housing
Christian People Pulling Together
Church of the Messiah Housing Corporation
CKM Community Development Corporation
Coalition On Temporary Shelter (COTS)
Community Planning Association
Community Services CDC
Corinthian Developments, Inc
Creskide Community Development Corporation
Detroit Catholic Pastoral Alliance
Detroit Central City
Detroit Community Initiative
Development Corporation of Wayne County
Eastside Emergency Center, Inc.
Edmonds-Carr Nonprofit Housing Corporation
Field St. Community Association, Inc.
Focus: HOPE
Genesis Hope
Grandmont Rosedale Development Corporation
Gratiot McDaougall United CDC
Greater Corktown Development Corporation
Habitat for Humanity of Detroit
Heavenly Gates Housing Center
Holistic Development Community Center
JC Human Services
Jefferson East Business Association
Joy Community Outreach
Joy-Southfield Community Development Corp.
Love That Works, Inc
Lyman Neighborhood Development Association
Mack Alive
Metropolitan Community Housing Development Organization



Michigan Avenue Business Association
MLK- Buchanan CDC
Motor City Blight Busters
Moving in New Directions (MINDS)
MYKALE Community Development
Neighborhood Centers, Inc.
Neighborhood Service Organization
New Hope Community Nonprofit Housing Corporation
NorthStar CDC
Northwest Detroit Neighborhood Development, Inc.
Nortown CDC
Operation Get Down, Inc.
People's Housing & Community Development Corporation
Phoenix Housing and Counseling
Pittman Memorial Non-Profit Housing Corporation
Prevailing Community Development Corporation
Quality Solutions CDC
Rebuilders of Detroit
Regent Park Community Association
Renaissance Community Development Corp.
Riverbend Community Association
Ruth Ellis Center
Sacred Heart/St. Elizabeth CDC
Second Chance 2000 CDC
Southwest Detroit Business Association
Southwest Detroit Development Collaborative
Southwest Housing Solutions Corporations
St. Ignatius Nonprofit Housing Corp.
The Lordside Community Services
Trinity Community Development
U SNAP BAC
University Commons Organization
University Cultural Center Association
Vanguard Community Development Corporation
Victory in the Family Ministries
VISION Vital Investment Serum in our Neighborhoods
Warren Conner Development Coalition
We Care Nonprofit Housing Corporation
Woodbridge Neighborhood Development Corporation
Word of Truth Housing Association
Young Detroit Builders



Individual Members (Alphabetically):

Tim Celovsky
Robert Dewaelshe
Eric Dueweke
Dr. Karl D. Gregory, Detroit Alliance for Fair Banking
Shawn Kimmel, Ph.D; Community-Driven Policy Making, LLC
Sheu-Jane Gallagher; The Villages CDC
Richard Trice; Alkebu-Lan Village CDC

Supporting & Sustaining Organizations (Alphabetically):

Community Legal Resources
AKT Peerless
Hamilton Anderson Associates
Shorebank Enterprise
TEG Environmental Services
Urban Communities Clinic @ U of M Law School
WARM Training Center

A CMS Energy Company

December 2, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148; Competitive Energy Efficiency Conservation Block Grant Program.

Dear Mr. Chu:

Please consider this letter of support and commitment for the Department of Energy, Labor, and Economic Growth's application to participate in the Michigan Retrofit Ramp-up Initiative (MRRRI).

We have contributed to the framework for this competitive opportunity provided by the U.S. Department of Energy's Energy Efficiency Conservation Block Grant program, which will employ Michigan workers to retrofit homes and buildings while helping homeowners save energy and money.

Consumers Energy is the state's second-largest electric and natural gas utility, providing service to more than 6 million of the state's 10 million residents in all 68 counties in the Lower Peninsula. Consumers Energy is the principal subsidiary of Jackson-based CMS Energy Corporation.

Founded in 1886, Consumers Energy provides energy to homes and businesses in many principal cities, including Battle Creek, Bay City, Cadillac, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Midland, Muskegon and Saginaw.

Consumers Energy taps a variety of natural gas sources, including major pipeline companies and producers in Michigan, Gulf Coast states and Canada. Fifteen natural storage fields in Michigan give the company the economic advantage of purchasing gas at lower prices during warm months and storing it for eventual use in the winter heating season.

Consumers Energy customers have the option of choosing a different electric or natural gas supplier under programs regulated by the Michigan Public Service Commission (MPSC). Regardless of the gas or power source, Consumers Energy delivers the service to customers through its gas or electric distribution system.

Consumers Energy will be collaborating with the MRRRI effort by leveraging messaging, delivery and learning opportunities available through the delivery of our recently launched energy optimization programs approved earlier this year by the Michigan Public Service Commission. Our efforts can contribute in the following ways:

- Increased promotion of our existing EO programs in the selected MRRRI neighborhoods. We have a number of programs for low-income, other residential, and small commercial customers that are relevant to this effort. In addition to our broader marketing efforts, we may conduct a direct mail campaign to the selected neighborhoods

and/or use our local community services representatives to help promote the neighborhood sweep.

- Continued delivery of our current programs. We began working with implementation contractors and trade allies this spring and have developed detailed processes and procedures for each program. Key programs that may assist the MRRI effort include our Small Business Direct Install program; Income Qualified Energy Assistance program; Residential Appliance Recycling program; Heating, Cooling, and Water Heating Rebate program; and as of the summer of 2010, the Home Retrofit Program, aka whole house program.
- Evaluation of our programs according to existing evaluation plans. We began working with evaluation contractors in mid-summer, and evaluation activities are currently underway for the majority of our energy optimization programs. Further, program evaluation is being advised by an Energy Optimization Collaborative Workgroup established by the MPSC
- Share relevant evaluation techniques and findings from the initial Income Qualified Energy Assistance Neighborhood Sweep pilot being tested in Jackson, Michigan.

The MRRI framework reflects an innovative strategic approach for developing long-term, sustainable programs to advance energy efficiency measures across the state. We are pleased to contribute to an initiative that can help power our state's economic rebirth.

Sincerely,



Daniel J. Malone
Vice President
Customer and Energy Operations Services & Safety

cc: Mr. Stanley F. Pruss
Director and Chief Energy Officer
Department of Energy, Labor, and Economic Growth

Ms. Amy A. Butler
Director, Bureau of Energy Systems
Department of Energy, Labor, and Economic Growth

communityfoundation

FOR SOUTHEAST MICHIGAN

December 14, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148; Competitive Energy Efficiency Conservation Block Grant Program

Dear Dr. Chu:

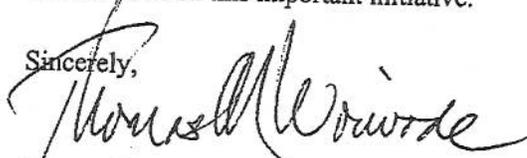
It is our pleasure to write in support of Michigan Saves for the "Michigan Retrofit Ramp-up Initiative (MRRRI)" application. The MRRRI framework reflects an innovative and strategic approach that will advance energy efficiency, respond to the needs of the community, create green jobs in a region in need of new job opportunities, and position southeast Michigan and the state as a leader in innovative strategies for energy independence.

The Community Foundation for Southeast Michigan has been actively engaged in the development of this proposal. Our service area, the seven counties that surround and include Detroit, as well as the City of Detroit in particular, is highlighted in the application and will be well served by this unique program. This initiative complements and expands the efforts of a number of foundations, community groups and municipal leaders in the development of healthy and sustainable communities, efforts in which the Community Foundation has played a lead and collaborative role.

We are excited by the neighborhood approach this application takes, and look forward to working with partner foundations and institutions in using the information coming out of this program to enhance, leverage and expand on the investments the Community Foundation has already made, and is continuing to make, in targeted neighborhoods.

We heartily endorse this application, and look forward to working with all of the stakeholders on this important initiative.

Sincerely,



Thomas M. Woiwode
Director, GreenWays Initiative

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Mariam C. Noland
President



CITY OF DEARBORN

Home Town of Henry Ford

MAYOR JOHN B. "JACK" O'REILLY, JR.

December 4, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

**Re: U.S. Department of Energy funding Opportunity DE-FOA-0000148;
Competitive Energy Efficiency Conservation Block Grant Program.**

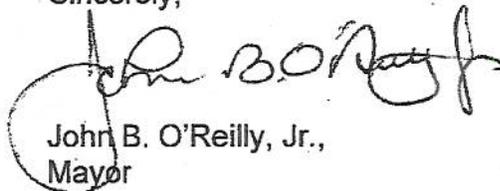
Dear Secretary Chu:

It is our pleasure to provide this letter of support affirming our co-application with the Michigan Collaborative Retrofit Ramp-up Initiative (MRRI). This letter also serves as our authorization for the Michigan Saves and Michigan Suburbs Alliance non-profit organizations to apply on behalf of ourselves and the Michigan Collaborative under Topic 1 of the FOA.

We have participated in several discussions in the development of the framework for this competitive opportunity provided under the Energy Efficiency and Conservation Block Grant program through the U.S. Department of Energy. We concur with the belief there is a significant opportunity for Michigan to rapidly put our unemployed workers back to work through retrofitting homes and buildings while allowing homeowners to save energy and money as well. The MRRI framework reflects an innovative and strategic approach to developing long-term sustainable programs that will advance energy efficiency broadly throughout the state. As partners to this grant, our team has a significant contribution to offer the program.

It is our pleasure to offer commitment to participate in this Initiative, which we feel will be a successful Michigan Retrofit Program.

Sincerely,



John B. O'Reilly, Jr.,
Mayor

cc: Mr. Stanley F. Pruss, Director and Chief Energy Office
Department of Energy, Labor, and Economic Growth

Ms. Amy A. Butler, Director, Bureau of Energy Systems
Department of Energy, Labor, and Economic Growth

DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 · DETROIT MI 48226 · 313.963.2940 FAX 313.963.8839

December 11, 2009
The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

**Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148;
Competitive Energy Efficiency Conservation Block Grant Program**

Dear Mr. Chu:

It is our pleasure to provide this letter of support affirming our co-application with the Michigan Collaborative Retrofit Ramp-up Initiative (MRRI). This letter also serves as authorization for the MI Saves non-profit to apply on behalf of ourselves and the Michigan Collaborative. The Detroit Economic Growth Corporation (DEGC) has been engaged in the development of the framework for this competitive grant because we believe that it represents a significant opportunity to develop new jobs around energy-related clusters and ensure that older building stock remains viable in the future. We are excited to be part of the MRRI framework because of its innovative and strategic approach to developing long-term sustainable programs that will advance energy efficiency broadly throughout the state.

As partners to this grant, our team has a significant contribution to offer the program. The DEGC is a private non-profit organization that is dedicated to creating new investment and jobs in the city of Detroit by providing technical, financial and development assistance to the city and the business community. By combining public sector policy and direction with private sector leadership, we are able to actively strengthen Detroit's economic base.

DEGC acts as the economic development agency for the City of Detroit, and provides staff services to the City's public development authorities, including the Downtown Development Authority, Economic Development Corporation of the City of Detroit, Local Development Finance Authority, Detroit Brownfield Redevelopment Authority, and Tax Increment Finance Authority. Our Project Management group has significant project management and development experience, ranging from large public infrastructure projects to signature building redevelopment. Our Business Development group works with businesses and developers looking to grow in Detroit, and has helped many companies make major investments in the city. Our Development Finance group helps projects fill financing gaps and administers several loan programs. Together, these



team bring high-level capacity to facilitating redevelopment and investment work in Detroit and fully understands the barriers that many stakeholders face to advancing viable economic development projects. Our team has the skills and expertise to effectively implement the Detroit Commercial Centers portion of the MRRI.

DEGC is committed to play an active role in the project steering committee. We will implement the Detroit Commercial Centers Program and coordinate the efforts of several other public and private partners in doing so. We are very excited to be representing the City of Detroit in this effort, and believe that this collaborative initiative represents an important opportunity to transform not only Michigan's utilization of energy-efficient practices, but Detroit's image as a national leader in this work.

Sincerely,



George W. Jackson, Jr.
President and CEO

cc: Mr. Stanley F. Pruss, Director and Chief Energy Office, Department of Energy,
Labor, and Economic Growth
Ms. Amy A. Butler, Director, Bureau of Energy Systems, Department of Energy,
Labor, and Economic Growth



CITY OF DETROIT
MAYOR'S OFFICE

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
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WWW.DETROITMI.GOV

Support letter City of Detroit

December 9, 2009

The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Stanley F. Pruss, Director
Department of Energy, Labor and Economic Growth
P.O. Box 30004
Lansing, Michigan 48909

Re: U.S. Department of Energy Funding Opportunity DE-FOA-0000148; Competitive Energy Efficiency Conservation Block Grant Program.

Dear Secretary Chu:

It is our pleasure to provide this letter of support and commitment to the Department of Energy, Labor, and Economic Growth for the "Michigan Retrofit Ramp-up Initiative (MRRRI)" application. This letter also serves as our authorization for the Detroit Economic Growth Corporation to act on behalf of the City of Detroit as a primary c-applicant and MI Saves non-profit organization to apply on behalf of ourselves and the Michigan Collaborative.

We have participated in several discussions in the development of the framework for this competitive opportunity provided under the Energy Efficiency Conservation Block Grant program through the U.S. Department of Energy. We concur with the belief there is a significant opportunity for Michigan to rapidly put our unemployed workers back to work through retrofitting homes and buildings while allowing homeowners and building owners to save energy and money as well. The MRRRI framework reflects an innovative and strategic approach to developing long term sustainable programs that will advance energy efficiency broadly throughout the state. As partners to this grant, our team has a significant contribution to offer the program.

The City of Detroit, through the Detroit Economic Growth Corporation (the City) has a strong interest as well as capacity to participate in this initiative. The City's interest is in the high potential for market transformation as a result of this project initiated in our traditional neighborhoods. The city has certified contractors, and/or training programs that certify, i.e. BPI and all contractors engaged as a result of this project are subject to City contracting policies and procedures, which require appropriate certifications and training as well.

DAVE BING, MAYOR

The City has also met with and collaborated with an extensive group of partners and stakeholders. Community partners that may help in stimulating the uptake include DTE Energy, WARM Training Centers, Henry Ford Community College, Wayne State University, Focus Hope, and the City of Detroit Workforce Development Department.

Partners with programs that may contribute funding or leveraging are the Detroit Investment Fund, Detroit LISC, Detroit Medical Center, City of Detroit – General Services Department, Detroit Building Authority, Planning and Development Department, Department of Human Services, Detroit Police Department, Detroit Fire Department, Detroit Water and Sewer Department, Detroit Institute of Arts, Detroit Regional Convention Facility Authority and the Joint Wayne County City of Detroit Municipal Center Authority.

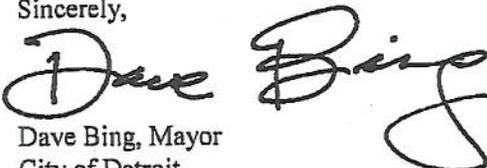
The City is also “Deployment Ready”. We have already taken several preliminary steps towards an efficient and effective Retrofit Ramp-up Initiative by identifying our key target areas for application of grant funds and funded activities, and have identified and met with our community partners and key stakeholders. We have widespread stakeholder support for the goals of the retrofit ramp-up. Existing programs such as the Neighborhood Stabilization Plan (NSP), Weatherization Assistance Program and DTE’s “Solar Currents” will coordinate their efforts to maximize their effectiveness.

The Detroit Commercial, Institutional, and Public Energy Efficiency Program (“CIPEEP”) will target significant commercial, institutional, and public energy efficiency projects clustered in three neighborhoods along the Woodward Corridor in greater downtown Detroit. The purpose of this program is to create a new culture of sustainable building management and redevelopment among significant public, commercial and institutional stakeholders. The program will impact up to 10,000,000 square feet of commercial, institutional, and public buildings, leading to Millions in energy savings. More importantly, by encouraging new energy efficient practices and retrofits, the program will start a cycle of continuous improvement within Detroit city government, key institutions, significant commercial landholders, and the development community. The program is designed to achieve three objectives: (1) jumpstart initial energy-efficiency projects, (2) create buy-in from a broad audience of potential program participants, and (3) educate decision-makers at all levels about the relevance and benefits of energy-efficient retrofits and sustainable building management and development practices.

Finally, our eagerness to partner with the State on this initiative is that we can sustain the program after the direct grants are spent, by leveraging other funding mechanisms throughout the program and using a portion of the savings resulting from energy efficiency activities to continue the funding of the program.

It is our pleasure to offer our commitment to participate in this Initiative, that we feel will be a successful Michigan Retrofit Program.

Sincerely,


Dave Bing, Mayor
City of Detroit

DETROIT
INSTITUTE
OF ARTS

5200 Woodward Avenue (313) 833 7900
Detroit, Michigan 48202 www.dia.org

December 10, 2009

To Whom It May Concern:

I am pleased to support the efforts of the City of Detroit, through the Detroit Economic Growth Corporation, to secure Energy Efficiency Community Block Grant (EECBG) funding to support a comprehensive energy efficiency program in the City of Detroit. The Detroit Institute of Arts, one of the top comprehensive fine arts museums in the United States, is a cultural centerpiece of the State of Michigan and an important asset of the City of Detroit. The Detroit Institute of Arts (DIA) believes that energy efficiency retrofits should play an important role in our short- and long-term capital improvement agenda. The City's EECBG program will support our efforts to incorporate energy efficiency retrofits into our building maintenance and improvement process in a systematic and sustainable way.

The DIA is faced with the dual urgencies of lowering its operating expenses through incorporation of energy efficiency programs and providing its world-class art collection with the physical protections it requires within the extremely difficult current economic environment. Without additional assistance from the EECBG program, we will have limited capacity to take on wholesale energy efficiency improvements at the DIA. Due to the EECBG program's sustainable funding components, we anticipate that this program could help us impact 650,000 square feet of the DIA facility achieving approximately \$500,000 per year in energy savings. This would include heating and cooling system improvements, advanced energy management strategies, lighting system improvements, water conservation, renewable resources and addition of solar panels the roof of the entire structure. Our project would include retrofitting an additional 150,000 square feet in a city-owned, contiguous underground parking facility for additional energy efficiencies.

This program will help us achieve recognition of the importance of energy efficiency in our institution's operations both at a staff and leadership level, helping to sustain momentum for ongoing improvements over the long-term. Not only will this help us achieve better results for the City of Detroit and State of Michigan, but will also set an example for similar institutions in our city and across the state and country.

We look forward to working with the Detroit Economic Growth Corporation and other partners to take advantage of the opportunities afforded by the EECBG grant. Through partnership with institutions like ours and many other private and public stakeholders, Detroit can be a national model of sustainable, energy-conscious development. We hope that you will support this application for funding.

Sincerely,



Graham W. J. Beal
Director, President and CEO

DMC

DETROIT MEDICAL CENTER

December 10, 2009

To: The Honorable Steven Chu
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

I am pleased to support the efforts of the City of Detroit, through the Detroit Economic Growth Corporation, to secure Energy Efficiency Community Block Grant (EECBG) funding to support a comprehensive energy efficiency program in the City of Detroit. The Detroit Medical Center is comprised of eight hospitals with more than 2,000 licensed beds and is the leading affiliate of the Wayne State University School of Medicine. The Detroit Medical Center (DMC) believes that energy efficiency retrofits should play an important role in our short and long-term capital improvement agenda. The City's EECBG program will support our efforts to incorporate energy efficiency retrofits into our building maintenance and improvement process in a systematic and sustainable way.

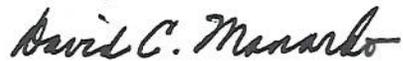
The DMC is interested in maintaining and even improving building comfort (temperature, lighting and indoor air quality) for patients and staff by implementing comprehensive facility improvements that are energy efficient resulting in energy savings that will help offset the improvement costs. Currently, the DMC is focusing on Detroit Receiving Hospital (DRH) and the University Health Center (UHC). Without additional assistance from the EECBG program, we will have limited capacity to take on wholesale energy efficiency improvements at our facilities. We anticipate that this program could help us impact 947,000 square feet of facilities (not including operating rooms) over 6 years, achieving \$1,553,000 in energy savings per year. The proposed facility improvements include air handling systems refurbishment with energy efficiency and controls upgrade, patient room temperature control improvements, chiller water system energy efficiency modifications including new energy efficient chiller installations and complete building lighting retrofits and replacements for improved lighting levels at higher efficiencies. Due to the EECBG program's sustainable funding components, the DMC hopes that we are able to impact as much as 947,000 square feet of facilities over the long term through \$12,640,000 in energy efficiency improvements, achieving \$11,000,000 in energy savings over 6 years when factoring in escalation of utility rates.

More importantly, this program will help us achieve recognition of the importance of energy efficiency in our institution's operations, both at a staff and leadership level, helping to sustain momentum for ongoing improvements over the long-term. Not only

will this help us achieve better results for our constituents, but set an example for other institutions like ours.

We look forward to working with the Detroit Economic Growth Corporation and other partners to take advantage of the opportunities afforded by the EECBG grant. Through partnership with institutions like ours and many other private and public stakeholders, Detroit can be a national model of sustainable, energy-conscious development. We hope that you will support this application for funding.

Sincerely,

A handwritten signature in black ink that reads "David C. Manardo". The signature is written in a cursive style with a prominent initial 'D'.

David C. Manardo

The Detroit Medical Center
Corporate Vice President Facility Engineering and Construction

MEMORANDUM & RESOLUTION

December 11, 2009

TO: The Board Members of the Detroit Regional Convention Facility Authority

SUBJECT: Recommendation to Authorize the Authority's Support for in the City of Detroit's Application for a Department of Energy Alternate Grant under the Energy Efficiency and Conservation Block Grant – Recovery Act

The City of Detroit (the City) has confirmed its interests and efforts to submit a proposal competing for a Department of Energy Grant DE-FOA-0000148 (the DOE Grant) in a response letter of intent on October 19, 2009. The City designated its Detroit Economic Growth Corporation (DEGC) to coordinate with other community entities the preparation of the City's Block Grant application by the December 14, 2009 deadline.

The DOE Grant encourages competing communities to creatively develop and implement sustainable and renewable alternative energy strategies that will reduce the cost of and dependence on traditional dependence. The DOE Grant offers up to \$75,000,000.00 in funding based on a one to five match of grant funds to private and local government funds.

The DEGC has received the interest and support of several community entities including the State of Michigan and has assembled a working group to complete the DOE application before the deadline.

The essence of the City's strategy proposes the creation and development of centralized alternative energy utility resources capable of delivering sustainable low cost renewable energy to public and private Detroit business and residential customers.

The DOE Grant objectives and the City's conceptual proposal present to the Detroit Regional Convention Facility Authority (DRCFA) an opportunity to significantly reduce its annual energy costs and capital equipment investments by providing a centralized alternative energy utility resource in close proximity to the Cobo Facility site; this may include the conversion of the Cobo Facility's existing HVAC and electrical equipment to utilize these centralized alternative energy supplies to reduce the capital cost of the contemplated DRCFA expansion and improvements and more significantly reduce the annual energy costs.

Responses to several posed questions regarding the extent of and limits of the DRCFA's support for the City's initiative are provided in the attachment to this memorandum.

The Board is requested to consider approving the following resolution:

Whereas, the City of Detroit has confirmed its interests and intent to submit a proposal in response to the Department of Energy's Funding Opportunity Announcement No. DE-FOA-000148 soliciting competitive proposals for Retrofit Ramp-up and General Innovation Fund Programs and,

Whereas to successfully win a Block Grant award the City proposal requires the support of surrounding private and public business and residential communities, and