

Presentation to the Legislative Federal Economic Stimulus Program Oversight Commission

State of Hawaii

Department of Business, Economic Development & Tourism

December 15, 2009

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DBEDT Summary

- \$46,076,906 awarded to department as of December 14, 2009
- 6 Notifications of Award: 5 formula and 1 competitive
 1. State Energy Program (formula): \$25,930,000 (DE-EE0000216)
 2. Energy Efficiency Community Block Grant for Energy Efficient Buildings Program for Government and Non-Profits (formula): \$9,593,500 (DE-EE0000811)
 3. Efficient Appliance Rebate Program (formula): \$123,600 (DE-EE0001587)
 4. Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency (formula): \$318,196 (DE-OE0000110)
 5. Community Based Economic Development (CBED) Program Strengthening Communities, State, Local and Tribal Government Capacity Building Program (competitive): \$250,000 (90SN0030)
 6. Hawaii Housing Finance and Development Corporation (HHFDC) Tax Credit Assistance Program (formula): \$9,861,610 (M09-ES150100)
- Future award of \$1,112,400 is further expected for the Energy Efficient Appliance Rebate Program

DBEDT Summary, continued

- To-date, \$59,848,928 in competitive energy grants awarded to Hawaii companies; partner cost-share of \$19.69M obtained
 - Significant continued activity competing for ARRA grant solicitations
- 78% of dollars to DBEDT awarded for energy activities
- To-date, 1 competitive procurement not won (Clean Cities proposal)
- 1 application in development for EECSBG competitive block grant opportunity for retrofit ramp-up and general innovation fund program (\$7-10M)

ARRA Funding Agencies

- US Department of Energy
 - Office of Electricity
 - Office of Energy Efficiency and Renewable Energy
- US Department of Health and Human Services
- US Department of Housing and Urban Development

Award Purposes

- Energy Formula Funds are intended drive energy efficiency adoption and generation of new renewable energy
- Competitive Energy Solicitations are tied to existing US DOE Programs
 - Intended to catalyze Research & Development, Testing & Evaluation, or Deployment (depending on the program and solicitation)
- CBED competitive grant to assist non-profits in community economic development in low income areas
- HHFDC tax credit assistance program to help complete construction of low income rental housing

Basis of Expenditure Plans

Energy

- Implement and achieve existing State plans and goals established through Energy for Tomorrow and Hawaii Clean Energy Initiative (HCEI):
 - Increased energy efficiency;
 - Greater renewable and indigenous electricity production;
 - Diversification of energy sources for transportation; and
 - Improvements in energy delivery and to the electrical grid
- Allocation of aggregated energy grants over sectors as follows:
 - Energy Efficiency Programs: \$27,652,685
 - Renewable Energy Programs: \$ 6,650,000
 - Transportation Programs: \$ 4,250,000
 - Energy Delivery Assurance Programs: \$ 1,100,000
- Integration within and across sectors and with external sources of funding

Basis of Expenditure Plans

CBED and HHFDC

- Aligned with CBED functions set forth in Chapter 210D-4, HRS
 - Priorities include focus on challenging economic conditions of the Leeward Coast community
 - “Preliminary Report on the Leeward Coast Initiative,” developed by Leeward Coast faith-based and community-based non-profits working groups
- Aligned with HHFDC functions set forth in Chapter 201H, HRS
 - Tax Credit Assistance Program (TCAP) grant will provide financial assistance to fill funding gaps in affordable rental housing developments that use federal Low Income Housing Tax Credits

Current Status

Energy

ARRA State Energy Program major current activity is interisland cable project

- Completed ocean floor survey for interisland cable through contract with University of Hawaii School of Ocean and Earth Science and Technology (SOEST)
- Awarded contract for Special Deputy Attorney General for legal and regulatory advice on interisland cable
- Published notice for Environmental Impact Statement Cable Request for Proposals (EIS RFP)
- Hawaiian Electric Company (HECO) Request for Information (RFI) for cable vendors (final stage of review by HECO prior to contract execution)
- Cable Subject Matter Expert to advise the State (contract drafted)
- On-line permitting system (working with the Department of Health on a Memorandum of Understanding to initiate the work)
- Hired 8 additional staff to manage and implement ARRA SEP grant

Current Status

Energy, continued

Energy Efficiency Community Block Grant

Memorandum of Understanding entered into with the Department of Hawaiian Home Lands (DHHL) and the Department of Accounting and General Services (DAGS) to expend \$6 million on energy efficiency upgrades and retrofits in Hawaiian Homestead residences and state facilities, respectively

Efficient Appliance Rebate Program

Revising program plan to clarify appliance rebate amounts for the State of Hawaii Energy Efficiency Program under Science Applications International Corporation (SAIC) and Kauai Island Utility Cooperative.

Energy Assurance grant

Developing proposals with Idaho and Sandia National Laboratories on smart-grid and cyber-security training for Hawaii's energy stakeholders

Current Status

CBED & HHFDC

CBED Strengthening Communities

January 22-23, 2010, training conference with Department of Hawaiian Home Lands to work with community and faith-based organizations focused on developing the capacity of organizations in meeting needs, as well as, developing the technical competence (e.g., financial management skills) of select groups.

HHFDC Tax Credit Assistance Program (TCAP)

In December, TCAP funds were conditionally awarded to the following three eligible rental housing projects:

- Hale Wai Vista I (family);
- Ainakea Senior Residences; and
- Kukui Gardens (family).

Currently, all three projects are in various stages of required federal environmental review, prior to funds being released

Sub-Recipients

- ARRA SEP grant has no current sub-recipients; PUC expected to become sub-recipient next quarter.
- DHHL & DAGS working with DBEDT on the EECSBG grant, as state agencies are not considered sub-recipients for the purpose of this grant.
- SAIC and KIUC through the “Efficient Appliance Rebate Program” are DBEDT’s sub-recipients.
- To date, Energy Assurance grant has no sub-recipients.
- To date, CBED & HFFDC grants have no sub-recipients.

DBEDT Inter-Agency Collaboration

- Weatherization Assistance Program
 - Energy Program created first collaboration between WAP (DLIR), Public Benefits Fee Administrator and State Energy Program
 - Collaboration strengthened monitoring of results of WAP Program
- State Energy Program & Hawaiian Home Lands (DHHL)
 - Stimulus part of driving significant energy efficiency into homesteads
 - DHHL has integrated energy into strategic plans
- State Energy Program & Accounting & General Services (DAGS)
 - EECBG funding provided for solar in Capitol Region alongside \$34M Performance Contract
- DLIR and State Energy Program collaboration on green job development
 - DLIR won 1 grant; awaiting award for 4 more

Internal Controls

- Departmental ARRA Coordinator
 - Director of Department of Business, Economic Development & Tourism
- ARRA Team
 - Division Head, Executive Director, ASO, Deputy Ags and program staff
 - Will convene monthly or as needed
 - Discussion at weekly Director's staff meeting
- Departmental ARRA Coordinator, Division Heads, Executive Directors and Directors of State Departments develop and implement program plans
 - Energy program close coordination with US DOE, including approval of and any changes to SEP ARRA expenditure plan
 - Protocol between Departmental ARRA Coordinator and Energy program relating to specific ARRA expenditures
 - HHFDC board approval of TCAP allocations
- All procurement pursuant to State Procurement Code
 - Update existing procedures as required
- Close communication with overall State ARRA Coordinator

Lessons Learned

- Federal
 - Federal agencies will often make conditional awards; conditions prevent state from executing on funds until resolved
 - NEPA, Davis-Bacon, and Buy American requirements and their implementation have been significant impediments to execution
 - Federal interpretation of statutes varies and causes delays
 - Webinars for programs, reporting, and compliance have been very helpful
 - Federal staff shortage resulted in delays in feedback to state's questions and delay of approvals
 - Fed Connect needs a Table of Contents and an Index to facilitate finding subject area answers...not user friendly
- State
 - Having staff experienced with Federal grants necessary not sufficient for success; ARRA brought a significant learning curve even for seasoned staff
 - Implementation of early awards delayed due to evolution of requirements
 - Capacity issues needed to be addressed to be able to execute energy programs; entailed creating new positions and hiring new staff
 - Ensure registration with Federal grants system well in advance to facilitate reporting and application

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