



ARRA Presentation to the Legislative Federal Economic Stimulus Program Oversight Commission

State of Hawaii
Department of Business, Economic
Development & Tourism
July 27, 2010
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OVERVIEW

This presentation is organized as follows:

- Background & Response to Questions Posed in ARRA Oversight Commission Letter, 6/18/10 (slides 3-10)
- Energy Expenditure Plan & Status – (slides 11-34)
- CBED Expenditure Plan & Status – (slides 35-36)
- HHFDC Expenditure Plan & Status – (slides 37-39)
- Sub-recipients, Internal Controls, and Contacts – (slides 40-42)

DBEDT Summary

- \$93,908,055 awarded to date
- 7 Notifications of Award: 6 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): \$1,236,000 (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)
 7. HHFDC Section 1602 Tax Credit Exchange (formula): \$47,831,149

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
- US Department of Treasury

Award Purposes

- Energy Formula Funds are intended to drive energy assurance, efficiency, and renewable energy transformation
- 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 TCAP & 1602 Tax Credit Exchange to help complete construction of low income rental housing

Status of Grants

- Funds expended (as of June 30, 2010):
 1. State Energy Program (SEP) ARRA Grant: \$1,064,568
 2. Energy Efficiency Community Block Grant (EECBG): \$0 (amended application approved May 30, 2010)
 3. Efficient Appliance Rebate Program Grant: \$0 (Program completed, awaiting invoices)
 4. Energy Assurance Grant: \$1,394
 5. CBED Grant \$4,839
 6. HHFDC Tax Credit Assistance Program (TCAP) Grant \$0
 7. HHFDC Section 1602 Tax Credit Exchange \$8,138,162
- Obligated:
 1. State Energy Program ARRA Grant: \$22,214,060 of \$25,930,000 (85.67%, exceeding DOE 85% goal).
 2. Energy Efficiency Community Block Grant: \$6,670,572 of \$9,593,500 (70%)
 3. Efficient Appliance Rebate Program Grant: \$1,236,000 of \$1,236,000 (100%)
 4. Energy Assurance Grant: \$9,535 of \$318,196 (3%)
 5. CBED Grant \$53,000 of \$250,000 (21%)
 6. HHFDC Tax Credit Assistance Program Grant \$9,861,610 (100%)
 7. HHFDC 1602 Tax Credit Exchange \$47,831,149 (100%)

Status of Grants - continued

- Expectations for meeting deadlines:
 1. SEP Grant - on track for 100% obligation prior to September 30, 2010.
 2. EECBG – on-track to expend all funds by the grant deadline.
 3. Efficient Appliance Rebate Program Grant - all rebate applications issued, invoicing and final accounting in progress.
 4. Energy Assurance Grant – total of 5 tasks of which 3 will be completed this August. Expect to complete the final 2 tasks by the August 14, 2012 deadline.
 5. CBED Grant - Full grant amount will be spent by September 29, 2011.
 6. HHFDC Tax Credit Assistance Program Grant - On track to meet program deadlines - Met the 2/16/10 obligation deadline; on track to meet expenditure deadlines of 2/16/11 (75% of funds) and 2/16/12 (100% of funds).
 7. HHFDC 1602 Tax Credit Exchange – On track to meet 12/31/10 expenditure deadline; 12/31/11 deadline for projects that have incurred 30% of the total adjusted basis in land and depreciable property.

Contingency Plans

- Contingency Options: for “Energy” if contingency actions are necessary, funding will be directed to agreements already in place with other State agencies.
- Contingencies Undertaken:
 - A. Energy – reallocated \$500K within Electric Power & Renewable Energy market of SEP**
 - B. CBED – none**
 - C. HFFDC – none**
- Justification for Contingencies Undertaken:
 - A. Energy – Not able to obligate by 30 Sept 10**
 - B. CBED – Not applicable**
 - C. HFFDC – Not applicable**

Assurance Plan for ARRA Expenditure

- Contingency Implementation Timeline:
 - A. Energy – if necessary, two (2) weeks prior to the grant obligation deadline of September 30, 2010, contingency plans will be implemented.
 - B. CBED – Not applicable
 - C. HFFDC – Not applicable

Sustainability of ARRA Projects/Staffing

- Sustainability Plans
 - A. Energy – the State Energy Office plans to employ funds, as needed & available, from the Energy Security Special Fund (Act 73 (2010)), to sustain the momentum and staffing requirements of ARRA initiatives tied to the Hawaii Clean Energy Initiative.
 - B. CBED – There are no plans at this time to sustain the Strengthening Communities project beyond the project deadline.
 - C. HFFDC –TCAP and 1602 Tax Credit Exchange are for the development or acquisition/rehabilitation of affordable rental housing projects. Funds are intended to fill financing gaps created by deterioration in LIHTC equity markets. The rental housing projects are owned and managed by private, nonprofit entities. HFFDC does not provide ongoing operational support.

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 electrical grid resiliency.
- Allocation of aggregated energy grants over sectors via contracts as follows:

■ Energy Efficiency:	\$18,219,512
■ Renewable Energy:	\$ 9,663,425
■ Transportation:	\$ 5,292,357
■ Energy Assurance & Smart Grid:	\$ 1,098,423
■ Outreach & Administration:	\$ 2,803,979
- Integration within and across sectors and with external sources of funding.

Current Status - Energy

- 100% of dollars awarded for energy activities received.
- We have met the USDOE's goal of obligating 85% of SEP funding by June 30, 2010, and are on track to meet the grant requirement of 100% obligation prior to September 30, 2010. The SEEARP grant is completed, awaiting invoices. The EECEBG & Energy Assurance grants both expect to meet their deadlines for project completion.
- Hired eighteen (18) additional staff to manage and implement the ARRA SEP initiatives. Expect to hire two (2) more personnel.
- DBEDT is enabling public / private sector participation via:
 - rebates (2): \$6.7M
 - grants (2): \$1.2M
 - Requests for Proposals (6): \$4.5M
 - Professional Services procurements (3): \$3.3M
 - Memoranda of Agreement (8): \$18.1M
 - Sole Source contracts (3): \$2.6M
 - Government to Government contracts (4): \$0.9M

Government & Residential Efficiency Program

- Project Description: Upgrade through retrofits energy efficiency measures in State, County, and residential buildings.
- Project Amount: \$6.2M
- Implementation: MOA with PUC
- Project Status: Initiating work
- Actual / Anticipated Economic Impact: Annual energy cost savings of \$7,452,847 and the creation of 92 estimated jobs in Year-1.

Homestead Energy Program

- Project Description: This project will conduct home energy audits and assessments; deliver energy efficiency and conservation education/training; and retrofit/install homes with solar water heating systems/energy-efficient lighting.
- Project Amount: \$2.9M
- Implementation: via MOA with DHHL
- Project Status: Funds are 100% obligated. Contracts are in place; work has begun.
- Actual / Anticipated Economic Impact: assist DHHL homestead communities covering 400 homes.

Kauai Energy Efficiency Programs

- Project Description: Energy efficiency rebate program for the County of Kauai government and residential electric utility customers.
- Project Amount: \$500,000 (\$200K-SEP, \$200K-EECBG, \$100K-SEEARP)
- Implementation: Sole source (HRS-103D) with KIUC
- Project Status: KIUC notified to proceed.
- Actual / Anticipated Economic Impact: Generates cost-efficiencies by using existing programs to penetrate the market and leverage contracts and infrastructure already in place for managing and implementing the rebate.

WAP Supplemental

- Project Description: Increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety. The WAP priority population is persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high-energy burdens.
- Project Amount: \$500,000
- Implementation: MOA with DLIR
- Project Status: Funds for (4) DLIR contracts being encumbered
- Actual / Anticipated Economic Impact: The supplemental will increase the percentage level of aid available to qualified low-income households. Energy efficiency measures to include compact fluorescent light fixtures and the installation of solar hot water systems in 750 households.

Technical Assistance for Sustainable Buildings

- Project Description: Technical assistance and training to building owners, developers, design professionals, and county building code officials to ensure that new and renovated buildings are designed and built with high efficiency such as Leadership in Energy and Environmental Design (LEED); verification and benchmarking for Energy Star Hotels and hospitality sector; and data collection and analyses of impacts.
- Project Amount: \$786,000
- Implementation: RFP procurement (HRS-103D)
- Project Status: Contracts signed and ready to encumber
- Actual / Anticipated Economic Impact: Accelerate adoption of highly energy-efficient Energy Star and LEED buildings. Reduce building electricity consumption, carbon dioxide emissions, raw materials use, waste output, and potable water consumption.

Seawater Air Conditioning

- Project Description: Startup project to expedite implementation, attract financing, and document data on high efficiency/renewable energy application of sea water air conditioning for Waikiki hotels, the Hawaii Convention Center, and other nearby appropriate facilities.
- Project Amount: \$200,000
- Implementation: Government to government procurement (HRS-103D) with UH-Sea Grant
- Project Status: Project awaiting fund encumbrance; contract obligated (signed).
- Actual / Anticipated Economic Impact: Will accelerate this project moving from concept to construction. Matching funds: \$800K

PV for State Buildings

- Project Description: This project will be a PV demonstration to reduce energy consumption within public buildings.
- Project Amount: \$3M
- Implementation: MOA with DAGS
- Project Status: Contract is in place; work will begin at the end of July, 2010.
- Actual / Anticipated Economic Impact: Installation of 235kw

DOH On-line Permitting System

- Project Description: Develop an online permitting process for DOH Environmental permits, to include Clean Air, Clean Water, Waste Water, and Solid Waste. Many renewable energy projects require permits from DOH, therefore streamlining this system will significantly help expedite renewable projects in Hawaii.
- Project Amount: \$375,000
- Implementation: MOA with DOH
- Project Status: Met with contractor to start development of the permitting system.
- Actual / Anticipated Economic Impact: Will allow developers a more cost-effective expedited process for permitting projects.

Permitting Guidebooks & On-line Information

- Project Description: Consolidate all federal, state, and county permits required for Hawaii renewable energy projects into one place, and develop permitting timelines and checklists for individual projects.
- Project Amount: \$150,000
- Implementation: Professional Services Procurement (HRS-103D)
- Project Status: Project advertised, proposals due Aug 11th, work scheduled to begin September 2010.
- Actual / Anticipated Economic Impact: Users will be able to create individual project files (permit plans) to identify necessary permits and estimate project development timelines.

Renewable Energy Tipping Point (Battery Energy Storage)

- Project Description: This renewable energy support technology project will enable HELCO and MECO to specify, install and control dispatchable energy storage systems on representative circuits with high levels of distributed generation to manage the impacts of intermittent (solar and wind) renewable energy generation on the electrical distribution system.
- Project Amount: \$2.1M
- Implementation: Grants to HELCO and MECO
- Project Status: Project contracts to be finalized in August.
- Actual / Anticipated Economic Impact: Successful use of energy storage technologies to address grid interconnection issues will enable higher levels of penetration of distributed renewable energy, increased energy security, and investment in clean energy technologies.

Interisland Cable EIS

- Project Description: Perform required environmental, cultural, and biological studies for the interisland cable EIS and required grid upgrades on Oahu; support drafting of environmental assessment components; host stakeholder meetings on Molokai, Lanai, Maui, and Oahu.
- Project Amount: \$2.99M
- Implementation: RFP procurement (HRS-103D)
- Project Status: Contractor selected / Project initiated
- Actual / Anticipated Economic Impact: Directly shorten the critical path for the deployment of the undersea cable.

Undersea Ocean Floor Surveys

- Project Description: Survey potential cable routes.
- Project Amount: \$300,000
- Implementation: Government to government procurement (HRS-103D) with UH-SOEST
- Project Status: Survey work completed, awaiting final reports.
- Actual / Anticipated Economic Impact: Provides evidence to substantiate implementation feasibility and cost implications of potential cable routes.

Special Deputy AG for Interisland Cable

- Project Description: Aid in the development of the interisland cable by advising DBEDT on legal, regulatory, business, financing, and strategic decisions.
- Project Amount: \$200,000
- Implementation: Government to government procurement (HRS-103D) with the Office of the Attorney General
- Project Status: Project awaiting fund encumbrance; contract obligated (signed).
- Actual / Anticipated Economic Impact: Reduce risk for the state and consumer, and shorten the timeline for getting the undersea cable in place.

Request for Information for the Interisland Cable

- Project Description: Enable DBEDT and the Hawaiian Electric Company (HECO) to collect information on the financing and development of the interisland cable via a cable developers' conference. The results of the RFI will be used in the Request for Proposal for the interisland cable.
- Project Amount: \$50,000
- Implementation: Sole source procurement (HRS-103D)
- Project Status: Awaiting project final report.
- Actual / Anticipated Economic Impact: State to enhance its understanding of project financing alternatives, preferred project structures, potential obstacles, and reducing costs in developing the undersea cable.

Subject Matter Expert

- Project Description: The SME will help draft the RFP for the cable system, provide technical expertise, and will help develop the financial plan for the cable project.
- Project Amount: \$700,000
- Implementation: MOA with DAGS
- Project Status: Advertised project procurement via DAGS Professional Services notice
- Actual / Anticipated Economic Impact: Reduce risk for the state and consumer, and shorten the timeline for getting the undersea cable in place.

Transportation Energy Diversification Program

- Project Description: Develop a plan for rapid transformation of the energy demands of Hawaii's transportation sector. Grants and rebates for early adoption of commercially available technologies, vehicles, and infrastructure per Act 156 (2009).
- Project Amount: \$4.02M
- Implementation: MOA with DCCA
- Project Status: Grant applications due 7/26/2010
- Actual / Anticipated Economic Impact: Electric vehicles will allow electricity – particularly off-peak electricity generated using renewable resources and the most efficient electrical generation equipment – to directly displace gasoline and diesel fuel. The increased demand for clean, off-peak renewable energy may also improve renewable energy project economics.

Alternative Fuel Vehicles & Infrastructure

- Project Description: Deployment of electric vehicles in State fleets and installation of charging stations in State owned facilities.
- Project Amount: \$475,000
- Implementation: MOA with DAGS
- Project Status: Electric vehicle parking, chargers, and signage under discussion by DBEDT and DAGS.
- Actual / Anticipated Economic Impact: Installation of electric vehicle service equipment, designation of parking for electric vehicles, and training of technicians and installers will enable Hawaii to more quickly transform its transportation system while developing locally-produced, renewable electricity.

HCEI Outreach

- Project Description: Public relations, website support, community meetings, and other outreach efforts across the State for HCEI and the interisland cable.
- Project Amount: \$500,000
- Implementation: RFP procurement (HRS-103D)
- Project Status: Contract award 7/23/10, expect contract signature by 8/6/10.
- Actual / Anticipated Economic Impact: Showcase energy projects and programs to stimulate transformation (reinvestment) and job growth.

Energy Conference Services

- Project Description: Provide technical assistance, training, and public education activities to encourage the use of energy-efficient and renewable energy technologies.
- Project Amount: \$160,000
- Implementation: Government to government procurement (HRS-103D) with UH Conference Center
- Project Status: Project awaiting fund encumbrance; contract obligated (signed).
- Actual / Anticipated Economic Impact: Showcase energy projects and programs in order to stimulate job growth and economic development opportunities.

Innovative Clean Energy Financing

- Project Description: Apply innovative clean energy financing initiatives to support public adoption of energy technologies by overcoming up-front economic costs and risks.
- Project Amount: \$2.9M
- Implementation: Professional Services procurement (HRS-103D); loans and grants
- Project Status: Project Notice under review by ATG
- Actual / Anticipated Economic Impact: Leverage private investment and mitigate risks associated with loans.

Energy Assurance

- **Project Description:** Address energy supply disruption risks and vulnerabilities to assist Hawaii develop a standardized energy assurance and resiliency plan that it can rely on during energy emergencies and supply disruptions.
- **Project Amount:** \$230,000
- **Implementation:** RFP procurement (HRS-103D)
- **Project Status:** Project advertised. Estimated date of contract award 9/28/10.
- **Actual / Anticipated Economic Impact:** Better planning efforts will help contribute to the resiliency of the energy sector and contribute to less costly impacts.

ARRA Evaluation Consultant

- Project Description: Independent program evaluator to assist the State in planning and conducting evaluations of all ARRA funded energy projects managed by the State Energy Office.
- Project Amount: \$200,000
- Implementation: Professional Services procurement (HRS-103D)
- Project Status: Project notice drafted; under review by ATG
- Actual / Anticipated Economic Impact: Ensure accountability and transparency, using guidance from the U.S. Department of Energy and the State ARRA Coordinator.

Basis of Expenditure Plans - CBED

- 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

Current Status - CBED

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.
- ❖ The CBED program recently engaged UH's Department of Urban and Regional Planning to provide services to coordinate training sessions and to evaluate and measure the effectiveness of the capacity building training.
- ❖ The CBED program is currently soliciting quotes for trainers on the following topics: Organizational planning, Budgeting & Financial planning, Fundraising Strategies, Board Governance, Proposal Writing, and Basic Website Development.

Basis of Expenditure Plans - HHFDC

- Aligned with HHFDC functions set forth in Chapter 201H, HRS
 - TCAP and 1602 Tax Credit Exchange will provide financial assistance to fill funding gaps in affordable rental housing developments that use federal Low Income Housing Tax Credits

Current Status - HHFDC

HHFDC Tax Credit Assistance Program (TCAP) (as of 6/30/10)

- **Hale Wai Vista I, Waianae (84 family units)**

Construction completed. Disbursement of \$1.78M in TCAP funds (which replace higher cost project debt incurred due to declines in LIHTC pricing) is pending execution/recordation of TCAP documents and submittal of due diligence items.

- **Ainakea Senior Residences, Hilo (30 elderly units)**

Construction completed. Disbursement of \$3.3M in TCAP funds (which replace higher cost project debt incurred due to declines in LIHTC pricing) is pending submittal of due diligence items and recordation of TCAP documents.

- **Kukui Gardens, Honolulu (389 family units)**

Pending execution/recordation of TCAP documents. Disbursement of \$4,781,610 in TCAP funds for rehabilitation work is anticipated to begin in August 2010.

Current Status - HHFDC

Section 1602 Tax Credit Exchange Program (as of 6/30/10)

- **Hale Ohana Apts., Koloa, Kauai (48 family units)**
Disbursed \$328,803.98 of \$3,723,552.50 for acquisition/rehab.
- **Honokowai Villa Apts., Honokowai, Maui (56 family units)**
Disbursed \$1,859,357.99 of \$5,563,250.00 for acquisition/rehab.
- **Hale Wai Vista II, Waianae, Oahu (132 family units)**
\$16,712,887.00 awarded for new construction. Disbursement is pending execution/recordation of Section 1602 documents.
- **The Villas at Malu'ohai, Kapolei, Oahu (72 family units)**
Awarded \$15,881,459.50 for new construction. Disbursement is pending execution/recordation of 1602 documents. Project construction is estimated to commence by September 30, 2010.
- **Hale Mahaolu Ehiku, Ph. II, Kihei, Maui (60 elderly units)**
Disbursed total award of \$5,950,000.00 for new construction. Project completion is estimated by September 30, 2010.

Sub-Recipients

- The PUC through the “ARRA SEP grant” is a sub-recipient.
- DHHL & DAGS working with DBEDT on the EECBG 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.
- The Energy Assurance grant has no sub-recipients.
- The UH-Department of Urban and Regional is CBED’s first sub-recipient.
- To date, the HHFDC grants have no sub-recipients.

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 and Section 1602 exchange allocations
- All procurement pursuant to State Procurement Code
 - Update existing procedures as required
- Close communication with overall State ARRA Coordinator

Grant Program Contacts

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