

April 22, 2010

Energy Council Meeting
9:00 AM

Attendees: Val Martinez, Louise Perez, Kathy Ely, Kathy Kifaya, Dennis Osmer, Joan Graham, Chuck Belk, Shelly Hance, Tim Reese, Lloyd Throne, Jason Wimbley, Ernie Flores

Also in attendance: Melissa Martin , Wayne Wade, Andrew Signey, Marilyn Wacks, Matt Schwartz, Maria Caudill, Ronn Kaiser

Call-in: Chris Johnson,

Approval of minutes: Minutes will be tabled until the next meeting. Melissa will have Arleen send them out again.

I. Director's Comments

The future of CSD is going to be numbers, and only numbers. The Vice President wants to see the numbers hit 30,000 a month nationally – with no excuses. Lloyd is recommending to Andrew to keep the Energy Council as it is “a life line to CSD”. There will be another acting director Cliff Allensb (unknown of name spelling) former director of Health and Human Services. Change is going to happen and the obstacles will not stop. Lloyd believes without the EC, CSD will be deficient. Andrew will be here in the afternoon. Lloyd congratulated us on the victory of taking CSD out of the Assembly Bill 2651. Matt Schwartz is well known with Southern California, very smart, and knows the political arena. His proposal was provided to CSD- requesting 20% of the money in phase II. Lloyd thinks it makes perfect sense to work together with him and his network. Let's do the best we can to work together, Lloyd says if he works with Multi-family he will be working through our network not as an independent. Val said Yolanda is trying to arrange a meeting with Loenthal for Monday the 26th to talk about this matter. Lloyd mentioned that unions are surrounding us, especially with Jerry Brown, and just saying down the line we are going to have to work something out with them, so Lloyd suggests a meeting to take place with top union folks to sit around the table and talk things out. Val mentioned we had a meeting last June but nothing happened since then, Lloyd said talk to the top, ALFCIO.

II. Affordable Housing Partnership

- a. **Overview of the California Housing Partnership Corporation Proposal**
- b. **Review of DOE Weatherization Program Notice 10-15A (Guidance regarding the accrual of benefits to low-income tenants in multi-family buildings) and potential impacts to the program**
- c. **Summary of recent conference call meeting with Matt Schwartz, President (CHPCP)**

d. Energy Council recommendations on next steps and expanding service opportunities to Affordable Housing

Val Martinez Overview of Proposal and Conversations Matt Schwartz: The proposal says they want 20% of existing contract to be targeted to their existing housing stock and we should be forwarding all services to their client base- This proposal originate because according to MATT he has been trying to get to Jason to incorporate the affordable housing partnership- but since Matt was unable to get through he went to extremes and met with Loenthal and wrote the proposal, mwhich was sent out to the network for review

Dennis Osmer- got a call from Pete Price to talk to Mark Strivers in the housing office- their conversation was about how to help them out locally, Dennis did not hear anything about a proposal at that time.

Louise Perez- also had a call and met with some folks early on in the year and had conversations and looked at the properties in question but there was never talk about anything else- so this proposal came out of left field, in her perspective.

Bill Kelly from affordable housing has also been trying to get with Jason as well, and Matt Schwartz said other states have went through the affordable housing partnership- states who prioritized those particular groups for services have been New York, Florida, Oregon and others.

Val Martinez – while talking to Matt he explained that he works for about a third of the affordable housing group in CA- he wants to use a different protocol for large HUDs and doesn't think what we are doing right now is effective- he is looking at a more tech approach of doing weatherization like a whole house approach rather than our menu driven program- (all this information is obtained in the proposal he wrote) Matt wants to get a bigger bang for buck by investing in boilers- but if that's the case Val suggested to him that the building owners need to bring money to the table also- she was aware of funding pools available to them as well, and to properly leverage this will be the case. Val suggested to him that this is our money as it is designated to certain territories and we are the designated contractors for those territories (However as we later find out we are only those designated service providers under the LIHEAP contract) – Matt Schwartz is under the impression the money is just designated to the state of CA.

Dennis- Matt knows it is not our money- “we have no protection or shield for DOE as we do with LIHEAP as what LISA from CSD spoke out at the budget hearing”

Val Martinez suggested that we want to work together as that will be our best interest and perhaps we can tackle half of the list on the approved DOE HUD buildings. Jim Masters email that was sent to the network captured the hurdles very well when working with these groups but showing it can be possible.

Question: What about replacing whole heating systems?

What Val expressed to Matt Schwartz, is that if it's something outside the scope of the program the owners may have to come up with some money- but maybe also CSD will also allow us to do that- In New York many building owners are required to come up with a percentage of money.

We also as a network have to look at our ability to handle their expectations- and with the 100% blower door it is likely we will only be able to do lights and water measures- being only able to do this leaves open the possibility of having them come back to us and saying this program is not effective.

Matt Schwartz audit tool is the TREAT audit- more applicable to HUD buildings- everything is 100% energy audit driven- Currently CSD is looking at this audit with the city of San Francisco

Val Martinez suggested that the Mandatory 100% Blower Door should be lifted by CSD when dealing with MUDS- with a 500sqft unit you are not able to do anything- and the mechanical ventilation is making the problem worse not better as it was intended to do-

The mandatory blower door excludes all other measures although it helps us with cost. It was encouraged that CSD looks into this matter as it pertains to MUDS, this is very important as many are running into the problem of not being able to do anything in the home.

Kathy Ely- Will look into the possibility of the blower door requirement being relaxed and looking at this multi-family audit tool as an alternative

The network should take advantage of any leads to weatherize more homes.

Louise Perez has concerns but feels we can work with them, and we need to remind them we have been working with them, although it may not be in the coordination they like. However the greatest problem is the blower door- and if we get a relationship and we only put showerheads and gaskets we are going to win the battle and lose the war- because little will be done in terms of energy efficiency- and there is no way to get beyond it if we retain the blower door.

Kathy Ely again reiterated that she will have a discussion with Jason and Leslie to see if there is an alternative and how do we work through that.

Shelly Hance- thinks it is important to have an arena to let them know the environment we work and the barriers we have been through and the level of detail and expertise that is located in our network. To inform them and educate- so they understand what we do and who we are. The second thing if in fact they want to do the whole complex items- is for them to look into the energy commission money available for retrofits.

As the council we need to find out about what they want and if they want big items lets have them apply for energy commission money for big funds and we can work on the more weatherization side- lets ask them what do they want and how can we work with them, as there is money out there already that will be that may be more in line to their needs.

Val- she spoke with Wayne Wade, to see if he will be useful in the meeting, he has been trying to figure out how to partner these groups, when Val spoke of barriers to him, he held specific information we did not know about, since he has access to the federal level. Val voiced Arleens' concern that there is still a 66% requirement,

e. City of San Francisco – Whole Building Approach

Update from Chuck Belk of CDS- CSD is working through contract details to see what is going to work for them (San Francisco) as they have lots of affordable housing- they are looking at something energy audit driven and would like to use the TREAT audit as it is currently on the approved DOE energy Audit list. CSD is looking at this audit tool for potential use throughout the state. They are trying to have a contract in place with the city of San Francisco sometime in May.

Val asked if they could come in and do a presentation, as this topic is very interesting especially as it pertains to a particular audit tool that would be helpful to many agencies. Chuck will try for the LIHEAP service provider meeting in MAY, to showcase this pilot.

III. State Historic Preservation Update

CSD is still working through stages on coming up with an agreement with SHHPO, they will be at the meeting on Tuesday to give a brief overview and how they envision the process happening with our local providers, and how to approach it without it delaying our units. May 15th is the day to enact this, as this is something we should have been doing already.

Val suggested that it is all new intakes that have not been assessed at that date. Chuck agrees there needs to be a clear way to do that and he will talk to Jason and Kathy, to bring it up at the Tuesday meeting as to what qualifies before and after. We are not officially covered by this programmatic agreement, as they are trying to piggy back up with the energy commission agreement.

Question- Has anyone had an inspection?

The only problems one may run into is when you are trying to pull a permit.

CSD is going to try to simplify the form and propose it to SHHPO, CSD would like to have their own form, where the agency just sends the form to CSD to check off what will be done, and if this is something that is going to be an exempted activity, CSD will send something back to go ahead with the measures. CSD will try to do it in email format.

Chuck will do a flow chart, of the steps, and believes a lot will be exempted, but there are some big issues, such as windows and doors. For some that require additional review then further steps will take place, (this is an evolving process, but as Val stated this can be a problem because it is an evolving process, and would like something more concrete to avoid constant changes to the process) Chuck will show the form to a few people, and will get a survey out asking: how many agencies is this going to affect and to what extent.

IV. Weatherization Waiver Approval – Discussion

a. No discussion

V. DOE ARRA Program Update/Discussion - CSD Staff

- Production Update
 - Performance monitoring visits
- DOE Energy Audit Update

We need to make sure we stay on task with all the other programs as well. Do we need to move the June benchmark? Setup a production plan the agency establishes and hold them to that, as leverage will change by months. As soon as the amendment goes out following that will be the third release.

It's the state spending authority and What CSD is trying to do, is use the authority they have to get as much DOE funding out the door they can. CSD will borrow on LIHEAP to cover DOE, this will be about 10million they will hold from LIHEAP to cover DOE.

VI. Weatherization Training Workshops

- a. Review network identified obstacles/issues - attempt to prioritize issues in order of importance; decide on what we need to cover at the training workshops

Handout provided- this list is weatherization in general not particular in dealing with HUD.

Issues in particular to HUD and how they can be removed:

1. Blower door
 - a. Suggesting CSD eliminate 100% Blower Door on MUDS
 - b. Jason says as part of this energy analysis RHA is trying to get a sampling to present to DOE- only do blower door on interior and exclude corners –
2. If we replace a door, they want all the units to look the same (do we replace all doors?)
3. Uniform application of materials and construction specs
4. Lead certification – clearance
5. Local Plans- as to local agencies
6. Energy Burdens
7. Property owners tend to Picking and choosing measures- they do certain ones and want us to do the others
8. Minimum measures not met due to utility energy partners- so we should be allowed to replace only windows if that is the only thing needed. Have CSD remove this obstacle if it becomes a problem.
9. Issue of rent inclusion of utilities- butt heads with the DOE energy savings (how is the management company going to show how they are going to pass on savings to the customer, how are they going to get around this part to satisfy DOE requirements)
 - a. We look at energy burden and direct energy benefit as it is the focus of our program- when looking at affordable housing you have some that are 100% and some that are mixed incomes – we should continue to adopt our focus as it narrows down the pool of potential – how do we go about documenting energy cost and burden (what is generating interest is this guidance)
10. Meeting affordable housing expectations exceeding scope of program

- a. Feasibility Issues (non-public housing section 8 approved)
 - i. Typically little work, just retrofit and lighting and the biggest thing is appliance work they are always looking for new refrigerators a lot of times the cabinetry does not allow for new refrigerators because they don't fit, and they don't want to pay for cost to remove fridges so it becomes a non-feasible situation.

Question- What can we get from DOE that is big time

What if CSD/DOE allowed us to use up to 25% of funds at our discretion under LIHEAP to do these innovative projects and partner with HUD, and we manage those projects (there was agreement to this approach) Not limit to this group but we can preference this group. This list is 100% purely low-income, from the DOE guidance.

Send out to network: ask for a list of innovative project specifically related to MUDS. What we would like to do

- Once we identify this list have Jason come in to discuss this to see what we can do to eliminate these barriers

b. Davis Bacon Compliance Software Presented by Liz Fitzgerald

Issues with certified payroll, and what software can do for us. Liz got the DB unit together and is reviewing the certified payroll. The biggest thing that has caused them a lot of difficulty is the over-time and the calculation of that. It's the computation of overtime causing trouble, and because it is based on a full week and includes non-ARRA work, they cannot calculate and compute overtime because they are not given all the work information needed.

Liz ask the feds about the methods preferred and the FEDS said average and simplified method is both acceptable. Liz feels the simplified method is less time consuming and easier to calculate, she was under the belief that employees knew in advance they need to work overtime-

The EC stated that overtime is usually found in the home on the job and it is work that is unanticipated, Liz said the simplified method can be used if it is stated in the DB plan this is the method we are going to use, and if in DB plan this is part of that disclosure, when it comes to over time and this is what we are paying than there is no issue.

The March rates are the new ones- and only if they changed is CSD asking agencies to update their wage plans. Liz is offering the approval from DOL that the simplified method is an acceptable method to use, and is encouraging that method to be used. CSD is exploring the opportunity of purchasing a software that is being utilized for ARRA funding within the state as well as in a number of other states. Liz saw a demonstration of this program and it will allow the certified payroll to be standardized and it will all come into CSD the same, and be sent in electronically, no mail-ins. It will identify errors, tell us computation for overtime, it is programmed for every aspect for ARRA and specifically for the weatherization program. Liz thinks this will be a true benefit in cost savings.

Louise said what about employees not part of DB, and how user friendly will this program be in terms of compatibility with other programs, and would we have to use this system for DB employees and other systems for non DB employees?

Liz is not sure if it is something that will integrate with current agencies software. Liz said it is a certified payroll software and there is a number of cities using this software, as its not ARRA specific but it can be programmed for that, what was appealing about the software, so from that Liz believes it can be compatible.

Kathy Ely said there will be a demonstration of the software, at CSD.

Kathy Kifya said part of the problem, is when overtime is stuck in traffic, and that is the reason for blended rate in her agency.

If you choose to use the blended for the certified payroll then you have to show the math on how you got to that number.

Liz believes that the software will enable the DB compliance group to standardized the way information is coming in, submit electronic submission of payroll and electronic signature, to get info timely, its cost effective, time saving, and in the long run be cost effective for the department.

There is a liability to the agency if there are under-payments discovered and if an employee chooses to dispute and reports it to the DOL and they come in to CSD to look at records- the underpayments will be paid. CSD will not cover any liability on liability in the payroll, it will be on the contractor-subcontractor, whoever is making the payments, CSD is responsible for insuring it is correct. CSD will notify agencies if they find underpayments and will ask for compliance within thirty days. The software is Hill international located out of San Ramon.

VII. ACCESS

- Automation Update
- No Discussion took Place

VIII. Topics for Upcoming Meetings & Announcements

- No Discussion Took Place

IX. Meeting with Affordable Housing Partners

Lloyd's comments on proposal by Matt Schwartzl- EC was creation of Lloyd Throne, to review various energy standards and technical issues– it's an advisory capacity and nothing more- so there is no misunderstanding- the EC has been going on for about three years and it's a body that helps and gives input on technical issues that may arise.

After the first quarter report submitted- CA is now at 75% of our goal not bad since we started January 1st 2010.

Matt Schwartz:

CA Housing Partnership Corp. – not looking to get a contract or interested in any of the money from the dept.

They are setup in the state health code and its board members are appointed by the state of CA and their purpose is to sustain and create new affordable housing through financial technical assistance and policy issues.

They have a group of non-profits they work with and have a database of affordable rental housing- Matt said it's difficult to setup energy retrofits as it is mainly focused on ratepayers- this is especially true with the IOUS

Every household dollar in rental units makes or breaks feasibility- many become aware to reduce energy usage in low income housing- Matt admits they are not a technical group, but they want to make sure people who live in low-income housing get their share of this money- as much of the housing stock is falling apart as many were built in the 40s and 50s. He understands that agencies may have been working already with providers.

Matt wants to acknowledge that they have been very aggressive in trying to get CSD attention in regards to WX funds- and apologized for behavior in trying to get attention of CSD and the network. He understands there are things in his proposal that maybe wrong.

Schwartz wants to be clear that its his job to continue advocating on behalf of his board.

Phase One:

What Schwartz can bring to the table to help- they have gone through their own database to cross reference every certified property – they started the process so we can look by provider district- of available housing of 100% income eligible- the buildings have been certified because they make the 66% allowing them to be 100% income eligible.,

Question: do we still have to do income eligibility?

Wayne Wade said there may be a need to gather information such as number of applicants- and their demographics but the income data is not needed

In Schwartz document- they do not know every owner and many are owned by for-profits and not are all socially motivated

They do talk to many of the private owners and do work closely with the affordable housing. They want to help us in reaching someone if an agency is having difficulty, They are adding another staff person to help with this issue- and they are also working on this in the LIEE program. There are many other buildings he believes are eligible but not in the document provided

Mercy housing would like to work with us statewide- and they can be a terrific pilot place to start relationships- They are ready to work with the agencies

Another way to help is perhaps leveraging in other funds- through state and federal, as their core business is putting together the financing

Wayne Wade is available to help with HUD technical resources

DOE looked to HUD to do the income qualification and DOE asked HUD to do the qualification from a building by building basis- some of the data is not connected by addresses- so the list includes any property where 100% of units met DOE eligibility requirements. So on list one is a tab of 100% low income. If HUD knew the property constituted a single building (high rise) and it 2/3 or more met income requirement. If HUD was able to match addresses to buildings they did that as well, so they looked at the property and went building by building. HUD worked with DOE to establish a four part process to the list.

Question: Is it DOE's intent to prioritize these properties or give us access to facilitate to them?

Each state has its own priorities, for some states under ARRA there was an interest in targeting multifamily principally to meet the goal.

Schwartz- technical issue of how to show energy benefits reach back to the tenant- It is acceptable to show non-energy benefits such as extending the lives of the buildings to be continued as a low income housing. DOE recognizes those intangibles as benefits as stated in ruling.

Lloyd said he thinks there are reasonable things- but is unsure of how this would look.

The first step would be to send out an encouraging memo to the network- and voluntarily we think we can meet this goal and would like agencies to take steps – get the list- Wayne Wade will hold a series of regional workshops if it helps to get providers and owners in the room – (all six HUD offices statewide are willing to support)

Lloyd emphasized the invitation would come from the state not the EC – Jason said this timing is good they have a meeting next week with all providers – Jason wants to make sure for now we have to work within existing parameters- the best thing is having the list of units available – but when this does take place all parties have to be on the same page in terms of expectations –

Wayne said they want to make sure they make it clear to their stakeholders that there is a cost assessment test from DOE and it's a scope of work not a wish list. It doesn't preclude us from treating but they may have to put money on the table if work exceeds scope of program

Wayne Wade-HUD does not know if providers need support to do a multifamily project, like in the case with San Francisco if you had local agencies who wanted to enhance their program and adopt a whole building model, that's an area in how they can bring technical service in the equation, maybe assistance funding- it's the provider steering and HUD helping to provide a solution

If the SIR is less than 1.0 of leverage funds DOE has a problem with that- however other states look at SIR on average basis and in regards to leverage funds they factor those in

Jayson asked for clarity on this issue and if the housing partners have a reserve they can tap into – Andrew asked for something in writing but the policy has to be established by DOE and Wade can help do this

Schwartz – another concept – there are non-profit owners who are pretty sophisticated and they have their own contractors, at times it is problematic if a crew is coming work on a building they are unfamiliar with– is there a way we can sub-contract work to owner of the building

Why this won't work- liability issues, training requirements

Schwartz said the network needs to overcome the issue of their standard of work- and how many view it as sub-standard- it's a credibility issue- from an incident with Spectrum

City of Oakland wants to replicate the San Francisco model, Jason knows there is some technical issues before an approach to DOE is made, if all goes well we can get approval from DOE to have a specific energy audit for these types of buildings – and still have our individual unit approach

Schwartz-**Question**-if these issue are worked out with the whole building approach and there is a signed a contract with San Francisco and acknowledge work will be done in this way can other providers amend their contracts to work on these buildings

Jayson said we would have to alter contracts statewide, use San Francisco model and issue it to amend contracts statewide-

Client Participation:

It's the client being talked with because it is their behavior that dictates energy savings, if clients choose not to participate we cannot make them participate –

Schwartz said in HUD buildings you are allowed to go in as they do not own anything, - does DOE expect to get permission from each individual- the property owners try to tell tenants but – DOE does require signature or approval of the tenant,

There will be an invitation to providers by CSD that hits all the things we are talking about- there will not be a percentage in this potential invitation-CSD is in favor in opening the door, and let's start on this journey – Jason sees value in having Wade and Matt at provider meeting – also to address Kathy issues it will be worthwhile to do some strategic targets- wise to do pilots to identify an unforeseen barriers we may have to work through – EC members express desire to do that and talk strategically as to what would work best –

- Louise is offering Sacramento and would like to see what CRP can do to report back to the group, if a relationship can be worked to identify the issues there will be something to bring back to the network, - Offering CRP as a prototype, to overcome policy barriers we may run into –

Jason said it can be multiple pilots in the state Kathy Kifya will be the Prototype in south for Orange County

Issue of 100% qualified- send out income verification and the second part is you cannot put a unit into servtraq with no income verification – Dennis said you have to put it in as a vacant unit with no demographics

Setup a MOU between housing partnership and CRP and Orange County – which is a quickest mechanism to start this program out –

Schwartz wanted clarification on how the ARRA money was released- DOE grant of 187million in DOE ARRA they released only 50% and once we achieve 30% benchmarks of unit production by September 30th- additional monies will be released, CSD expects 100% of first phase money to be spent next year. The end of grant is March 2012 and CSD is hoping to do full expenditure by end of 2011

•

Public Comment: No public comment

Adjournment: 330 PM