

**THE CITY OF SEATTLE
OFFICE OF SUSTAINABILITY AND ENVIRONMENT
SEATTLE CITY LIGHT**

REQUEST FOR PROPOSAL

To

**ANALYZE POLICY OPTIONS TO:
IMPROVE ENERGY EFFICIENCY IN SEATTLE'S EXISTING
BUILDING STOCK**

RELEASED: June 6, 2008

PROPOSALS DUE: June 25, 2008

Background

During his annual State of the City Address, Mayor Nickels established the goal of making Seattle America's Green Building Capital, and identified an initial target of achieving an increase of 20% in the energy efficiency of Seattle's new & existing building stock. Following this announcement, the Mayor has convened a Green Building Task Force to provide guidance on appropriate policy mechanisms to achieve these goals. That Task Force will be broken out into two committees, a "New Buildings" Committee, and an "Existing Buildings" Committee. **The focus of this work is on policies to be considered by the Existing Buildings Committee.**

Section 1. Project Purpose:

Seattle's Office of Sustainability and Environment, working with other cities looking at this issue, has identified potential policy options that could help cities accelerate gains in energy efficiency within the existing building stock. The range of policy options under consideration fall into two general categories.

The **first category consists of policies that provide financing and incentives** that make energy efficiency upgrades cost effective and attractive to consumers. The programs proposed through the City Light Conservation plan fall into this category. Options in this category could also include public or private financing (including utility bill financing), expanded conservation programs for non-electricity energy sources, or energy efficiency tax credits.

The **second category includes policies that require increases in building energy efficiency.** Mandates could include requiring disclosure of energy use history, energy efficiency audits, energy efficiency upgrades at the point of sale, or enhanced energy codes and standards. While financing and incentive policies rely on voluntary participation in the programs, mandates require participation and allow us to reach all energy sources.

Any new policy should be considered within the context of existing utility conservation programs:

- **SCL Conservation Programs and Incentives:** SCL's 5-Year Conservation plan lays out a suite of new incentives for both commercial and residential existing buildings. With the exception of financing options, this study should assume City Light's conservation activities will proceed as identified in the plan.
- **PSE Conservation Programs and Incentives:** Natural gas is the most greenhouse gas intensive portion of the building sector's carbon footprint. Puget Sound Energy has conservation programs in place for residential and commercial customers paid for through "tracker" funds collected from all consumers. This study should assume PSE will proceed with its existing portfolio of conservation programs.
- **Oil and Steam:** There are currently no coordinated conservation programs in place for oil or steam customers. This is primarily due to a lack of incentives for oil & steam providers to reduce their sales in favor of conservation.

Section 2. Scope of Work:

Analyze policy options available to the City to acquire energy efficiency improvements of 20% in existing building stock by 2020.

The analysis should include, but not be limited to:

- Review the following list of policy options and identify additional opportunities available for consideration.
- Describe each option in detail.
- Consider each option within the context of existing utility incentive programs.
- Analyze each option for implementation in Seattle. Analysis should at minimum consider:
 - Ease of implementation: What are the legal, administrative, and social implications of the proposed policy? Are there any existing limitations or obstacles that should be considered?
 - Economic impact: How will the proposed policy impact the City, Residents, Business, Utilities?
 - Efficiency potential: What is the estimated conservation impact of each proposed policy option – both in the near term (2012) and long term (2024/2050)?
 - Stakeholders impacted: What stakeholder groups might be impacted by the policy? Identify benefits and constraints, and opportunities for mitigating them.
 - Education and Outreach requirements: Determine what customer (or other stakeholder) information would be required for each of these options.

Analysis should also include discussion of options utilized in other jurisdictions, and their relative success. Analysis may be divided by building sector (e.g. residential and commercial).

Policy Options to Accelerate Energy Efficiency in Existing Buildings

I. Financing and Incentives

a. Private financing

- i. Private Loan Fund / Low Interest Loans:** The City could establish a partnership with local lenders to provide low interest loans to residential and/or commercial property owners for targeted energy efficiency upgrades. Low interest rate guaranteed either through volume (or by City Light buy-down). Loans could be 'guaranteed' by energy savings recouped over time. (Cambridge model)
- ii. On-bill Financing:** City Light (or Seattle Public Utilities) could facilitate the financing (using private dollars) of efficiency upgrades on utility bills. Upgrades would be chosen such that the efficiency savings exceed the investment, such that consumers always see a savings in energy costs in their regular statements.
- iii. Energy Efficient Mortgages:** Owners would be guaranteed better terms (e.g. a lower interest rate) in exchange for investment in energy efficiency at the time of property sale.
- iv. Add on to property taxes:** The cost of upgrades could be added to property taxes at the time of sale, thereby ensuring that the efficiency savings stay with

the property (and savings accrue to the current owner for the life of the measure(s) regardless of the number of times the property changes hands).

b. Public financing

- i. Green Building Revolving Fund:** Currently available to City projects through general fund dollars -- could be expanded and made available to other public sector buildings.
 - ii. SCL Financing/Conservation Loan Accounts/On-bill Financing:** As an alternative to traditional incentives that buy-down cost of upgrades, SCL could create a dedicated pool of funding for financing. For private sector customers, lien against property used as insurance.
 - iii. Energy Efficiency Local Improvement Districts:** Publicly issued bonds to provide low interest and assignable financing streams to home owner energy efficiency upgrades.
 - iv. Revenue Bond issue:** Energy savings could be financed through a city bond issue with expected energy savings used for repayment, with program delivery provided by the City.
- c. Energy efficiency tax credits:** Owners who complete some designated level of energy efficiency upgrade would be eligible for a credit on their property taxes for the “lifetime” of the measure.

II. Mandates

- a. Disclosure:** Owners of existing residential and commercial buildings could be required to disclose specific energy efficiency information at various trigger points (e.g., time of sale, time of rental, date certain, etc.).
 - i. Building’s Historical Energy Use:** Owners would be required to report utility data for a specified time frame (e.g., last 5 years). This data would be held in a public data base and could then be accessed by any investor to help inform purchasing decisions, the intent being that energy use becomes a market differentiator and drives investment in efficiency by current property owners.
 - ii. Building Energy Performance:** Energy ‘performance’ may not be as vulnerable to individual behavior (e.g., one owner (a family of four) may be a much more intense energy user than a second owner (single adult) of the same property), and therefore may be a better indicator of overall efficiency of a property. Performance may be reported through either a prescriptive or performance-based approach and similarly held by the City for public access.
 - 1. Checklist:** Properties would be subject to a prescriptive checklist rating to determine their general energy performance. Checklist would include a set of the most common and cost effective measures which if implemented would achieve the desired level of energy performance and properties would be “rated” based on the number of measures achieved out of the total included on the list (e.g. a property would be rated a “4” if 4 out of 10 measures are present at the time of disclosure).
 - 2. Rating/Label:** Owners would be required to conduct a home energy audit and provide the results in terms of a Home Energy Rating System (HERS)-

based label. There are a number of options for labels that could be utilized including Energy Star for Homes, a Home Energy Performance Certificate, or other HERS-based labels on the market.

- b. Upgrades:** Owners would be required to complete certain energy efficiency upgrades at various trigger points. Similar to disclosure of performance data, upgrades could be mandated through either a prescriptive or performance approach.
 - i. Prescriptive Requirements:** Properties would be required to achieve a list of energy efficiency upgrades. These checklist requirements would be established to achieve a minimum level of cost-effective energy efficiency (roughly comparable to the 20% efficiency target). Owners implementing measures achieved beyond the minimum requirements could be eligible for additional incentives or rebates.
 - ii. Performance Requirements:** Owners would be required to meet a minimum level of energy performance based on the chosen rating/labeling system (e.g. 20% better than baseline, “Energy Star,” LEED-Silver, or some other rating equivalent to a 20% improvement). Similar to the prescriptive method, owners achieving higher than required ratings could be eligible for additional incentives, financing, etc.
- c. Carbon Feebate:** A fee-bate could be tied to either prescriptive or performance efficiency requirements, such that those falling below the minimum would pay the fee, the fee would be waived for those just meeting the threshold, and owners choosing to exceed the minimum requirements would be eligible for a rebate.

Status of Related Efforts in Other Jurisdictions:

Disclosure Only	
	Mandate
Montgomery County, MD	Under consideration: Disclosure of energy performance at time of sale Current status: Legislation under consideration by Council.
State of California	Existing: Performance-based disclosure of commercial property energy efficiency at time of sale Under consideration: Performance-based disclosure of residential property energy efficiency at time of sale. Current Status: Legislation Introduced

Disclosure & Upgrades		
	Mandate	Financing Mechanism(s)
Austin, TX	Under consideration: Commercial and Residential ratings and upgrades Current status: Task Force deliberation	
Berkeley, CA	Existing: Prescriptive requirements for both residential and commercial, in place since 1987. Under development: Performance-based disclosure and upgrade requirements.	Under development: Energy Districts -- Property tax financing
Burlington, VT	Existing: Minimum Rental Housing Energy Efficiency Standards Ordinance:	Existing: Cost of the required improvements must

	Prescriptive time of sale ordinance requiring cost-effective upgrades in units where residents are responsible for paying utility bills.	not exceed 3% of the sale price as listed on the property transfer tax return or \$1,300 per rental unit.
Davis, CA	Existing: Requirements for energy efficiency upgrades for all residences undergoing alterations or remodels.	
Disclosure & Upgrades, Cont.		
	Mandate	Financing Mechanism(s)
New York City, NY	Under development: Considering mandates, challenges and incentives targeted at existing building stock.	Under development: Creating an “Energy Efficiency Authority” funded through rate-payer surcharges
Portland, OR	Under development: Performance-based disclosure and upgrade requirements for both commercial and residential properties. Current Status: Task Force deliberation.	Under development: Fee-bate
Sacramento, CA	Existing: Residential requirements in place since 1970s, not well enforced Under development: Target revised ordinance in place by January 2009.	
San Francisco, CA	Existing: Ordinance for residential efficiency at time of sale in place since 1982, applies only to residences granted permits prior to 1978. Commercial lighting upgrade requirements. Under development: Revised prescriptive disclosure requirements	Existing: Homeowners pay for cost of measures up to a cap.

Voluntary Programs/Pilots		
	Disclosure/Upgrades	Financing Mechanism
Cambridge, MA		Cambridge Energy Alliance (city-run ESCO)
Chicago, IL	Pilot with CCI, Home Depot, US DOE & EPA, and local utilities for residential energy efficiency ratings and upgrades of 50,000 existing homes	TBD
Denver, CO	City and State-funded pilot with Hybrid Checklist (Prescriptive/Performance) “rating” and associated upgrades underway.	
Houston, TX	Pilot with CCI, Home Depot, US DOE & EPA, and local utilities for residential energy efficiency ratings and upgrades of 50,000 existing homes	TBD
Los Angeles, CA	Pilot with CCI, Home Depot, US DOE & EPA, and local utilities for residential energy efficiency ratings and upgrades of	TBD

	50,000 existing homes	
Milwaukee, WI	Under consideration: City or State revenue bond, targeting rentals for upgrades	

Section 3. Project Schedule

Analysis will be completed in phases.

- Phase I: Policy Mandates – September 2008
- Phase II: Financing and Incentives – October 2008
- Final Report: October 30, 2008

Section 4. Project Management

The project will be overseen and managed by staff from the Office of Sustainability & Environment, with substantial input from staff from Seattle City Light.

Section 5. Selection Schedule

The City of Seattle Office of Sustainability and Environment intends to complete its selection of a consultant according to the following schedule:

Consultant Selection Schedule	
Date	Milestone
June 6, 2008	OSE Issues RFP
June 25, 2008	Proposals due
July 2, 2008	Review of proposals, including possible requests for additional information and/or consultant interviews
July 15, 2008	OSE/SCL selects consultant by no later than this date.

Section 6. Budget

The cost of this project cannot exceed \$100,000. Demonstration of ability to provide a cost-effective proposal is desired.

Section 7. Proposal Administrative Requirements

7.1 Introduction

This section of the RFP details the procedures that the City has established for managing and directing the RFP process. The purpose of these procedures is to ensure that the City receives proposals that are the result of an open, competitive process, and to ensure that proposers receive fair and equitable treatment in the solicitation, receipt, and review of their proposals.

The City may reject the proposal of any proposer who fails to comply with any of the requirements of this Section.

7.2 Communications with City

Specific questions regarding logistics, the RFP, or the selection process should be directed to:

Amanda Eichel, Project Manager
City of Seattle, Office of Sustainability & Environment
700 5th Avenue, Suite 2748

PO Box 94729
Seattle, WA 98124-4729
Telephone: 206-684-3214
FAX: 206-684-3013
Amanda.Eichel@Seattle.gov

Communications with other City officials or staff on this matter are prohibited and may result in disqualification of the prospective consultant.

If you are planning to respond to the RFP, please notify the project manager, Amanda Eichel, so that we may contact you in the event that there are any changes or clarifications to the text of the RFP.

7.3 Delivery of Proposals

To be considered, Proposals should be submitted electronically, by mail or hand-delivered no later than 5 p.m. (PDT) on **June 25, 2008**. Proposers are solely responsible for ensuring that proposals are delivered on time. Proposals received after the due date and time will be returned unopened.

By mail or hand-delivery: Five bound sets and one unbound set (suitable for photocopying) of the proposal shall be submitted.

City of Seattle
Office of Sustainability and Environment
PO Box 94729
Seattle, WA 98124-4729
Attn: Amanda Eichel

If hand-delivered, they should be delivered to 27th Floor of the Seattle Municipal Tower, 700 5th Avenue, Suite 2748 (Office of Sustainability and Environment).

Proposals should be submitted in a sealed envelope that is labeled with the proposer's name and label identifying contents as a proposal responding to the Office of Sustainability and Environment's Request for Proposals to Develop Scope of Work for Analysis of Policy Options to Improve Energy Efficiency in Seattle's Existing Building Stock. No oral, FAX, or telephone proposals will be considered. The Office of Sustainability is not responsible for late delivery caused by the Postal Service or private carriers. Any proposals received after the deadline will not be evaluated.

By Email: Submit via email to Amanda.eichel@seattle.gov by 5:00 p.m. (Pacific Daylight Time), June 25, 2008.

7.4 Cost of Proposal

This RFP does not, under any circumstances, commit the City to pay any costs incurred by any proposer in the submission of a proposal. The proposer is responsible for all costs associated with its response to this RFP.

7.5 Rejection of Proposals

The City reserves the right to reject any or all proposals at any time with no penalty and to waive immaterial defects and minor irregularities in proposals.

7.6 Proposal Disposition

All materials submitted in response to this RFP will become the property of the City upon delivery to the Project Manager.

The City will take all reasonable steps within its authority under state public disclosure laws to keep the content of all proposals confidential until the selection of the consultant is made. Any proprietary data must be clearly marked.

Section 8. Proposal Content

In order to adequately and objectively compare and evaluate qualifications, all proposals must be submitted in accordance with the following. The proposals should provide straightforward and concise information and be prepared simply, economically, and when submitted by mail or hand-delivered, using recycled/recyclable paper (using both sides of the paper for printed and photocopied material where practical).

Proposals shall be limited to a maximum of 10 pages, not include attachments and shall clearly include:

- 8.1 **Cover Letter** stating overall qualifications of consultant/consultant team
- 8.2 **Proposing firm name, address, phone, email.** Identify the project manager and all team members, including subcontractors, proposed to be working on the project and indicate the estimated percentage of time each will spend on the project. (Maximum one page)
- 8.3 **Approach:** Describe your approach to and understanding of the project, addressing specific items in Section 2, along with any additional relevant information. Indicate hours to be spent on each task, with a supporting brief explanation. Include a brief explanation of how your team will be organized. (Maximum six pages)
- 8.4 **Background:** Describe the relevant experience of the firm, including years in business. Describe the relevant experience of the team members and/or subcontractors who will be doing the majority of the work. Discuss your team's capabilities in the areas of climate change, energy efficiency, financial markets and lending tools, green building, real estate markets, and policy development. (Maximum five pages. Resumes should be included as attachments)
- 8.5 **References:** Provide at least two relevant references for your firm and each staff or subcontractor who will be spending more than twenty hours on this project (excepting administrative support).
- 8.6 **Timeline and Budget:** Provide a proposed timeline and a proposed budget that is consistent with estimated hours described in 8.2; the budget should include hourly rates for each team member. The maximum value of this contract is \$100,000.00.

Section 9. Evaluation Process

Staff from the Office of Sustainability and Environment, Seattle City Light, and the Office of Planning and Management, will comprise the Selection Committee to review written proposals and to conduct interviews.

Evaluation criteria for the selection of a consultant will include factors relating to qualifications and experience, content of the proposal, and competence to perform the desired work and accomplish the desired outcomes. The rating criteria for the proposals are:

Qualifications and Experience (40 points): The selected consultant should have expertise in issues related to climate change, energy efficiency, financial markets and lending tools, green building, real estate markets, and policy development. Experience in the subject matter and policy development as evidenced by the proposal and client references; experience and qualifications of key personnel; and availability and accessibility of key personnel.

Proposed Approach to Project and Scope of Work (40 points): Quality of response to tasks listed in Section 2; appropriateness of any additional suggestions, modifications and improvements to the scope; overall quality of the proposal.

Cost Proposal (20 points): Demonstration of ability to provide a cost-effective proposal.

Step 1: Written proposals will be reviewed and evaluated by an Evaluation Committee which will be comprised of City staff. The Evaluation Committee will rate written proposals based on the evaluation criteria listed in Section 9.2. The proposer(s) whose written proposal(s) receives the highest score(s) will be invited for interviews. References will be checked for those firms invited to interview.

Step 2: Interviews will be conducted by an Interview Team. The Interview Team will include the results of reference checks as part of their scoring. Scores from the written proposals and interviews will be compiled to rank order the finalists.

Step 3: Contract negotiations will commence with the selected consultant. Firms not selected will be notified in writing of the selection outcome.

Step 4: The contract will be executed between the selected consultant and the Office of Sustainability & Environment.

Step 5: If negotiations with the initially selected consultant fail to produce a contract, the City reserves the right to enter negotiations with one or more other proposers.

Item	Maximum Points
Team Qualifications	40 points
Approach and project understanding	40 points
Budget optimizes the value to the City	20 points

Section 10. Contracting Requirements:

The Office of Sustainability and Environment intends that the selected consultant firm or lead consultant will agree to the terms of the City's standard contract requirements (Exhibits A, B, C, and D). If there are any specific terms in this contract that are troubling to the proposer, a proposer must, as part of its proposal, identify these contract terms, explain its concerns and propose alternative or additional contract language, and any benefits (e.g. cost reductions) that the City will receive from accepting the alternative language. The Office of Sustainability and Environment will consider such modifications, but given the constrained timeline, a protracted contract negotiation will not be possible. Proposers should not assume that the City will accept the proposer's changes and should price their proposals assuming that the City will insist on its standard contract terms.

The selected consultant will be required to be licensed to do the business in the City of Seattle and the state of Washington. The required business licenses are: City of Seattle Business License, WA State Unified Business Identifier (UBI), and the Federal Tax ID.

Equal Benefits Compliance (Exhibit A)

The Consultant must be in full compliance with all equal employment opportunity and non-discrimination benefits provisions required by the City of Seattle's laws, ordinances, rules and regulations. The Equal Benefits Program Information is available at:

<http://seattle.gov/contract/equalbenefits/>

Insurance Requirements (Exhibit B)

If selected by the City of Seattle for the work, the consultant shall send the City's "Insurance Requirements and Transmittal Form" to their insurance broker. The consultant's broker is responsible for attaching proof of the required insurance to the form and sending it back to both the department and to Risk Management.

City of Seattle Performance Evaluation (Exhibit C)

The performance evaluation form will be completed by the Project Manager once the contract work is finished.

City of Seattle Consultant Contract (Exhibit D)**Attachments:**

Exhibit A: City of Seattle Equal Benefit Requirements Form

Exhibit B: City of Seattle Insurance Requirements and Transmittal Form

Exhibit C: City of Seattle Performance Evaluation

Exhibit D: City of Seattle Standard Consultant Contract