

COOPERATIVE AGREEMENT BETWEEN THE CITY OF ANN ARBOR AND THE COUNTY OF WASHTENAW FOR THE WEATHERIZATION ASSISTANCE PROGRAM

This Agreement is made and entered into by and between the City of Ann Arbor, a Michigan municipal corporation, with its principal address at 301 E. Huron Street, Ann Arbor, Michigan 48107 (“City”) and the County of Washtenaw, a Michigan municipal corporation, with its principal address at 220 North Main Street, Ann Arbor, Michigan 48107 (“County”).

Whereas, through the A²ZERO Carbon Neutrality Plan, the City has set an aggressive goal of achieving community-wide carbon neutrality by 2030;

Whereas, one of the key strategies of the Plan is energy efficiency work in all homes, businesses, houses of worship, and recreational sites throughout the City of Ann Arbor;

Whereas, the County’s Office of Community and Economic Development operates a Weatherization Assistance Program which is federally funded and provides free weatherization services to qualified Washtenaw County residents;

Whereas, the County has received increased federal and state funding for its Weatherization Assistance Program and needs assistance to increase its production level and maintain staff to match the increased funding;

Whereas, the County is also seeking a funding source for pilot projects for energy saving retrofits and electrification of heating systems in the City;

Whereas, working with the County to expand weatherization services is one of eleven core actions the City identified to further its energy efficiency work and benefit City residents;

Whereas, the Parties desire to work collaboratively to leverage available federal and state funding, City funds, and County staffing to expand and expedite weatherization services and programming, through the County’s Weatherization Assistance Program, in the City of Ann Arbor and Washtenaw County.

Resolved, The City and County agree as follows:

I. Term.

A. The term of this Agreement shall begin on April 16, 2024 (“Effective Date”) and shall remain in effect until July 31, 2025, unless terminated by either party under this Agreement.

II. Responsibilities.

A. The City and the County agree to work cooperatively to expand weatherization and programming services for the County’s Weatherization Assistance Program through

several tasks in accordance with this Agreement and as described in Exhibit A (the "Project").

B. To advance the Project, the City and the County agree to the following specific roles and responsibilities:

1. Thirty (30) days after the Effective Date, the County will submit an invoice to the City, and the City will provide the County a lump sum payment of \$200,000 to fund the Project (the "Payment"). Sixty percent (60%) of these funds will be allocated by the County to build capacity and retain staff for its Weatherization Assistance Program. Forty percent (40%) of these funds will be allocated by the County to fund fieldwork for the deep weatherization pilot project in the City of Ann Arbor, specifically in the Bryant Neighborhood.
2. The Parties will work together to jointly apply for grant funds to expand weatherization services for City of Ann Arbor and Washtenaw County residents.
3. The Parties will work together to develop new protocols and methodologies to be used in the County's Weatherization Assistance Program. The Parties also intend that such protocols and methodologies could be used by both parties and shared with other organizations across the United States.
4. The County will implement the energy efficiency savings and beneficial electrification solutions that the Parties identify through their work on the Project under this Agreement in the Bryant Neighborhood, including by conducting targeted outreach, engagement, and implementation of the new protocols and methodologies.

III. Termination.

A. Either Party may terminate the Agreement, for any reason, including convenience, by giving thirty (30) days' written notice to the other party.

B. If the Agreement is terminated early, the County will reimburse the City a pro rata share of the Payment not yet expended by the County for the Project as set forth in Paragraph II.B.1.

IV. Notice.

A. All notices under this Agreement shall be delivered to the other party at the address stated below. Notices shall be in writing and shall be sent by U.S. mail.

B. If notice is sent to the County, it shall be addressed and sent to:

Washtenaw County
Gregory Dill, County Administrator
220 N. Main St.

Ann Arbor, Michigan 48107

With a copy to:

Washtenaw County Office of Community & Economic Development
415 W. Michigan Avenue
Ypsilanti, Michigan 48197

If notice is sent to the City, it shall be addressed and sent to:

Dr. Missy Stults, Sustainability and Innovations Director
301 E. Huron Street
Ann Arbor, Michigan 48104

With a copy to:

City Attorney's Office
301 E. Huron Street
Ann Arbor, MI 48104

V. General Conditions.

A. Notwithstanding the City's funding of a share of the Project, the Parties agree that the responsibility for management of the Weatherization Assistance Program remains with the County.

B. All deliverables, including protocols and methodologies, developed as a result of this Agreement are the property of the City and the County.

C. The Parties agree that at all times and for all purposes under this Agreement, each party's relationship to the other party shall be that of an independent contractor. Each party will be solely responsible for the acts of its own employees, agents, and servants. No liability, right, or benefit arising out of any employer/employee relationship, either express or implied, shall arise or accrue to any party as a result of this Agreement.

D. This Agreement is not intended to be a third-party beneficiary contract and confers no rights on anyone other than the Parties to this Agreement.

E. This Agreement and its Exhibit A represent the entire understanding between City and County regarding the Project and it supersedes all prior representations or agreements. Neither party has relied on any prior representations in entering into this agreement. This Agreement may be altered, amended, or modified only by written amendment signed by the City and the County.

F. Whenever possible, each provision of this Agreement will be interpreted in a manner as to be effective and valid under applicable law. However, if any provision of this

Agreement or the application of any provision to any party or circumstance will be prohibited by or invalid under applicable law, that provision will be ineffective to the extent of the prohibition or invalidity without invalidating the remainder of the provisions of this Agreement or the application of the provisions to other parties or other circumstances.

G. This Agreement shall be governed and interpreted under the laws of the State of Michigan. The Parties agree to venue in a court of appropriate jurisdiction in Washtenaw County for any action arising under this Agreement.

H. The undersigned affirm that they have the authority to execute this Agreement on behalf of the party for which they sign.

I. The Parties agree that signatures on this Agreement may be delivered electronically in lieu of an original signature and agree to treat electronic signatures as original signatures that bind them to this Agreement. This Agreement may be executed and delivered by facsimile and upon such delivery, the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

FOR THE COUNTY OF WASHTENAW

FOR THE CITY OF ANN ARBOR

By: _____
Greg Dill (Date)
Washtenaw County Administrator

By: _____
Christopher Taylor (Date)
Mayor

By: _____
Lawrence Kestenbaum (Date)
Washtenaw County Clerk/Register

By: _____
Jacqueline Beaudry (Date)
City Clerk

APPROVED AS TO FORM

APPROVED AS TO FORM

By: _____
Michelle Billard (Date)
Washtenaw County Corporation Counsel

By: _____
Atleen Kaur (Date)
City Attorney

APPROVED AS TO SUBSTANCE:

By: _____
Milton Dohoney Jr. (Date)
City Administrator

EXHIBIT A

Scope of the Project and Responsibilities

BACKGROUND

The City of Ann Arbor has set an aggressive goal of achieving community-wide carbon neutrality by the year 2030. One of the key strategies (strategy 3) of the A²ZERO Carbon Neutrality Plan is the undertaking of deep energy efficiency work in all homes, businesses, houses of worship, and recreational sites throughout the City. To advance the work, the City identified 11 core actions, one of which was working with the Washtenaw County Office of Community and Economic Development (OCED) to expand weatherization services and programming throughout the City (and county).

OCED operates the federally funded Weatherization Assistance Program (Wx). The program has been operated by the County for over 40 years. Historically, the Wx program has been able to serve 40-50 residential homes annually. In the past 18 months new federal funding sources have tripled OCED's Wx program capacity, allowing OCED to hire and train three full-time Weatherization Specialist Energy Auditors. OCED hired and trained two of these Wx specialists to help implement funding from the Bipartisan Infrastructure Law (BIL) and one Wx specialist to help implement funding support from the American Rescue Plan Act (ARPA). The ARPA Wx funding is anticipated to last until about October of 2024 and the BIL grant will last through 2027. The increasing of staff is essential to ensuring services are delivered as designed. As illustration, the Energy Auditor certification required by the Wx program takes 8-12 months of on-the-job training and 2 full weeks of classroom instruction. There are no comparable energy saving service programs that exist that provide the same level of expertise in Building Science that the Wx program provides. As such, investing in our workforce and 100% employee retention is critical to ensure continued success in the Wx program.

As part of existing and expanded Wx services, OCED staff manage approved contractors who complete free energy saving improvements on low to moderate income eligible households. Currently, OCED completes approximately 180 weatherization projects per year. Each home receives on average \$14,000 in free energy efficiency and health and safety related home improvements. And there are opportunities to increase the number of houses served and the number of services provided per household, thanks to historic federal investments in energy efficiency improvements.

Many local Wx agencies across Michigan are struggling to increase their production level to match these increased funding levels associated with BIL, ARPA, and the Inflation Reduction Act (IRA). Delays in BIL spending across the state means BIL funds are currently **drastically underspent**. The State of Michigan Wx office is actively seeking local agencies, such as OCED, to **accept additional BIL dollars** and increase job production and spending to help ensure no federal dollars are left unspent. OCED intends to seek additional Wx BIL funding beyond what our office would typically be allocated based on state funding guidelines. OCED anticipates easily being granted *an additional*

\$600,000 to \$1,000,000 for the next Program year starting in October. The State of Michigan Weatherization Program Office requires that prior to receiving additional BIL funding that a basic plan is in place to adequately increase capacity to justify the increased funding.

If OCED intends to spend an additional million dollars of federal funds, immediate project production would be required with a specific aim of transitioning the existing ARPA Wx Specialist from ARPA funded projects to BIL funded projects. Recruiting, hiring, and training, as previously stated, can take a year so there is urgency in beginning as soon as possible. Moreover, the ARPA Wx Specialist employee is highly motivated and a technically proficient team member who is already certified to manage Wx program projects. Unfortunately, as the ARPA Wx program nears its end this employee is likely to begin seeking other opportunities. OCED is pursuing funding to extend his position and help bridge his employment from ARPA projects to BIL Wx projects. The ARPA funding is likely to run out before OCED is able to secure additional BIL funding.

Additionally, OCED is seeking a flexible funding source to begin pilot projects whereby they engage in deep energy saving retrofits and electrification of the heating systems of eligible Wx client homes. Moving our Wx program away from high efficiency gas furnaces to installation of heat pumps is not possible as the formal Weatherization Assistance Program does not yet allow fuel switching. Moreover, the technical challenges of properly transitioning a low-income household from natural gas to electric heating involve implementing building science solutions not yet integrated into the traditional Wx models. OCED has the staff expertise, contractor base and desire to research and develop new cost-effective protocols which could be scaled and replicated around whole-home residential decarbonization – initiatives likely to be in strong alignment with the A²ZERO program (e.g., create a methodology to expand standard Wx work to insulate and air seal homes so that 95% of the annual load could be provided by electric heating sources without increasing energy burden). However, lack of flexible funding to pursue these innovations is holding OCED back.

The City of Ann Arbor's Office of Sustainability and Innovation (OSI) is a leader in strategic thinking and collaboration with a record of initiating change and bringing real action to bear on the field of residential energy efficiency. The City's aggressive carbon neutrality goals and financial commitment to the work required to meet those goals led OCED to propose this collaboration with the City. The OSI and OCED believe that by working together, we can expedite deeper energy savings for low to moderate income city residents and provide Ann Arbor residents (and those throughout the County) with deeper access to federal Weatherization funding that needs to be spent.

As such, the City of Ann Arbor's Office of Sustainability and Innovations and the County OCED have created a pathway to simultaneously expand weatherization services in Ann Arbor, experiment with how to grow the weatherization program to include more whole home decarbonization solutions and stabilize staffing at OCED at the very time that the program is starting to gain critical scale and traction.

SCOPE OF WORK

Task One: *Support Retention of Weatherization Specialist Currently Supported with American Rescue Plan Act Fund.*

This task involves providing financial support to ensure continuity of weatherization staff within the OCED office. This staff person will also provide direct assistance in developing the program models and implementing the solutions identified in Tasks Three and Four, below. This person will provide the critical capacity needed to grow and expand Wx services in Ann Arbor and throughout the County.

Task Two: Apply for Grants to Expand Weatherization Services in the City and Throughout the County.

This task focuses on applying for federal grants to expand weatherization services for Ann Arbor residents as well as those throughout the County. The OCED Housing Programs Supervisor, along with staff from OSI, will collaboratively pursue these opportunities. Funding sources identified for pursuit include, but are not limited to:

- Bipartisan Infrastructure Law (BIL) Funding
 - The new *underspent* funding that OCED is seeking additional access to
- DTE Energy Waste Reduction funds
 - Flexible non-federal utility rebate funds which allow us to complete a wider range of work per home
- Department of Energy (DOE) Weatherization Expansion Program Funding
 - This is a special program offered by DOE that is competitively bid across the Country. OSI and OCED applied the first round but were not successful. The team will review and see if it's advantageous to pursue this funding in the future.
- Department of Energy (DOE) Sustainable Energy Resources for Consumers (SERC)
 - New funding source which appears to support electrification and deep energy retrofits for income qualified residents.
- Environmental Protection Agency's Community Change Grant
 - New funding stream to support community-focused projects. The City is preparing an application to support the decarbonization of nonprofit provided affordable housing units. This may present an opportunity for some funding collaboration between OSI and OCED.

Task Three: *Develop Deep Efficiency and Electrification Methodologies*

In this task, OCED, in collaboration with OSI, will research and develop new cost-effective protocols which could be scaled and replicated around whole-home residential decarbonization. This includes understanding what opportunities exist and when to move clients from furnaces to heat pumps for heating and cooling, how to support the switch to electric induction cooking, and other beneficial appliance electrification transitions. The

development of these methodologies will be guided by the goal of creating a methodology to expand standard Wx work to insulate and air seal homes so that 95% of the annual lead load could be provided by electric heating sources without increasing energy burden.

Task Four: Weatherization Service Deployment in the Bryant Neighborhood

Using the information and capacity build in the three previous tasks, OCED will focus on implementing the deep energy efficiency savings and beneficial electrification solutions identified above in the Bryant neighborhood of Ann Arbor. OCED is already assisting the Community Action Network (CAN) to weatherize Bryant neighborhood resident homes and has completed Weatherization work in the Bryant neighborhood for several decades. OCED serves residents across Washtenaw County and views scalability and replication of this work as a clear goal. The Bryant Neighborhood's housing stock is similar to many neighborhoods across the county and as such new protocols developed via this work would benefit our whole community. Through this task, OCED will conduct targeted outreach, engagement, and implementation solutions in Bryant, an area with a high number of households eligible for weatherization support.

PROJECT TIMELINE

- Summer 2024
 - Petition the State Wx office for additional BIL Wx funds: \$600,000
 - City funds ensure retainage of existing Wx Specialist
 - Begin developing deep efficiency and electrification methodologies
- October 2024
 - New additional BIL Wx funds are allocated
 - Finalize draft deep efficiency and electrification methodologies
- January 2025 thru August 2025
 - Begin pilot program work to test deeper weatherization retrofit methodologies
 - Actual number of homes served would be funding dependent. The goal would be to leverage City funds to cover an additional \$20,000 per home to supplement regular Weatherization work
- Summer 2025
 - Convene OSI and OCED staff to evaluate results of pilot project and strategize how to expand and continue collaboration