



**CITY OF NOVI CITY COUNCIL**  
**NOVEMBER 25, 2024**

**SUBJECT:** Consideration of approval of a grant agreement with the Department of Environment, Great Lakes and Energy (EGLE) in connection with the Community Energy Management Program (CEM) in the amount of \$100,000.

**SUBMITTING DEPARTMENT:** Integrated Solutions Team – Facilities Management Division

**KEY HIGHLIGHTS:**

- CEMS grant funding for energy-related products is available through EGLE.
- Novi grant application approved through EGLE for the amount of \$100,000.
- Grant funds utilized for an energy audit on six Novi facilities.
- The remaining grant funds are used to implement suggested changes from the audit.
- The City will pay the project cost upfront with full reimbursement of up to \$100,000 from EGLE.

**FINANCIAL IMPACT**

|                                                          | <b>FY 24/25</b>   |
|----------------------------------------------------------|-------------------|
| <b>REVENUE REQUIRED BUDGET</b>                           | <b>\$ 100,000</b> |
| <b>EXPENDITURE REQUIRED BUDGET</b><br>1. CEM Expenditure | <b>\$100,000</b>  |
| <b>APPROPRIATION REQUIRED</b>                            | <b>\$100,000</b>  |
| <b>FUND BALANCE IMPACT</b>                               | <b>\$0</b>        |

The 2<sup>nd</sup> quarter budget amendment will include an increase of \$100,000 for the grant revenue and \$100,000 increase in expenditures related to the grant.

## **BACKGROUND INFORMATION:**

The Department of Environment, Great Lakes, and Energy (EGLE) announced financial assistance to improve energy management, energy efficiency, and renewable energy through the Community Energy Management Program (CEM) earlier this year. Grant funding was made available to local governments for energy-related projects with a maximum award of \$100,000 per applicant. Eligible expenditures included contractual services, supplies, materials, and equipment items. Grant awards will be distributed on a reimbursement basis only, meaning grantees must pay project costs in full prior to receiving funds from EGLE and after proper invoices, receipts, and proof of payments have been reviewed. The end date for these project submissions is August 31, 2025, with payment submissions ending on September 30, 2025. The agreement does allow for (2) one-year extensions with approval.

In June of 2024, City Staff submitted a grant application to EGLE based on the following scope of work:

**Phase I:** Conduct American Society of Heating, Refrigeration, and Air-Conditioning (ASHRAE) Level II Audits at six municipal facilities.

**Phase II:** Utilize the findings of the above audits to implement energy efficiency upgrades at these facilities with the remaining grant funds.

An ASHRAE Level II Audit aims to identify possible areas where energy and water may be conserved. The Novi Civic Center, Public Safety Building, DPW, Fire Station 4, Firearms Training Center, and Novi Ice Arena buildings will benefit the most from these energy audits. The amount of HVAC equipment, lighting, domestic water heating, appliances, roofing, insulation, bathroom fixtures, and miscellaneous equipment in these structures makes them an ideal choice for immediate energy savings. Once the energy audit has been completed, the City will receive a comprehensive report on each building showing where energy can be conserved through repairs, upgrades, or best practices. The remaining funds left in the grant after the costs of performing the audits will be utilized to implement the suggested changes to these facilities.

**RECOMMENDED ACTION:** Consideration of approval of a grant agreement with the Department of Environment, Great Lakes and Energy (EGLE) in connection with the Community Energy Management Program (CEM) in the amount of \$100,000.