



REPORT TO COUNCIL

City of Sacramento 9

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT

December 15, 2009

Honorable Mayor and
Members of the City Council

Title: SMUD Incentive Grant for Infill House Plans

Location/Council District: Citywide/All Districts

Recommendation: Adopt a **1) Resolution** authorizing the City Manager to execute an agreement with the Sacramento Municipal Utility District for \$55,000 to fund the development of energy efficient home models for the City's Pre-Approved Infill House Plan Program.

Contact: Desmond Parrington, AICP, Infill Coordinator, (916) 808-5044; Jamie Cutlip, Associate Planner, (916) 808-8684

Presenter: Not Applicable

Departments: Community Development Department

Division: Planning

Organization No: 21001221

Description/Analysis

Issue: This is an agreement with the Sacramento Municipal Utility District (SMUD) whereby they will provide up to \$55,000 to fund the development of energy efficient home plans for the City's Pre-Approved Infill House Program. This would provide funding for both one-story and two-story house plans that meet the standards of SMUD's Solar Smart and Home of the Future Programs. The plans will have many energy efficient features including additional insulation, efficient mechanical systems, advanced framing, solar panels, etc. These homes will result in significant utility cost savings for the occupants and will provide an important training opportunity for City staff on new energy efficient construction techniques. The homes are being designed so that they can be used on narrow and shallow as well as standard-sized vacant residential parcels. In combination with CDBG funding from SHRA, these funds will result in 12 energy efficient home model plans.

The City-sponsored Pre-Approved Infill House Program was originally launched in 2006 to promote quality development on the numerous small and irregularly-sized vacant infill sites throughout the City (refer to Attachment 1 for more details on the program and to see program's impact). The program encourages growth by using pre-approved building plans to streamline the development review process, thereby reducing development costs. While the program originally targeted the Oak Park and Del Paso Heights design review districts, it was implemented citywide (except for the Central City, Planned Unit Development Areas, and Historic Districts) due to the popularity of the program.

Policy Considerations: This supports the City's Sustainability Master Plan as well as the goals and policies of the 2030 General Plan which encourage infill and sustainable development as well as energy efficiency.

Environmental Considerations: This project is not subject to CEQA.

Sustainability Considerations: This agreement which includes the development of energy efficient pre-approved infill house plans is consistent with the goals of the City's Sustainability Master Plan. When built these homes will significantly reduce energy consumption compared to the typical home.

Committee/Commission Action: No commission action.

Rationale for Recommendation: This will provide new funding to enable the City to offer energy efficient pre-approved infill house plans which can be used on vacant residential lots throughout the City. This will promote infill development, sustainability, and reduced energy consumption.

Financial Considerations: This provides up to \$55,000 of incentive funding from SMUD which pays for the architectural work as well as the costs for existing staff to review the plans, approve them and make the new plans available to the public. No new General Fund money is being used for this program.

Emerging Small Business Development (ESBD): When available and appropriate, Emerging Small Business Development consultants will be used for the development of the infill house plans.

Respectfully Submitted by: Scot Mende
Scot Mende
New Growth & Infill Manager

Approved by: David W. Kwong
David Kwong
Interim Community Development Director

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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Attachment 1**Background**

In 2002, the City Council adopted the Infill Strategy in order to promote quality infill development in Sacramento. One of the main goals of the strategy was to promote quality development on the numerous small vacant parcels scattered throughout existing neighborhoods such as Oak Park and Del Paso Heights. Many of these lots are difficult to develop because the lots are narrower and shallower than standard lots. The Infill House Program was specifically created to promote quality residential construction on these lots within the City's older neighborhoods. The intent is to provide a development review process that is affordable, timely, and provides a quality product for developers and the community.

In 2004, the City issued a request for proposals for the program and ultimately chose two architects, Cynthia Easton Architects and Piches Architecture, to design house plans modeled after the historic character of housing in the Oak Park and Del Paso Heights areas. After extensive outreach to the community, Council approved the program for use citywide in 2006.

The plans include a full set of detailed construction drawings that can be purchased from the architects for \$1,850. These are submitted to City staff for site plan review and then are approved typically within one to two weeks. Since the infill house plans became available to the public in May of 2006, 14 homes have been completed. Eight of the fourteen homes have used the Piches' designs while six have used the Easton designs. The most popular plan has been Piches Plan B – The Bungalow. About half of the applications for infill house plans have been for sites in North Sacramento while the remainder has been built in Oak Park (except for one unit that was built near the UC Davis Medical Center). An example of the homes is shown on the following page.

The units built under this program are high quality homes that add value to existing neighborhoods. They provide a higher standard for new development in the area and provide attractive homes for residents. Furthermore, the program helps the City to achieve the goals of both the Infill Strategy and the new proposed 2030 General Plan, which encourages infill development.

Funding from SMUD in conjunction with Community Development Block Grant (CDBG) funding from SHRA will enable the City to expand the Pre-Approved Infill House Plan Program and offer energy efficient house plans as well as several accessible models. The house plans will comply with SMUD's Solar Smart Program and their Home of the Future Program which are 40% and 85% more efficient than a typical home that meets current Title 24 requirements. This will result in significant utility cost savings for the homeowner. Furthermore, these plans will be developed to fit on narrow and shallow lots which are common in some of the older neighborhoods like Oak Park and Del Paso Heights.

Impact of Infill House Plan in Existing Neighborhoods



Existing home adjacent to new Infill House Plan



Infill House Plan (Piches Plan B - Bungalow) in Oak Park

RESOLUTION NO. 2009-_____

Adopted by the Sacramento City Council

**AUTHORIZE THE CITY MANAGER TO
EXECUTE AN AGREEMENT WITH SMUD TO FUND
THE DEVELOPMENT OF ENERGY EFFICIENT
HOUSE PLANS FOR THE CITY'S INFILL
HOUSE PLAN PROGRAM**

BACKGROUND

- A. In 2002, the City Council adopted the Infill Strategy in order to promote quality infill development in Sacramento.
- B. One of the goals of the strategy was to promote quality development on vacant parcels scattered throughout existing neighborhoods such as Oak Park and Del Paso Heights.
- C. After extensive community outreach, the City Council approved the Pre-Approved House Plan Program in 2006 to encourage quality infill development by offering low-cost pre-approved house plans.
- D. In 2007, the City Council adopted the Sustainability Master Plan and in March 2009, the City adopted the 2030 General Plan. Both documents promote sustainable practices including infill development, energy efficiency and conservation.
- E. The development of new pre-approved house plans that comply with SMUD's Solar Smart and Home of the Future Programs will promote energy efficiency and sustainable infill development in Sacramento.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Authorize the City Manager or his designee to execute an agreement with SMUD for an amount not to exceed \$55,000 for the development of energy efficient infill house plans as part of the City's Pre-Approved Infill House Plan Program.

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Exhibit A – SMUD Home of the Future Research and Development Agreement

Exhibit A
SACRAMENTO MUNICIPAL UTILITY DISTRICT
SMUD HOME OF THE FUTURE RESEARCH AND DEVELOPMENT AGREEMENT
SMUD Contract Number: 4500062476
Date: December 3, 2009

THIS AGREEMENT is entered into between the Sacramento Municipal Utility District ("SMUD" or "District") and the City of Sacramento (hereinafter "CITY"). The purpose and intent of this Agreement is to provide: (1) the CITY with co-funding for development of Future SolarSmart Infill House Plans and Home of the Future Infill House Plans (hereinafter "Plans"), including advanced energy efficiency measures and a Photovoltaic electric ("PV") system; (2) and marketing of the Plans to local home builders and the public.

1. The CITY will contract with two local architectural firms to prepare the SolarSmart Infill House Plans and the Home of the Future Infill House Plans as described in Attachment 1 to this Agreement and make these Plans available under CITY's Pre-Approved Infill House Plan Program in order to encourage the development of energy efficient infill homes.

2. SMUD shall pay to CITY an incentive for the development of the Plans up to \$55,000.00 or the actual cost to develop the Plans, whichever is less. The CITY shall use its commercially reasonable efforts to have the Plans completed by December 31, 2010.

3. Under no circumstances will SMUD's maximum financial obligation under this Agreement exceed \$55,000.00. Any expenditures in excess of \$55,000.00 shall not be reimbursed by the District and shall be deemed to have been incurred at CITY'S sole expense.

4. SMUD makes no representations as to the reliability, efficiency, sizing, or performance of the energy efficient measures, or any other aspect of the energy efficiency measures including whether the energy efficiency measures installed are eligible for any Federal Energy Home Tax Credit or PG&E's natural gas appliance rebates.

5. CITY shall include in its contract with the two local architectural firms identified in Attachment 1 the provisions contained in Attachment 2 to this Agreement, relating to, among other things, the performance or any other aspect of the energy efficient measures and eligibility for tax credits.

6. CITY shall comply with the requirements contained in Attachment 1. Satisfaction of the requirements in Attachment 1 is a precedent condition to SMUD's funding under Section 2 of this Agreement.

7. This Agreement will be effective as of the last date of signature below. This Agreement will automatically terminate if CITY fails to use commercially reasonable efforts to complete the Plans according to the specifications listed in Attachment 1, and SMUD's payment obligation under Section 2 shall also terminate. After completion of the Plans, this Agreement will remain in effect until December 31, 2010, or unless otherwise agreed upon by the parties.

8. SMUD's contact for this Agreement is SMUD's Contract Manager.

9. The following SMUD administrative data pertain to this Agreement:

Contract Manager:	Mike Keesee	(916) 732-5244
Charge Costs To:	G/L 540120 (Efficiency Incentives)	
Work Order #:	21003273 (EECR&D Incentives)	

10. Except as otherwise provided herein, all written communications or notices under or regarding this Agreement shall be directed as follows:

SMUD: Sacramento Municipal Utility District
Attention: Mike Keesee, Project Manager
P.O. Box 15830, MS-A204
Sacramento, CA 95852-1830
Phone Number: (916) 732-5244

CITY: City of Sacramento
300 Richards Blvd., 3rd Floor
Sacramento, CA 95811
Attention: Desmond Parrington, AICP, Infill Coordinator
Phone Number: (916) 808-5044

Federal Tax Id or Social Security Number: 94-6000410

11. Request for Payment.

a. To receive payment from SMUD, CITY must submit a Request for Payment to:

Accounting Department
Sacramento Municipal Utility District
P.O. Box 15830, MS B302
Sacramento, CA 95852-1830

b. Any Request for Payment to SMUD from the CITY shall reference this contract and include: (1) documentation verifying relevant costs and expenses as reasonably required by SMUD; and (2) a statement identifying those costs to be covered by SMUD. CITY shall invoice SMUD in the following manner: upon completion and review by SMUD of the energy efficiency measures contained in the draft plans, CITY may invoice SMUD for SMUD's obligation hereunder.

c. SMUD will make payments to the CITY within thirty (30) days of receipt of a Request for Payment and accompanying documentation or completion of the review, whichever is later.

12. Either party may terminate this Agreement upon thirty (30) days advance notice in writing to the other party. In such event, each party shall use all reasonable efforts to mitigate the financial obligations of the other under this Agreement. Should SMUD terminate this Agreement, SMUD shall pay the CITY for all costs incurred up to the point of termination, up to SMUD's maximum financial obligation as set forth in Section 2. Said termination payment shall be the CITY's sole and exclusive remedy for SMUD's termination or material breach hereunder.

13. Except where the CITY uses its own workforce to perform the work, the CITY shall ensure that the architects identified in Attachment 1 hold a current license, valid for the State of California and appropriate for the work to be performed. The CITY shall ensure that the architects comply with all applicable federal, state and local laws, ordinances and regulations.

14. The CITY shall ensure that all work performed under this Agreement or related to this Agreement, whether performed by the CITY or any third party, fully complies with all federal, state or local laws, statutes, regulations and ordinance regarding the generation, use, storage, handling, transportation and disposal of Hazardous Materials. For purposes of this Agreement, Hazardous Materials shall include, without limitation, substances defined or classified as "hazardous substances", "hazardous materials", "hazardous waste" or "toxic substances" under any federal, state or local law, statute, regulation or ordinance in effect or which shall come into effect during the term of this Agreement. CITY is advised that asbestos and lead-containing materials may be classified as Hazardous Materials.

15. SMUD MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO GOODS AND SERVICES PROVIDED UNDER THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

16. The CITY and SMUD, respectively, as indemnitor, will indemnify the other, as indemnitee, and save it harmless from any and all loss, damage, expense and

liability resulting from injuries to or death of persons, including, but not limited to, employees of either party hereto, and damage to or destruction of property, including, but not limited to, the property of either party hereto, arising out of or in any way connected with the performance of this Agreement or any operations hereunder by indemnitor, its agents or employees, excepting only such injury, death, damage or destruction as may be caused by the sole negligence or willful misconduct of the indemnitee, its agents or employees. Indemnitor shall, upon indemnitee's request, defend at its sole cost any suit asserting a claim covered by this indemnity. It is the intent of the parties hereto that, where negligence is determined to have been contributory, principles of comparative negligence will be followed and each party shall bear the proportionate costs of any loss, damage, expense and liability attributable to that party's negligence.

17. The CITY shall not assign this Agreement without the written consent of SMUD.

18. In the interpretation of this Agreement, any inconsistencies between the terms and any exhibits or attachments shall be resolved in favor of the terms.

19. The rights and obligations of the parties arising out of this Agreement shall be governed in all respects by the laws of the State of California.

20. The waiver by either party of any breach or any term, covenant, condition or agreement contained herein or any default in the performance of any obligations hereunder shall not be deemed to be a waiver of any other breach or default of the same or any other term, covenant, condition, agreement or obligation.

21. If either party brings any actions or proceedings to enforce, protect or establish any right or remedy or to interpret this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees.

22. In this Agreement, whenever the consent or approval of a party is required to an act of the other party, such consent shall not be unreasonably withheld, delayed or conditioned.

23. This Agreement constitutes the entire understanding between the parties as to the subject matter. Any amendments, changes, alterations or modifications to this Agreement shall require the agreement of both parties and shall not be effective until incorporated into a written amendment to this Agreement, which shall be signed by both parties.

24. Each individual executing this Agreement on behalf of a party represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said party.

25. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumption or inference concerning the terms or interpretation may be construed against any party to this Agreement.

26. Attachment 1 and Attachment 2 are incorporated into this Agreement.

IN WITNESS THEREOF, SMUD and CITY hereby agree to the terms set forth in this Agreement.

SMUD AUTHORIZATION

Signature: _____ Date: _____

Printed Name: Jim Parks

Title: Program Manager, EE&CR&D

CITY AUTHORIZATION

APPROVED AS TO FORM:



City Attorney

ATTEST:

City Clerk

Signature: _____ Date: _____

Printed Name: Ray Kerridge

Title: City Manager

**ATTACHMENT 1
REQUIREMENTS FOR SMUD INCENTIVE PAYMENTS**

To qualify for SMUD incentive payments under Section 2 of this Agreement, CITY shall:

- a. Submit **two** completed, signed and dated copies of this Agreement to:

**SMUD
P.O. Box 15830, MS-A204
Sacramento, CA 95852-1830
Attention: Michael Keesee
Phone Number: (916) 732-5244**

- b. Include the following energy efficiency measures and renewable energy systems in the specified City Infill House Plans listed below:

	PICHES ARCHITECTURE PLANS			CYNTHIA EASTON PLANS		
INFILL HOUSING PLANS	1435 - with AG, with DG, left/right options (4 plan sets) SolarSmart and HOF options	1670 - with garage L/R options (2 plan sets) SolarSmart and HOF options	1600 - for 40ft wide lots, with R/L options (2 plan sets) HOF option	C -Bungalow, 1-story, 1,350 sgft.(3bd/2ba) SolarSmart and HOF options	C - Bungalow, 1-story, 1292 sgft (2bd/2ba)* SolarSmart and HOF options	D - Cottage, 2-story, 1,600 sgft., raised slab foundation SolarSmart and HOF options

Energy Efficiency Measure	SolarSmart 35-40% > Code	Home of the Future 65-70%> Code
Attic Insulation	R-38	R-50 ceiling assembly or equivalent
Radiant Barrier	Required	No
Wall Insulation	R-13 + R-4 Rigid Foam	Advanced Framing - 2x6, 24" o.c. R19-R21 cavity/R12 insulating sheathing (R-30 wall assembly) or equivalent
Quality Installation Inspection	Required	Required
Title-24 Low Air Infiltration Testing	Required	Required Tight Envelope, .0002 SLA (1 ACH50)
Windows	Energy Star Rated .40 U-Value/.30 SHGC	Energy Star Rate 0.30 U-value, 0.26 SHGC
Furnace AFUE	0.92	.92 + ECM
A/C SEER/EER	14.5/12 w/ TXV	18+/12 +

ACCA Design Manuals J,D, & S	Required	Required
Duct Insulation	R-6	R-6 Ducts inside conditioned space
Title -24 Duct Testing	Required	Required
Mechanical Ventilation to meet ASHRAE 62.2 Standards	Required	Required
Water Heating	.62 Energy Factor (EF) Gas Storage	Solar hot water with tankless gas water heater (.82 Energy Factor) or high efficiency gas boiler hot water (.82 Energy Factor) backup OR Condensing Tankless hot water heater (.90 Energy Factor or Condensing Storage Hot Water Heater (.90 Energy Factor)
Home Energy Rating HERS II	Required	Required
Lighting	All Hardwire Light Fixtures Energy Star Rated Fixtures with Compact Fluorescent Lamps (CFLs)	All Hardwire Light Fixtures Energy Star Rated Fixtures with Compact Fluorescent Lamps (CFLs)
Solar Electric	2 kW AC Solar PV	3.5-4 AC kW Solar PV
Solar Thermal (Hot Water)	Not Required	Optional
Appliances (Clothes Washer & Drier, Refrigerator, Dishwasher)	Not Required	Energy Star Rated Tier II

c. Provide SMUD copies of the full set of plans in electronic (autocad, Word, and pdf) and hard copies, including floorplans, elevations, sections, framing, roofing, detail, electric, mechanical, and structural plans, and Title-24 Standards documentation.

d. Provide SMUD material, equipment and installation cost information associated with the design of the Plans.

e. Make the Plans available as part of the City's Infill House Plan Program and publicize the availability of the Plans and SMUD's SolarSmart and Home of the Future programs to homebuilders and the public.

ATTACHMENT 2
CONTRACTUAL OBLIGATIONS AND DISCLOSURES FOR PLAN PURCHASERS

CITY shall include in its contract with the two local architectural firms identified in Attachment 1 the obligation to provide the following contractual obligations and disclosures, in writing, to each purchaser of the Solar Smart Infill House Plan or the Home of the Future Infill House Plan:

1. SMUD and CITY make no representations as to the reliability, efficiency, sizing, or performance of the energy efficient measures, or any other aspect of the energy efficiency measures, including whether the energy efficiency measures installed are eligible for any Federal Energy Home Tax Credit or PG&E's natural gas appliance rebates.

2. Purchaser is encouraged to consult with a qualified tax advisor in determining the applicability of any tax credits and rebates.

3. Purchaser acknowledges and agrees that any energy efficient measure installed under the Infill House Plan Program for which SMUD has provided an incentive shall not be eligible for compensation under any other utility rebate program. Additionally, the Purchaser hereby grants to SMUD permission to furnish any other utility or the United States Internal Revenue Service with a copy of an issued Certificate of Compliance of Federal Tax Credits for New Homes, including any facts or documentation submitted by CITY in support of the certification of the tax credit.

4. Purchaser shall be solely responsible for the payment of any income taxes levied by Federal or State law against the purchaser and associated with installation and use of the energy efficient measures contained in the Plans.