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*Serving Lenawee, Macomb, Monroe, Oakland,
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PROMOTING WOOD BIOMASS ENERGY IN MICHIGAN INSTITUTIONS

GRANT ANNOUNCEMENT AND REQUEST FOR PROPOSALS (RFP)

PART A - PROGRAM ANNOUNCEMENT & GRANT GUIDELINES

GRANT SUMMARY

The Southeast Michigan Resource Conservation and Development Council has been working since 2004 to identify value-added uses for urban wood residues, driven largely by the need for wood disposal options following the state's emerald ash borer outbreak. At this time, the Council is allocating \$65,000 in grants to one or more institutions to fund retrofitting or replacing an existing boiler to accommodate wood fuel.

This initiative is modeled after the successful Fuels for Schools program used in the New England and Western States. A matching requirement of at least 1:1 is required. Funding preference will be given to suitable schools or other public buildings and institutions within the Southeast Michigan RC&D Council area (Lenawee, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties). All project proposals must be submitted to the SE Michigan RC&D by March 3, 2008 to be considered.

BACKGROUND INFORMATION

The emerald ash borer (EAB) has killed approximately 15 million ash trees in southeastern Michigan, causing massive environmental and economic damages to this region of the state. In response to the destruction, the Southeast Michigan Resource Conservation and Development Council (RC&D) began work on its Ash Utilization Options Project in early 2004 through funding from the U.S. Forest Service Economic Action Program. This project aimed to reduce wood waste disposal costs for communities, promote sustainable use of urban wood resources, and create economic development opportunities for the area. Through continued additional financial support from the U.S. Forest Service's Wood Education and Resource Center, this project has been very successful in creating new market opportunities for EAB-impacted ash wood and in building public support for urban wood utilization programs.

Many of the Council's previous efforts have focused on characterizing the resource supply within the urban wood "waste" stream and on boosting the production of solid wood products from this material source. (Please see <http://www.semircd.org/ash> for more information.) Based upon the RC&D's experiences, there is additional need to further explore opportunities in using the state's abundant wood residues as a biomass energy resource. In particular, given rising fuel prices nationwide, this issue is a timely one for large public institutions (schools, prisons, hospitals, etc.) facing high energy costs. The Council has created the Michigan Wood Energy website (<http://michiganwoodenergy.org>), which includes results from a statewide study of wood boiler opportunities and the Wood Energy Calculator, in order to support the growing interest in this local, renewable fuel source.

Energy costs represent a huge burden to school districts and other public institutions. The U.S. Department of Energy reports that energy costs represent the second highest budgeting expense for many school districts, behind only salaries. Use of biomass energy, especially where wood chips are plentiful and cheap, can result in significant savings for these types of institutions. In Vermont, where the Fuels for Schools program was pioneered, fuel costs for institutions converting to wood boilers were lowered 15% - 20% as compared to natural gas and 40%-50% compared to fuel oil.

Savings when compared with propane or electricity were even more significant. More information about the Fuels for Schools program can be found at http://www.fuelsforschools.org/pdf/business_outlook.pdf and <http://www.fuelsforschools.org>.

At this time, the RC&D is offering grant assistance to an institution planning a wood biomass conversion project. This grant aims to create a demonstration project that can efficiently use wood residues while lowering both energy and wood disposal costs. While wood-fired boilers are now proven technology, there are important reasons to demonstrate the successful implementation of such a system:

- *To show that the technology works—*

Only 15 years ago, some large-scale investments in biomass boilers proved dramatic failures, leading to a mistrust of biomass boilers that pervades some engineering and energy management.

- *To show that biomass fuel purchase, handling and storage can be managed—*

Because most institutions are accustomed to having fuel be simply turned on or off, or delivered without storage issues, they may not trust the fuel supply system of biomass even if they are confident about the technology. Labor time in managing biomass boilers is also a concern for those who have never used them or seen demonstration of a successful system. (A well-planned system can require as little as 20 minutes per day—about the time a facility manager should spend managing a boiler on any other fuel.)

- *To help provide a financial incentive to switch to renewable energy—*

Most public institutions like schools, cities, and hospitals do not have enough up-front capital on hand to implement retrofits or boiler replacements easily, and incentives can help bring previously doubtful or out-of-reach proposals back onto the table.

Most wood-fired boilers in Michigan are in the Upper Peninsula, where use of biomass heat by industry and easy access to fuel have lowered the first two barriers to adoption of renewable energy. However, in the Lower Peninsula, there are not many examples that demonstrate the viability of biomass boilers, particularly in southeastern Michigan—home both to ample EAB residues and to urban wood residues that have not to date been aggregated and diverted from waste streams to productive use. Consequently, the need to use EAB residues is actually a fortuitous catalyst for integrating biomass energy into more urban areas where urban waste can sustain these operations into the future, once a fuel aggregation and/or purchasing strategy has been initiated.

Although many similar boiler systems have been implemented through Fuels for Schools programs in Vermont and Montana, Michigan provides a unique opportunity to create a localized model for renewable energy production while combating mounting demands for wood disposal. This is a model that could be very valuable as EAB spreads to other urbanized regions.

PROGRAM DESCRIPTION

The available grant would provide funds of up to \$65,000 for a school, public institution, or city to either retrofit an existing boiler or to put in a new boiler that would use wood residues (ideally, those from urban tree removals and/or other urban “waste” wood sources) for energy. Proposals for Combined Heat and Power (CHP) projects also qualify under this grant and are encouraged.

Strong candidates for funding will have the following:

1. an appropriate public-service facility for boiler conversion (or a planned building site) and fuel storage
2. a previous engineering feasibility assessment (ideally including an analysis of air quality concerns and suggested emissions controls)

3. a favorable cost/savings payback scenario (in which annual fuel savings pay off installation costs in a reasonable time frame)
4. strong institutional commitment and explicit approval for project to move forward from internal management
5. a commitment to energy efficiency and long-term sustainability (preferably including plans that make efficient *year-round* use of wood energy for both heating and cooling or for electrical generation)
6. specific identified fuel sources and providers, especially using locally generated urban or undervalued wood residues (such as tree removal, forest residues, or manufacturing wastes)
7. proven access to adequate capital for completing all construction activities and a clear budget with significant matching funds provided
8. a thorough, yet aggressive, timeline (ideally, resulting in a completed project within one year)

These outcomes are critical to the success of the overall funding program – a plan that addresses all of these criteria should be included within any proposal.

A complete boiler installation is required of the grantee. According to a leading boiler manufacturer in Michigan, most boiler retrofit projects are completed within one year – if an institution had already performed an engineering assessment and ordered a system in the spring, it could be installed later that fall. In this grant program, preference will be given to projects that are likely to complete all tasks within one year (including completing bids, site preparation, equipment ordering/setup/construction, building of housing and storage sites, boiler installation, integration of system with water lines/heating distribution, installation of fuel conveyors/electrical system/control panel, bringing boiler on-line, establishing servicing and maintenance schedules, etc.).

The applicant must develop a sustainable plan for biomass aggregation and storage through partnerships in their local area in order to secure sustainable and affordable fuel sources. It is likely, and encouraged, that the fuel source may include trees from EAB-related removals—but the plan must also cultivate partnerships for the longer term after EAB sources are no longer available.

It is recommended that you have begun conversations with contractors prior to submitting your grant application. This will assist you in creating a strong plan for the use of funds by allowing you to base your proposed activities on the advice of a qualified engineer, develop a workable timetable and workplan, and set an appropriate budget. Applications that have done this groundwork will receive preference in the application review process.

Total current grant funding available for this program is limited to \$65,000. The RC&D anticipates making a single award, but several smaller grants may be issued if appropriate. From the \$65,000 grant, up to \$20,000 can be used to complete an advanced feasibility study/engineering assessment, although it is preferred that applicants have already completed such a study. If an advanced assessment has already been completed, then the entire grant can go toward the purchase of the boiler. Whenever possible, the Southeast Michigan RC&D Council and its partners will assist the grantee in identifying qualified contractors and engineers, identifying wood fuel resources, and completing the work plan.

[Please note: These federal grant funds cannot be used directly for construction projects. Grant funds may be used for design or purchase of the boiler equipment and system, but not for actual labor or construction costs. However, construction efforts, paid for with non-federal funding, may be used as match.]

Funds for any project approved under this program are granted using a 1:1 matching ratio. That means for every \$1 granted by the RC&D Council, *at least* \$1 must be provided to the project by the grant recipient in the form of cash holdings, in-kind services, or other outside, non-federal and non-RC&D Council funds. Applications with greater match amounts are encouraged and will receive higher scores in that category when proposals are evaluated. A table explaining items acceptable for matching funds is enclosed with this application.

Jessica Simons, the Southeast Michigan RC&D Council’s natural resources specialist, will act as primary contact for this project.

EVALUATION CRITERIA & SELECTION PROCEDURES

Parties seeking funding under this grant program must submit a completed application packet (as outlined on page 5 of the RFP) for funding consideration. In addition to the criteria included in the program description, a Review Committee appointed by the RC&D will review each application thoroughly based on the following additional standards:

1. Impact of proposed project on use of ash/other urban wood resources; potential for reducing wood disposal costs and improving economic sustainability in local communities
2. Scientific or technical merit of project and strength of work plan
3. Economic need of the applicant & ability to secure non-RC&D Council funds
4. Role in serving as a pilot or demonstration facility and ability to successfully complete project
5. Amount of local matching funds
6. Background in managing grants and successfully completing grant-funded projects

Applications will be reviewed by the Committee and ranked based on the evaluation criteria. The Committee will select proposals to be funded and determines the total amount of funds allocated to each grant recipient.

The Review Committee will not evaluate incomplete applications. The RC&D reserves the right to revise the suggested timeline and/or to reissue the RFP if no proposals adequately meet the evaluation criteria. Applicants may be asked to modify objectives, work plans, or budgets prior to final approval of each proposal. Applicants may also be asked to complete additional application forms or other documents, as necessary. Subsequent grant and/or contract procedures will be in accordance with all RC&D Council policies and procedures. A summary statement of the review and evaluation by the committee will be provided to applicants upon request.

GRANT PERIOD & PROGRESS REPORT

Grant recipients will be notified by mail and will have until December 31, 2008 to successfully implement the project. Grant awards will be disbursed in thirds, with the first two payments in advance of the project expenditure and the final payment as a reimbursement of project costs. [Note: The completion deadline should not prevent applicants with longer-term projects from applying. However, extended timelines must receive specific approval in advance and adequate progress must be made according to said timeline by the December 31st deadline or funding may be withdrawn.]

Brief progress reports will be required of all awardees two months after the date of the initial grant award. If adequate progress is not being made toward proposed goals, the RC&D reserves the right to rescind the grant funds and to redistribute them to another qualified applicant. When the project is completed and all related measures implemented, the grant recipient must submit a final report to the RC&D Council on the status of funds spent and the goals met as a result of the grant award. In addition, the grantee is asked, but not required, to write a brief testimonial of the positive affects that the award has had on the organization and to describe the experience of partnering with the RC&D Council.

ELIGIBILITY FOR GRANTS

Any municipality, institution, or public-service organization is eligible to submit an application for funding under the grants program, provided that the group can demonstrate that its proposal will serve to add value to the use of the EAB-impacted ash resource and will promote the use of locally generated wood as an energy source. Preference will be given to projects within public facilities.

Applicants do not have to be located in the RC&D Council area, but applicants from the RC&D Council area (Lenawee, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties) will receive priority consideration when their applications are reviewed.

REQUIRED MATERIALS FOR THE GRANT APPLICATION

Grant application materials can be recreated on your computer as long as they follow the exact format as the enclosed forms. Handwritten application materials will not be accepted. Additional copies of the application, including an editable MS Word version of the forms, can be obtained by contacting the RC&D Office (please see contact information provided below).

The following materials must be submitted as a complete package for consideration under this program:

- ❖ Completed program information form, with appropriate signatures - PART B
- ❖ Completed budget sheets - PART C
- ❖ Completed organizational plan - PART D*
- ❖ Three (3) references or recommendations - PART E
- ❖ A specific plan for the utilization of the grant funding by the applicant - PART F*
- ❖ A financial statement (independent audit, tax return) verifying the fiscal health of applying entity

** If additional space is needed, please attach and label appropriately. Additional attachments, including letters of support, will be accepted and considered.*

SUBMISSION GUIDELINES & DEADLINES

All proposal materials must be received by the RC&D Council no later than 4:30 p.m. on March 3, 2008.

Electronic proposal submissions, e-mailed as an MS Word attachment or PDF, are required.

Applicants will be notified of their project status within 4 weeks of the application deadline.

SEND THE COMPLETED GRANT APPLICATION PACKAGE TO:

E-mail: jessica.simons@semircd.org

For questions, please contact Jessica Simons at 517-851-2372.

About us –

The Southeast Michigan Resource Conservation and Development Council is a non-profit organization that helps the people of southeast Michigan care for, conserve, and protect their natural resources in a way that will improve the community's economy, environment, and quality of life. RC&D provides a framework for partnerships between local citizens, governments, and technical experts to solve resource concerns and to manage and utilize resources wisely. Although Resource Conservation and Development Councils exist nationwide, each one is organized and directed by local people to meet local needs. The Southeast Michigan RC&D Council is made up of representatives appointed by 18 sponsor organizations within the council area: Lenawee, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne Counties.

More information about the Southeast Michigan RC&D Council's Ash Utilization Options Project may be found on the Council's website at: www.semircd.org/ash. The website also features a link to sign up for the project's periodic e-newsletter.

Major funding for the Ash Utilization Options Project is provided by the Wood Education and Resource Center (WERC). Located in Princeton, WV, WERC is a USDA Forest Service facility with offices, training facilities, and a rough mill. The WERC mission is to facilitate interaction and information exchange with the forest products industry to enhance opportunities for sustained forest products production in the eastern hardwood forest region of the United States.

WERC's primary goals are to improve the knowledge, skills, and capacity of the forest industry management and workforce; increase communication, cooperation, and collaborative problem solving within the forest products industry; and improve efficiency in forest product manufacturing and wood utilization. For more information, please visit: <http://na.fs.fed.us/ea/werc/werc.shtm>.

Significant technical assistance for this project is also provided by the Michigan Department of Natural Resources.

ITEMS ACCEPTABLE FOR MATCHING FUNDS

All items proposed as grantee match **MUST** be documented by an invoice, pay stub, cancelled check, or other form of traceable evidence of payment. In addition, matching items must be directly applicable to the funded project. Items purchased prior to the date on your grant acceptance notification letter **WILL NOT QUALIFY** for funding.

Item	Explanation
Salaries & Wages	Official payroll stubs and invoices marked "paid" are acceptable.
Fringe Benefits	Letter explaining benefits package must accompany documentation of salaries and wages
Consultants	Consultant Services
Construction Costs	If construction is to be farmed out to a contractor, copies of agreement, payment schedule and evidence of payment are required. Internal construction jobs must be documented including employee time dedicated to project, cost of supplies, materials, and overhead.
Travel	Copies of receipts/credit card reports/invoices marked "paid" for tickets, lodging; food and other incidentals must be submitted in well-organized manner.
Equipment	In accordance with USDA Forest Service regulations, equipment to be used as a match CANNOT BE LEASED OR PURCHASED ON AN INSTALLMENT PLAN THAT LASTS LONGER THAN YOUR FUNDING PERIOD (1 YEAR) . The UNDEPRECIATED value of owned equipment purchased prior to your funding period could be counted as a match. Owned equipment must be on a depreciation schedule in order to qualify as a match. Submit copies of invoices or titles to equipment used as match. Equipment purchases beyond those approved by the Grant Committee WILL NOT QUALIFY for a match or as an acceptable use of Federal funds. Approval by the RC&D prior to purchases is required.
Supplies & Materials	Copies of itemized receipts, cancelled checks, or invoices marked "paid" must be provided. The cost of existing supplies held by the grantee (i.e. lumber, piping, etc.) can be used for matching funds, but the cost of those supplies MUST BE DOCUMENTED by itemized receipts, cancelled checks or invoices marked "paid."
Indirect/Overhead	Examples include: Pro-rated management and administrative support salaries; rent and utility costs. Payment stubs, receipts and invoices marked "paid" must be provided for these services. If pro-rated salaries are used as a source of matching funds, the METHODS for pro-rating MUST BE EXPLAINED and DOCUMENTED in writing.
Training	Receipts, official payroll stubs or invoices marked "paid" are acceptable for employee training as long as training is part of the grant proposal funded by the SEMI RC&D.
Advertising/Marketing	Costs associated with advertising or marketing products must be directly related to the project funded by SEMI RC&D. Documentation in the form of itemized receipts, cancelled checks or invoices marked "paid" must be submitted to qualify for a match. Fractions of larger advertising campaigns that include some elements funded by the grant can be used for matching funds.
Other Items	All other items are examined on a case-by-case basis.

RFP GRANT APPLICATION SUBMITTAL CHECKLIST

Use this check-off list to be sure all required components are included with your RFP application before submittal.

- ___ RFP PART B – PROGRAM INFORMATION FORM
- ___ RFP PART C – PROJECT BUDGET & FUNDING SOURCES
- ___ RFP PART D – ORGANIZATIONAL PLAN
- ___ RFP PART E – REFERENCES
- ___ RFP PART F – SPECIFIC PLAN FOR UTILIZATION OF GRANT FUNDS
- ___ CURRENT FINANCIAL STATEMENT (tax return, independent audit)

RFP PART B - PROGRAM INFORMATION FORM

FOR RC&D USE <hr/> GRANT APPL. #

Date: _____

Name of Organization: _____

Name of Chief Operating Officer: _____

Contact Person (if different than above): _____

Mailing Address: _____

City/State/Zip: _____ County: _____

Daytime Business Telephone #: _____ Fax: _____

E-Mail Address: _____

Project Title or Purpose of Grant: _____

Amount Requested from RC&D Council: \$ _____

Amount of Matching Funds from Applicant: \$ _____

Total Project Costs (Grant + Match): \$ _____

Source of Matching Funds: _____

Project Start Date: _____ Project Completion Date: _____

Note: Any funds awarded from this grant program must be matched with funds from the applicant. (See grant guidelines for additional information on grant matching requirements). Please complete attached budget sheets and business plan sheets.

Authorized Signature: The signature below is that of the person authorized to testify as to the accuracy of this application.

Signature: _____ Title: _____

Date: _____

FOR RC&D COUNCIL USE ONLY

Date Reviewed: _____ Grant Approved: ___ Yes ___ No Grant Amount Approved: \$ _____

Signature of Review Committee Chairman: _____

Signature of RC&D Council Officer: _____

RFP PART C - PROJECT BUDGET & FUNDING SOURCES

Name of Organization submitting application: _____

Section 1: Project Budget Overview

In the table below, indicate the amount of funds requested from the RC&D Council in each category. In the "Non-Federal Match" column, indicate the amount of funds your organization will provide to match RC&D Council funds.

The total amount of Non-Federal Matching funds should be at least the same (1:1) as those requested from the RC&D Council. Grant funds from this program cannot be used for construction. However, a grantee may use non-federal funds paid for construction as non-federal match.

Expenditure Category	RC&D Funds Requested	Non-Federal Match Funds	Total Project Cost
Salaries & Wages	\$	\$	\$
Fringe Benefits	\$	\$	\$
Consultants	\$	\$	\$
Materials	\$	\$	\$
Travel	\$	\$	\$
Equipment	\$	\$	\$
Supplies/Materials	\$	\$	\$
Indirect/Overhead	\$	\$	\$
Training	\$	\$	\$
Construction	No grant funds for construction.	\$	\$
Other (specify)	\$	\$	\$
TOTAL	\$	\$	\$

Section 2: Specific Project Budget

List the specific items (consultant fees, staffing time, boiler components, etc.) in the "Expenditure" column for which you are seeking funds that are summarized in Section 1. Provide an estimated cost for all requested items in the "RC&D" column. List the specific items for which you will match grant funds (owned equipment on a depreciation schedule, salaries of employees, etc.). Provide an estimated cost for matched items in the "Non-Federal" column. Total the columns to demonstrate specific requests and matching funds.

Expenditure	RC&D Funds Requested	Non-Federal Match Funds	Total
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
TOTAL	\$	\$	\$

RFP PART D - ORGANIZATIONAL PLAN

Name of Organization submitting application: _____

In the space below, summarize the short and long-term goals (2-5 years) for your organization and how you feel that this funding from the RC&D Council can help you achieve those goals. (If you need more space, attach and label additional pages.)

NOTE: ALL APPLICANTS MUST SUBMIT A FINANCIAL STATEMENT WITH COMPLETED APPLICATION (e.g. tax return, independent audit). These statements will be only be viewed by the Review Committee members.

RFP PART E - REFERENCES

Name of Organization submitting application: _____

Please list the names, addresses, and telephone numbers of three (3) non-related business, legal, or financial references:

Name: _____

Address: _____

City/State/Zip: _____

Phone: _____

Name: _____

Address: _____

City/State/Zip: _____

Phone: _____

Name: _____

Address: _____

City/State/Zip: _____

Phone: _____

RFP PART F - SPECIFIC PLAN FOR UTILIZATION OF GRANT FUNDS

In the space below, indicate how your organization will use funds granted through this program. Provide as much detail as possible about your current energy outlook, how a conversion to wood fuel might assist your operation, how you will undertake this project, and how supportive your organization is of pursuing this wood energy installation. Please attach and label additional pages as necessary.

Please provide the following information about your project:

1. What type of facility do you operate and how many people does it serve? What kind of impact will this project have on the economic needs of your community? Will this wood energy project move forward if you do not receive the grant?
2. Please describe the existing (or planned) building, staffing, equipment, and fuel storage capabilities. If possible, please attach an engineering feasibility assessment, an analysis of air quality concerns and emissions control plans, and any drawn site plans.
3. Please describe the economic viability of the new system, contrasted with that of the existing system. Be sure to include information about your recent fuel consumption patterns, energy needs, estimated costs of a new system, likely savings scenarios (including descriptions of past fuel type, usage, and costs), and projected payback time.
4. Is there strong institutional commitment and explicit approval for project to move forward from your leadership? Is there support for and commitment to the wood energy conversion project from your community (elected officials, partnering organizations, local businesses, etc.)? You are welcome include letters of support.
5. What efforts has your facility taken toward energy efficiency/conservation and long-term sustainability? How does your plan address the shifting seasonal nature of energy needs and wood fuel supply?
6. What type of wood fuel will your system use, and how much will it consume on an annual basis? Have you already identified specific fuel sources and providers? Please provide information regarding your fuel source, fuel cost (including both purchase and delivery), fuel availability/accessibility, likely partners, and fuel storage plans.
7. Have you already secured adequate capital for completing all construction activities? Please describe your matching funding sources. While a generalized project budget is required in Part C, a more detailed project budget description is encouraged and may be attached. [*Reminder: Grant funds from this program cannot cover any portion of the actual construction. Funds may only be used for analysis/design or purchase of equipment and boiler system components.*]
8. Please include a description of the project's timeline, likely contractors, and work plan. Projects that will be implemented and completed within one year are preferred.
9. **Optional:** Please summarize your application's strengths, further describe key impacts that this funding may have on your organization, and/or include additional supporting information that we should take into consideration when reviewing your application.