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*Serving Lenawee, Macomb, Monroe, Oakland,
St. Clair, Washtenaw and Wayne Counties*

EXPLORING WOOD BIOMASS ENERGY OPTIONS FOR 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 \$54,000 in grants to local institutions to fund engineering assessments that will evaluate the potential for using locally generated wood wastes for biomass energy. The funds will allow building managers to hire a qualified contractor to review the feasibility of 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. Individual projects are expected to follow a tight timeline (with completion of all engineering assessments by September 1, 2007) and to fit within a budget of no more than \$25,000. 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 April 16, 2007 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. In addition to funding several demonstration projects with local businesses and communities, the RC&D currently has multiple research initiatives underway including 1.) a study of the quantity and quality of urban wood residues generated annually throughout southeastern Michigan (expected to be completed in early 2007) and 2.) a study of wood disposal yard availability and efficiency in southeastern Michigan.

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.

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>.

The RC&D has begun directing significant effort toward increasing use of urban and other wood residues in biomass energy production in the region. Current funding that the Council has already received from two Forest Service grants and a grant from the Michigan Department of Labor and Economic Growth (DLEG) will enable us to 1.) conduct a study of existing boilers in the state that could be potential sites for future conversion to wood-fueled systems, 2.) provide funding for several institutions to conduct complete feasibility studies for such conversions, and 3.) contribute funding toward the retrofit/installation of a wood-fueled boiler in a local institution.

At this time, the Council is seeking proposals from institutions seeking funds for on-site wood biomass conversion feasibility studies and engineering assessments.

Please note: An additional RFP will be issued in late spring 2007 to announce the availability of one \$65,000 grant award for a complete wood biomass retrofit or installation demonstration project. (Please contact Jessica Simons at 734-761-6722 x105 for more information about this upcoming grant opportunity).

PROGRAM DESCRIPTION

Funding is currently available to examine the heating/cooling systems of several local institutions (preferably schools, hospitals, or other public buildings) to determine if conversion to wood fuel-based boiler systems could be a preferable alternative to existing non-renewable systems. (Note: Proposals for Combined Heat and Power (CHP) projects also qualify under this grant.) Preference will be shown to sites already examining alternative energy choices and expressing a commitment to implement an actual conversion if appropriate. Projects committed to using locally generated urban or undervalued wood residues (such as tree removal, forest residues, or manufacturing wastes) as fuel sources will also receive preference.

Grant funds would assist with conducting a detailed feasibility analysis for each selected facility, examining the economic and energy efficiency of both the current system and the proposed new wood-based system. Ideally, if a wood system is found to be a viable alternative, an implementation plan and new system design will also be created.

Funds may be allocated for several types of analysis, depending on the specific site needs:

1. A *cursory analysis* may be done, by hiring an engineer to look at the facility for a day. This assessment would provide basic technical information about the site, but would also provide some feedback about institutional commitment and other local issues. This would be a good starting place for institutions that are just beginning to explore the idea of alternative energy.
2. An *intermediate analysis* would provide a package of information that could later be presented to an organizational governing board. This assessment would include a detailed technical analysis of the site and its energy outlook and would include a rough financial analysis of both the current system and its alternatives. This type of analysis would be suitable for an organization that is actively exploring new energy options and/or already has access to a reliable local fuel supply.
3. A *rigorous analysis* may be done for an organization with a strong commitment to pursuing alternative energy opportunities. This type of assessment would include not only the technical analysis of the site, fuel sources, economic factors and financial details, efficiencies, staffing, and inclination, but would also include drafts of site plans for a retrofit or replacement of an existing system.

Regardless of the type of analysis pursued, funded projects should ideally end with at least preliminary information (and, in some cases, detailed reports) on several feasibility points for a wood-fueled retrofit or installation project, including:

- costs and savings projected (including an estimated “payback through savings scenario”);
- amount of biomass projected to be consumed annually;
- economic viability of the new system, contrasted with that of the old system;
- the supply, availability and accessibility of raw material to fuel the system (including the amount and condition of material generated in the vicinity of the site, source of material, cost of material purchase and delivery, and potential contractors that can deliver the biomass);
- identified source(s) of funding for the retrofit or installation;
- number of community members served by facility and/or impact on economic needs of the community; and
- support of and commitment to a future wood energy conversion project from the community (governing board, elected officials, partnering organizations, local businesses, etc.).

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.

If possible, it is recommended that you begin conversations with potential assessment 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.

You may consider filling out an online pre-feasibility assessment, such as the one created by the Fuels for Schools program in Utah, to create a profile of your current energy needs. This may be helpful in preliminary talks with your contractor. An example of such a form can be found here:

<http://www.forestry.utah.gov/ForestryAssist/FFS/PreFeasAssessformfillable.doc>.

Rebuild Michigan’s 2007 Consultants list may also be helpful in identifying suitable contractors. Be sure to check the “services matrix” section at the bottom of the document to view the specialty areas for each listed company. This list may be found online at: http://www.michigan.gov/documents/CIS_EO_Pre-Qualified_List_2006_153788_7.pdf. *(Please keep in mind that the inclusion of this list does not constitute a recommendation or referral from the RC&D Council; any qualified contractor may be used for this program.)*

Total current grant funding available for these assessments is limited to \$54,000. The Council anticipates making several awards. Individual grant awards will not total more than \$25,000 to a single institution.

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, \$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 called for in this RFP) for funding consideration. A Review Committee appointed by the RC&D will review each application thoroughly based on the following review criteria:

1. Impact of proposed project on use of ash/other urban wood resources and potential for reducing wood disposal costs for 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 pursue full retrofit or installation project if appropriate
5. Prior interest in/commitment to renewable energy projects (through previous completion of energy audits, preliminary engineering assessments, or other energy-related initiatives)
6. Amount of local match
7. Commitment to conservation, pollution prevention, or sustainable forestry issues
8. Background in managing grants and successfully completing grant funded project

Applications will be reviewed by the Committee and ranked based on the evaluation criteria. The Committee selects 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 Council 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 September 1, 2007 to successfully complete the engineering assessments. 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.

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 Council 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 how you feel about your partnership with the RC&D Council.

ELIGIBILITY FOR GRANTS

Any municipality, institution, organization, or industry 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 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 (either electronic or paper) can be obtained by contacting the RC&D Office. The following materials must be submitted to the RC&D Council as a complete package for consideration under this program:

- ❖ Completed application, with appropriate signatures - PART B
- ❖ Completed budget sheets - PART C
- ❖ Completed business 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*
- ❖ Financial statement (independent audit, tax return) verifying the fiscal health of applying entity must accompany all applications.

** If additional space is needed, please attach and label appropriately. Additional supporting attachments 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 April 16, 2007.

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

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

SEND THE COMPLETED GRANT APPLICATION PACKAGE TO:

Jessica Simons
Southeast Michigan RC&D Council
7203 Jackson Road
Ann Arbor, MI 48103-9506

Phone: (734) 761-6722 ext. 105
Fax: (734) 662-1686
E-mail: jessica.simons@semircd.org

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 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 – BUSINESS/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 Company/Organization submitting application: _____

Name of Owner or Chief Operating Officer: _____

Contact Person (if different than above): _____

Mailing Address: _____

City/State/Zip: _____ County: _____

Daytime Business Telephone #: _____ Business 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 Company/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 company/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, 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 - BUSINESS PLAN

Name of Company/Organization submitting application: _____

In the space below, summarize the short and long-term goals (2-5 years) for your organization/company and how you feel that this funding from the RC&D Council Ash Utilization Demonstration Project 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 Company/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 or business will use funds granted through this program. Please provide as much detail as possible about your current energy outlook (including recent fuel consumption patterns, energy needs, costs and budgets, etc.), how a conversion to wood fuel might assist your operation, how you will undertake this engineering assessment (including timelines, budget details, and contractor specifics), and how supportive your organization is of pursuing new energy technologies.

(If you need more space, attach and label additional pages.)