



# **Getting the Green to Go Green: Funding Opportunities for Cities and Constituents**

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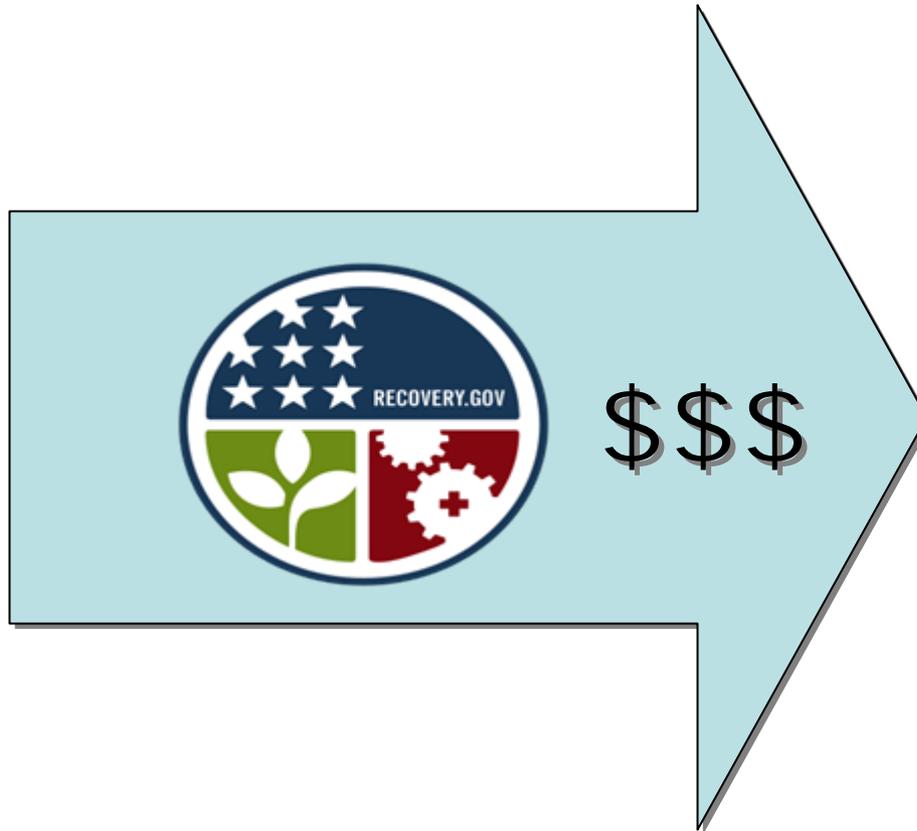
# Energy Efficiency and Financing

- Reduction of fossil fuel emissions is a national priority
- Though the market is maturing rapidly, there still exists a cost for adoption
- In California, specific legislation demands agencies to address climate change
  - AB 32
  - SB 375

# American Recovery and Reinvestment Act

- Funded the already existing Energy Efficiency and Conservation Block Grant Program
- EECBG's extraordinary budget increase articulated the administration's belief that climate change mitigation can be used as a means to invigorate the economy.
- Among the many eligible activities for EECBG funds is the creation of financial incentive programs for energy efficiency and renewable energy installations

# City Funding Opportunities



# EECBG Formula Grants Funding

- Formula Grants
  - DOE: \$302 million to large cities and counties
  - CEC: \$29.7 million to small cities (population > 35,000)
- By now, every city should have heard from the DOE or CEC. Some large cities may have already received their first grant check.

# CA EECBG Formula Grants

- In August, the CEC contacted all small agencies to inform them that they are eligible to participate in the EECBG small city/county grant program.
- If interested in participating, needed to send a Letter of Intent to the CEC by August 21.
- Funding is smaller than DOE's Formula Grants and includes a cost-effectiveness factor

# EECBG Competitive Grants

- Request for Information just released. Responses due by September 28
- Large Cities/Counties:
  - \$390 million available; 4-8 awards between \$50 million and \$150 million each
- Small Cities/Counties:
  - \$63.68 million; 15-60 awards between \$1 million and \$5 million each
- The goal of this competitive funding is to stimulate activities that have long-reaching effects, such as:
  - Deliver verifiable energy savings
  - Achieve broader market participation
  - Sustain themselves beyond EECBG
  - Serve as examples of comprehensive community-scale energy efficiency strategies

# CA State Energy Program

As a result of the ARRA, the CEC will receive \$226 million for its State Energy Program.

- CA's SEP to focus on:
  - Municipal Financing District Program (AB 811)
  - California Comprehensive Residential Building Retrofit Program
  - Municipal and Commercial Building Targeted Measure Retrofit Program
  - Low Interest Energy Efficiency Financing

# CEC Energy Efficiency Financing

- The CEC is providing loans with a low interest rate of 1 % for ARRA-type projects.
- The current ECAA Loan Program is still offering a low interest rate of 3 percent for energy efficiency projects that do not qualify for ARRA funding.
- Up to \$25 million in funds are currently available with a maximum loan amount of \$3 million per application. There is no minimum loan amount.
- For more information, visit:  
[www.energy.ca.gov/efficiency/financing/index.html](http://www.energy.ca.gov/efficiency/financing/index.html)

# Constituent Funding Opportunities

- AB 811
- SB 275



# What is AB 811 and SB 279?

## AB 811

- Approved by the Governor as an “urgency measure” on July 21, 2008.
- The bill authorizes local governments to finance the installation of solar and energy efficiency improvements that are affixed to the property.
- Loans would be assessed on the customers’ property tax bill.

## SB 279

- Special Tax Option through an amendment to the Mello-Roos Act.
- Approved by the Senate, 24:8. Governor has until October 11 to sign or veto.
- Property owners vote to approve the district before the property is actually in.

# What can be financed?

Solar and Energy Efficiency improvements that are fixed to the property

- Solar panel systems
- HVAC upgrades
- Insulation
- Energy efficient doors and windows
- Tankless water heaters

# What are the terms of AB 811?

Agencies design their own program. One of the first steps is to develop a Policy Statement.

## Policy Statement:

- Establishes district boundaries
- Defines eligibility criteria
- Confirms process to transfer loan amounts to County Tax Assessor
- Establishes financing plan and if necessary, details the plan to raise capital through bond issuance

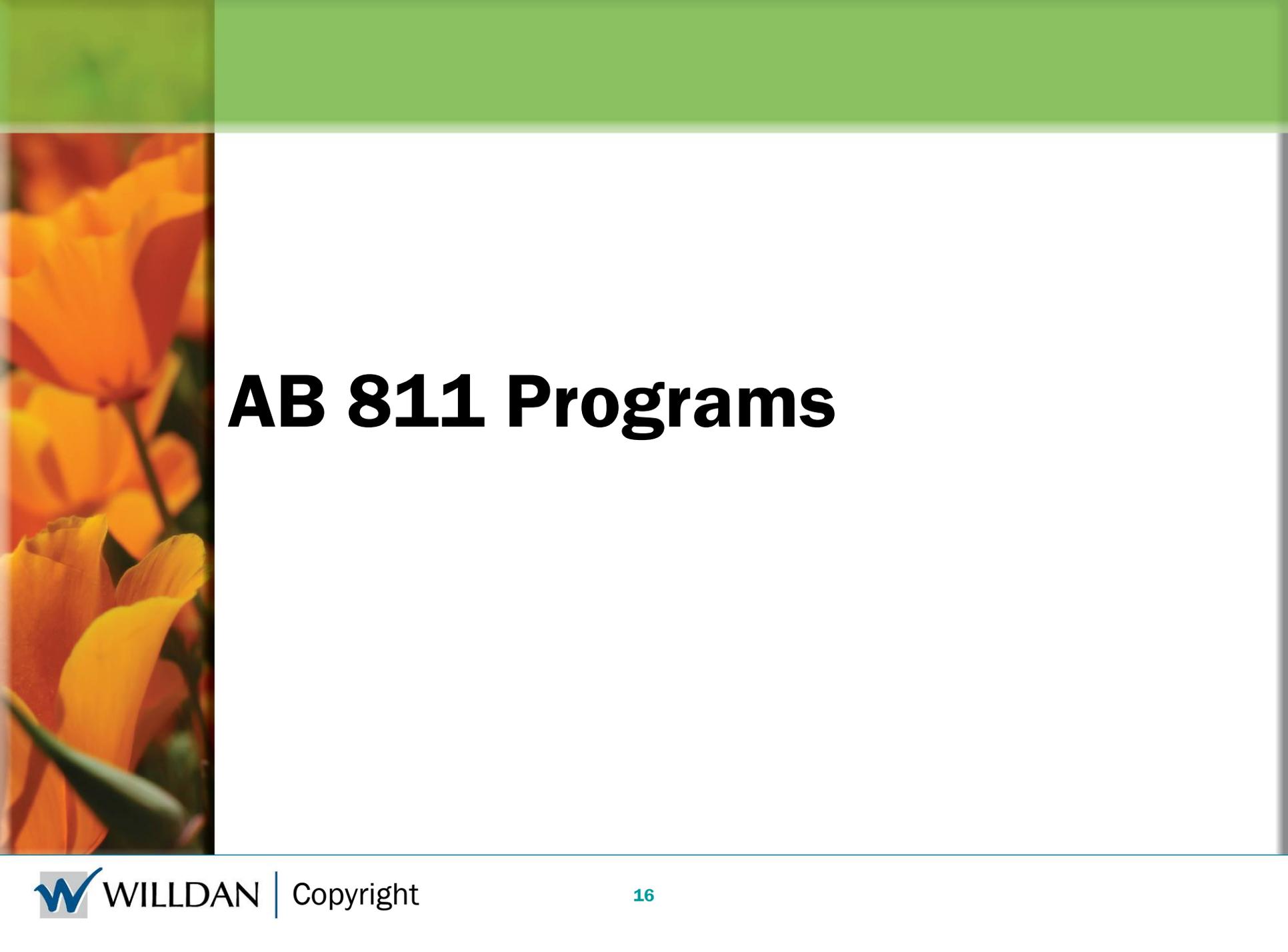
# AB 811 Hurdles to Participation

- General fund tax dollars are limited
- Municipal financing costs are relatively high – both in interest rate and set up costs
- Most cities have no available staff/budget to launch or administer program
- AB 811 assessment financing programs still awaiting judicial validation

# Why should cities be interested in AB 811?

AB 32 is our reality. The law requires that by 2020 the state's greenhouse gas emissions be reduced to 1990 levels, a roughly 25% reduction under business as usual estimates.

Absent any funding to comply with this law, AB 811 serves as a tool to reach the GHG reduction goals.



# AB 811 Programs

# CaliforniaFIRST

- California Statewide Community Development Authority (CSCDA) was established in 1998. Has issued \$9.9 billion in bonds to fund CA infrastructure.
- Currently investigating the development of a statewide AB 811-type program
- By the Fall of 2009, the CSCDA Board will make a decision on whether a program will be rolled out
- If a program is launched, first loans to be issued early next year.

# LA County

- Developing a Community-Scale Building Retrofit Program to target residential initially, all buildings eventually.
- County will invest EECEBG funds to establish the infrastructure of the program including components such as financing, administration and processing.
- Program will be available to resident of unincorporated LA County as well as residents of participating cities in LA County
- To participate, LA County cities would only need to pass a City Resolution declaring their participation. No money is being requested from cities.
- Timing: Board of Supervisors approve the Program, Winter 2010. First loans initiated, June 2010.

# Chula Vista's Home Upgrade-Carbon Downgrade Community Program

- Chula Vista is pursuing an AB 811 program as a component to their larger Climate Change Plan.
- Home Upgrade-Carbon Downgrade employs a community-scale approach and includes components such as
  - Local retailer networks
  - Pre-screened local contractors
  - Workforce training
  - Neighborhood leaders/early adopters
- Program expected to launch January 2010
- City is targeting to reach 2,000 homes through this program

# Next Steps for Cities

## Integrate resource conservation into city operations and City General Plan

- Create an internal committee with one clear lead
- Set up your City's infrastructure to measure outcome of efforts: emission reductions, energy savings, utility bill reductions
- For AB 811, do a market assessment and learn more about the real potential demand from your constituents.

# Willdan: Who we are

- **Willdan Energy Solutions** is a energy efficiency and resource conservation firm
- **Willdan Financial Services** has over 20 years of experience administering all types of financing districts, including assessment districts
- **Willdan Engineering** has been providing public agencies with reliable engineering and planning consulting services for more than 40 years.

# Final Thoughts

- Funding for green improvements is available.
- Energy efficiency financing is critical to meeting California's next rung of aggressive energy efficiency goals
- AB 811 can help achieve sustainability goals, including compliance with AB 32
- Willdan is ready to assist