



Financing Local Sustainability Efforts

Even in these difficult financial times, local agencies are undertaking a wide range of activities that promote sustainability. Some activities emphasize increasing water and energy efficiency or conserving natural resources. Others emphasize reducing air pollution, improving access to parks and making communities more walkable, while still others focus on reducing greenhouse gas emissions.

Regardless of the reason for undertaking an activity, they have one thing in common – the need to pay for the effort. This article offers suggestions on key issues to consider when evaluating the cost of a project, as well as key resources to identify funding sources.

Analyze Key Concepts as First Step

Before beginning the search for financial resources, it is a good idea to consider a few basic concepts. These will enhance the cost effectiveness assessment, as well as identify related benefits – also known as “co-benefits.”

Evaluate Life-Cycle Costs

Life cycle cost analysis looks at the costs of a system or equipment over its entire life span. For example, some energy efficient products may initially cost more to purchase. But because they use less energy, they cost less to operate over their lifetime than products that cost less to purchase but are more expensive to operate. This calculation is important when evaluating the payback period of any sustainability investment.

Evaluate Sustainability Strategy Option versus “Business as Usual”

Similarly, when considering cost effectiveness of a sustainability strategy, it is important to compare it with a “business as usual” alternative. For example, how much money is *saved* by investing in energy efficiency, compared to retaining the status quo? Or, put another way, how much money is *lost* by not investing in energy efficiency.

Multiple Benefits from One Strategy

Many, if not most, sustainability strategies provide more than one type of benefit, often referred to as “co-benefits.” Including an analysis of the implications, where feasible, of co-benefits can help to decide whether a particular strategy is cost-effective overall. For example, when deciding whether to undertake water efficiency retrofits for agency facilities and operations, it is important to consider not only the cost savings from decreased water use that may accrue, but also the related energy cost savings.

Leading by Example

The symbolic or public leadership aspects of embracing sustainability may also be something local officials want to consider, even if it is not feasible to quantify them. For example, the impact of converting fleets to fuel efficient, low emission or alternative fuel vehicles may be more than saving gasoline, diesel, money and reducing air pollution. They also include demonstrating to the public that the agency is a leader in promoting sustainability, efficient use of taxpayer dollars and reducing air pollution.

Going Beyond Greenhouse Gas Reductions

Many local agencies are moving ahead with plans to address climate change by reducing greenhouse gas emissions in agency facilities and operations. In these difficult economic times, though, it is a challenge to identify funding resources for greenhouse gas reduction strategies alone, or, to justify expenditure of resources to address climate change alone.

Thus, when contemplating strategies that ultimately will contribute to reductions in greenhouse gas emissions, it is helpful to broaden the analysis and consider other benefits, such as energy and water efficiency and savings, reduced air pollution, or increased fuel efficiency. Many of these activities are eligible for funding assistance, or will save the agency money (compared to the “business as usual” approach). There are some targeted resources that provide financial assistance for specific climate change related activities, such as conducting a greenhouse gas inventory for agency facilities or developing a climate action plan.

Where to Look for Sustainability Funding Resources

The following summarizes major resources to support sustainability efforts. The summary is not intended to be exhaustive. Additional targeted or other resources may be available in individual geographic areas. Because funding sources, eligibility criteria, and availability change constantly, local officials are encouraged to review the programs themselves carefully.

Please see www.ca-ilg.org/GHGfinance for links to these and other financial resources.

Energy Efficiency

- **Energy utilities** offer financing incentives through rebates and other mechanisms to promote energy efficiency retrofitting of agency facilities. A summary of utility financing options and websites is available from individual utilities or at www.ca-ilg.org/GHGfinance.
- **Flex Your Power** offers a searchable data base of energy rebates, incentives and services available throughout California for a wide range of products.

California Energy Commission offers various grants and loans to promote energy efficiency and climate change. The Commission’s traditional energy funding resources have been supplemented by funding from the federal government under the American Recovery Reinvestment Act program. In October 2009, the CEC released new funding eligibility information, available at www.ca-

ilg.org/GHGfinance. However, for ongoing notification about the CEC's program, sign up for the ARRA list-serve at <http://energy.ca.gov/recovery/index.html>.

Other CEC programs provide support for local agency energy efficiency efforts. These include the Energy Partnership Program and the Emerging Renewables Program (which funds wind and fuel cell technologies).

- **California Solar Initiative** is part of the Go Solar California program. It offers rebates for installation of solar photovoltaic systems to customers in California's investor-owned utility territories: Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric.

Vehicles

- **Alternative and Renewable Fuel and Vehicle Technology Program**, created in 2007 by AB 118, is administered by the California Energy Commission. It offers grants, loans, loan guarantees, revolving loans, and other appropriate measures to promote use of various fuel efficient transportation technologies. Eligible recipients include public agencies.

Water

- **Water efficiency.** Rebates or loans to purchase water efficient equipment and incentives to purchase water appliances or equipment that are energy efficient are available from several sources, including water and energy utilities.
- **Water conservation and reliability.** Grants and/or loans are available for water conservation, groundwater management, water quality and supplies, and other water-related projects. The State Department of Water Resources and the State Water Resources Control Board administer these programs.
- **Water quality and waste water.** The State Water Resources Control Board's financial assistance programs include loan and grants for municipal sewage and water recycling facilities, watershed protection projects, nonpoint source pollution control projects.

SB 375; Land Use and Transportation Planning

- **SB 375.** The State of California plans to provide \$90 million in grants from Proposition 84 to local agencies to develop plans to implement SB 375.
- **Safe routes to schools.** The goal of the Safe Routes to School effort is to make bicycling and walking safer and more appealing modes of travel to school. State and federal funding is available for both infrastructure and non-infrastructure projects that increase the number of children who walk or bike to school through improved safety and reduced traffic and air pollution.
- **Councils of Governments (COGs) and Air Districts.** Many COGs and air districts provide funding to support regionally-specific projects.

Parks and Open Space

- **Statewide Park Program (Proposition 84).** The Statewide Park Program funds a variety of state and local park and open space programs. However, due to the bond freeze, applications currently are not being accepted.

Other Resources

- **California Statewide Communities Development Authority** is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. It provides access to low-cost, tax-exempt financing for various types of projects.
- **COGs and Air Districts.** Some Councils of Governments and air districts provide funding for regionally-specific projects, including funds for climate change inventories and planning.

Sustainability Funding Resources - Additional Detail

The following summarizes major resources to support sustainability efforts. The summary is not intended to be exhaustive. Additional targeted or other resources may be available in individual geographic areas. Because funding sources, eligibility criteria and availability change constantly, local officials are encouraged to review the programs themselves carefully.

Energy Efficiency and Renewable Energy

Energy utilities

Utility providers offer financing incentives through rebates and other mechanism to promote energy efficiency retrofitting of agency facilities. A summary of utility financing options and websites is available at individual utilities or through CCAN.

- [Pacific Gas and Electric Company - Rebates, Programs and Services for Commercial Customers](#)
- [SDG&E Summary of Efficiency Support and Financing Programs](#)
- [Southern California Gas Company Summary of Efficiency Support and Financing Programs](#)
- [Southern California Edison Energy Efficiency Programs](#)
- [California Municipal Utility Association](#)

Flex Your Power

[Flex Your Power](#) offers a searchable database of energy rebates, incentives and services available throughout California for a wide range of products.

California Energy Commission (CEC)

The CEC offers various grants and loans to promote energy efficiency and climate change.

- [American Recovery & Reinvestment Act Funding](#)

The Commission's traditional energy funding resources have been supplemented by funding from the federal government under the American Recovery Reinvestment Act program. It is unclear at this time whether these funds must be used for energy-related purposes only, or if they can be used for broader climate change projects as well. The CEC is currently establishing criteria and guidelines for the types of projects that it will fund.

*The best way to keep track of the most current information about the CEC's program is to sign up for the **ARRA list serve at the bottom right** on the Commission's ARRA page.*

The following provides information on other CEC programs of particular interest to cities and counties that provide support for local agency energy efficiency efforts.

- [CEC Emerging Renewables Program](#)

This program provides rebates for installation of small wind or fuel cell electricity systems.

- [CEC Energy Efficiency Financing Loans](#)

The California Energy Commission (CEC) offers up to \$3 million per application in energy efficiency financing and low interest loans to cities and counties for installing energy-saving projects.

- [CEC Energy Partnership Program](#)

The CEC provides technical assistance services (up to \$20,000 of consultant costs) to assist with conducting energy audits, review existing proposals and designs, and develop equipment performance specifications.

- [CEC Grants for Small Local Governments](#)

\$30 million is available to smaller cities and counties through a competitive grant program offered by the California Energy Commission. CEC has developed the guidelines for this program with extensive stakeholder input.

Renewable Energy Funding

[CityFIRST](#) is a new statewide clean energy financing program to be provided by the California Statewide Communities Development Authority (California Communities). Renewable Funding develops and delivers innovative solutions for renewable energy and energy efficiency financing. Renewable Funding supports the administration and financing of the CityFIRST (Financing Initiative for Renewable and Solar Technology) Program at no cost to participating cities.

California Solar Initiative

[The California Solar Initiative](#) is part of the Go Solar California program. It offers rebates for installation of solar photovoltaic systems to customers in California's investor-owned utility territories: Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric.

Vehicles

Alternative and Renewable Fuel and Vehicle Technology Program

[The Alternative and Renewable Fuel and Vehicle Technology Program](#), created in 2007 by AB 118 and administered by the California Energy Commission, offers grants, loans, loan guarantees, revolving loans, and other appropriate measures to promote use of various fuel-efficient transportation technologies. Eligible recipients include public agencies.

Water and Waste Water Systems

There are a variety of financial resources that provide grants, loans, and rebates related to water and waste water systems. These include programs managed by utility providers, state agencies and other organizations. Here is information about, and links to, several key resources.

Energy Utilities

Utility providers offer financing incentives through rebates and other mechanism to promote energy efficiency retrofitting of agency facilities. A summary of utility financing options and websites is available at individual utilities or through CCAN.

- [Pacific Gas and Electric Company - Rebates, Programs and Services for Commercial Customers](#)
- [SDG&E Summary of Efficiency Support and Financing Programs](#)
- [Southern California Gas Company Summary of Efficiency Support and Financing Programs](#)
- [Southern California Edison Energy Efficiency Programs](#)
- [California Municipal Utility Association](#)

Flex Your Power

[Flex Your Power](#) offers a searchable database of energy rebates, incentives and services available throughout California for a wide range of products.

Department of Water Resources Programs

- [DWR Grants & Loans](#)
Grants and/or loans are available for water conservation, groundwater management, water quality and supplies, and other water-related projects. Here are some programs of particular interest to cities and counties.
- [DWR Local Groundwater Assistance Program](#)
This program supports agricultural and urban water use efficiency implementation projects, or studies that carry out the goals of the California Bay Delta Program's Water Use Efficiency Program.
- [DWR Integrated Regional Water Management \(IRWM\) Program](#)
The Integrated Regional Water Management (IRWM) Program is intended to promote and practice integrated regional water management to ensure sustainable water uses, reliable water supplies, better water quality, environmental stewardship, efficient urban development, protection of agriculture, and a strong economy.

- [DWR Local Groundwater Assistance Program](#)
This program provides grants of up to \$250,000 for groundwater data collection, modeling, monitoring and management studies; monitoring programs and installation of equipment; basin management; development of information systems; and other groundwater related work.
- [DWR Urban Streams Restoration Program](#)
The Urban Streams Restoration Program (USRP) funds grants to local communities for projects to reduce flooding and erosion and associated property damages; restore, enhance, or protect the natural ecological values of streams; and promote community involvement, education, and stewardship.
- [DWR Agricultural Water Conservation Program](#)
The Agricultural Water Conservation Program makes loans to local public agencies and incorporated mutual water companies to finance feasible, cost effective agricultural water conservation projects or agricultural programs to improve water use efficiency. A total of \$28 million is available for the Agricultural Water Conservation Program with up to \$5 million for each project.

California Water Resources Control Board

- [SWRCB Financial Assistance Programs](#)
The State Water Resources Control Board's financial assistance programs include loan and grants for municipal sewage and water recycling facilities, watershed protection projects, nonpoint source pollution control projects. Here are some programs and resources of particular interest to cities and counties.
- [SWRCB FFAST online application tool](#)
The State Water Resources Control Board has developed the online Financial Assistance Application Submittal Tool (FFAST) to provide an efficient, online method for project proponents to sign up for funding notifications, submit financial assistance applications, and monitor the status of their applications.
- [Clean Water State Revolving Fund Program](#)
The CWSRF Loan Program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water recycling facilities, as well as, expanded use projects such as implementation of nonpoint source (NPS) projects or programs, development and implementation of estuary Comprehensive Conservation and Management Plans, and storm water treatment.
- [Small Community Wastewater Grant Program](#)
The Small Community Wastewater Grant (SCWG) Program, most recently funded by Proposition 40 and Proposition 50, provides grant assistance for the planning, design, and construction of publicly-owned wastewater treatment and collection facilities. Grants are available for small communities (i.e., with a population of 20,000 persons, or less) with financial hardship (i.e., annual median household income [MHI] is 80% of the Statewide MHI, or less).
- [Water Recycling Funding Program \(WRFP\)](#)
This program promotes the beneficial use of treated municipal wastewater (water recycling) in order to augment fresh water supplies in California by providing technical and financial assistance to agencies and other stakeholders in support of water recycling projects and research.

- [Proposition 84 Storm Water Grant Program](#)
This program provides matching grants to local public agencies for the reduction and prevention of Storm Water contamination of rivers, lakes, and streams.

Smart Rebates Program to Save Water

[Smart Rebates](#) is a statewide program administered by the California Urban Water Conservation Council that offers a list of water efficient appliance rebates that can be used by commercial building owners. As of March, 2009, the State of California put a suspension on funding water rebates. However, water rebates are still available to customers serviced by certain agencies. Please contact the Smart Rebates Program at 1-800-563-5874 (1-800-LO-FLUSH) to find out if you are eligible to receive funding.

Waste Reduction & Recycling

Reuse Assistance Program

[The Reuse Assistance Program](#) provides up to \$250,000 is available each year through a competitive grant process where local governments can receive up to \$50,000 in matching funds for reuse of nonhazardous material(s) projects.

Beverage Container Recycling Grants

[Beverage Container Recycling Grants](#) are available through California Department of Conservation funding programs that assist local governments with establishing convenient beverage container recycling and litter abatement projects, and to encourage market development and expansion activities for beverage container materials. Funds are available through several programs, although as a result of the State budget, the amount of funding available may be decreased or eliminated.

SB 375; Land use and transportation planning

Strategic Growth Council - Sustainable Communities Planning (Proposition 84)

[Sustainable Communities Planning](#): the State plans to provide \$90 million in grants from Proposition 84 to local and regional agencies to develop plans to implement SB 375. The California Strategic Growth Plan gives responsibility to the Strategic Growth Council to “manage and award grants and loans of funds provided in Proposition 84 to support planning and sustainable communities.” Information on funding priorities, criteria and processes can be found on the Strategic Growth Council Web site, particularly in documents associated with [Council meetings](#). The Council has developed a [summary chart](#) that outlines its' relationship to Proposition 84.

Department of Transportation (Caltrans)

The California Department of Transportation has several programs that support local land use and transportation planning. Many of these programs are managed through the Departments Division of Local Assistance or the Division of Transportation Planning. Here are several programs of particular interest to cities and counties.

- [Caltrans Division of Local Assistance](#)
Caltrans' Local Assistance Program oversees more than one billion dollars annually available to cities, counties and regional agencies for the purpose of improving their transportation infrastructure or providing transportation services. This Web page lists announcements and program links, and has a listserv to stay informed about updates.
- [Community-Based Transportation Planning Grant Program](#)
This program provides planning funds, up to \$300,000 per grant, that support livable communities (such as long-term economic development, multimodal linkages, jobs/housing balance), coordinate land-use and transportation planning, reflect community values, and include non-traditional participants in transportation decision making. These grants require a local 20% match with a maximum 10% in-kind contribution allowed.
- [Environmental Justice: Context-Sensitive Planning](#)
This program provides grants up to \$250,000 to promote community involvement in planning to improve mobility, access, and safety while promoting economic opportunity, equity, environmental protection, and affordable housing for low-income, minority, and Native American communities. These grants require a local 10% match, of which half may be in-kind.
- [Safe Routes To Schools](#)
The goal of the Safe Routes to School effort is to make bicycling and walking safer and more appealing modes of travel to school. State and federal funding is available for both infrastructure and non-infrastructure projects that increase the number of children who walk or bike to school through improved safety and reduced traffic and air pollution.
- [Bicycle Transportation Account](#)
The Bicycle Transportation Account (BTA) provides state funds for city and county projects that improve safety and convenience for bicycle commuters.
- [Environmental Enhancement and Mitigation \(EEM\) Program](#)
This program provides up to ten million dollars annually, to local, state, and federal agencies, and nonprofit organizations for environmental enhancement and mitigation projects which are directly or indirectly related to the environmental impact of modifying existing transportation facilities, or for the design, construction or expansion of new transportation facilities.
- [Regional Blueprint Grant Program](#)
Regional Blueprint grants help MPOs and rural RTPAs engage in public outreach to select community preferred growth scenarios for the future. Through Regional Blueprints, local transportation agencies attempt to balance transportation planning with land use planning, housing needs, resource protection and other planning issues in order to achieve more sustainable regional growth patterns and improve the quality of life for Californians. Regional Blueprints are tools that will help communities reduce greenhouse gases and will assist transportation agencies in creating enduring communities for residents throughout the entire State. While Blueprint grants are not directly available to cities and counties, participation in the blueprint process can provide resources which can support local planning efforts.

Urban Greening, Parks and Open Space

Statewide Park Program (Proposition 84)

[The Statewide Park Program](#) funds a variety of state and local park and open space programs. However, due to the bond freeze, applications currently are not being accepted.

Strategic Growth Council - Statewide Urban Greening Program (Proposition 84)

[Statewide Urban Greening](#): Funding for a statewide urban greening program is included in the proposed Proposition 84 allocation plan. Under the plan, the State would provide \$70 million in grants from Proposition 84 to local and regional agencies for urban greening projects that reduce energy consumption, conserve water, improve air & water quality, and provide other benefits. Information on funding priorities, criteria and processes can be found on the Strategic Growth Council Web site, particularly in documents associated with [Council meetings](#). The Council has developed a [summary chart](#) that outlines its' relationship to Proposition 84.

Green Trees for the Golden State (Urban Forestry)

[The Golden Trees for the Golden State Urban Forestry Program](#) provides up to \$1.75 million dollars is available annually to assist communities, non-profits and municipal governments to create and maintain urban forests. Contact one of the Urban Forestry Field Specialists to obtain more information on obtaining a grant for your local jurisdiction.

Urban Forest Ecosystem Institute (UFEI)

[UFEI](#) works in partnership with CAL FIRE to provide information about grants available to local governments for urban greening and urban forest projects.

Other Resources

California Statewide Communities Development Authority

[California Communities](#) is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. It provides access to low-cost, tax-exempt financing for projects various types of projects.

CoolCalifornia.org

The Air Resources Board's [Cool California Web site](#) offers guidance and resources to help local governments reduce greenhouse gas emissions and save money.

COGs and Air Districts

Some Councils of Governments and air districts provide funding for regionally-specific projects, including funds for climate change inventories and planning.

General Grant Search Tools

Grants.gov

Search Grants.gov for federal government grant opportunities by category, agency, and eligibility criteria. Register to apply for grants, track your application, and obtain resource tools.

California Grants

Visit the State of California's [grants website](#) for a listing of grants organized by topic. Each link goes directly to the relevant state agency website for more information.

U.S. EPA Economic Recovery Resources

EPA's [State and Local Climate and Energy Economic Recovery Resources](#) page offers resources that can assist state and local governments as they work to ramp up existing clean energy programs and create new ones. Check out this EPA web site for resources specific to opportunities in economic recovery funding.

Technical Assistance

DOE Technical Assistance Project for State and Local Officials

[The Technical Assistance Project](#) (TAP) is designed to provide state and local officials with quick, short-term access to experts at U.S. Department of Energy (DOE) national laboratories for assistance with their renewable energy and energy efficiency policies and programs.

This resource is a service of the Institute for Local Government (ILG) whose mission is to promote good government at the local level with practical, impartial, and easy-to-use resources for California communities.

ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties. For more information and to access the Institute's resources on sustainable communities, visit www.ca-ilg.org/Sustainability. If you would like to access this resource directly, go to www.ca-ilg.org/FinancingLocalSustainability.

The Institute welcomes feedback on this resource:

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