

Financing Sustainability Webinar Series: Financing Energy at the Local Level

December 6, 2011 - 10:00 a.m. to 11:15 a.m.

Please note:

- Questions and comments may be submitted using the on-screen webinar tools.
- For live assistance during the webinar, please call 916-658-8208.
- PowerPoint presentation is available for download at:
<http://www.ca-ilg.org/FinancingSustainabilityWebinars/2>



INSTITUTE FOR
LOCAL GOVERNMENT
FOUNDED 1955

Using GoToWebinar

Instructions

- How to Choose a Listening Mode
 - How to Submit Questions
1. If you do not see the **Control Panel (A)**, click the arrows on the **Grab Tab (B)** to expand the viewing area.
 2. Next, choose your preferred listening mode using the options in the **Audio Pane (C)**.
 3. To submit questions or comments to the panelists, type text into the box provided in the **Questions Pane (D)** and click the **Send (E)** button.

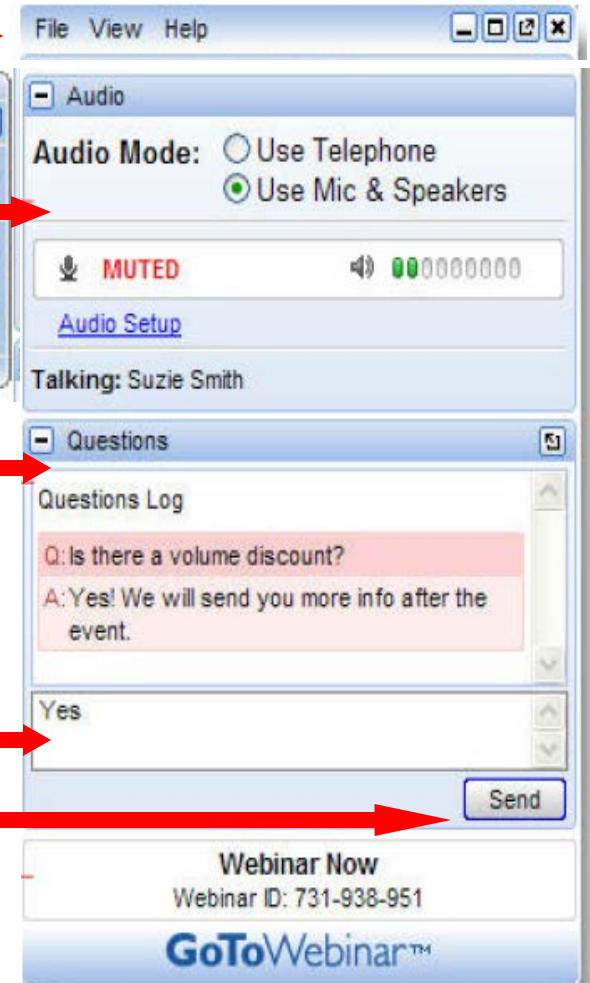
(A) Control Panel →

(B) Grab Tab →

(C) Audio Pane →

(D) Questions Pane →

(E) Type Text here and
click the Send button to
Submit Questions here →



www.ca-ilg.org/webinarbasics

About the Institute

Who:

- **Founded 1955**
- **501(c)(3) Research and Education Arm of:**
 - League of California Cities
 - California State Association of Counties

Mission:

- Promoting good government at the local level



Sustainable Communities Learning Network (SCLN)

- Help local officials, staff, and others share information and resources to support the development of communities that are economically, socially, and environmentally sustainable.
- Provide tools and support to local officials who are working to incorporate sustainability into their day-to-day operations.

California
Strategic Growth Council



Today's Agenda

Yvonne Hunter, Program Director, Climate Change
Institute for Local Government

- Welcome and Introductions

Brendan Reed, Environmental Resources Manager
City of Chula Vista

- Partnership Opportunities with the State's Investor Owned Utilities

Maria Sanders, Environmental Services Division
City of El Cerrito

- Revolving Fund for Energy and Water Efficiency

Laura Ryan, Manager of Energy and Sustainability
City of Pleasanton

- Performance Contracting

Questions and Discussion

Statewide Energy Efficiency Collaborative

AN ALLIANCE TO SUPPORT LOCAL GOVERNMENT

- * The Statewide Energy Efficiency Collaborative (SEEC) is a new alliance to help cities and counties reduce greenhouse gas emissions and save energy. SEEC is a collaboration between three statewide non-profit organizations and California's four Investor Owned Utilities. www.californiaseec.org/



The Beacon Award

- Recognizes cities and counties that:
 - Reduce greenhouse gas emissions
 - Save energy
 - Adopt policies and programs that promote sustainability
- Silver, Gold and Platinum Beacon Awards to recognize and celebrate local agency achievements



Local Leadership Toward
Solving Climate Change

Partnership Opportunities with the State's Investor Owned Utilities



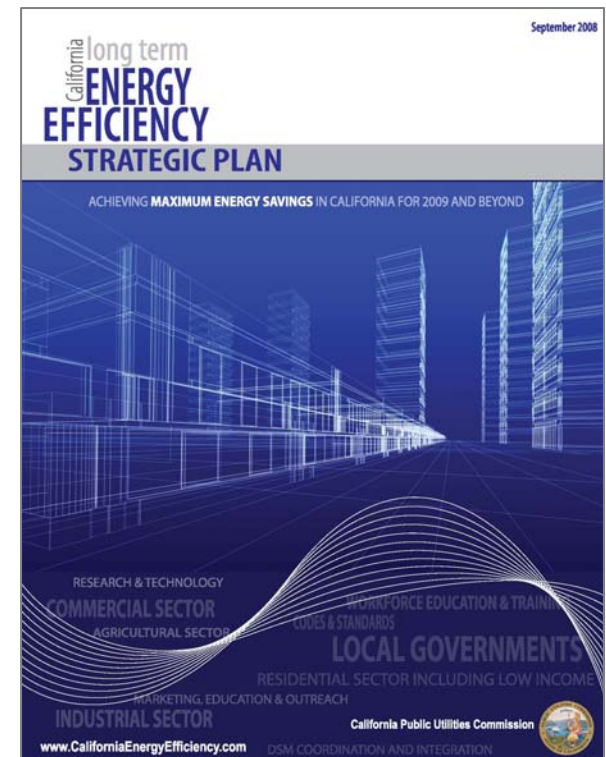
Brendan Reed
Environmental Resource Manager



Local Gov't Partnership: Long Term Vision

“By 2020, California’s local governments will be leaders in **using energy efficiency to reduce energy use & global warming emissions** both in their own facilities and throughout their communities.”

- CA Public Utilities Commission



Why Local Governments?

Local governments have a unique role in their communities...

**Community
Centers &
Libraries**

**Land Use &
Building
Codes**

**Major
Employer**

**Business
Licenses**

**Economic
Development**

**Building/
Facility
Owner**

**PACE
Financing**

**Redevelopment
& Housing**

Why Local Governments?

Local governments have a unique role in their communities...



Local Government Partnerships

Supported through IOUs/CPUC, LGPs help jurisdictions to:

- Lead by example with **energy use practices & facilities**
- Lead their communities with **innovative programs** for energy efficiency, sustainability, & climate change
- Leaders in adopting & implementing “**reach**” **codes**
- Develop energy efficiency **expertise** at local governments

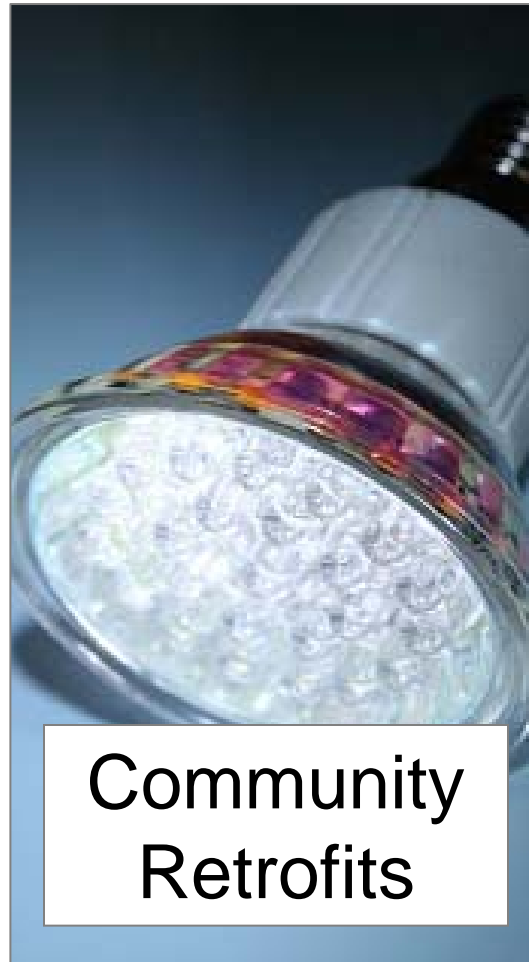
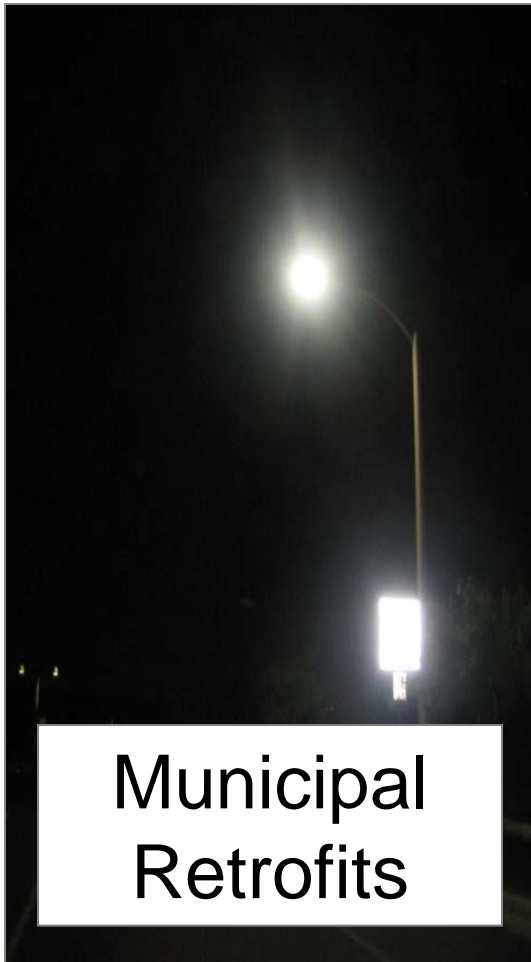
LGP Example: City of Chula Vista

- Began in 2006
- Focuses on internal operations & community
- Involves staff in all major departments
- Closely tied to climate action program
- Ongoing coordination w/ SDG&E
- Constantly evolving!!!



LGP Example: City of Chula Vista

- 3 Major Components



LGP Example: Regional Collaboration

Individual LGPs have enabled more collaborative, regional efforts...

- Streetlight Working Group
- Climate/EE Branding & Web Portal
- Energy Resource Map
- Energy Upgrade CA Support
- Green Business Challenge
- Additional Grant Opportunities



A compact fluorescent light bulb (CFL) is shown against a black background. The bulb is white and has a spiral shape. A blue banner is overlaid across the middle of the bulb, containing the word "QUESTIONS?" in white, bold, uppercase letters. The base of the bulb is visible at the bottom, showing two pins and a circular pattern.

QUESTIONS?



Revolving Fund for Energy & Water Efficiency

9

City of El Cerrito EWEP Fund

Maria Sanders, Environmental Services Division

December 6, 2011

Revolving Fund for Energy & Water Efficiency

The Setting

El Cerrito, San Francisco Bay Area, CA

- 24,000 Residents
- \$600K Municipal Energy & Water Budget
- 1,700 Street Lights
- 20 Municipal Buildings & a Swim Center



Revolving Fund for Energy & Water Efficiency

The Context

City's Environmental Stewardship Goal

- Broadened environmental focus to include climate issues
- Reorganized IWM to now be the Environmental Services Division
- BAAQMD and EPA grant funds to build staff capacity



Construction of new LEED Platinum
El Cerrito Recycling and Environmental Center

Revolving Fund for Energy & Water Efficiency

Getting Started

EWEP Seed Funds

- Leveraged resources realized from lighting retrofits in 2 largest facilities
 - Public Safety
 - Community Center
- High paybacks
- Good rebates
- Good return on investment for City



Community Center Lighting Audit

Revolving Fund for Energy & Water Efficiency

Making the Case for EWEP

Facility	Annual kWh Savings	Annual Avoided Costs	Total Project Costs	Rebate Amount	City Cost Share	Simple Payback*	Discounted Lifecycle Savings	Avoided CO2 lbs
Community/ Swim Center Lights	22,705	\$3,633	\$8,544	\$4,265	\$4,279	1.18	\$ 20,735	14,667
Public Safety Bldg Lights	64,522	\$5,821	\$13,527	\$7,610	\$5,917	1.02	\$ 57,394	41,681
Total	87,227	\$ 9,454	\$ 22,071	\$ 11,875	\$ 10,196	1.08	\$ 78,129	56,348
						City	\$/CO2	\$ 0.18
						Societal	\$/CO2	\$ 0.39

Revolving Fund for Energy & Water Efficiency Taking EWEP to the Next Level



Ohlone Greenway LED Installation

EECBG Funds

- \$123,000 in EECBG Funds
- \$ 24,000 from EWEP
- \$ 190,000 life-cycle savings (including maintenance savings)
- \$34,000 in avoided costs accruing back to EWEP

Revolving Fund for Energy & Water Efficiency

Governing EWEP

EWEP Rules

- Budget savings transferred from affected account to EWEP over 3 years
 - 75% savings in 1st year; 50% in 2nd year; 25% in 3rd year
- Transferred amount based on estimated savings
- All rebate funds not needed to cover immediate project costs accrue to EWEP
- Only savings from projects that use leveraged EWEP funds or significant in-kind hours from ESD staff accrue back to EWEP

Revolving Fund for Energy & Water Efficiency Using EWEP for the Long-Term

Issues to Consider

- How large is your annual energy and water budget?
 - Can it also fund energy management staff?
 - How many high payback projects can you stack up to replenish the Fund before you hit diminishing returns?
- Revolving Fund supported by a 3-5 Year Energy Efficiency Investment Plan
- Staff needs to actively manage budget transfers and keep good accounting of savings, dollars in and out of the Fund.

Revolving Fund for Energy & Water Efficiency

Other Models for Revolving Funds

Case Studies

- Statewide Local Gov't. Energy Efficiency Best Practices
 - www.californiaseec.org/tools-guidance/best-practices
 - Contact: Pat Stoner at pstoner@lgc.org
- San Jose Energy Fund
- Alameda County Designated Energy Fund & utility bill surcharge

REVOLVING FUND FOR ENERGY & WATER EFFICIENCY

Thank you.

msanders@ci.el-cerrito.ca.us

Statewide Energy Efficiency Collaborative

AN ALLIANCE TO SUPPORT LOCAL GOVERNMENT

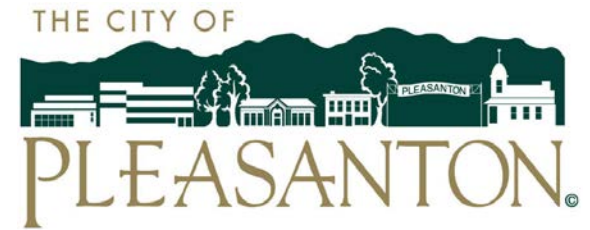
Energy Program Funding for Local Governments Webinar

December 1, 2011

Webinar Presentations Available Now

www.LGC.org/events/seec/webinar9_2011.html

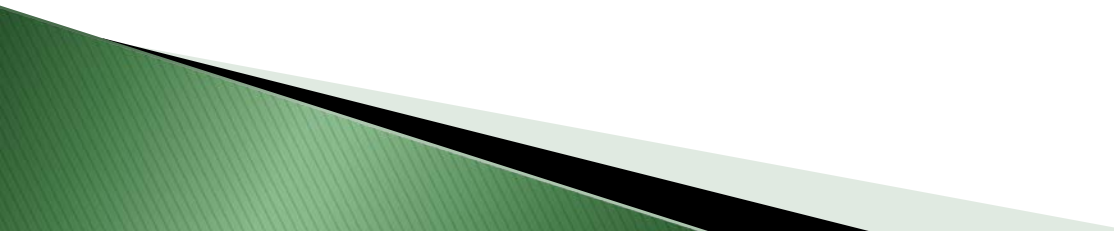
Video Archive Available Soon!



Performance Contracting

Presentation by Laura Ryan
Manager of Energy and Sustainability
December 6, 2011

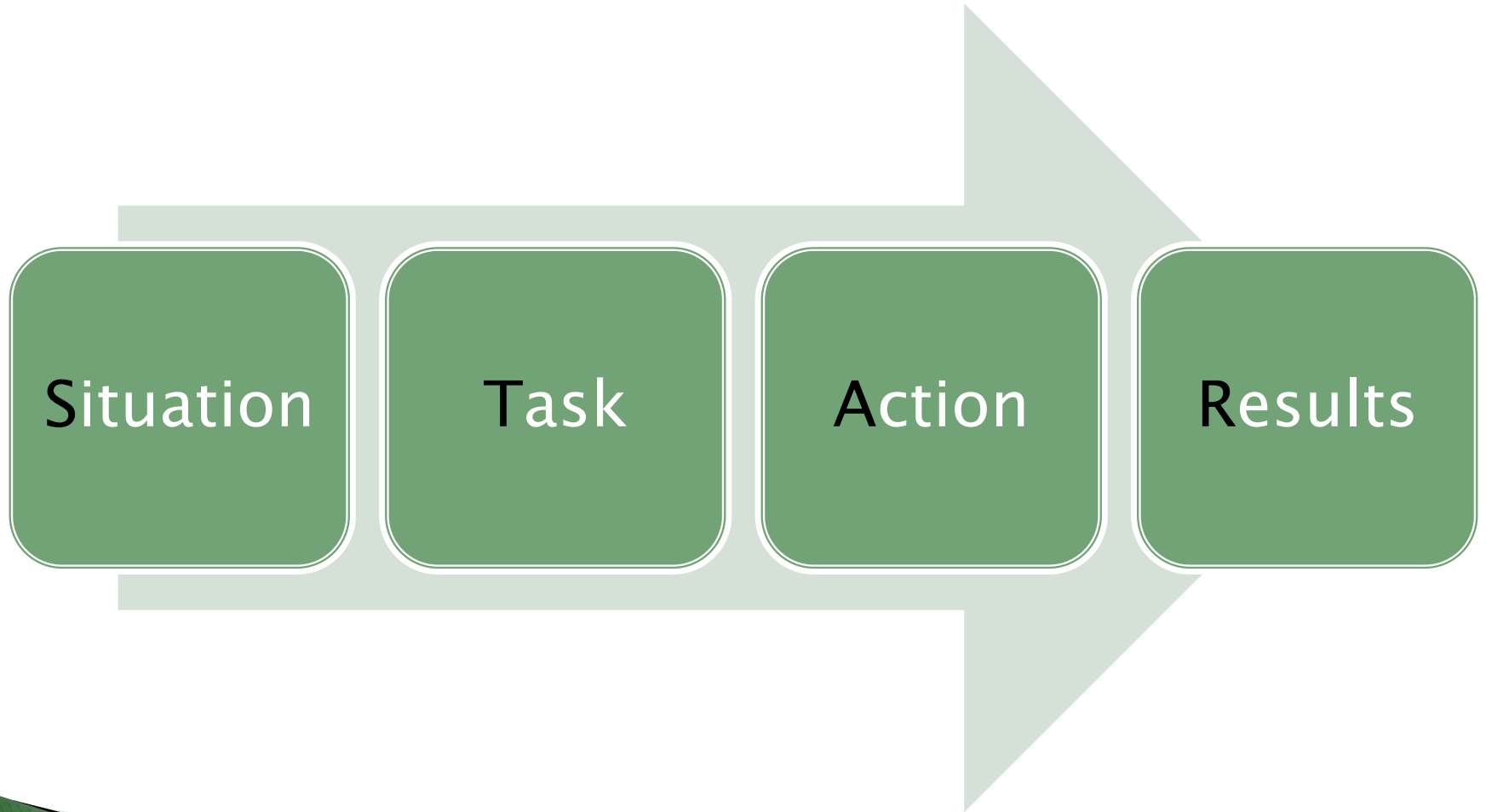
What is a Performance Contract?

- ▶ A partnership with an energy service company (ESCO). The ESCO conducts a comprehensive energy audit and identifies improvements to save energy. The ESCO designs and constructs projects and arranges for funding.
 - ▶ The ESCO guarantees that the improvements will generate energy costs savings sufficient to pay for the project over the term of the contract.
 - ▶ After the contract ends, all additional costs savings accrue to the agency. Contract terms range up to 25 years.
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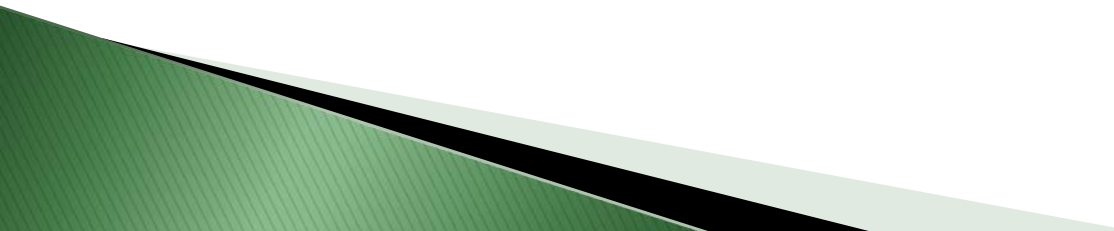
Traditional vs. Performance Contracts

Factors	Traditional Contract	Performance Contract
Financial source	Capital outlay	Current budget
Bond/tax increase	Yes	No
Savings guarantee	No	Yes, up to 20 years
Performance guarantee	No	Yes, up to 20 years
Cost guarantee	No	Yes (and no change orders)
Equipment selection	Low bid	Best efficiency/value
Contractors	Low bid	Most qualified
Risk burden	Municipality	ESCO

STAR System



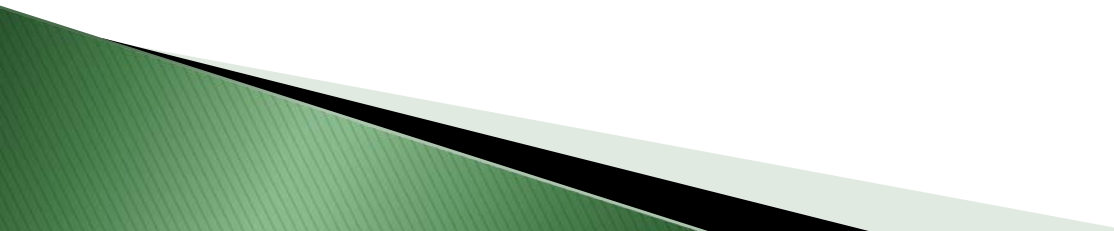
Situation

- ▶ Pleasanton just finalized its Climate Action Plan, which includes community and municipal baselines and goals.
 - ▶ We've already captured the low-hanging fruit, so the remaining projects are big/\$\$\$.
 - ▶ We want to be seen as a leader in implementing sustainable programs and technologies.
 - ▶ We don't have an army of folks or unlimited budget to "get to done".
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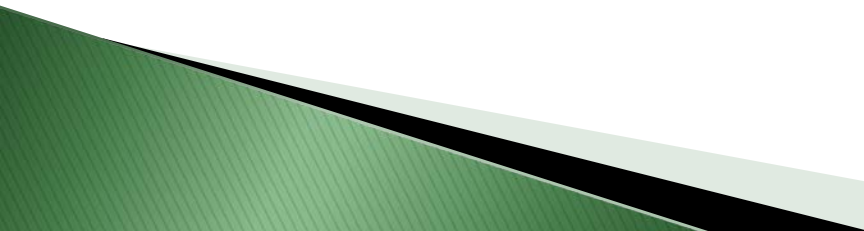
Types of Projects

(Sample)	
Heating systems	Renewable energy
Cooling systems	Technology
HVAC systems	Service
Building envelope	Community outreach/education
Energy mgt/control systems	Water conservation/efficiency
Lighting - internal/external	

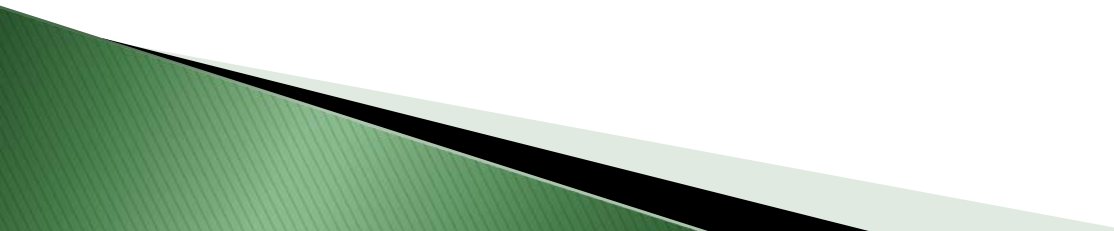
Task

- ▶ We needed to identify creative financing opportunities.
 - Best “bang for the buck”
 - Financially prudent, transparent
 - Minimal risk
 - ▶ We also wanted to be able to leverage existing partnerships and programs to contribute toward community goals.
- 

Action

- ▶ Exhaustive search of available grants and financing vehicles (thin)
 - ▶ Performance contracting was the best fit for us
 - No upfront costs; savings will meet/exceed debt obligations
 - Flexibility in choosing vendor and influencing choice of subcontractors
 - Ability to aggregate pet projects with core projects
 - Ability to proactively address infrastructure concerns
- 

Results (TBD)/Next Steps

- ▶ Key stakeholders to draft a list of potential projects
 - ▶ Meet with EPC vendor to finalize list
 - ▶ Investment-grade audit to establish energy baseline
 - ▶ Selection of measures to implement
 - ▶ Program development, engineering, and implementation
 - ▶ On-going monitoring and verification
- 

Selection Criteria

- ▶ Weighted scores for:
 - Company background, solvency, experience
 - Experience with performance contracting
 - Contracting terms and conditions
 - Project management acumen
 - Energy and environmental project expertise
- ▶ Other considerations:
 - Proven track record for community engagement
 - Expertise with social media platforms
 - Alignment with City goals, philosophy (familiarity with our CAP and work we've already done)
 - Responsiveness (local presence, reference checks)

Additional Info

- ▶ Sample projects
 - AMR water meters
 - LED street and park lights
 - Solar installations (parking structures)
 - Community outreach/awareness campaigns
 - WiFi community, energy information kiosks
 - Comprehensive energy management system
- ▶ What's the benefit to EPC vendors?
 - Tax credit (not available to cities), capital depreciation, good press, expansion of subcontracting base

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Questions?



Questions not answered during the webinar will be answered offline and posted at <http://www.ca-ilg.org/FinancingSustainabilityWebinars/2>

Resources to Learn More

- **Sustainable Communities Learning Network**
 - www.ca-ilg.org/SCLN
- **Beacon Award**
 - www.ca-ilg.org/BeaconAward
- **Financing Sustainability Resource Center**
 - <http://www.ca-ilg.org/ghgfinance>

Next SCLN Webinar -- Save the Date and Be Sure to Register!

Opportunities to Fund Local Parks and Open Space
January 31, 2012 - 10:00 a.m. to 11:15 a.m.

Registration available at:

<http://www.ca-ilg.org/FinancingSustainabilityWebinars>

Have an open space or local park story to share?

Tell us in the post-webinar survey or

email sustainability@ca-ilg.org