



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Community Services
Department
Department No.: 057
For Agenda Of: September 4, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Herman Parker, Community Services Director (805) 568-2467
Director(s)
Contact Info: Angie Hacker, emPowerSBC Program Manager (805) 568-3515
SUBJECT: emPowerSBC Funding Opportunities

County Counsel Concurrence

As to form: YES

Auditor-Controller Concurrence

As to form: YES

Other Concurrence: Risk Management, Planning and Development

As to form: YES

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the Agreement to Deliver the 2012 County of Santa Barbara American Recovery and Reinvestment Act Financing Program (the "Agreement") between County and Southern California Gas Company made available through California Public Utility Commission (CPUC) 2012 funding cycle (Attachment A).
- B. Subject to concurrence by the Auditor Controller, County Counsel, and Risk Management, approve and authorize the County Executive Officer or designee to execute all follow on approvals required by the Agreement.
- C. Direct emPowerSBC staff to seek additional funding opportunities including, but not limited to, remaining American Reinvestment and Recovery Act (ARRA) funds made available by the California Energy Commission (CEC) through Los Angeles County to explore building upon the emPower model in the Tri-County region consisting of Santa Barbara, Ventura and San Luis Obispo Counties, and 2013-2014 CPUC funding to sustain and enhance program activities through 2014.
- D. Receive and file an update on emPowerSBC progress.

- E. Determine that the approval and execution of the Agreement and the direction to seek additional funding is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and
- F. Direct staff to file a Notice of Exemption (Attachment B)

Summary Text:

emPowerSBC is Santa Barbara County's comprehensive energy efficiency financing program. Staff seeks the Board's consideration of State funding opportunities available to the County within a short time frame. Through a unique public-private relationship, the program currently provides homeowners a convenient and affordable way to pay for energy efficiency and renewable energy upgrades through unsecured loans offered by CoastHills Federal Credit Union and Ventura County Credit Union. In addition to providing loans, emPowerSBC also assists homeowners in obtaining utility rebates and identifying local qualified contractors. As one of only a handful of active programs of its kind in the State, several agencies have approached emPowerSBC with offers to provide funding to supplement and enhance ongoing efforts. Programs like emPowerSBC are considered an important partner in meeting the State of California's increased focus on energy efficiency policy goals, as they make it easier and more affordable for consumers to undertake energy upgrades in existing buildings. Additional funds could provide well-timed opportunities to supplement previously accepted American Recovery and Reinvestment Act (ARRA) grant funding that expired in June 2012 and other funding that will be fully exhausted in August 2013. These funds could also allow emPowerSBC to explore new markets and strategies to address efficiency in existing buildings. emPowerSBC seeks the Board's authority to execute a funding agreement offered by Southern California Gas Company per recent decisions made by the California Public Utilities Commission (CPUC) to support existing energy efficiency financing programs built under ARRA. emPowerSBC also seeks direction from the Board to pursue additional funding opportunities to sustain and build upon the energy efficiency program model.

Background: Two key funding avenues have recently been made available specifically for previously ARRA funded, energy efficiency financing programs. As such a program, emPowerSBC staff has been approached to determine how emPowerSBC's receipt of additional funds could support ongoing program activities.

- **California Public Utilities Commission funds:** The California Public Utilities Commission (CPUC) is a regulatory agency, which regulates privately owned public utilities in the State of California, and oversees billions of dollars in rate payer funds to support statewide energy efficiency efforts. On May 10, 2012 the CPUC released decisions on the 2012 and 2013-2014 budget cycles, which provide for significant roles and funds for local governments for energy efficiency program delivery. In particular, the CPUC has mandated that the investor owned utilities (IOU) develop funding opportunities specific to sustaining, augmenting, expanding and standardizing credit enhancement financing programs previously funded under ARRA. As one of only a handful of credit enhancement financing programs in the State, emPowerSBC is in key position to access additional funding to continue to serve as a statewide model, gathering energy

efficiency loan performance data needed to inform future financing markets. Additional funding is to be set aside for marketing, outreach and other energy efficiency program delivery functions via local government utility partnerships or through newly established regional energy networks. Local governments may also be provided funds to provide program delivery activities for Energy Upgrade California, a statewide utility incentive program and brand for energy efficiency, which will receive committed funding for 10 years.

Following an initial survey of needs, the investor owned utilities (IOU) indicated in CPUC testimony, submitted July 2, 2012, their proposed plans to make funding available to Santa Barbara County. Southern California Gas Company, an IOU, prepared for the Board's consideration and approval an Agreement (Attachment A) that makes available \$875,000 in funding to the County to supplement current emPowerSBC financing, marketing and workforce efforts, and offset staffing and administration costs.

Pending final CPUC and IOU decisions, several millions of dollars may also be made available the County within the next several months for calendar years 2013 and 2014. The additional funds could be used to maintain and even augment the current scale of program operations through 2014, allowing Santa Barbara County the opportunity to develop customized financing products for other underserved markets (such as multi-family residences, small business, or low income housing) backed by new loan loss reserve credit enhancement dollars. If a Tri-County program is implemented (as described in the next section), CPUC 2013-2014 funds could support staffing and program delivery for the Tri-County region.

- **State ARRA funds:** The California Energy Commission (CEC) has provided \$8-\$13M in remaining ARRA funds to Los Angeles County under the auspices that a portion of those funds will be dedicated to other programs in the State. With these funds, the CEC is interested in expanding credit enhancement-based, energy efficiency financing programs, particularly into neighboring communities. As one of only three credit enhancement financing programs in the State, emPowerSBC is high on the CEC's priority list, particularly given that the credit unions working with emPowerSBC currently operate throughout un-served communities in San Luis Obispo and Ventura counties. Initial conversations with both counties revealed great interest in a Tri-County emPower model, which had been originally explored during the feasibility phase of Santa Barbara County's municipal energy financing program. While both counties are home to significant efforts to bolster the green building market, these jurisdictions do not currently have an active energy efficiency financing program and currently lack specific energy efficiency program delivery functions such as marketing and outreach, and workforce development which simultaneously serve to complement the statewide Energy Upgrade California program. Program experience suggests that customized, on-the-ground program delivery provided by local stakeholders is critical to the success of both emPowerSBC and the Energy Upgrade California program in this region.

Staff seek direction to pursue funding to augment program costs through 2014 in coordination with San Luis Obispo and Ventura counties, and build upon the emPower model and infrastructure to support a regional building efficiency effort. This approach could maximize current programmatic and marketing infrastructure (i.e. standardized agreements, processes, workflows, branding, advertising, etc), while minimizing programmatic redundancies and community confusion.

Pending CEC's agreement to provide approximately \$1-\$1.4 million in funding to the County of Santa Barbara to support initial credit enhancement and program delivery for a Tri-County model, staff would develop Memorandums of Understanding with Los Angeles County, San Luis Obispo and Ventura counties for the Board's consideration and approval.

emPowerSBC is a grant funded program, and does not seek material support from the General Fund. The funding sources described above provide the best known means to sustain and enhance emPowerSBC's building energy efficiency activities and associated staffing beyond existing grant funding. The Board's approval of the recommended actions would allow staff to take advantage of the funding opportunities in order to meet funding deadlines.

Program Progress Updates:

emPowerSBC is one of three active energy efficiency financing programs of its kind in the State and is now fully operational and staffed with three employees. To date, the program has achieved the following results:

- **Contractors Engagement**
 - 21 Participating contractors; recruitment efforts continue
 - 14 contractor engagement and skill building opportunities, including two local building performance certification trainings funded directly by emPowerSBC grants, saving local builders thousands of dollars
 - Significant signs of market transformation have occurred, including an increase in local building performance professionals and reports of firms hiring, starting new divisions and contracting with each other
- **Homeowner Engagement**
 - Initial phase of program awareness included:
 - 10 homeowner workshops completed throughout all 5 districts of the County
 - Over 25 presentations and/or exhibit booths at community events and meetings
 - Regular print, TV and radio ads currently running on most local outlets, including specialized campaigns
 - Earned media efforts result in regular TV, radio and print coverage
 - Mailers to 22,000 targeted homes
 - Online ads, eblast, enewletters and social media are reaching hundreds that have signed up for updates
 - Distribution of program material via an extensive network of committed community allies, including Chambers of Commerce, utility companies, cities, non profits, Realtors, Workforce Investment Board, and emPowerSBC lenders (listserv of over 30,000).
 - These marketing activities have led to the following outcomes:
 - Approximately 550 attendees educated at homeowner workshops
 - Newly launched website welcomed 4,500 unique visits since November 1, 2012
 - 173 homeowner contacts (email, phone or web sign ups) in last quarter (April – June 2012)
 - Quarter million dollars in loan applications submitted
 - 20 Energy Upgrade CA rebate projects underway within County, due in large part from our co-branded marketing efforts

- Participating contractors report over 100 leads generated. Experience shows longer lead time than anticipated (3-6 months), resulting in lag in applications

Program improvements continue to be made to streamline the application process, expand project eligibility, improve customer service and contractor support, and enhance marketing approaches.

Fiscal and Facilities Impacts:

Budgeted: No

If funds are received, staff would recognize revenues and expenditures accordingly through a budget revision.

Fiscal Analysis:

The emPowerSBC program is funded by three grant sources previously approved by the Board of Supervisors including the United State Department of Energy, the State California Energy Commission and Southern California Edison, for a total project budget of \$3 million over three years, with the last grant to be expended by August 2013.

New funding opportunities specifically from CEC and CPUC could provide over \$2 million in revenue to support ongoing program activities.

Staffing Impacts:

N/A

Special Instructions: Please send a copy of the signed Agreement and minute order to Angie Hacker.

Attachments:

Attachment A: Agreement to Deliver the 2012 County of Santa Barbara ARRA Financing Program between County and Southern California Gas Company

Attachment B: CEQA Notice of Exemption

Authored by:

Angie Hacker, Program Manager, emPowerSBC