



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: Housing & Community
Development
Department No.: 055
For Agenda Of: January 12, 2010
Placement: Departmental
Estimated Tme: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department David Matson, Housing & Community Development
Director(s) Interim Director (568-2068)
Contact Info: Chris Rich, County Executive Office
Fiscal and Policy Analyst (568-2060)

SUBJECT: County Municipal Energy Financing Program: Proposed Resolution of Intention

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: NA

Other Concurrence: NA

Recommended Actions:

It is recommended that the Board of Supervisors take the following actions:

- a) Direct staff to provide the Board of Supervisors' written notice of a proposed contractual assessment program (Attachment 1) to all water and electric providers within the boundaries of the County of Santa Barbara (County); and,
- b) Direct staff to provide the proposed County of Santa Barbara Resolution Declaring Intention (Resolution of Intention) to Finance Installation of Distributed Generation Renewable Energy Sources, and Energy Efficiency and Water Efficiency Improvements to cities within the County (Attachment 2); and,
- c) Direct staff to provide the cities with a draft resolution approving participation in the County's program (Attachment 3); and,
- d) Set a hearing for March 16, 2010 to consider adoption of the proposed County of Santa Barbara Resolution of Intention, following action by each participating city.

Summary Text:

On December 1, 2009, the County of Santa Barbara (County) Board of Supervisors (Board) directed staff to implement a municipal energy financing program (program), pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets & Highways Code (Chapter 29), which was amended by Assembly Bills (AB) 811 and 474. As part of program implementation, Chapter 29 requires the Board to:

- Provide 60-day notice to water and electric providers prior to program adoption.
- Adopt a Resolution Declaring Intention to Finance Installation of Distributed Generation Renewable Energy Sources, and Energy Efficiency and Water Efficiency Improvements (Resolution of Intention). The proposed Resolution of Intention indicates the geographic boundaries of the program and directs County staff to develop a Program Report.
- Adopt a Resolution Confirming the Program Report and a Bond Resolution.

Attachment 1 provides the required notice to water and electric providers, and Attachment 2 provides a draft of the Board's Resolution of Intention. Notably, the Board is not being asked to take action on this resolution today. Rather, this is an opportunity for review prior to providing this document and a draft resolution approving participation in the County's program (Attachment 3) to each of the eight incorporated cities within the County. Outside counsel and staff recommend that the Board provide this necessary documentation to the cities for their adoption prior to the Board's consideration of the final Resolution of Intention on March 16, 2010.

Pursuant to Chapter 29, at least twenty days after the Board has first published written notice of its adoption of the Resolution of Intention, the Board may consider remaining legislative actions necessary to establish a regional program, which would include adoption of a Resolution Confirming the Program Report and a Bond Resolution. The County would then begin a judicial validation action in coordination with outside counsel.

Background/Discussion:

On December 1, 2009, the Board received a study and draft Administrative Guidelines illustrating the feasibility of a regional municipal energy financing program in the County. Given the benefits of a successful program, the Board adopted a resolution authorizing the use of \$772,635 in American Recovery and Reinvestment Act funds allocated to the County through the Energy Efficiency and Conservation Block Grant (EECBG) for program start-up, directed staff to move forward with implementation, and selected Chris Lynch of Jones Hall as outside counsel to provide program advice and documentation.

Pursuant to the Board's direction, staff has worked closely with Jones Hall to consider feedback and input provided by community stakeholders regarding the County's program. Staff has met with energy utilities, including Pacific Gas & Electric, Southern California Edison, and Sempra, and has actively sought input from regional water purveyors. As an extension of these outreach activities, and as required under Chapter 29, the Board is requested to direct staff to provide its formal written notice, included as Attachment 1, to water and electric providers within the County. The notice is for informational purposes only and requires no action on the part of its recipients. Specifically, the notice indicates that the Board will consider adoption of the program, and that the proposed boundaries would encompass the entire geographic territory of the County of Santa Barbara.

To facilitate formal program implementation, cities wishing to participate in the County's program will be asked to consider and approve via resolution, the Board's proposed Resolution of Intention (Attachment 2). This expression of program participation by each city is necessary for the Board to establish the appropriate program boundaries prior to adoption of its final Resolution of Intention. The Board's proposed Resolution of Intention was drafted with the assistance of Jones Hall. Key elements include:

- Findings that the program intends to deliver energy and water savings, serving the public interest.
- Identification of program parameters and a general strategy for financing improvements.
- Direction to County staff to develop a final Program Report (similar to the draft Administrative Guidelines provided to the Board on December 1, 2009).
- Establishment of a date for a public hearing to consider the final Program Report.

Given direction from the Board, staff will provide the proposed Resolution of Intention, as well as the draft resolution included as Attachment 3 to all partnering cities. Staff will then work with these cities over the next 45 days to take the appropriate legislative action to formalize participation in the County's regional program. Following action by each city, a Board hearing will be held on March 16, 2010 to consider the Board's final Resolution of Intention. Following the March 16, 2010 Board hearing, written notice of the Board's action will be published, consistent with Chapter 29 requirements, and staff will finalize the Program Report. The Program Report outlines authorized improvements; geographic boundaries; application requirements; program governance; and, required coordination with the Auditor/Controller and Treasurer Tax/Collector. On April 13, 2010, the Board can consider adoption of a Resolution Confirming the Program Report and a Bond Resolution. Adoption of these documents represents remaining legislative actions necessary to establish a program and associated financing mechanisms. The County would then begin a judicial validation action.

In addition to proceeding with program implementation activities, staff has recently applied for two competitive American Recovery & Reinvestment Act (ARRA) grants. These competitive applications include:

- A request for approximately \$2.6 million through the ARRA State Energy Program (SEP) Grant, overseen by the California Energy Commission (CEC), and
- A request for approximately \$2.4 million through the competitive Energy Efficiency & Conservation Block Grant (EECBG), overseen by the US Department of Energy (DOE).

If successfully awarded, these grants would fund programmatic administrative costs for up to three years, enhancing the \$772,635 in EECBG formulary funds set aside by the CEC for the County. Notably, staff completed and submitted necessary documentation to the CEC to access these formulary funds which, as stated in the Board's resolution adopted on December 1, 2009, will be used to facilitate program implementation. Both the DOE and CEC are expected to make funding decisions regarding the competitive grant applications in spring 2010, aligning with the County's implementation timeframe.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	NA	NA	NA
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

Minimal project costs will be incurred by providing notice to water and electric service providers, and to work with cities to formalize program participation. These and other aspects of program implementation were discussed during the December 1, 2009 Board hearing, at which time the Board approved an advance receivable from the County General Fund of up to \$1 million as an accounting procedure to provide necessary upfront program implementation resources. In all cases, proceeds resulting from the \$772,635 in EECBG funds allocated to the County, or a competitive grant award, as well as interest earnings from contractual assessments, will be used to reimburse the General Fund in a timely manner.

Staffing Impacts:

Legal Positions:
 NA

FTEs:
 NA

Special Instructions:

NA

Attachments:

Attachment 1: Board of Supervisors' Notice of Proposed Contractual Assessment Program

Attachment 2: Proposed Resolution Declaring Intention to Finance Installation of Distributed Generation Renewable Energy Sources, and Energy Efficiency and Water Efficiency Improvements

Attachment 3: Proposed City Resolution Approving the County's Resolution of Intention

Authored by:

Chris Rich, County Executive Office

cc:

Robert Geis, Auditor-Controller

Bernice James, Treasurer-Tax Collector