



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: March 16, 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: Municipal Energy Financing Program: Resolution of Intention

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: NA

Recommended Actions:

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

- a) Determine that the proposed contractual assessment program (program) is not a "project," pursuant to Section 15378(b)(4) of the California Environmental Quality Act (CEQA) Guidelines;
- b) Adopt the Resolution Declaring Intention to Finance Installation of Distributed Generation Renewable Energy Sources, and Energy Efficiency and Water Efficiency Improvements (Resolution of Intention) (Attachment 1); and,
- c) Set a public hearing for April 13, 2010 to consider adoption of the proposed program, including all associated documentation.

Summary Text:

On December 1, 2009, the County of Santa Barbara (County) Board of Supervisors (Board) directed staff to implement a contractual assessment program (program) to finance energy and water conservation improvements, 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.
- After holding a public hearing, adopt a Resolution Confirming the Program Report and a Bond Resolution.

On January 12, 2010, the Board provided feedback on the Resolution of Intention, so that it could be distributed for adoption by each of the eight incorporated cities within the County, as recommended by staff and Jones Hall (outside counsel). Now, with all eight cities having approved the Resolution of Intention, the Board may consider final adoption of the Resolution of Intention (Attachment 1). Given this action on March 16, 2010, staff recommends that the Board set a hearing on April 13, 2010 to consider remaining legislative actions needed to establish a regional program. These include the 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, 2010, the Board received a feasibility study regarding a proposed municipal energy financing program, and directed staff to proceed with implementation. As illustrated in the feasibility study, a regional program is forecasted to produce significant benefits such as:

- Creating approximately 900 direct local jobs, representing approximately 40 percent of those lost in construction trades during the current recession.
- Inducing \$131 million in local investment and \$346 million in economic output through the multiplier effect over the next ten years.
- Providing the region with an opportunity to assist the State meet its long term energy conservation and greenhouse gas reduction targets through the use of incentive-based programming.
- Reinvesting in the region's existing residential and commercial buildings through energy and water conservation improvements.
- Providing a model for the use of voluntary programs to achieve broader community development and economic enhancement goals.

On January 12, 2010, the Board initiated the first of a series of legislative actions necessary to implement a municipal energy financing program, pursuant to Chapter 29. This included giving formal 60-day notice to water and electric service providers of the County's intention to launch a program. In addition, the Board provided feedback to staff on the proposed County Resolution of Intention. Given this feedback, Jones Hall and staff proceeded to work with each of the eight cities within the County, who have all unanimously approved the Board's proposed Resolution of Intention, thereby establishing the program's formal boundaries. With these boundaries now in place, the Board may consider adoption of its final Resolution of Intention (Attachment 1). As discussed on January 12, 2010 the 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 April 13, 2010 as the date for a public hearing to consider the Program Report.

Given the Board's adoption of the Resolution of Intention, written notice of this action will be published, consistent with Chapter 29 requirements, and staff will finalize the Program Report. The Program Report will outline 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, a Bond Resolution, and formal agreements with each of the participating cities. 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.

Notably, adoption of this program does not constitute a "project" under CEQA, pursuant to Section 15378(b)(4) of the CEQA Guidelines, as the program is a government funding program and fiscal activity. It fits within Section 15378(b)(4) of the CEQA Guidelines because it is for the creation of a government funding mechanism or fiscal activity which does not involve any commitment to a specific project that may result in a potentially significant impact on the physical environment.

In addition to facilitating required legislative implementation steps, the County's project team has made substantial progress on operational start-up activities. Some of the key achievements since the previous Board hearing include:

- Finalizing the selection of a Financial Advisor to report on and provide solutions to potential programmatic financial risks.
- Establishing an enterprise fund, accounting structure, and program budget as part of the adjusted Fiscal Year (FY) 09-10 Budget and the requested FY 10-11 Budget.
- Working with community stakeholders, city representatives, utilities, and others to revise and update elements of the Draft Program Report, including program underwriting criteria to maximize consumer and lender protection.
- Securing the County's \$4.2 million ARRA allocation of Qualified Energy Conservation Bonds (QECBs) by submitting a Plan of Issuance timely to the State Treasurer's Office. The Plan of Issuance was deemed complete by the California Debt Limit Allocation Committee and it may be used to finance contractual assessments associated with the program.
- Coordinating with state and federal agencies, as well as utilities, on a host of forthcoming energy incentive programs that will complement the County's municipal financing program. These include the California Public Utility Commission's Whole House Retrofit Program, the federal Environmental Protection Agency's HOMESTAR program, and the federal Recovery through Retrofits program. Each of these programs is expected to offer significant rebates to encourage investments in energy efficiency improvements, enabling the County's program to make the most efficient use of financing resources.
- Opening the recruitment for a Program Manager and drafting job descriptions for additional staff.

- Finalizing the selection of a technology solution to provide a customer-facing website that is integrated with a financial administration system and links to other existing County systems.
- Continued pursuit of additional programmatic resources in the form of grants and formal partnerships with interested stakeholders such as the investor-owned utilities, trade associations, and non governmental organizations.

Complementing these activities, staff has initiated a marketing and rebranding effort for the County’s proposed program. The principal component of this rebranding effort involves changing the program’s working name from the “Central Coast Energy Independence Program” to “emPowerSBC.” This new acronym stands for “Elective Municipal Programs to Optimize Water, Energy, and Renewables in Santa Barbara County.” The new name is intended to highlight the program’s voluntary nature, align with feedback provided by community stakeholders, and represent the full array of improvements that are eligible for financing. Significant marketing and outreach are being planned in coordination with the cities, community and trade groups, vendors, and other interested stakeholders surrounding the launch of the program on the 40th anniversary of Earth Day, April 22, 2010.

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:

On February 9, 2010, the Board approved a budget adjustment in Housing & Community Development in the amount of \$1 million as an advance from the General Fund to cover program implementation. In addition, Housing & Community Development’s requested FY 10-11 Budget includes the emPowerSBC program. As an enterprise fund, this program is expected to pay for itself. In all cases, any proceeds resulting from \$772,635 in formulary EECBG funds allocated to the County, or a competitive grant award, as well as interest earnings from contractual assessments, will be used to fund program operations and reimburse the General Fund in a timely manner.

Staffing Impacts:

Legal Positions:
 NA

FTEs:
 NA

Special Instructions:

NA

Attachments:

Attachment 1: Resolution Declaring Intention to Finance Installation of Distributed Generation
Renewable Energy Sources, and Energy Efficiency and Water Efficiency Improvements

Attachment 2: City Resolutions Approving the County's Resolution of Intention

Authored by:

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cc:

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Bernice James, Treasurer-Tax Collector