



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:** December 9, 2014  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Renee E. Bahl, Interim Community Services Director (805) 568-2467  
Director(s)  
Contact Info: Angela Hacker, emPower Central Coast Program Manager (805) 568-3515

**SUBJECT:** Amendments to emPower Funding Agreements for 2015

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the First Amendment to the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program (“emPower Funding First Amendment”) between the County of Santa Barbara and Southern California Gas Company (“SCG”) (Attachment A); and
- B. Approve and authorize the Chair of the Board to execute the First Amendment to the Subrecipient Agreement for the County of San Luis Obispo (“SLO First Amendment”) between the County of San Luis Obispo and the County of Santa Barbara (Attachment B) and First Amendment to the Subrecipient Agreement for the County of Ventura (“VC First Amendment”) between the County of Ventura and the County of Santa Barbara (Attachment C); and
- C. Approve and authorize the Chair of the Board to execute the First Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated (“First Amendment to 2014 LLR Agreement”) (Attachment D) and the First Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Amended and Restated Program

Agreement (“First Amendment to 2014 Program Agreement”) (Attachment E) between the County of Santa Barbara and CoastHills Credit Union; and

- D. Determine that the approval and execution of the Amendments 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 direct staff to file a Notice of Exemption (Attachment F).

**Summary Text:**

emPower Central Coast is the County’s voluntary building efficiency program designed to lower energy use across Santa Barbara, Ventura and San Luis Obispo Counties and stimulate the economy. Launched in November 2011, emPower provides services that help make it easier and more affordable for homeowners and contractors to complete energy saving improvements, including a low cost financing option administered through agreements with CoastHills Credit Union. In June 2013, the Board approve the acceptance of additional program funding provided by Southern California Gas Company (SCG) to continue and expand the emPower program to Ventura and San Luis Obispo Counties. The Board subsequently approved subrecipient agreements with Ventura and San Luis Obispo Counties, and amended agreements with CoastHills Credit Union. While SCG funding was originally set to expire on December 31, 2014, SCG is now offering additional funding and an extended term through December 31, 2015.

The emPower Funding First Amendment (Attachment A) would extend the term of the SCG Agreement and provide an additional \$1.35M in program funding to Santa Barbara County. Amendments to update emPower’s subrecipient agreements with Ventura and San Luis Obispo County (Attachments B and C) and financing agreements with CoastHills (Attachments D and E) reflect the modifications in the emPower Funding First Amendment. These actions are necessary to continue emPower operations past December 31, 2014 and avoid service disruptions.

**Background: \***

On May 10, 2012, the California Public Utilities Commission (CPUC) mandated that the investor owned utilities (IOU) ensure that credit enhancement financing programs previously funded under ARRA continue operating beyond funding expiration dates. As one of only a handful of credit enhancement financing programs in the State, Santa Barbara County was offered additional funding to continue offering emPower services to homeowners in Santa Barbara County as well as expand these services into San Luis Obispo and Ventura Counties.

On June 25, 2013 the Board approved the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program (“SCG Agreement”) between the County of Santa Barbara and Southern California Gas Company (SCG). The SCG Agreement provided \$2.7 million in funds to continue and expand emPower’s comprehensive service portfolio to the Tri-County region through December 31, 2014, including marketing, outreach, customer service and workforce development

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functions. In addition the SCG Agreement provides up to \$1 million in loan loss reserve credit enhancement funds to support eligible loans in the Tri-County region through December 31, 2014.

Subsequently, on March 18, 2014, the Board approved subrecipient agreements with San Luis Obispo and Ventura Counties to provide a portion of the funds from the SCG Agreement to expand emPower program activities into those counties. Finally, on April 22, 2014, the Board approved the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated (“2014 LLR Agreement”) and the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Amended and Restated Program Agreement (“2014 Program Agreement”) establishing up to an additional \$1 million in loan loss reserve credit enhancements funded per the SCG Agreement. These actions allowed emPower to offer its services and financing product throughout the Tri-County region through December 31, 2014.

In October 2014, the CPUC issued its Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets, which approved SCG’s extension of emPower’s program funding. Accordingly, recommended Action A would approve the emPower Funding First Amendment (Attachment A) to extend the term of the SCG Agreement through December 31, 2015 and allow for the acceptance of \$1,350,000 in additional funding. No additional loan loss reserve credit enhancement dollars were requested in the emPower Funding First Amendment; however, the original \$1M in loan loss reserve funds will remain available throughout the extended term.

If the Board approves the emPower Funding First Amendment, it is necessary to also update emPower’s related agreements accordingly. Recommended Action B would approve the SLO First Amendment (Attachment B) and the VC First Amendment (Attachment C) to pass on proportionate allocations of additional SCG funds and the extended term to Ventura and San Luis Obispo Counties (pass through funding details are provided in Fiscal Analysis section below). Finally, Recommended Action C would approve the First Amendment to the LLR Agreement (Attachment D) and the First Amendment to the 2014 Program Agreement (Attachment E) to allow the existing loan loss reserve funding provided by SCG funds to remain eligible to support loans through December 31, 2015, and also to allow for an increase in loan maximums from \$25,000 to up to \$30,000, based on demonstrated consumer need and contractor input.

These recommended actions are necessary to continue emPower operations past December 31, 2014 and avoid service disruptions. At this time, additional SCG funding represents the only known funding available to allow emPower to continue to offer its full services throughout the Tri-County region through December 31, 2015.

### **Risk Assessment:**

The emPower First Amendment will increase the authorized budget and extend the term and associated close-out/ reporting dates of the SCG Agreement, but does not change any other terms, conditions, and covenants in the SCG Agreement executed by the Board in June 2013.

The SLO First Amendment and the VC First Amendment will increase the total authorized budget and extend the term of the SLO Subrecipient Agreement and the Ventura Subrecipient Agreement, but do not change any other terms, conditions and covenants in the SLO Subrecipient Agreement and the

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Ventura Subrecipient Agreement executed by the Board in March 2014. Payments will continue to be made to Ventura or San Luis Obispo Counties only after Santa Barbara County has received payment from SCG.

The First Amendment to the 2014 LLR Agreement and the First Amendment to the 2014 Program Agreement extend the term of the agreements and allow for higher loan maximums, but do not change any other terms, conditions, and covenants in the 2014 LLR Agreement or the 2014 Program Agreement approved by the Board in April 2014.

**Fiscal and Facilities Impacts:**

The Fiscal Year 2014-2015 budget anticipated continued emPower funding from SCG, therefore no budget revisions are immediately necessary.

**Fiscal Analysis:**

The emPower program is an externally funded program and does not seek support from the General Fund. The program is currently funded by contracts from the U.S. Department of Energy (ongoing loan loss reserve funding), the PUC via Southern California Gas Company, and the California Energy Commission via Los Angeles County. The County’s executed agreement with SCG includes loan loss reserve credit enhancement funding to support enhanced and expanded emPower financing services. Unused PUC loan loss reserve funds are subject to return to the PUC and therefore will not be accounted for as program income and expenses but are recorded on the balance sheet. Credit enhancement funds will be held at CoastHills Credit Union. The action to approve and execute the amendments as detailed above was absorbed by existing budgeted staff.

The emPower Funding First Amendment provides an additional \$1.35 million in program delivery funding for emPower through December 31, 2015. The SLO First Amendment passes through an additional authorized budget of \$239,522 through December 31, 2015, and the VC First Amendment passes through an additional authorized budget of \$214,308. The additional funding offered in the SLO First Amendment and the VC First Amendment is based on annualized amounts of the authorized budgets in the SLO Subrecipient Agreement and Ventura Subrecipient Agreement, respectively.

<b><u>Funding Sources</u></b>	<b><u>FY 14-15 Adopted</u></b>
General Fund	\$0
DOE	\$48,901
CEC/LA County	\$332,898
PUC/SCG	\$1,317,379
Total	\$1,699,178

**Special Instructions:**

Please send two copies of each executed Attachment and minute order to Angela Hacker.

**Attachments:**

Attachment A: First Amendment to the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program

Attachment B: First Amendment to the Subrecipient Agreement for the County of San Luis Obispo

Attachment C: First Amendment to the Subrecipient Agreement for the County of Ventura

Attachment D: First Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended and Restated

Attachment E: First Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Amended and Restated Program Agreement

Attachment F: CEQA Notice of Exemption

**Authored by:**

Sherman Hansen, Grants and Fiscal Lead, emPower Central Coast

Angie Hacker, Program Manager, emPower Central Coast