

# County of Santa Clara

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Memo to City Managers

From Jill Boone, Climate Change and Sustainability Manager, Santa Clara County  
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## Two State Energy Program (SEP) Grant Opportunities and Programs

### Background

Federal stimulus money has been directed to the California Energy Commission (CEC) for distribution. The CEC set up a grant process for \$93 million that will be distributed statewide for three types of programs: SEP 1 – AB 811 or PACE programs; SEP 2 – residential retrofit programs; SEP 3 – commercial/municipal programs. This memo covers SEP 1 and 2 joint applications. Grant funds need to be expended by March 2012.

### SEP 1

Recent legislation (AB 811) and federal interest in PACE (Property Assessed Clean Energy) programs has created the possibility of new financing opportunities aimed primarily, but not exclusively, at residential energy retrofits and renewable energy systems. If a County provides a PACE program, homeowners would be able to finance retrofits and solar installations through property assessments that are then paid for with their annual property taxes. The assessment would be based on property value, not personal credit, and the debt remains with the house if it is sold, not the original owner.

SEP 1 offers funding to support the implementation of these programs.

CaliforniaFIRST is a turnkey and low risk AB 811 program being launched by CSCDA (California Statewide Communities Development Authority, a JPA of local governments, also known as California Communities). The pilot, which may include up to 14 counties statewide and their cities, will provide assessment loans for homes implementing major energy efficiency and renewable energy projects.

Santa Clara County is currently one of the 14 counties that will participate if legal, financial and political review of documentation does not create concerns. If Santa Clara County participates, all cities in the County are eligible to participate, but must submit letters of commitment if interested.

CSCDA has asked the County of Sacramento to submit an SEP 1 grant application on behalf of all the pilot counties. This grant application, if awarded, will lower the interest rates for

the first 1500 projects statewide, pay for startup legal, financial and website costs for the pilot counties, and provide some funding for marketing to each of the counties.

## **SEP 2**

SEP 2 grant funding will be allocated statewide for regional programs that support a tiered approach to home energy audits and retrofits, as is described in the Request for Proposals. The County is participating in developing a regional grant proposal through ABAG and also leading the development of the countywide program that will be included in the ABAG proposal. ABAG will ask for \$10 - 12 million to cover the Bay Area Counties.

Santa Clara County cities offer weatherization, education and simple audits to low income residents and a few offer educational and simple audits to market level housing. These are Tier 1 audits. Tier 2 audits are done by contractors such as insulation specialists, heating and cooling contractors, etc. and retrofits are performed by single-trade contractors. Tier 3 audits are not currently done in Santa Clara County except on a small scale in the private sector.

The countywide program in Santa Clara County will focus on developing a market for Tier 3 audits, which are comprehensive whole-house audits that provide a list of retrofit options for the homeowner. The program may also include expanding a high-energy house approach that is being piloted in Monte Sereno and Los Altos Hills, doing some model energy retrofits in different neighborhoods in the County and including options that will benefit renters. An informal advisory group consisting of city representatives has participated in setting priorities and considering programs and approaches. This will become a formal Advisory Council if funding is granted.

## **ACTIONS AND REQUIREMENTS OF THE CITIES IN SANTA CLARA COUNTY**

If both grant applications are funded, one program will be created that covers both the audits and the financing option. The program will offer energy audit information and opportunities for homeowners and will provide access to the financing option of CaliforniaFIRST, when appropriate.

Certain actions are needed if a city would like to participate and benefit from the services provided by the two separate grant funding possibilities. The following list covers the actions a city needs to take to participate in both options:

1. Letters of Commitment or Intent. The CEC requires that all jurisdictions sign on with a letter that indicates their commitment to participate in the grant-funded programs.
  - a. CaliforniaFIRST letter – may be signed by city manager; due Nov. 20, 2009. Draft letter is attached and has been provided electronically to each city

- representative. Please mail this letter to Renewable Funding, Attn: Annie Henderson, 1746 Broadway, Oakland, CA 94612 and send a copy to me.
- b. ABAG letter – may be signed by city manager; due date in December. Draft letter is attached and has been provided electronically to each city representative. Please email this letter to Association of Bay Area Governments, Attn. Jerry Lahr, 101 Eighth St., Oakland CA 94607 and send a copy to me.
2. Official Resolutions. Resolutions passed by City Councils and the Board of Supervisors will need to be adopted in January 2010. Draft resolutions will be provided for each of the following:
    - a. Resolution to participate in the pilot CaliforniaFIRST program.
    - b. Resolution for the County of Sacramento to apply for funding on behalf of the pilot counties.
    - c. Resolution to participate in the regional grant application by ABAG and in the countywide residential retrofit program.
  3. Before receiving the grant funding, an MOU between city and County may be requested that covers any agreement in how the programs are organized, any actions requested of the cities (as covered in following points), and which grants the County fiscal responsibility for receiving the grant funding on behalf of the cities and the County.
  4. As a participant in the ABAG proposal, cities agree to not submit competing grant applications for residential retrofits.
  5. There is no matching funds requirement, nor any staff time requirements. The programs, grant management, contract management, countywide marketing and administrative tasks will be managed by the County. However, each city will assign a representative to an Advisory Council, who will be encouraged to participate in making collective decisions about how to develop and implement these programs. Participation will be through an e-group and monthly meetings as needed.
  6. Cities will be asked to help promote the programs through their websites, newsletters, email lists, announcements, etc.
  7. Cities may be asked to provide information on residential programs they are managing locally.
  8. Funding that is allocated for residential retrofit programs by a city will be included as leveraged funding as part of the grant application.

Questions?

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