

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 4/7/2015	(3) CONTACT/PHONE Machelle Vieux 781-5200	
(4) SUBJECT Submittal of a resolution to apply for a 1% interest loan of approximately \$2.2 million with the California Energy Commission (CEC) to implement energy conservation projects in County facilities. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt the resolution authorizing the Director of General Services to submit an application for a low interest energy efficiency loan from the California Energy Commission to implement energy efficiency measures in County facilities.			
(6) FUNDING SOURCE(S) California Energy Commission Loan \$2.2 million over 15 years	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$153,228	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT?	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Mabelle Vieux  
781-5200

DATE: 4/7/2015

SUBJECT: Submittal of a resolution to apply for a 1% interest loan of approximately \$2.2 million with the California Energy Commission (CEC) to implement energy conservation projects in County facilities

## **RECOMMENDATION**

It is recommended that the Board adopt the resolution authorizing the Director of General Services to submit an application for a low interest energy efficiency loan from the California Energy Commission to implement energy efficiency measures in County facilities.

## **DISCUSSION**

Staff is seeking approval to submit an application for the California Energy Commission (CEC) 1% Interest Rate Loan Program. If approved, the loan would be used to implement projects identified through the Sustainable Solutions Turnkey (SST) program with PG&E. Since Board approval of the SST Master Services Agreement in November 2014, General Services has worked with PG&E to identify approximately \$4.7 million in maintenance and capital projects which will provide long-term energy savings to the County.

Of the potential \$4.7 million in projects, staff has identified sources of funding for approximately \$2.5 million, which includes a combination of available funding from Fund Center 200 Maintenance Projects, the Solar/Energy Projects designation, and On-Bill Financing through PG&E.

The remaining projects estimated at \$2.2 million are eligible for a CEC 1% interest rate low interest loan offered through the Energy Conservation Assistance Act (ECAA). The Energy Conservation Assistance Act (ECAA) Low-Interest Loan program, is offered under the administration of the CEC, and was established by legislation to assist public agencies in executing energy efficiency and energy generation projects. The loan program is designed and administered such that the loan payments are offset by the savings produced by the funded project. As of calendar year 2015, the ECAA 1% program is open to all local government and special district agencies on an "as available" and "first come, first served" basis. As of January 2015, the CEC has indicated that approximately \$6,000,000 would be offered on July 1, 2015 on that basis. The basic terms for projects to qualify are listed below:

Basic ECAA Terms	
Maximum Loan Amount:	\$3,000,000
Interest Rate:	1%
Simple Payback Requirement:	17 years
Financing Period:	20 years
Loan Re-Payment:	Bi-annually (June & December)

The County proposed projects include the following:

- Chiller Replacement at the Government Center

- Retro-commissioning at the Government Center
- High Efficiency Transformers at the Government Center, Honor Farm, and Main Jail
- Kitchen Hood Controls at the Honor Farm

In order for these projects to be placed on the waiting list for these funds, the County must submit a fully completed loan application which consists of the following items.

- Board Resolution
- Signed Loan Agreement
- Feasibility Study (project description and cost/savings calculations)

It should be noted that the submittal of the application package does not bind the County to a loan. The binding loan agreement will be presented to the Board for approval and signature following acceptance of the application by the full Board of the CEC. Following the executed agreement, funds would be available to the County for project implementation. Note that the submittal of the application package does not bind the County to a loan.

PG&E completed a Feasibility Study 2013 which identified County facilities which had high energy usage and costs. This was followed by a preliminary energy assessment conducted in 2014 to identify specific facility equipment and systems for potential projects with associated estimated energy and cost savings. The preliminary energy assessment provided the basis for the \$4.7 million in potential maintenance and capital projects, which includes the four projects proposed as part of the CEC low-interest loan.

**OTHER AGENCY INVOLVEMENT/IMPACT**

Staff has coordinated with the Administrative Office, County Debt Advisory Committee, Auditor-Controller-Treasurer-Tax Collector, and PG&E. The County Environmental Coordinator has reviewed the project and issued a Notice of Exemption (ED14-195). County Counsel has reviewed the Contract for form and legal effect.

**FINANCIAL CONSIDERATIONS**

If the County's loan application is approved and funds are available for allocation, the County would receive a final loan agreement for review and signature. The total estimated annual debt service is anticipated to be \$153,228 for a term of 15 years. General Services recommends that \$90,000 of this debt be serviced from Fund Center 113 budget through project savings and the remaining \$64,000 through future Countywide Energy and Water Conservation funding in Fund Center 200 Maintenance Projects. Loan payments are expected to begin in December 2016 and be made bi-yearly in June and December.

The proposed projects are listed in Attachment 2 with a summary as follows:

Summary of Proposed County Energy Conservation Projects	
Est. Cost of Measures:	\$2,200,000
Est. Utility Incentives:	\$45,000
Total Est. Annual Savings:	\$140,000
Simple Payback:	14.6 years
Total Est. Annual Debt Service:	\$153,228

**RESULTS**

The CEC funding provides an opportunity for the County to obtain a 1% low-interest loan which is below current market rates to complete energy conservation projects. The projects reduce energy costs, while providing cost avoidance for service calls and repairs due to aging equipment. Reduced energy usage of approximately 600,000 kilowatt hours benefits the environment through reduced greenhouse gasses and carbon footprint. Implementation through PG&E's Sustainable Solutions Turnkey program allows for faster project delivery in a public private partnership. The quicker turnkey project timeline offsets the impact of escalation, inflation, and reduces overall project costs, consistent with the General Plan and contributing to the County's vision of a healthy, prosperous, and well-governed community.

## **ATTACHMENTS**

1. Resolution
2. List of Projects
3. Amortization Schedule
4. Notice of Exemption