

AGENDA ITEM NO. 1 E

COUNCIL MEETING: 03/04/2010

APPROVED BY \_\_\_\_\_

DEPARTMENT DIRECTOR \_\_\_\_\_

CITY MANAGER

March 4, 2010

**FROM:** JOHN M. DUGAN, Director  
Planning and Development Department

**THROUGH:** KEITH BERGTHOLD, Assistant Director   
Planning and Development Department

**BY:** JOSEPH W. OLDHAM, Sustainability Manager   
Sustainable Fresno Division, Planning and Development Department

**SUBJECT:** ADOPT NOTICE OF EXEMPTION PURSUANT TO CEQA GUIDELINE 15378  
("FINANCING ONLY")

ADOPT A RESOLUTION OF THE CITY OF FRESNO AUTHORIZING COLLABORATION, AND RECEIPT OF CALIFORNIA ENERGY COMMISSION - STATE ENERGY PROGRAM GRANT FUNDING, UNDER FRESNO COUNTY AS LOCAL COLLABORATING AGENCY, AND SACRAMENTO COUNTY AS LEAD APPLICANT, AND EXECUTION OF DOCUMENTS

## RECOMMENDATIONS

Staff recommends that Council adopt a Notice of Exemption pursuant to CEQA Guideline 15378, that the proposed grant funded program is not a "project" under CEQA, because the program provides a financing mechanism for energy efficiencies and does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Staff recommends that the City Council adopt a resolution authorizing collaboration, and receipt of California Energy Commission – State Energy Program grant funding, under Fresno County, and Sacramento County as lead applicant, on behalf of the City of Fresno, for up to \$667,000 in State Energy Program grant funds to assist in financing of energy efficiency, energy conservation, renewable energy, and other energy related projects for property owners.

## EXECUTIVE SUMMARY

The Sustainable Fresno Division of the Planning and Development Department has been seeking to develop a loan program for financing energy efficiency upgrades on homes and businesses that would allow repayment through property taxes under the authority of State Assembly Bill 811. On January 14, 2010, Council adopted a resolution authorizing the City of Fresno to join the CaliforniaFIRST Program being instituted by California Communities that allows owners of property in participating cities and counties to finance renewable energy, energy efficiency and water efficiency improvements on their property.

## REPORT TO THE CITY COUNCIL

Adopt resolution to receive SEP grant funding

Mar. 4, 2010

California Communities submitted a collaborative application with Sacramento County to the California Energy Commission for State Energy Program grant funding to pay set-up fees for participating jurisdictions, provide marketing, and buy down the interest for the initial CaliforniaFIRST Program loans. The application by California Communities and Sacramento County was chosen for funding by the California Energy Commission on February 11, 2010. All jurisdictions participating in the CaliforniaFIRST program must submit resolutions to the California Energy Commission authorizing acceptance of the grant funding by March 15, 2010 in order to have set-up fees and marketing costs paid for by the grant. Up to \$667,000 in funding will come from the State through Sacramento County to Fresno County and then be distributed to the individual cities within Fresno County participating in the program. Fresno County passed their resolution to receive State Energy Program grant funding through the CaliforniaFIRST program on January 12, 2010. The City of Fresno will receive \$20,000 to pay the program set-up fee and a substantial portion for marketing, though the exact amount for marketing is unknown at this time.

Staff recommends that the City Council adopt a resolution authorizing collaboration, and receipt of California Energy Commission – State Energy Program grant funding, under Fresno County, and Sacramento County as lead applicant, on behalf of the City of Fresno, for up to \$667,000 in State Energy Program grant funds to assist in financing of energy efficiency, energy conservation, renewable energy, and other energy related projects for property owners.

### **BACKGROUND**

The Sustainable Fresno Division of the Planning and Development Department has been seeking to develop a loan program for financing energy efficiency upgrades on homes and businesses that would allow repayment through property taxes under the authority of State Assembly Bill 811. On January 14, 2010, Council adopted a resolution authorizing the City of Fresno to participate in the CaliforniaFIRST Program being instituted by California Communities that allows owners of property in participating cities and counties to finance renewable energy, energy efficiency and water efficiency improvements on their property. If a property owner chooses to participate, the improvements will be financed by the issuance of bonds by California Communities. California Communities is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of California Communities include all 58 counties and more than 400 other local agencies throughout California, including the City of Fresno.

California Communities submitted a collaborative application with Sacramento County to the California Energy Commission for State Energy Program grant funding to pay set-up fees for participating jurisdictions, provide marketing, and buy down the interest for the initial CaliforniaFIRST Program loans. The grant application by California Communities and Sacramento County was chosen for funding by the California Energy Commission on February 11, 2010. All jurisdictions participating in the CaliforniaFIRST program must submit resolutions to the California Energy Commission authorizing acceptance of the grant funding by March 15, 2010 in order to have set-up fees and marketing costs paid for by the grant. Up to \$667,000 in funding will come from the State through Sacramento County to Fresno County and then be distributed to the individual cities within Fresno County participating in the program. Fresno County passed their resolution to receive State Energy Program grant funding through the CaliforniaFIRST program on January 12, 2010. The City of Fresno will receive \$20,000 to pay the program set-up fee and a substantial portion for marketing, though the exact amount for marketing is unknown at this time.

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**FISCAL IMPACT**

None.

**Attachments:**

Exhibit A Grant Program Summary

Copy of Fresno County Resolution Authorizing Receipt of SEP Grant Funding

Resolution Authorizing Receipt of Grant Funding

**Exhibit A**  
California Energy Commission State Energy Program  
CaliforniaFIRST Collaborative Proposal  
Summary of Proposal Scope & Budget Framework

**Description of Program Proposal**

Under the lead applicant, Sacramento County, the 14 counties eligible to participate in the pilot stage of the CaliforniaFIRST Program are collaborating on a proposal to the California Energy Commission State Energy Program for a grant of up to \$16.5 million. The grant funds will be used to offset initial fees associated with bond issuance, start-up costs for the 14 counties and all incorporated cities, an interest rate buy-down, local marketing/education/training/outreach, local coordination, and grant administration to support the launch of the CaliforniaFIRST municipal financing program.

**CaliforniaFIRST Program County Participants and Proposal Collaborators**

- |            |                   |               |           |
|------------|-------------------|---------------|-----------|
| ✓ Alameda  | ✓ Sacramento      | ✓ San Mateo   | ✓ Ventura |
| ✓ Fresno   | ✓ San Benito      | ✓ Santa Clara | ✓ Yolo    |
| ✓ Kern     | ✓ San Diego       | ✓ Santa Cruz  |           |
| ✓ Monterey | ✓ San Luis Obispo | ✓ Solano      |           |

**Budget Basics**

**1. CaliforniaFIRST financing costs and fees (~\$6M)**

Guided by California Communities and the CaliforniaFIRST Program Administrator Renewable Funding, this program element will:

- buy-down the interest rate on the initial round(s) of projects financed by the CaliforniaFIRST Program,
- cover fixed costs associated with initial bond counsel, bond disclosure, fiscal agent and bond rating,
- cover legal and validation costs, and
- cover the deployment of technology (web portal) to support local programs.

**2. Grant/Contract Administration & Steering Committee Liaison: (~\$2.0M)**

On behalf of the applicant agency, grant/contractor administration duties include gathering relevant reporting information from all partner jurisdictions and CaliforniaFIRST, financial oversight and invoicing, contract administration, tracking, monitoring, and oversight of deliverables. In addition, the grant administrator will serve as the partner liaison between all participating steering committees to maintain coordination and consistency on the local marketing efforts between parties as well as provide marketing and contract technical assistance, training, and advice to participating agencies. The Grant Administrator will also coordinate local efforts with those programs funded under the California Comprehensive Residential Building Retrofit Program.

**3. Regional Program Coordination & Marketing: (~\$8.5M)**

In line with the overall project goals, funding has been budgeted on a regional basis to each of the six primary program regions in the following amounts, based on total number of Counties:

- Capitol Region (Sacramento/Yolo): \$1,800,000
- Central Valley Region (Fresno/Kern): \$1,150,000
- Bay Area Region: (Alameda/San Mateo/Santa Clara/Solano): \$2,300,000
- North Central Coast Region: (Monterey/Santa Cruz/San Benito): \$1,725,000
- South Central Coast Region: (Ventura/San Luis Obispo): \$1,150,000
- Southern California Region: (San Diego): \$575,000

This final program element serves to provide each region with the resources necessary to help facilitate the rapid adoption of energy efficiency and renewable energy generation system installations throughout the target area by connecting property owners to any and all available on-the-ground or proposed resources, and services, providing a streamlined framework for easy navigation, reduced out-of-pocket expenses, and overall increased cost effectiveness for both participants and the program overall. The focus of the program will be to create region-wide (or county-wide, where appropriate) cooperative project design, implementation, marketing, and coordination to maximize economies of scale, take advantage of overlapping markets, and ultimately allow each dollar to go further to benefit all parties.

## **Financing Costs and Fees**

### **A. Financing Costs**

As Program Administrator of the California Communities CaliforniaFIRST Program, Renewable Funding will coordinate and provide program administration, financing, and legal services to support a robust statewide municipal financing program. Specific financing costs are concentrated at the start of the program and result in increased fees to a program participant, and therefore a higher effective interest rate. In order to lower the interest rate, the SEP funds will be used to cover bond disclosure counsel, bond rating fees, and a bond fiscal agent. In addition, a direct interest rate buy-down will be employed to achieve a bond rate that is equivalent to an A-rated bond, which is likely to be the bond rating later in the program.

### **B. Set-up Fees**

A funding request equivalent to the city and county set-up fees will be included in the proposal. The costs for initial legal work and validation proceedings will be covered by this request. Additionally, the costs of establishing county web portals, importing local assessor's data, and maintaining the website will be part of this funding request.

## **Suggested Major Marketing Program Coordination & Marketing Program Elements**

### **A. Agency Coordination / Steering Committee Participation**

In recognition of the additional coordination time required to get new programs off the ground, individual counties may elect to include a modest amount of staff time for agency representatives to participate in the program steering committee and other activities to drive marketing program design, educational/marketing material development, form and protocol development, etc. By investing this time at the onset, we are able to develop a self-sustaining program for the long term. County agencies (that is, auditor/tax collector/controller) will receive a small percentage, incorporated into each loan, to cover regular ongoing program administration costs associated with maintaining the tax roll and collecting annual assessments in years beyond the grant term. Some jurisdictions may instead wish to contribute this time as project leveraged funds/resources to increase overall program cost effectiveness based on their individual needs and resources. Regional partnership may also elect to use a portion of the resources from this program element toward informal or formalized staff/personnel training within their jurisdictions.

### **B. Education / Outreach/ Marketing**

Successful program adoption requires thoughtful design, convenient procedures, and a robust program education component to encourage and energize program participation. Achieving this goal, the project team will create clear, consistent, and thematic program branding imagery, educational and recruitment tools such as program brochures. The program will be supported by the CaliforniaFIRST web portal and links to new and existing partner and complementary websites, frequently asked questions, applications, and/or other program materials. In addition, the project will engage a wide-stretching network of partners to promote, recruit, and disseminate program information utilizing existing mechanisms of door-to-door outreach, community event tabling, workshops and presentations, or other appropriate energy efficiency and complementary program participation activities. Major elements might include:

- ✓ Outreach Promotional Materials: Brochures, Door-hangers, Postcard Mailers, Bill Inserts, etc.
- ✓ Program Marketing Advertisements: Print Ads, Radio/TV Ads, PSA Production

- ✓ Promotional Outreach Events, Trade Shows or Community Workshops
- ✓ Homeowner/Business/Contractor/Staff Training Seminars
- ✓ Sustainability Site Signage
- ✓ Green Building and/or LEED Certification Technical Assistance

**C. Community Coordinator / Partner Liaison / Supplies**

The community coordinator is envisioned to serve as the single point regional program coordinator to unify, inform, collaborate, and engage all program parties in relation to local coordination and marketing efforts; respond to public inquiries; facilitate the education, outreach, marketing, recruitment; and promote program adoption by the target community. In addition the coordinator is responsible for coordinating with the grant administrator, tracking/reporting necessary progress and metrics, meeting/exceeding grant milestones and targets, incorporating required complementary program components, and working with CaliforniaFIRST to assure QA/QC measures are applied to all participating properties. Specific tasks will be driven by the overall project goals as well as the specific needs of each region and may include:

- ✓ **Coordination** with Grant Administrator/Steering Committee Liaison
- ✓ **Marketing Coordination** with CaliforniaFIRST Municipal Finance District
- ✓ **Facilitation** of local Regional Steering Committee Members and Partners
- ✓ **Assist** with Implementation Strategy, Documents, Procedures & Protocols Development
- ✓ **Guide** Promotion, Marketing, Education, Recruitment & Program Information Dissemination
- ✓ **Link** Program Participants to Regional Energy Efficiency & Complementary Programs
- ✓ **Connect** to Concurrent Complementary Workforce Development Training/Graduates
- ✓ **Administer** Regional Program Budget, Competitive Bidding, Other Program Transparency Reqs
- ✓ **Track** and/or compile, Monitor & Evaluate Program Progress, Energy Savings, GHG Reductions Achieved, Partner Leveraged Funds and Ancillary Environmental Benefits

**Sample County Budget**

A sample budget based on the above framework is provided below. Please note that these amounts are subject to change based on the actual needs of each participating jurisdiction as well as feedback obtained regarding funder and partner thresholds for competitiveness.

<i>Component</i>	<i>% Overall</i>	<i>Gross Benefit Per County</i>	<i>Net Benefit Per County</i>
1. CaliforniaFIRST Costs & Fees	39%	\$ 428,571.43	-
2. Grant Administration & Technical Assistance	10%	\$ 107,142.86	-
3A. Steering Advisory Committee	10%	\$ 115,000.00	\$ 115,000.00
3B. Education, Outreach, Incentives, Marketing	23%	\$ 258,750.00	\$ 258,750.00
3C. Community Coordination	18%	\$ 201,250.00	\$ 201,250.00
<b>Total</b>	<b>100%</b>	<b>\$ 1,110,714.29</b>	<b>\$ 575,000.00</b>

**Grant Development Team:**

- **County of Sacramento**—Lead Agency (Applicant), will oversee grant writing, provide final edits and required signatures, and submit finalized proposal on behalf of entire collaborative team based on the approved proposed program scope and budget framework
- **Ecology Action**—Partner Grant Writer (Lead on Marketing), will develop narrative based on proposed program scope and budget framework, especially as it pertains to local coordination and marketing project administration, marketing/contract technical assistance, regional coordination, and marketing, to meet all grant requirements and maximize proposal competitiveness.
- **Renewable Funding**—Partner Grant Writer (Lead on Finance), will develop narrative based on proposed program scope and budget framework, especially for CaliforniaFIRST Program finance-related program elements, to meet all grant requirements and maximize proposal competitiveness.

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BEFORE THE BOARD OF SUPERVISORS  
OF THE  
COUNTY OF FRESNO, STATE OF CALIFORNIA

IN THE MATTER OF AUTHORIZING SACRAMENTO )  
COUNTY TO SUMBIT A STATE ENERGY PROGRAM )  
GRANT APPLICATION TO AND RECEIVE FUNDING )  
FROM THE CALIFORNIA ENERGY COMMISSION ON )  
BEHALF OF THE COUNTY FOR AN AMOUNT UP TO )  
\$682,000 FOR THE FY 2009-10 THROUGH THE FY )  
2011-12. )

RESOLUTION

**WHEREAS**, the County of Fresno recognizes that it is in the interest of the regional,  
state, and national economy to stimulate the economy; create and retain jobs; reduce fossil fuel  
emissions; and reduce total energy usage and improve energy efficiency within our jurisdiction;  
and

**WHEREAS**, State Energy Program (SEP) funds are available through the California  
Energy Commission’s SEP for grants to eligible local governments for energy efficiency, energy  
conservation, renewable energy, and other energy related projects and activities authorized by  
the American Recovery and Reinvestment Act of 2009 (“ARRA”); and

**WHEREAS**, SEP allows for cities, counties, or groups of cities and counties in  
California to apply for SEP funds on behalf of eligible local governments; and

**WHEREAS**, the County of Fresno is eligible for SEP funding under the California  
Energy Commission’s SEP; and

**WHEREAS**, the County of Fresno is proposing to collaborate with Sacramento County  
to implement a program for financing the energy efficiency, energy conservation, renewable



1 energy, and other energy related projects and activities authorized by ARRA, which program is  
2 described in Exhibit A for the purpose of qualifying for SEP funds from the California Energy  
3 Commission; and

4 **WHEREAS**, the County of Fresno has considered the application of the California  
5 Environmental Quality Act (CEQA) to the approval of the program for financing energy  
6 efficiency, energy conservation, renewable energy, and other energy related projects and  
7 activities authorized by ARRA described in Exhibit A;

8 **NOW, THEREFORE, BE IT RESOLVED** that in compliance with the CEQA, the  
9 County of Fresno finds that the approval of the program for financing energy efficiency, energy  
10 conservation, renewable energy, and other energy related projects and activities authorized by  
11 ARRA described in Exhibit A is not a “project” under CEQA, because the program does not  
12 involve any commitment to a specific project which may result in a potentially significant  
13 physical impact on the environment, as contemplated by Title 14, California Code of  
14 Regulations, Section 15378(b)(4).

15 **BE IT FURTHER RESOLVED** that the County of Fresno authorizes Sacramento  
16 County to submit a collaborative application on its behalf to the California Energy Commission  
17 for up to \$682,000 in SEP funds for the program for financing energy efficiency, energy  
18 conservation, renewable energy, and other energy related projects and activities authorized by  
19 ARRA described in Exhibit A.

20 **BE IT FURTHER RESOLVED** that if recommended for funding by the California  
21 Energy Commission, the County of Fresno authorizes Sacramento County to accept a grant  
22 award on its behalf and to enter into all necessary contracts and agreements, and amendments  
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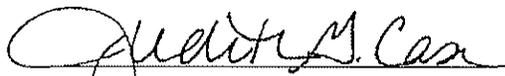
1 thereto, on its behalf to implement and carry out the program for financing the project/s  
2 described in Exhibit A.

3 THE FOREGOING was passed and adopted by the following vote of the Board of  
4 Supervisors of the County of Fresno this 12<sup>th</sup> day of January, 2010, to-wit:

5 AYES: Supervisors Anderson, Larson, Perea, Poochigian, Case

6 NOES: None

7 ABSENT: None

8   
9 CHARMAN, Board of Supervisors

9 ATTEST:  
10 BERNICE E. SEIDEL  
11 Clerk, Board of Supervisors

11 By   
12 Deputy

13  
14 AGENDA NO.: 82  
15 RESOLUTION NO.: 10-019  
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RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY OF FRESNO AUTHORIZING  
COLLABORATION, AND RECEIPT OF CALIFORNIA ENERGY  
COMMISSION -STATE ENERGY PROGRAM GRANT FUNDING,  
UNDER FRESNO COUNTY AS LOCAL COLLABORATING  
AGENCY, AND SACRAMENTO COUNTY AS LEAD APPLICANT,  
AND EXECUTION OF DOCUMENTS

WHEREAS, the City of Fresno recognizes that it is in the interest of the regional, state, and national economy to stimulate the economy; create and retain jobs; reduce fossil fuel emissions; and reduce total energy usage and improve energy efficiency within our jurisdiction; and

WHEREAS, State Energy Program (SEP) funds are available through the California Energy Commission's SEP for grants to eligible local governments for energy efficiency, energy conservation, renewable energy, and other energy related projects and activities authorized by the American Recovery and Reinvestment Act of 2009 ("ARRA"); and

WHEREAS, SEP allows for cities, counties, or groups of cities and counties in California to apply for SEP funds on behalf of eligible local governments; and

WHEREAS, the County of Fresno, by its Resolution 10-019 has authorized the County of Sacramento to submit a SEP grant application and receive SEP funding on behalf of Fresno County in an amount up to \$682,000; and

WHEREAS, the City of Fresno is eligible for SEP funding under the California Energy Commission's SEP; and

WHEREAS, the City of Fresno is proposing to collaborate with Fresno County, and Sacramento County as lead applicant, to implement a program for financing the energy efficiency, energy conservation, renewable energy, and other energy related projects and activities authorized by ARRA, which program is described in Exhibit A for the purpose of qualifying for SEP funds from the California Energy Commission; and

WHEREAS, on January 14, 2010, the City of Fresno adopted its Resolution No. 2010-6, authorizing participation in the CaliforniaFIRST energy efficiencies financing program referenced in Exhibit A and to be funded thereunder; and

WHEREAS, the City of Fresno staff have determined that the program for financing energy efficiency, energy conservation, renewable energy, and other energy related projects and activities authorized by ARRA described in Exhibit A is not a "project" under CEQA, because the program does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fresno as follows:

Section 1. That the City of Fresno hereby authorizes collaboration with Fresno County, and Sacramento County as lead applicant, and application for and receipt of California Energy Commission – State Energy Program grant funds of up to \$667,000, on behalf of the City of Fresno, for the program for financing energy efficiency, energy conservation, renewable energy, and other energy related projects and activities authorized by ARRA described in Exhibit A, subject to constitution and local law requirements and this resolution.

Section 2. That, if recommended for funding by the California Energy Commission, the City of Fresno authorizes Fresno County and Sacramento County and each of them to accept a grant award on its behalf and to enter into all necessary contracts and agreements, and amendments thereto, on its behalf to implement and carry out the program for financing the project(s) described in Exhibit A, subject to constitutional and local law requirements and this resolution.

Section 3. That adoption of this resolution is not a “project” under the California Environmental Quality Act, because the resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 4. That the Director of the Planning and Development Department and designee(s) thereof and each of them, as agents of the City, are hereby authorized and directed to execute and deliver such applications, instruments, funding award agreements and related documents as are reasonably required to implement and carry out the purposes of the grant award, subject to City Attorney approval to form.

Section 5. This resolution shall take effect immediately upon its final adoption.

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STATE OF CALIFORNIA )  
COUNTY OF FRESNO ) ss.  
CITY OF FRESNO )

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the 4<sup>th</sup> day of March, 2010.

AYES :

NOES :

ABSENT :

ABSTAIN :

REBECCA E. KLISCH  
City Clerk

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
CITY ATTORNEY'S OFFICE

By:                     R                    2-24-10                      
Robert R. Coyle  
Sr. Deputy