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On Proposed Proposition 39 Guidelines

Additional submitted attachment is included below.



SCHOOL ENERGY COALITION
ADVANCING ENERGY AND WATER SOLUTIONS FOR SCHOOLS

July 12, 2016

California Energy Commission
1516 9th Street
Sacramento, CA 95814

Comments on Proposition 39 K-12 Guidelines
Docket Number 13-CCEJA-01

To Whom It May Concern:

On behalf of the School Energy Coalition (SEC), an organization made up of K-14 Local Education Agencies (LEAs) and associates focused on funding and technical assistance for energy efficiency and renewable projects for California's students, we are pleased to provide comments regarding the proposed Proposition 39 Guidelines to be considered at the July 13, 2016 CEC General Business Meeting.

California schools strongly support the Proposition 39 Program and its focus on K-14 educational facilities. We especially appreciate that the 2016-17 State Budget proposal, has increased the level of funding to the Clean Energy Jobs Fund from the January proposal to \$398.8 million (from \$365 million) for K-12; and to \$49.3 (from \$45.2 million) for community colleges.

Since the California Energy Commission's (CEC) Proposition 39 Guidelines were approved in December 2013, SEC has worked to assist school districts, county offices of education and charter schools to stay up-to-date on the information changes and meeting the requirements for Energy Expenditure Plan (EEP) approval. SEC has held workshops and webinars addressing energy issues of importance to schools, most with a Proposition 39 focus. Overall, schools appreciate the flexibility in the energy project funding program and appreciate that the Commission has listened to the concerns of LEAs, making adjustments where needed and warranted over the past year as individual LEAs have moved through the approval process.

SEC is very pleased to have been involved in the discussions leading up to these proposed changes with a goal of having a greater number of school energy expenditure plans approved. We know that the CEC has made these adjustments in the interest of moving more school projects forward as intended by voters statewide, the Governor and the Legislature when Proposition 39 was approved, enacted and implemented through SB 73 (deLeon) Chapter 29 Statutes of 2013-14.

Regarding the recent changes proposed to the Proposition 39 Guidelines:

First and foremost, SEC supports the change to the Savings-to-Investment Ratio (SIR) to 1.01 for approval of an LEA energy expenditure plan. This new SIR will allow more school projects to be approved and be funded so that installations and construction may move forward on school campuses throughout the state.

Attached are just a few examples of the projects that have moved forward using Proposition 39 funding. With the proposed SIR changes, even more LEA plans will have an opportunity to meet the requirements for approval.

Our only concern at this time is how soon this new target may be used for EEP approval. Summer is now upon us - a time when schools are best able to have crews in campus to best make construction, installations or renovations around teacher and student schedules. We hope that the changes would be made active as soon as possible to take advantage of the rest of the summer or the 2016 holiday season.

Other changes we would highlight:

- Zero Net Energy (ZNE) Approval - SEC supports the change from requiring every school site in a district to meet the definition of ZNE to one where ZNE is to be achieved on a per site basis. As we also discussed with the Commission.
- SEC supports changes to the maintenance savings assumption for energy efficiency measures: Increased the annual maintenance cost savings from 2 percent to 3 percent of project cost.
- SEC supports the guideline change for those schools that receive their electricity from the Federal Power Agency. We continue to ask that the CEC consider those that receive public power from irrigation districts and some municipal utilities that are having difficulty meeting the SIR threshold due to their lower rates. We would urge the use of an alternative formula in these situations.

The K-12 public school energy efficiency and renewable projects that will be approved with these new changes will create local jobs and use taxpayer dollars wisely to generate savings, environmental, and academic benefits for decades to come. Proposition 39 continues to be a vital and successful program for K-14 LEAs in California.

With regard to areas that may need further state agency review:

Alternative HVAC Cost Effectiveness Methodology for Small or Economically Disadvantaged Districts:

Small or economically disadvantaged districts who need to replace old HVAC systems with new higher efficiency equipment, shall be allowed to qualify these measures for Proposition 39 funding by demonstrating that replacement of these systems will result in costs savings of at least 5%. "Small" to be defined as districts with an ADA of 1,000 or less. "Economically disadvantaged" to be defined as districts either having a Title I population (i.e., Free and Reduced Lunch Program eligible population) of 50% or greater, or, districts whose County Office of Education Certification financial status is either "qualified" or "negative."

Beyond Lighting:

It is reasonable to ask whether many schools are having difficulty knowing how to move beyond lighting to consider installations that meet the SIR criteria. We would encourage and stand ready to assist the CEC to do outreach to schools that may not have the ability to hire third party consultants to assist in identifying these types of projects. Perhaps even providing a list of projects that best meet the SIR requirements may be useful for these schools.

Proposition 39 Funding Relationships Between LEAs

- Clarify how LEAs may show that funding has been pooled for the purposes of the Program, for example an energy manager or other planning fund uses. Is a Memorandum of Understanding (MOU) or other type of documentation required? Are schools that use funds to hire an energy manager only required to report out on that expenditure and how?
- May a district or charter school contract through an MOU with their county office for construction management services for their Proposition 39 program without requesting competitive proposals from private firms? In many cases the county office already handles the district or charter's financial services.
- Please clarify whether sole source language applies to work provided between COEs or districts and charters.
- How might Charter Schools document compensation to school districts, or vice versa, with Proposition 39 funding for energy assistance to meet program requirements?

Correlating with Other Energy Programs and Agencies

- California Department of Education (CDE): In order to move projects forward, schools need to know how much of an allocation they have received. Schools would appreciate a faster turnaround time for annual allocations to be made once the budget is finalized in July. Currently the CDE has until November 30 of each year to do this. We would appreciate moving this date to September 30 so that schools may be better able to plan their construction schedules based on accurate funding.
- CDE: It would also be helpful to have a faster process for receiving funding once an EEP has been approved. CDE is currently making allocations on a quarterly basis - this could mean that a school would wait for over three months for funding after having an approved plan. We would suggest allocations be done on an every other month basis in the future and clearly posting the dates these allocations are to be made.

Final Reporting Process

- We urge that the Citizens Oversight Board (COB) to provide a process for evaluating final reports that is clear, transparent and consistent, and that schools are fully informed as soon as possible as to what is expected with regard to the final review process. Projects are already moving through to completion without full knowledge of what information is going to be reviewed in final reporting and by the COB.
- Please also include information on how Proposition 39 projects or plans that have been amended will be reviewed.

Clean Energy Jobs Fund Program: Beyond Proposition 39

Finally, we do not think it is premature to begin thinking about continuing the Proposition 39 program beyond its five-year term and would appreciate the opportunity to share some ideas for any funding that is not expended.

The Clean Energy Jobs Fund should continue to be replenished from the corporate tax revenue funding source created under Proposition 39.

We appreciate the ability to share our concerns with you and look forward to participating in the Guideline review process.

Sincerely,



Anna Ferrera
Executive Director
School Energy Coalition

c: Commissioner Andrew McAllister, California Energy Commission
Commissioner David Hochschild, California Energy Commission
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