

Energy Efficiency Makes For Successful Bond Campaigns

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Green Schools Summit

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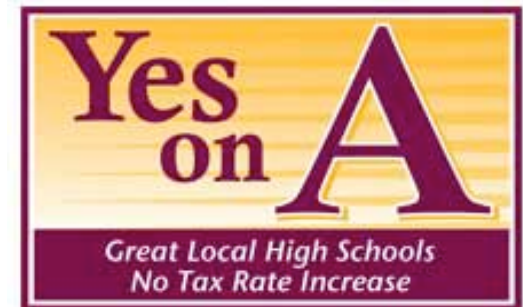


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Mountain View-Los Altos Measure A (June 2010)

- n Local High School Improvement Measure. Without increasing current tax rates, shall Mountain View-Los Altos Union High School District add classrooms and science labs to prevent student overcrowding, improve instructional technology to support academic programs, lower energy costs by upgrading heating, ventilation, electrical and other systems, improve/add student safety systems, repair, construct and acquire school facilities and equipment, by issuing \$41,300,000 in bonds at legal interest rates, with all expenditures subject to independent citizens' oversight?



Mountain View-Los Altos Measure A (June 2010)

Measure A Passed with 78% **Yes** votes

- Green projects = \$10/\$41 Mil
- Solid planning and “pre-campaigning” community outreach was very important to winning



Mountain View-Los Altos Measure A (June 2010)

n Sixteen months later we now have...

- \$500,000 in general fund additional dollars per year meeting 45 percent of electrical needs
- \$1.6 million in rebates after four years
- 1.26 megawatt system
- Plans for LEED certified new buildings
- Sustainably designed pool and buildings
- Over 25-year lifetime, solar system expected to produce 39,302,704 kilowatt hours (kWh) of electricity, worth at million
- MVLA is named first “Green District” in the Bay Area



Green Projects

n Overview

- Benefits of green schools
- Energy efficiency
- Solar power



Benefits of Green Schools

- n Lower operating costs
- n Increased attendance/higher ADA
- n Improved learning
- n Career preparation & job training
- n Reduction of carbon footprint

Roadmap for Energy Efficiency

- n Ensure Board, administration and staff share an energy vision
- n Do an energy audit/assessment and review data (benchmarking)
- n Pursue existing energy efficiency upgrades (improve lighting, HVAC, windows);
- n Invest in renewable resources (*i.e.*, photovoltaic panels)

See, *California Energy Action Plan*



Energy Efficiency: Why Start Here?



Energy Efficiency: Why Start Here?

“Though often overlooked in favor of more exotic energy solutions like wind and solar, with an average cost of \$0.025 per kilowatt-hour, the cost of energy saved from efficiency programs amounts to a price of energy that is one third of the price of electricity from renewable or conventional sources.”

-Matthew Jokajtys, *California's AB 758: Pioneering Efficiency Retrofits*,
New Energy Cities

Energy Efficiency

n The Beginning

- Energy audits and assessments: District assessment and reduction of the amount of utilities used is the essential first stage in cutting utility costs, specifically energy and water

Energy Efficiency: Audits & Assessments

- n Step 1: The Importance of Benchmarking
 - Benchmarking is the foundation of utility conservation programs:
 - n Captures and tracks actual energy usage on a site-by-site basis
 - n Includes time of use as an important indicator
 - n Develops valid comparisons to similar entities

Energy Efficiency: Audits & Assessments

n Step 2: The Process

- Collect and review past utility bills for usage, rates and costs
- Organize billing data into user-friendly reports

Energy Efficiency: Audits & Assessments

- n Step 2: The Process (continued)
 - “ Survey sites to identify the following:
 - n Existing physical conditions at each site, including current efficiency measures
 - n Efficiency measures that can be implemented quickly with little or no cost, producing high returns on investment
 - n Efficiency projects that provide sizeable returns but may require more substantial investments and financing
 - n Programs to be implemented without capital investment

Energy Expense Savings Programs

- n Lighting retrofits

- n Air conditioning retrofits

- n Energy management systems

- Control lighting and air conditioning operations
- Programming and reporting functionality is critical

Energy Expense Savings Programs

n Incentive programs and rebates

- Utility campaigns
- Internal programs

Energy Efficiency: Funding

n State programs

- School Facility Program, Modernization Grants
- Energy Efficiency Financing Program
- Bright Schools Program



Energy Efficiency: Funding

Some state funding sources are oversubscribed or suspended

School districts are still encouraged to apply and get on the waiting list



Energy Efficiency: Funding

n Utility/other funding sources:

- PG&E: Bright Ideas Grants
- Southern California Edison: Grants & Contributions
- San Diego Gas & Electric: Energy Efficiency Business Rebates, On Bill Financing
- School Energy Efficiency (SEE) Program
- Silicon Valley Power Energy Innovation Program
- Savings By Design

Energy Efficiency Agreements

- n Energy Efficiency Measures Agreement (“EEMA”)
 - Implemented in conjunction with a Power Purchase Agreement/Energy Supply Agreement
 - Contractor provides services for increasing interior energy efficiency on District properties at no cost to District
 - Designed to maximize total cost savings from solar power project
 - Staff trained in use of new equipment and how to minimize peak energy use

Energy Upgrade Projects

- n Energy upgrade projects can include:
 - Lighting: Install high efficiency lighting ballasts, retrofit lights/lamps
 - HVAC: Replace old HVAC systems with more efficient equipment of equal capacity
 - Controls: Provide new programmable thermostats
 - Vending Miser: Install passive infrared sensors and Vending Miser modules that minimize energy consumption by powering down vending machines when the surrounding area is unoccupied

Energy Efficiency Through Solar Generation Projects

- n District purchases energy generated from photovoltaic panels installed on District property at a lower cost than utility (Power Purchase Agreement) or
- n District constructs and installs its own photovoltaic system and generates its own lower cost solar energy

Solar Generation Projects

- n Power Purchase Agreement (“PPA”):
 - District leases a portion of its property to a third party vendor/contractor
 - Vendor/contractor obtains financing, installs, operates, maintains and owns the system
 - District purchases energy at a fixed rate generated by that system (with escalator)
 - Vendor owns assets and retains title to equipment

Solar Generation Projects

n PPAs:

- Typically range from 20 to 25 years
- District pays a fixed price with an annual escalator less than the historical escalator of local utility costs
- Solar vendor owns, operates and maintains the system and retains title to equipment

Solar Generation Projects

n PPA Benefits

- No upfront capital costs
- Immediate savings
- System owner responsible for performance failure, operations and maintenance
- District retains option to purchase system



Solar Generation Projects

n PPA Disadvantages

- Not as financially beneficial over the long-term as District owning the system
- District not entitled to environmental attributes (rebates)



Solar Generation Projects

n District-owned system

- District finances project development and construction through general obligation funds, special programs and rebates
- District owns, operates and maintains energy system
- District contracts directly with vendor/contractor to construct and install system

Solar Generation Projects

- n Benefits of a District-owned system
 - Greater energy savings over 20-25 year period despite initial capital cost investment
 - District can take advantage of higher incentive rates, rebates and other environmental attributes

Solar Generation Projects

- n Disadvantages of a District-owned system
 - Significant up-front capital outlay
 - Learning curve for staff
 - District assumes operations and maintenance responsibility and technology and performance risk (usually enters into long-term maintenance and operations contract with third party)

Solar Generation Projects

n Selection of Vendor/Contractor

- .. Although not statutorily required for energy projects, an RFP/Q and interviews or some other type of documented vetting process is recommended

- n Public perception
- n Achieve District's goals
- n Information about vendors
- n Pricing



Solar Generation Projects

n Selection of Vendor/Contractor

- “ By taking time to go through a RFP/Q qualification process, District can:
 - n Compare proposals from multiple vendors to keep project competitive
 - n Fully understand qualifications of vendor and partners of vendor (sole vendor or partnership for finance, project management and construction)
 - n Communicate to prospective vendor District’s goals for project (*i.e.* location of solar panels – roof, shade structure, carport)

Role of Board and District Leaders

- n Crucial for Board and District leaders to share the same overall goal regarding energy efficiency
- n Central guiding force communicates information (Can be any structure your district chooses: Energy Committee; Facilities Committee; one or two key people)

Engage the Board and Articulate Benefits

- n Ensure that Board members have enough data to articulate energy efficiency benefits and goals
 - Vision and specific goals
 - Data gathered from energy audits
 - Financial and environmental benefits of energy efficiency upgrades and generation
 - Curriculum enrichment

Essentials of a School Bond

- n Specific project list
- n Citizen oversight
- n 55% voter approval



Essentials of a School Bond

- n June 2012 (March 9) or Nov. 2012 (Aug. 10)
- n Recommend voter survey at least six months before election



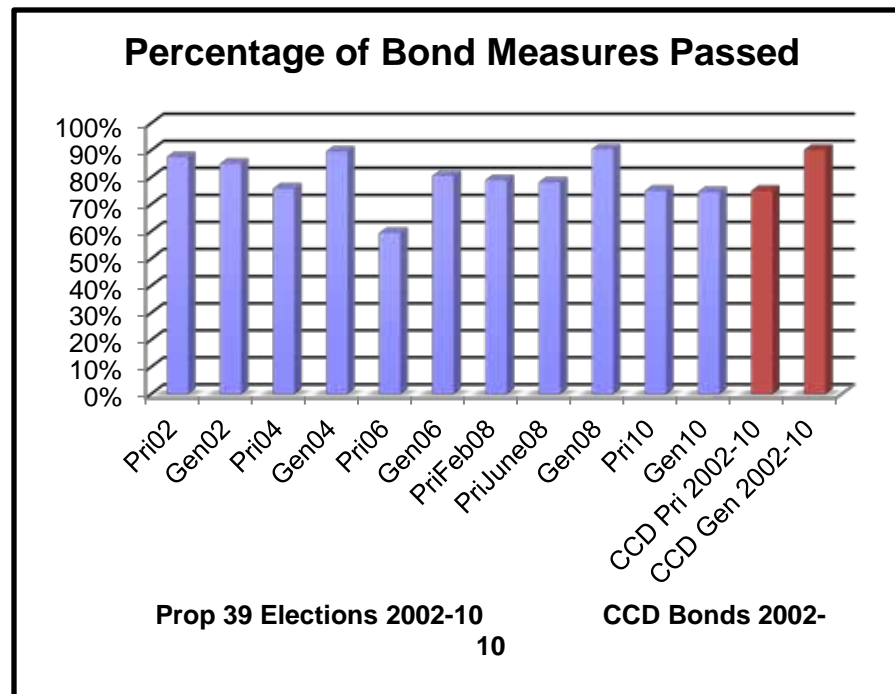
Election Climate

- n Household income insecurity
- n Skepticism about general fund relief
- n Anti-government climate creates openings for traditional or new critics



Passage Rate of School Bonds

n Voters support essential school investments if you make your case properly



“Bricks & Mortar”

n Outdated expression of a school bond



“Bricks & Mortar” Today

- n Classrooms/wireless technology
- n Solar investment, smart water, energy management, etc.



“Bricks & Mortar”

- n Many use bonds to ease general fund pressure
 - COPs/Leases/Deferred maintenance
 - “Green” investment
 - Different communication themes

Unique Challenges of “Green” Bonds

- n “Good for the environment”
is a lower priority
- n Does it “pencil out”?



Unique Challenges of “Green” Bonds

- n Confuses voters who trust bond project specificity and “no funds for salaries”
- n Generally, improvements are far from the classroom
 - Exceptions: Technical education. Hands-on science.



Strategies For Success



- n Maximize matching funds. Many grant opportunities. **Explore all of them!**
- n Quantify the savings you expect
 - Seek help if needed
 - Utility bills especially
 - Solar potentially

Strategies For Success

- Don't ignore repair/upgrade elements:
 - HVAC, doors, etc.
 - “Green” not main purpose



Strategies For Success

- n Start early with bargaining units
 - More complicated than you think
 - Consider moving toward an early MOU or Side Agreement
- Re: “spending the savings”



Strategies For Success

- n Use a voter survey
- n Push your pollster to adapt and be creative
- n Early Community Outreach



Questions?

Thank You For Attending



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