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Water Agency offers new energy financing to schools and nonprofits

By Eric Gneckow, Business Journal Staff Reporter

SONOMA COUNTY — In an effort closely watched by school, government and nonprofit groups around the state, the Sonoma County Water Agency is working to launch a first-in-California bond financing program that will allow millions of dollars in energy efficiency upgrades to schools and other public facilities at a time of intense budgetary rationing.



Amy Bolten, Jennifer Bruneman, Jamie King

Known as Sonoma County Energy Financing, the program requires participating energy service companies to underwrite any predicted savings to energy costs before beginning a facility upgrade. The approach guarantees that school districts and governments will have a predictable pool of money for servicing a related municipal bond, avoiding any out-of-pocket expense for new equipment or improvements while creating immediate savings through lower maintenance costs.

Though the precise cost savings possible in Sonoma County are not yet known, planners point to the groundbreaking “Sustainable Energy Utility” that pioneered the approach in the state of Delaware. Since launching in 2007, the program has generated \$73 million in guaranteed, low-interest financing for facility upgrades, \$145 million in long-term savings and more than 900 construction and engineering jobs.

Many of the leaders in the Delaware program have been enlisted to help launch what planners call a “scaled-down” version in Sonoma County. More than 10 school districts representing nearly 100 schools have expressed interest, with room for further additions that could include public buildings under various management and nonprofit facilities like hospitals, according to the water agency.

“A lot of our facilities have newer construction, but that doesn’t mean that those facilities can’t be updated,” said Jennifer Bruneman, director of maintenance and operations for the 23-campus Santa Rosa City Schools. The district has expressed interest in the program. “It’s a dual-purpose need — getting old equipment that’s not working so well off of our sites, as well as saving money on our PG&E bill.”

Work to develop the financing structure began last October, a collaboration between the water agency and the nonprofit Foundation for Renewable Energy & Environment. Born from founders of the Delaware program, the foundation brought with it much of the contractual framework necessary to implement a similar program in Sonoma County and a list of national energy service companies willing to financially guarantee their work.

“We wouldn’t have to reinvent the wheel,” said Amy Bolten, a spokeswoman for the water agency’s Energy Resources Group and coordinator of the financing program. The proposal has been lauded by regional contractors, and “while our direct contracts will be with national companies, the vast majority of our work will be with local guys.”

By combining a large volume of work into a single financing mechanism, Ms. Bolten said that organizers hope to reach a critical mass favored in municipal bonding. Current estimates range from \$30 to \$50 million, with an issuance expected in May and construction in early June.

School districts and other potential participants will meet with energy service companies this Friday, with the option to choose their preferred provider from eight pre-qualified companies. Firms will conduct a complimentary initial energy audit and, after final approval, an investment-grade audit that will become the cost basis of the work.

Receiving an energy audit is itself a significant perk, as the \$40,000 cost can be prohibitively expensive at a time when districts have little to spare, Ms. Bruneman said. Yet the bills still loom large, with an approximately \$3 million annual cost for electricity at Santa Rosa City Schools.

The district has asked that staff unplug devices and embrace other behavioral changes, allowing savings between 8 and 12 percent, she said. Realizing further savings may require an update to current systems, including water and natural gas equipment.

Similar efforts to save energy are underway at the 15-campus Petaluma City Schools, where behavior modifications have lowered energy usage by 20 percent. Yet with a number of campuses built in the 1950s and 60s, financing for improvements like double-paned windows would be a welcome addition, said Jamie King, energy education specialist for the district.

“Now that we’re doing well, I try to look where our weaknesses are, and it’s in our building envelopes,” he said.

Mr. King noted that money saved from energy usage and equipment maintenance would remain in the district’s general fund.

“We’ve avoided spending nearly half a million bucks over the past two years,” he said. “These are dollars that can go back to support educational programs.”

Organizations including the California League of Cities, the California League of Counties and the California Statewide Communities Development Authority are currently developing similar financing programs, with the Sonoma County Water Agency serving as a test-case for the approach within the state. While the program is still in its infancy, the financing approach could one day spin off from the water agency or be placed under the umbrella of the proposed power agency, Sonoma Clean Power.

“It’s no secret that we’ve run out of bond funds. We used to have all of these sources to tap into, but now we’re down to dollars and cents,” Ms. Bruneman said. “We’ll explore any source that we can.”

Ms. Bolten said that organizations interested in financing improvements through the program should attend a meeting with energy service companies on Oct. 19, from 9 a.m. to 3 p.m., at 35 Stony Point Road. Those interested can contact Ms. Bolten at Amy.Bolten@scwa.ca.gov, and more information is available at <http://www.scwa.ca.gov/scef/>.