



City of Sunnyvale

Agenda Item

14-0925

Agenda Date: 1/30/2015

2015 COUNCIL STUDY ISSUE

NUMBER

ESD 15-03

TITLE Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties

BACKGROUND

Lead Department: Environmental Services Department
Supporting Department(s): Finance

Sponsor(s):

Board/Commission: Sustainability Commission

History:

1 year ago: Deferred

2 years ago: N/A

SCOPE OF THE STUDY

What are the key elements of the study?

This study would research the feasibility of implementing a financing program in Sunnyvale that would lend businesses money for energy-efficiency, renewable-energy and water-efficiency projects at no up-front cost to the business owner; the loan would be paid back through a regular payment made to the City through utility or property tax bills.

This study would include identification of advantages, disadvantages, administrative requirements and any risks to the City. The study will evaluate organizations that provide turnkey Property Assessed Clean Energy (PACE) financing and also evaluate the possibility of the City acting as the lender. If feasible, this study would include a recommended pathway toward setting up a financing option for Sunnyvale businesses, including a preferred method of financing the loans and any associated costs to the City.

This study issue was previously enumerated as FIN 14-01 *Financing for Energy-Efficiency, Renewable-Energy and Water-Efficiency Improvements on Commercial Properties*.

What precipitated this study?

This study issue was proposed by the Sustainability Commission. According to the U.S. Environmental Protection Agency, a significant amount of the energy used in commercial buildings is wasted, resulting in higher costs to businesses for energy than necessary.

The upfront investment needed to implement energy, water, and other resource efficiency measures

is often cited as the reason more businesses do not pursue these types of improvements despite the potential for long-term financial savings. To overcome the initial investment barrier, some jurisdictions throughout the country and in California have implemented financing programs.

Planned Completion Year: 2015

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Moderate

Amount of funding above current budget required: \$0

Funding Source: N/A

Explanation of Cost:

The cost associated with this study is staff time required to research and evaluate the options, fiscal impacts, and administrative requirements of a financing program.

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs.

Explanation of Cost: Providing financing through the City would require significant upfront capital provided by the City. Like all loan programs, there is a level of risk involved with repayment and possible default that the City would need to evaluate as part of the study. Further, it is anticipated that there will be additional costs associated with administering the program, including significant staff time

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: No

Council Study Session: No

Reviewed by Boards/Commissions: Sustainability Commission

STAFF RECOMMENDATION

Position: Drop

Explanation: Staff recommends dropping this study issue in light of newly available programs. California First began offering PACE financing to Sunnyvale property owners (residential and commercial) in August 2014. Property owners can now finance clean energy, energy efficiency, or water efficiency projects through a special assessment levied on the property. This program meets the intent of the proposed study without requiring to City to establish its own financing program. Also, at the hearing on this issue, Council expressed support for publicizing the availability of programs such as PACE rather than offering them directly using City resources.

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Reviewed By: Robert A. Walker, Assistant City Manager

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