

Ventura County Regional Energy Alliance

2008 Annual Report

*Using Energy Efficiency as the First Step Toward
Energy Independence for the Ventura County Region*



2008 Governing Board Ventura County Regional Energy Alliance

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VCREA is a Joint Powers Agency (JPA) composed of public agencies working in collaboration to address the availability, reliability, conservation and innovative use of energy resources in the Ventura County region. Each agency appoints a representative Board Member and Alternate to serve on the VCREA Board. Quarterly Board meetings are held in January, April, July and October on the third Thursday of the month; meetings are open to the public. Membership may be expanded at any time to include new public agency members with shared interests and powers in common.

2008 Year In Review

VCREA Marks It's 5th Year

Born in response to the electricity crisis that unfolded in the first years of this century, VCREA marked its fifth year in July 2008 and received numerous public proclamations to acknowledge its successful programs and the continued commitment from its supporters. VCREA has become the organizational focal point for local elected officials, business and community leaders who recognize the value of joining forces and taking action that leads to greater public awareness of energy efficiency and reliability.

In just five short years, the VCREA Board has provided the necessary representational leadership to build the organization from four charter members to nine, with the potential to add yet one more public agency in 2009. Over the past 5 years, this collaborative leadership has supported a total of 107 energy efficiency projects by public agencies and non-profits organizations. Additionally, the Board has been supported by its growing Technical Advisory Council that contributes professional support to review legislation and policy directed at long term strategic goals.

Since its formation, VCREA has focused on reducing barriers to actions and emphasized implementation of programs and specific projects that lead to measurable results. Over the past 5 years, more than 12.2 million kWh has been saved. One of the major VCREA goals remains unchanged: to reduce reliance on fossil fuels and encourage development of renewable fuels that are economically and environmentally viable, recognizing that ENERGY EFFICIENCY IS THE FIRST STEP.

The organization's business plan directs its leadership team to seek funds that enhance local government budgets, and relies upon such resources as utility ratepayers' funds, energy grants and local budgets. These various funding sources are leveraged to underwrite and grow the green economy. By example, VCREA program participants spent approximately \$4.5 million dollars *before* Ventura County Partnership Incentives for the energy upgrades reported. A good deal of this money has benefited local suppliers, vendors and contractors, and, VCREA has already identified public agency projects that will yield more than 2,000,000 kWh savings as early as the second quarter 2009 as part of the Ventura County Partnership Program.

Now catching its stride, VCREA is making modest but important contributions toward both the emerging green economy and in support of California's Long Term Strategic Energy Efficiency Plan and the Climate Action Plan (AB32).

2008 Energy Champions

Technical Advisory Council (TAC)

The VCREA Technical Advisory Council provides advice to the VCREA Board and staff on a broad range of energy and economic issues. The group meets three times a year and is “on-call” to assist where needed to advance the strategic and long term goals of VCREA as well as respond to current trends, changes in legislation, advanced policy and help with community outreach.

Bob Beisner, SolarWorld Industries

Nan Drake, Harrison Industries

Rudy Gonzales, Southern California Edison

Poul Hanson, Ventura County Office of Education

Dan Hardy, Cabrillo Economic Development Corporation

Michael Lind, REC Solar Inc.

Doug Nelson, Architect/Green Building

Tom Nielsen, Energy Systems, Inc

Michelle Pettes, Southern California Gas Company

Wayne Tanaka, Tanaka Associates

Doug Tapking, Area Housing Authority County of Ventura

Tom Umenhofer, Entrix

Mike Villegas, Ventura County Air Pollution Control District

Promoting Excellence Through Energy Efficiency

VCREA is actively engaged in training and supporting a growing number of professional networks for energy managers, facility operators, engineers, designers, architects, technicians, inspectors service installers, electricians and plumbers. Through website and workplace communication, the bi-monthly newsletter, *Energy Leader*, is circulating among hundreds of individuals and networks to promote technical seminars, briefings, study groups, guest speakers and new product discussions.

VCREA supports projects of excellence such as the highly efficient and solar enhanced Hill Canyon Waste Water Treatment Facility operated by the City of Thousand Oaks and officially dedicated in May 2008. The City of Oxnard opened the first phase of its Groundwater Recovery Enhancement and Treatment (GREAT) Program that includes high efficiencies and a LEED silver-rated building on its water campus in late Fall 2008. The County of Ventura is expected to approve a power purchase agreement in the first quarter 2009 that will set forth the terms of solar installations on three county facilities.

These exemplary projects represent strategic commitments by elected officials and professional staff in response to the questions concerning what is being done to reduce energy consumption in the public sector. Taxpayers and utility ratepayers benefit from major projects like these that lay the foundation for a strong *energy efficiency ethic* and promote the emerging green workforce.

INNOVATIVE STAFFING

Working to develop a greater connection to the growing energy and “green” workforce, VCREA has taken a 21st century approach to building its staff.

Contract Employees

VCREA Board hires staff on a contract basis for the purpose of carrying out the organizational mission and managing operations. The current staff of two includes **Cheryl Collart** Executive Director, and **David Inger** Energy Projects Manager. Of note, Mr. Inger achieved status as a LEED Accredited Professional during the year.

Student Internships

VCREA Board has encouraged a program of student internships that provide an opportunity for qualified students to participate in the daily operations or complete specific projects. Mr. Angel Ayala, Jr., a master in public policy school candidate from California Polytechnic University at San Luis Obispo worked with VCREA for the summer quarter. During that period of time, he completed a Green Building Maintenance & Operations Manual, as well as shadowed staff in making the water/energy connection for the region.

Career Professional Development Program

This program opened this year to individuals seeking an opportunity for enhanced technical skills or career change retooling. The goal is to learn from, engage with, and provide support to VCREA, in order to develop new knowledge and expertise that will help prepare and reposition an individual for a career in the energy business sector of the 21st century. Mr. Douglas O'Brien came to VCREA in the fall quarter to advance energy efficiency strategic planning and data analysis.

Energy Consultants and Contractors

VCREA employs approximately 20 technical consultants and service contractors that support its 21st Century VCREA organizational model. These individuals allow VCREA to provide a high-level of technical support in the form of facility audits, new technologies and training seminars, as well as advance the administrative activities of the organization.

Shared Employee Program

This program is a concept developed to leverage human resources and build skills that mutually benefit the participating agency and its constituents, as well as VCREA. The opportunity remains open to candidates where mutual benefit can be derived for both the participating public agency and VCREA.

The Ventura County Partnership Program

**Southern California Gas Company
Southern California Edison
Ventura County Regional Energy Alliance**

The **Ventura County Partnership Program** is funded by California utility ratepayers and administered by Southern California Gas Company (SCG) and Southern California Edison (SCE), in partnership with Ventura County Regional Energy Alliance (VCREA), under the auspices of the California Public Utilities Commission.

This calendar year marked the final year for the 2006-2008 Ventura County Partnership Program which focused on retrofitting buildings operated by public agencies and non-profit organizations. The projects include facilities such as schools, libraries, preschools, public housing, medical centers and public works operations. VCREA worked directly with staff and employees of these organizations to reduce energy use and advance the *energy efficiency ethic* that is an essential step toward changing behaviors to compliment building, operations and hardware upgrades.

The day-to-day operations of the Ventura County Partnership Program are the responsibility of VCREA, with the financial support of utility ratepayers funds administered through the utility partners. The program funds a clearinghouse for energy efficiency information and local training efforts, as well as technical project support and energy planning. The Ventura County Partnership Program provided utility customers with a direct link to dozens of energy rebates, training programs and customer education programs such as the Agricultural Pump Testing and Irrigation Program in conjunction with Cal State Fresno, the Multifamily Home Energy Efficiency Program and participation in a holiday light strand exchange.

2008 Ventura Partnership Program Accomplishments

- *19 Training seminars benefited 494 individuals.*
- *23 Community Events reached approximately 12,825 individuals.*
- *6 Bi-monthly Newsletters in print and electronic formats.*
- *27 Public agency energy efficiency retrofit projects saved over 2.5 million kWh.*
- *18 information locations throughout the region located at Libraries, Chambers of Commerce and City Halls/Public Agencies.*
- *Initiatives to install LED Exit Lights and Vending Machine Controllers to capture savings over 200,000 kWh.*

This momentum has lead to achieving more than 2.5 million kWh savings for 2008. The combined savings results for 2006 through 2008 now total 9,122,911kWh, and exceeds the three-year program goal by more than 60%.

The Ventura County Partnership Program

Goals and Achievements

The year 2008 marked the end of VCREA's three-year **Ventura County Partnership Program** with Southern California Edison (SCE) and Southern California Gas Company (SCG). The program exceeded energy savings goals by 60%, starting with a goal of 5.7 million kilowatt-hours (kWh), and achieving over 9.1 million kWh of annual savings. At the same time, the demand reduction goal was exceeded by over 53%, removing 1897 KW of load from the electricity grid.

These program successes were due to the enthusiastic involvement of many public agencies and local community non-profit organizations. These efforts led to the completion of 72 separate energy efficiency projects, saving the participating organizations an estimated \$938,000 in annual utility costs and based on current utility rates with no increase for 5 years.

Additionally, through two unique VCREA "energy initiatives," a total of 1,900 high efficiency LED exit signs and 400 vending machine controllers were delivered at no cost to program participants. These two modest but effective technologies are saving local users an additional \$180,000 annually in reduced electricity costs. The inevitable rise in utility rates will increase even more the value of these projects and initiatives.

The following two tables list the organizations and their projects; while the savings are measurable, the governing board and staff commitments from these organizations are invaluable to the achievement of final projects.

Public Agency Energy Efficiency Projects

| ORGANIZATION | 1-YR & 5-YR SAVINGS FROM PROJECTS | Ventura Partnership INCENTIVES |
|-------------------------------------|-----------------------------------|--------------------------------|
| County Office of Education | \$66,096 / \$330,480 | \$83,844 |
| City of Oxnard | \$126,923 / \$634,615 | \$161,327 |
| County of Ventura | \$393,031 / \$1,965,155 | \$410,726 |
| City of Thousand Oaks | \$30,356 / \$151,780 | \$31,339 |
| City of Ventura | \$105,220 / \$526,100 | \$94,894 |
| Conejo Park & Recreation District | \$9,971 / \$49,855 | \$10,707 |
| US Navy - Naval Base Ventura | \$151,659 / \$758,295 | \$187,771 |
| Ojai Unified School District | \$12,578 / \$62,890 | \$13,536 |
| Casitas Municipal Water District | \$9,591 / \$47,955 | \$11,189 |
| Gold Coast Area Transit District | \$15,717 / \$78,585 | \$19,117 |
| Oxnard School District | \$4,265 / \$21,325 | \$4,570 |
| Santa Paula Library District | \$7,476 / \$37,380 | \$9,345 |
| Pleasant Valley Park & Rec District | \$5,924 / \$29,620 | \$5,554 |
| TOTAL | \$938,807 / \$4,694,035 | \$1,043,919 |

Community Non-Profit Agency Energy Efficiency Projects

| ORGANIZATION | 1-YR & 5-YR SAVINGS FROM PROJECTS | Ventura Partnership INCENTIVES |
|-------------------------------------|-----------------------------------|--------------------------------|
| Cabrillo Economic Development Corp. | \$7,475 / \$37,375 | \$8,115 |
| Trinity Lutheran Church, Ventura | \$3,544 / \$17,720 | \$3,544 |
| The Thacher School, Ojai | \$14,132 / \$70,660 | \$15,145 |
| The ARC of Ventura County | \$10,367 / \$51,835 | \$10,923 |
| Boys & Girls Club, Ventura | \$8,463 / \$42,315 | \$7,825 |
| TOTAL | \$43,981 / \$219,905 | \$45,552 |

2009 and Forward Energy Efficiency Opportunities and Challenges

The economic crisis and attendant budget challenges have the potential to threaten momentum that VCREA and its partners have developed. Utility costs will not go down just because agency revenues have been reduced. This is a common problem faced by all sectors of the economy, but public agencies and community non-profits are especially vulnerable. It is hard for energy efficiency projects to compete for dollars in the face of layoffs, hiring freezes, and employee furloughs.

Too often in the past, facility operators have responded to energy projects with the refrain "we can't afford it," while at the same time monthly utility bills must be paid. Due to recently approved rate setting action, it is likely that electricity rates during 2009 will increase by approximately 15%. The irony is that we can't afford to invest in energy efficiency, but we can afford to pay for utility rate escalation.

The "We can't afford it" response has to be replaced with "How can we fund these great project opportunities?" Almost every facility has potential projects which will pay for themselves with utility savings in 1 ½ to 3 years. Think of it: these payback periods equal an annual rate of return of 67% to 33%. This is an investment that we cannot afford to miss.

Beginning in 2009, and as part of the Bridge Funding cycle, VCREA will have the ability to offer project incentives based on the 2006-08 program; such that on average, equal 25% of project costs. This means that a project which has a 3-year payback before incentives will now have slightly over a 2-year payback with the Ventura Partnership Program incentive buying down the project cost.

Public agencies have the ability to fund their energy projects through low-interest loans offered by the California Energy Commission. The interest rates for these loans are approximately 4%. The loan repayment is structured so that utility savings cover all costs. Projects must demonstrate a maximum 10-year payback based on the amount of the loan requested divided by the projected annual utility savings. Loan amounts can be either small, modest transactions or as much as \$4 million per public agency. Furthermore, a number of projects can be "bundled" together for approval under one loan, which allows projects with short paybacks to be combined with projects with longer paybacks to ultimately create the lowest overall payback.

Both SCE and SCG will be offering “on-bill financing” (OBF) during the 2009-2011 program cycle. OBF will offer zero interest, unsecured loans for projects with 10-year paybacks or less. This financing program will be available to all commercial (non-residential) utility customers. The amount of funding for these programs will have initial limitations. It appears that SCE will allocate approximately \$5-6 million per year to underwrite these loans for local governments. This is a relatively small amount when spread across SCE’s service territory. VCREA will be working closely with our utility partners so that this program can benefit public agencies within our region.

The incoming 2009 federal administration has indicated that a key part of the proposed economic stimulus package will be funding for energy efficiency projects at the state and local level. If successfully implemented, this program is expected to reduce energy costs to local agencies and boost local economies through increased employment and demand for energy related projects. Climate change policies and programs will also benefit from reductions in electricity and natural gas use resulting from energy efficiency projects. It is still too early to know how these funds will eventually make their way to local governments and which projects will qualify for funding. However, it is imperative for local governments to start identifying potential projects and to “package” as much information about these projects as possible. This will require energy surveys and audits, economic analyses, proposed budgets and project specifications to be underway. Applicants with well-defined project proposals will likely be successful recipients of the proposed funding.

Elected officials and other community leaders will face a variety of financial challenges over the next several years. Demands on core programs, labor force retention and other issues will all compete for scarce funding. There may be temptation to move energy efficiency improvements to the “back burner” until economic times are more favorable. Unfortunately, this has been the “business as usual” approach of too many public agencies for too long. Lowering the necessity and priority of energy efficiency improvements will have costly consequences in the form of escalating utility costs and lost opportunities.

VCREA believes that there are many opportunities in the middle of this economic challenge. Our role will be to continue to support our program participants in every way possible to bring energy efficiency programs and funding to their facilities.

A Message to the Community

Jump Starting the Green Economy

Cheryl Collart, VCREA Executive Director

We are regularly invited to attend community events and professional networks to help participants understand the connection of energy efficiency to the green economy. Given the world order of 2009, I encourage you to become a participant that can help the economy and the environment.

The green economy can be quickly “jump started” by making energy efficient choices in the purchases we make, using new technology to reduce energy use in appliances, computers and lighting. Any new construction, remodeling and building retrofits must be built to tighter building codes that require energy efficiency improvements. And, in the workplace, the use of timers, sensors and new technologies allow commercial and industrial facilities to achieve greater profitability through the reduction of wasted energy. Taking action to use energy efficiently supports the green economy.

The green economy has a “solar lining” that will be maximized when efficiency takes priority. While expensive, solar is one of the long term green investments useful in reducing dependence on fossil fuels. The California Solar Initiative and federal tax credits are making household solar installations more affordable. Large rooftop and ground mounted solar arrays are finding a place in industrial complexes that support the operations and export excess power to the state’s grid system. Additionally, financial investors are making solar improvements available to residential and commercial customers through power purchase agreements.

The green economy is also about the growing professional and services network that exists in Ventura County. Nearly 100 architects and design professionals formed a LEED study group this past year to encourage accredited professionals and provide better services to their clients. VCREA regularly hosts training seminars to support the growing green network of service workers that install, repair, maintain and inspect electrical and renewable energy systems.

The “green economy” is here----and your participation is most welcome!

Ventura County Regional Energy Alliance

Mission Statement

The VCREA mission is to establish Ventura County, its communities and neighboring regions as the leader in developing and implementing durable, sustainable energy initiatives that support sensible growth, healthy environment and economy, enhanced quality of life and greater self-reliance for the region by (1) reducing energy demand and increasing energy efficiency and (2) advancing the use of clean, efficient and renewable local resources.

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