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Prop 39 Clean Energy Jobs Act: A Grant Application Primer

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Looking for a way to save money on energy bills? Want to make your school facility more comfortable and safe for your students? Look no further; your charter school may be eligible to receive funds to improve energy efficiency and expand clean energy generation at your school site from the state of California.

On November 6, 2012, California residents approved Proposition 39, the California Clean Energy Jobs Act. This Proposition closed a corporate tax loophole that will create an anticipated cost savings of $2.5 Billion for the State of California over five years. The State Legislature decided to invest the majority of these cost savings into K-12 schools and community colleges to improve energy efficiency and expand clean energy generation at these schools.

Eligibility & Award Allocations

In the 2013-2014 fiscal year, this meant that 381 million dollars was allocated to K-12 local educational agencies (LEAs) for energy efficiency and clean energy projects. All charter schools are considered LEAs and are, therefore, eligible for Proposition 39 funding as long as their proposed project will improve energy efficiency measures and/or clean energy installations at the school site. However, charter schools that own their school facility or lease a privately owned facility must meet cost-effectiveness criteria. In order to meet cost-effectiveness criteria, the school must have a savings-to-investment ratio of 1.05 and the eligible project must have a simple payback either within the remaining period of the "lease agreement" or the "charter contract term," whichever is shorter. In addition, if the charter school is leasing a privately owned facility that does not have a separate meter or if the lease payment includes utility costs, the owner of the facility must provide written commitment to transfer the cost savings of the energy improvements to the charter school through reduced lease payments or reimbursement.

The amount of funds each K-12 LEA is eligible to receive is based 85% on its prior year P-2 Average Daily Attendance (ADA) and 15% on its Free and Reduced-Price Meals (FRPM) counts. For new charter schools that commence instruction in fiscal year 2013-2014 or later, P-2 ADA and FRPM counts must be available and are, therefore, only eligible once P-2 counts are released. In November of each fiscal year, the SSPI will announce the award amount for each LEA on the CDE's website at http://www.cde.ca.gov/fg/fo/r14/prop39cceja13rfa.asp. You can check out the CDE's website now to see the 2013-2014 fiscal year allocations and determine what funding level your school was eligible for last fiscal year. The chart below explains the different funding tiers:

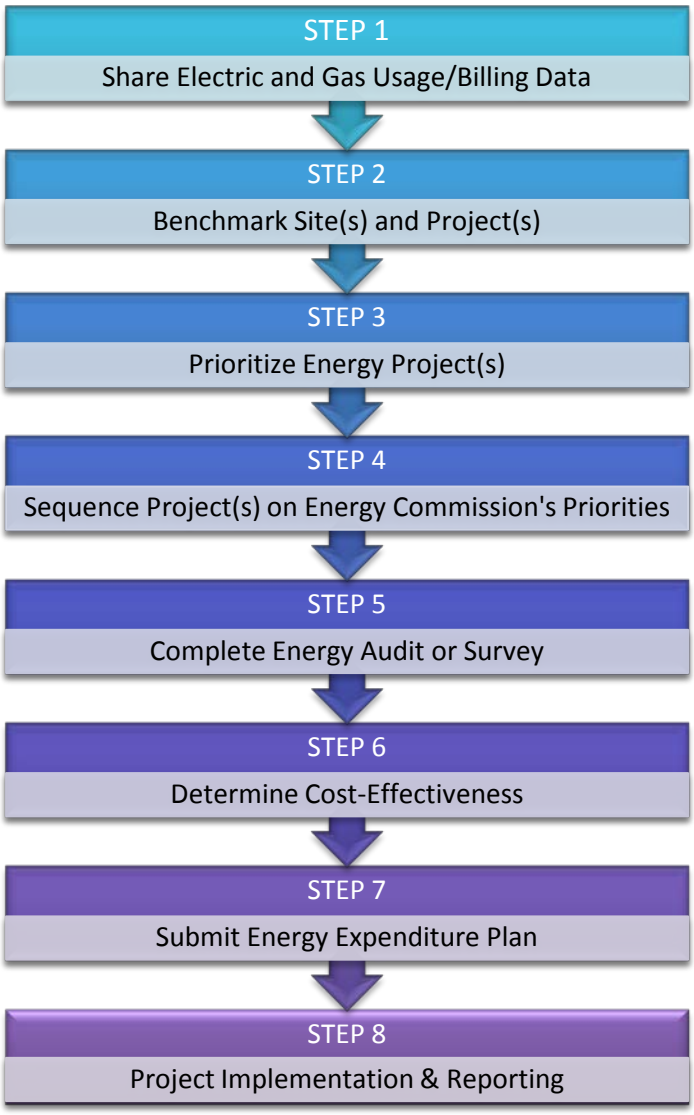
Tier Levels	Average Daily Attendance Prior Year	Minimum Funding Awards
Tier 1	100 or fewer	$15,000 plus FRPM
Tier 2	101 - 1,000	Based on prior year ADA or $50,000

		(whichever amount is larger) plus FRPM
Tier 3	1,001 – 1,999	Based on prior year ADA or $100,000 (whichever amount is larger) plus FRPM
Tier 4*	2,000 or more	Based on prior year ADA plus FRPM

**Tier 4 Awards must use at least 50% of the funds on a large eligible energy project, which is defined as a group of energy efficiency measures combined for a total cost greater than $250,000.*

Application Process

To receive the Prop 39 funds, charter schools must follow an 8-step process. This application process includes 6 steps to determine which project will have the biggest cost and energy impact. The Energy Commission has incorporated many resources to assist in completing these steps to alleviate the burden on LEAs, which are provided on their website at http://www.energy.ca.gov/efficiency/proposition39/. In addition to the resources provided on the Energy Commission website, hiring or contracting with an Energy Manager is also suggested (http://www1.eere.energy.gov/femp/financing/espcs.html) to assist with completing these steps. Below, each step is described in detail:



STEP 1: Complete the Utility Data Release Form found at the Energy Commission's website to provide the Energy Commission access to your school's utility data for both the past 12 months and future utility billing through 2023.

STEP 2: Use benchmarks or the Energy Rating System to determine the energy use intensity (EUI) or rate of energy use at the sites where Prop 39 funds will be used and determine which site is the lowest energy performer. Appendix D of the Guidelines found on the Energy Commission's website describes how a school can benchmark on its own. Schools can also use free benchmarking tools such as the US Environmental Protection Agency's Energy Star "Portfolio Manager" (http://www.energystar.gov/benchmark) and Lawrence Berkeley National Laboratory's "Energy IQ" (http://www.energyiq.lbl.gov) to complete this step.

STEP 3: Prioritize the eligible projects considering the following factors:

- The facilities' age & any plans to close or demolish it.
- The proportion of Title I eligible students at each particular school site
- The facilities' recent upgrades
- The hours of operation and the number of days operated
- The school's energy intensity (EUI) (determined in Step 2)
- The cost-effectiveness of each project (determined in Step 6, below)
- Potential for energy demand reduction
- The anticipated non-energy benefits, such as health and safety improvements
- The project's ability to facilitate matriculation of local residents into state-certified apprenticeship programs
- The expected number of trainees and direct full-time employees likely to be engaged for each LEA's annual funding commitments
- The ability of the project to enhance workforce development and employment opportunities, use members of the California Conservation Corps, certified local conservation corps, Youth Build, veterans, Green Partnership Academies, nonprofit organizations, high school career technical academies, high school regional occupational programs, or state-certified apprenticeship programs, or to accommodate learning opportunities for school pupils or at-risk youth in the community

STEP 4: Determine the order of improvements that will best reduce energy use. Prioritization should first be based on energy efficiency projects, then renewable energy projects, and, lastly, non-renewable energy projects.

STEP 5: Identify eligible energy projects through an energy survey, an ASHRAE Level 2 energy audit, or data analytics. Any energy surveys, ASHRAE Level 2 energy audits, or data analytics reports completed within the last five years can be used as long no major changes to the facility have occurred since the report was completed. If no report has been completed in the last five years, the charter school must choose one of the options to identify eligible projects. Seventy-five percent of projects can use the Energy Commission's energy savings calculator tool to estimate the energy savings rather than hiring a consultant to complete an energy audit. More complex energy efficiency projects will need the ASHRAE Level 2 energy audit, which can be completed by a third-party contractor, such as the California Energy Commission Bright Schools Program (http://www.energy.ca.gov/efficiency/brightschools/index.html), a utility program audit (such as your electric or gas company provider), or an energy manager. Lastly, a data analytics provider can complete a virtual energy audit assessment without entering the facility, but no standards currently exist for this method so the charter school must provide documentation of prior technical validation of the technology by either an electric or gas utility company.

STEP 6: For a project to be eligible, the minimum savings-to-investment ratio (SIR) should be 1.05. This means that for every dollar invested in the project, the school needs to receive a minimum of $1.05 in savings. A SIR calculator can be found on the Energy Commission's website. Input Values include annual energy savings, demand savings, annual energy cost savings, project installation cost, rebates/other financial incentive, and other matching grants used to finance the project (not funding that needs to be repaid).

STEP 7: Once the project has been identified based on Steps 1-6, LEAs must submit the Energy Expenditure Plan for review and approval by the Energy Commission. To submit the Energy Expenditure

Plan, schools must visit the website sent via email from the Energy Commission in January 2014 and upload the appropriate forms on this website. Templates of the forms can be found on the Energy Commission website (http://www.energy.ca.gov/efficiency/proposition39/). The Energy Expenditure Plan includes the following forms:

- Expenditure Plan General Form A
- Expenditure Plan Project Summary Form B (includes a budget breakdown)
- Utility Data Release Authorization Form (completed in Step 1)
- Project Back-Up Documentation gathered in Steps 2-6 including the Energy Savings Calculators, Energy Survey, and Energy Audit
- Building owner Certification to Transfer Energy Cost Savings to LEA (if in a privately-owned leased facility)

LEAs with 1,000 or fewer prior year ADA are eligible to apply for a Combined Two-Year Award that would provide funding for the current year and the following year during the current year. This option means that no additional funds will be received, so cash flow management is more important. When considering the budget, it is important to note that a maximum of 10% can be allocated to an Energy Manager and a maximum of 2% can be used for Energy Training.

STEP 8: Once the Energy Expenditure Plan is reviewed and approved by the Energy Commission, funds will be distributed to the schools once the CDE finalizes the appropriations. The school is then responsible for project management and compliance including annual reports, a final report to the Energy Commission, and a report 12-15 months after completion of eligible energy projects including the actual energy savings that will be submitted to the Citizens Oversight Board and Energy Commission.

By completing these 8 steps, you can receive Prop 39 funds to upgrade your charter school facility in a plethora of exciting ways, like replacing the manual thermostats with programmable ones, replacing fluorescent light bulbs with LEDs, or installing occupancy control for intermittently occupied rooms while creating cost savings for your charter school. To learn more about Prop 39, and how to make your school an energy-saving superstar, visit the Energy Commission website at http://www.energy.ca.gov/efficiency/proposition39/.