



June 3, 2013

The Honorable Mark Leno
Chair, State Budget Conference Committee
California State Senate
State Capitol, Room 5100
Sacramento, CA 95814

Dear Senator Leno:

On behalf of the School Energy Coalition (SEC), an organization made up of K-12 schools, community colleges, and school construction consultants focused on energy efficiency and renewable generation projects for California's students, we are pleased to provide you with the following input as you begin your deliberations on the Budget items involved with the implementation of Proposition 39.

Throughout the policy and budget subcommittee hearings, our testimony and message have been consistent: Keep the focus on schools with a funding process that is simple, flexible, and avoids a one-size-fits-all approach.

Every school is different. We believe school districts, county offices of education and community colleges are individually in the best position to determine what their needs are and what will work for their students and teachers given their configuration, past system investments and current infrastructure.

The Budget Subcommittee Reports and Assembly and Senate legislative proposals present a number of options for Proposition 39 implementation, our thoughts on these concepts are as follows:

Timing It is critical to understand that school projects must be planned around student schedules. Virtually all of these projects will be summer construction projects and, given that there are very specific schedule requirements per agencies such as the Division of the State Architect (DSA), delays of even a few weeks may result in a delay of a full year. Under the best of circumstances, the first school projects funded under Proposition 39 may be completed in the summer of 2014.

Following is a quick timeline of basic milestones for these types of projects depending on whether or not they require DSA Approval:

Task	Summer 2014 Due Date	Summer 2015 Due Date
DSA Approval Required		
Project Identified and Design Starts	June 2013	June 2014
DSA Submittal	October 2013	October 2014
DSA Approval and Bidding	March-April 2014	March-April 2015
Construction	June 2014	June 2015
No DSA Approval Required		
Project Identified and Design Starts	January 2014	January 2015
Construction Documents Complete	March 2014	March 2015
Bidding	March-April 2014	March-April 2015
Construction	June 2014	June 2015

Per Pupil ADA Distribution In the interest of creating jobs and getting dollars out quickly and easily, we urge you to consider the simplest process for getting the dollars out. If schools wish to share or pool these resources they should be allowed to do so without creating a complex process that will add time and take away project funding.

In addition, costs savings through energy efficiency can be found on school sites great and small – there are always ways to find efficiencies that translate into cost savings for schools. The age of a school is not necessarily an indicator regarding the ability to attain higher levels of utility bill savings, and assumptions based on this factor or even recent energy retrofits, may not be valid.

Regional Process for School Projects Schools are concerned that a regional approach may be overly bureaucratic and will lengthen the time before school projects may begin, as well as delay related construction and installation jobs. In these types of configurations larger schools often prevail over smaller schools with varying results with regard to project priorities.

Allowing the very largest schools to receive direct ADA funding and the rest to have to follow a different process does not address the problem, as the remaining schools will still be subject to size and resource inequities that may make it hard to compete for the remaining funds.

Emergency Repair Under the *Williams* Settlement Schools believe that funding for the health and safety repairs under this lawsuit settlement is a separate obligation that should not be dealt with in a piecemeal fashion using Proposition 39 funding. Many schools have already completed projects that were deemed “emergency repair” and are now awaiting reimbursement. To use Proposition 39 funding to pay only for those projects that have not been completed and have not yet been funded seems to continue inequities at another level and will most certainly cause some concern.

Will these projects also be held to the same criteria and standards as other school energy projects that will apply for funding for a program to implement Proposition 39 such as cost-effectiveness, return on investment, savings and jobs created?

Defining Cost-Effective This definition should not just be directed at energy savings, but be more aligned with cost savings to schools on their utility bills that can then be used for other student learning priorities. Net present value (NPV) is a better indicator for this purpose and, if specific efficiency measures are prioritized, discretion should be allowed for a school that may find a lower priority measure to be more cost-effective than a higher priority measure, to be able to choose that lower priority measure.

Accountability Schools understand the importance of accountability for dollars expended and measuring results in terms of cost and energy efficiencies. No one agency has expertise in both these areas at this time. However, we support the simplicity of the California Department of Education (CDE) development of guidelines and final review in order to provide the needed information and avoid multi-agency involvement that will add time to the process. You might also consider allowing schools to use the annual audit submitted to the Controller's Office to be expanded to contain relevant data on energy savings to be verified by an independent qualified entity – or a similar report to be submitted to the Oversight Board established under Proposition 39.

Labor and Competitive Bidding K-12 schools have been strong partners with labor on new construction and modernization projects and subject to wage and labor laws. Energy retrofits and installations will also be subject to these rules.

Energy projects cannot be put into the same box as brick and mortar school construction. Audits and analyses that are involved provide information on energy efficiency and cost savings, as well as return on investment and cost-effectiveness. Performance contracting and the ability to do lease-leaseback projects should not be removed as an option for schools seeking to do cost-saving energy projects.

Statewide policy has been clearly stated in law with regard to these projects. Government Code Section 4217 states that these project agreements should be provided the “greatest possible flexibility” for alternative energy, efficiency and conservation projects - “so that economic benefits may be maximized.” Has this statewide policy changed?

Technical Assistance We recognize that smaller schools may need some assistance in this area and believe the Bright Schools program has been helpful in getting schools the help they need to measure and track data and determine what would provide the best bang for the buck in terms of efficiencies. Overall the California Energy Commission (CEC) has been in a good position to assist and schools are more familiar working with that agency.

Utility programs, overseen by the California Public Utilities Commission (CPUC), have not been as well used by schools due to a number of factors. Mainly, CPUC program rules are not comprehensive enough for schools; therefore, they do not go far enough in the way of funding. Utilities have been helpful to schools with regard to rebates and in providing baseline usage; however, schools have not had strong relationships with utilities overall.

Finally, California's schools are ready to get started. Budget cuts, the housing crisis, lack of fixed maintenance dollars and dwindling statewide bond funds have contributed to the strong interest schools have in these projects today. Now, school energy projects in various stages of planning can be found in every corner of the state and can be moved forward, to create jobs and provide better health and academic environments for students, with your help.

We appreciate the ability to share our concerns with you. Please do not hesitate to contact me (916.441.3300 or aferrera@m-w-h.com) with any questions regarding the information contained in this letter.

Sincerely,



Anna Ferrera
Executive Director

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