

Assembly Bill No. 1551

Passed the Assembly September 9, 1999

Chief Clerk of the Assembly

Passed the Senate September 7, 1999

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 1999, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to add Article 10 (commencing with Section 17077.10) to Chapter 12.5 of Part 10 of the Education Code, to amend Section 15814.15 of the Government Code, and to amend Section 25008.5 of the Public Resources Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1551, Pescetti. Energy efficiency.

(1) Existing law, the Leroy F. Greene School Facilities Act of 1998, (the Greene Act of 1998) establishes a program in which the State Allocation Board is required to provide state per-pupil funding, including hardship funding, for new school facilities construction and school facilities modernization for applicant school districts.

Existing law requires all new state public buildings and publicly funded schools to be models of energy efficiency and to be designed, constructed, and equipped with all energy efficiency measures, materials, and devices that are feasible and cost effective over the life of the building.

This bill would authorize, as part of the requirements for submission of an application to the State Allocation Board for new construction funding pursuant to the Greene Act of 1998, the applicant school district to certify that an energy analysis and report, not to exceed prescribed costs, has been prepared that sets forth the utility savings that would be generated if the facilities were designed, constructed, and equipped, with the energy efficiency and renewable energy technology, that would make the facilities as designed exceed the minimum building energy-efficiency standards mandated for new public buildings through the use of energy efficiency and renewable energy technologies. The bill would permit a school district to count funds relating to energy efficiency measures or programs actually applied to the project received from prescribed sources, that may include the Public Utilities Commission.



(2) Existing law authorizes the State Public Works Board, until January 1, 2000, to issue revenue bonds, notes, and bond anticipation notes to finance the cost of cogeneration equipment, alternative energy equipment, and conservation measures in public buildings in an amount of \$50,000,000 in each of the 10 fiscal years beginning with the 1982–83 fiscal year, but provides that any portion of that authorization not used in any fiscal year may be used in any future fiscal year.

This bill would provide that the total amount of revenue bonds, notes, and bond anticipation notes issued by the board may not exceed a total amount of \$500,000,000, and would extend to January 1, 2005, the termination date of those provisions.

(3) Existing law, the Warren-Alquist State Energy Resources Conservation and Development Act, until January 1, 2000, declares that it is the policy of the state to encourage 3rd-party financing of energy and water projects at state-owned sites and that development of energy and water projects at state-owned sites can be accelerated where reasonable incentives are provided, and sets forth specified incentive benefits between the state and the institutions siting the energy and water projects.

This bill would extend to January 1, 2005, the termination date of those provisions.

The people of the State of California do enact as follows:

SECTION 1. Article 10 (commencing with Section 17077.10) is added to Chapter 12.5 of Part 10 of the Education Code, to read:

Article 10. Energy Analysis and Report

17077.10. (a) As part of the requirements for submission of an application to the State Allocation Board for funding pursuant to this chapter for any new construction or modernization project, the applicant school district may, at the time of submission of the final



drawings to the Division of the State Architect, certify that an energy analysis and report has been prepared that sets forth the utility savings that would be generated if the facilities were designed, constructed, and equipped, with the energy efficiency and renewable technologies that would make the facilities exceed the minimum building energy-efficiency standards mandated for new public buildings pursuant to the latest edition of the California Building Standards Code through the use of energy efficiency and renewable energy technologies.

(b) The energy analysis and report shall include a verifiable life-cycle cost analysis for each proposed energy conservation measure and renewable energy that may include, but need not be limited to, photovoltaic parking lot and security lighting, and solar swimming pool and domestic water heating, showing a return on investment of less than 15 years.

(c) The cost of the energy analyses and reports shall not exceed:

(1) Seven thousand five hundred dollars (\$7,500) per project for elementary schools.

(2) Ten thousand dollars (\$10,000) per project for middle schools.

(3) Fifteen thousand dollars (\$15,000) per project for high schools.

(d) An applicant school district may count the following funds or expenditures toward meeting the local matching funds requirement under this chapter:

(1) The amount from any local sources actually expended on the project by the applicant school district for an energy audit.

(2) The amount actually applied to the project from any incentive, grant, or rebate, received by the applicant school district from a program funded pursuant to Section 381 of the Public Utilities Code.

SEC. 2. Section 15814.15 of the Government Code is amended to read:

15814.15. (a) The board may issue revenue bonds, notes, including commercial paper notes and other forms of negotiable short-term indebtedness, and bond



anticipation notes pursuant to Chapter 5 (commencing with Section 15830) to finance the cost of cogeneration equipment, alternative energy equipment, and conservation measures constituting the public buildings authorized by this chapter. The total amount of revenue bonds, notes, including commercial paper notes and other forms of negotiable short-term indebtedness, and bond anticipation notes authorized to be issued pursuant to this section in each of the 10 fiscal years beginning with the 1982–83 fiscal year is fifty million dollars (\$50,000,000), for a total of five hundred million dollars (\$500,000,000). Any portion of the authorization not used in any fiscal year may be used in any future fiscal year.

(b) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2005, deletes or extends that date.

SEC. 3. Section 25008.5 of the Public Resources Code is amended to read:

25008.5. (a) The Legislature hereby finds and declares that in order to maximize public benefit from private sector participation in state operations and to maximize the Legislature’s ability to devote limited resources of the state to the responsibilities of state government that are less attractive to private sector investment, it is the policy of the state to encourage third-party financing of energy and water projects, including, but not limited to, cogeneration facilities, at state-owned sites.

(b) The Legislature further finds and declares that the development of energy and water projects at state-owned sites can be accelerated where reasonable incentives are provided to the siting institutions. These incentives are necessary to offset the long-term administrative, operational, and technical complexities of energy and water projects developed under this section. Reasonable incentives for implementing the policy of this section shall include the sharing of benefits derived from energy and water projects between the state and the siting institution. The benefits to the state and siting



institutions derived from projects implemented under this section may include, but are not limited to, annual cash revenues, avoided capital costs, reduced energy costs, reduced water costs, site improvements, and additional operations and maintenance resources. The annual cash revenues derived from those projects shall be shared equally between the state and the siting institution, if both of the following conditions are met:

(1) The use of cash and avoided cost benefits by siting institutions is to be limited to improvement of ongoing maintenance, deferred maintenance, cost-effective energy improvements, and other infrastructure improvements. To the extent an institution receives annual cash revenues under this section, the institution shall retain any money it receives, but not to exceed one-half of this amount, in a special deposit fund account, which shall be continuously appropriated to the institution for the purposes of this section. The state's benefit share, and the siting institution's benefit share that exceeds its needs, shall be deposited in the Energy and Resources Fund or, if this fund is not in existence, the General Fund for the purpose of investing in renewable resources programs and energy efficiency improvements at state facilities.

(2) The use of benefits shall be in addition to, and shall not supplant or replace, funding from traditional sources for a siting institution's normal operations and maintenance or capital outlay budgets.

(c) The Legislature further finds and declares that a benefit-sharing incentive is applicable to energy projects reported to, or authorized by, the Legislature pursuant to Section 13304 or 14671.6 of the Government Code. This section shall not apply to energy projects which are constructed on or at facilities or property of the State Water Resources Development System.

(d) Notwithstanding Section 7550.5 of the Government Code, the Department of General Services shall submit annual reports to the Legislature on the cost benefit aspects in carrying out this section.



(e) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2005, deletes or extends that date.



Approved _____, 1999

Governor

