

Department of General Services
Energy Efficient State Property Revolving Fund
Annual Legislative Report
January 1, 2017

Background

The American Recovery and Reinvestment Act of 2009 (ARRA) provided funds to the U.S. Department of Energy (DOE) to make allocations to its existing programs. Subsequently, on June 25, 2009, the California Energy Commission (CEC), in its role as the DOE's state energy office in California, received \$226,093,000 for distribution under federal guidelines.

On July 28, 2009, Governor Schwarzenegger signed Assembly Bill 11 from the fourth extraordinary session of the 2009-10 session (ABX4 11), adding Chapter 5.7 to the Public Resources Code (PRC), and creating the Energy Efficient State Property Revolving Fund (Loan Fund). Under the terms of the statute, the CEC transferred \$25 million to the Department of General Services (DGS) to administer the Loan Fund and finance energy efficient retrofits at state facilities. Participating state agencies would use the savings realized through the retrofits to service their debt to the Loan Fund. PRC Section 25473 requires DGS to provide the Legislature with an annual report on the projects identified and planned for each fiscal year.

Fiscal Years 2009-10 Through 2012-13

To comply with ABX4 11, DGS utilized the pool of qualified energy services companies (ESCOs) established under the authority of Public Utilities Code Section 388 to implement energy efficiency measures at state facilities. The department allocated the original \$25 million to nine departments through 12 loans, funding 70 projects. During fiscal year 2012-13, the CEC initiated four transfers totaling \$2,630,725 of unutilized ARRA funds to supplement the Loan Fund. The table that follows lists the projects funded through the Loan Fund during fiscal years 2009-10 through 2012-13.

Loan Recipient	Final Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 101: General Services/Building & Property Mgmt.	\$5,927,891	5,386,248	31,386
Loan 102: CA Dept. of Corrections & Rehabilitation	\$4,108,998	7,222,636	729,906
Loan 104: General Services/Office of Fleet & Asset Mgmt.	\$554,898	482,643	—
Loan 106: CA Highway Patrol	\$157,080	185,440	—
Loans 108 & 110: CA Dept. of Mental Health	\$1,073,087	1,112,423	—

Loan Recipient	Final Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 112: Office of the Chief Information Officer	\$2,299,562	1,741,198	—
Loan 114: CA Highway Patrol	\$1,848,511	1,559,840	2,171
Loan 116: Dept. of Motor Vehicles	\$1,324,365	809,873	2,101
Loan 118: CA Dept. of Water Resources	\$931,965	962,183	11,971
Loan 120: CA Dept. of Developmental Services	\$4,941,430	5,332,560	115,674
Loan 124: CA Dept. of Corrections & Rehabilitation	\$1,512,401	5,576,759	259,184
TOTAL LOANS	\$24,680,188	30,371,803	1,152,393

Fiscal Year 2013-14

In 2013-14, the CEC transferred \$113,223 of unutilized ARRA funding to the Loan Fund. DGS issued two loans:

Loan Recipient	Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 123: CA Dept. of Public Health	\$3,100,000	—	140,000
Loan 125: CA Dept. of Corrections & Rehabilitation	\$888,467	2,713,146	—
LOAN TOTALS	\$3,988,467	2,713,146	140,000

Fiscal Year 2014-15

No loan applications were received during fiscal year 2014-15.

Fiscal Year 2015-16

In 2015-16, the CEC transferred \$16,834,925 to the Loan Fund. DGS issued three loans:

Loan Recipient	Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 126: General Services/Building & Property Mgmt. - Caltrans District 11, San Diego	\$4,386,221	789,528	15,854

Loan Recipient	Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 127: General Services/Building & Property Mgmt. - San Diego Office Building	\$1,189,646	353,345	—
Loan 128: CA Science Center	\$10,099,262	2,632,342	—
LOAN TOTALS	\$15,675,129	3,775,215	15,854

Fiscal Year 2016-17

The CEC transferred \$5,000,000 to the Revolving Fund. To date, DGS has issued one loan:

Loan Recipient	Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
Loan 129 – CDCR High Desert State Prison	\$3,365,945	2,757,779	—

Borrowers must submit with their loan applications an Investment Grade Audit with final project costs and energy cost savings. Several large projects that are in the development phase have received provisional loan approvals. The loan applicants will be able to submit final loan applications upon receipt of the Investment Grade Audit and loans will be issued based on the final cost and energy savings information.

Pending Loan Approvals

Loan Applicant/Facility	Loan Amount	Annual Energy Savings	
		Electricity (kilowatt hours)	Natural Gas (therms)
California Environmental Protection Agency/Headquarters	\$4,586,973	3,174,855	—
General Services/Ronald M George State Office Complex	\$5,524,026	2,920,947	—
General Services/Department of Justice Building	\$2,889,201	2,632,342	—
PENDING LOAN TOTALS	\$13,000,200	8,728,144	—

Fund Balance

Initial allocation of ARRA funds from the CEC	2009-10	\$25,000,000
Additional ARRA funds from the CEC	2012-13	\$2,630,725
	2013-14	\$113,223
	2015-16	\$16,834,925
	2016-17	5,000,000
Total ARRA funding		\$49,578,873
Repayments of principal to date		\$18,629,403
Interest earned to date		\$2,774,626
Total accrued funds		\$70,982,902
Allocated to loans – Includes loans pending approval		(\$64,075,874)
Administrative expense 2009-15		(\$1,049,629)
Fund balance		<u>\$5,857,339</u>