

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, May 23, 2007

HIGH PERFORMANCE SCHOOLS INCENTIVE GRANT

PURPOSE OF REPORT

To present a supplemental report regarding the high performance schools incentive grant proposal made by Global Green, USA and to further define enhanced commissioning and the California Climate Action Registry (CCAR).

BACKGROUND

This item was previously presented to the State Allocation Board (SAB) at the February meeting. However, the Board requested Staff to bring this item back to a future SAB meeting so that relevant follow-up issues could be explored. The Board also requested clarification on what was meant by the terms "Enhanced Commissioning" and "Edible Gardens," which was read into the record at the February SAB meeting. The Board further requested Staff to research additional information concerning the CCAR, in light of the Governor's recent meeting related to the registry for global warming, as well as Enhanced Commissioning.

DESCRIPTION

The High Performance Grant (HPG)

Staff presented two options to the SAB for its consideration at the September 2006 meeting to determine the high performance schools incentive grant under the School Facility Program (SFP). The Board approved regulations providing an additional percentage increase to the base grant, based on a High Performance Rating Criteria (HPRC) that is intended to cover all the upfront costs of designing, purchasing, and constructing high performance measures in schools. The upfront costs used to determine the proposed grant are partially based on data analyzed by the California Energy Commission and the Division of the State Architect (DSA).

Global Green, USA Proposal

Global Green, USA proposed an additional incentive grant of \$50,000 above the approved funding for meeting any one of seven specific high performance criteria. The \$50,000 grant would be awarded in each of the following categories:

1. Superior indoor air quality
2. Superior day lighting
3. Excellent acoustical performance
4. Renewable energy installation
5. Enhanced commissioning
6. Edible gardens
7. Participation in the CCAR

A district could therefore conceivably meet all seven high performance criteria and receive an additional \$350,000 in incentive grants. Global Green, USA contends that the proposal would cover some of the cost of items that may impact at least two of the three following criteria: 1) improved student performance; 2) reduction in long-term operating costs; and 3) enhanced environmental benefits.

DESCRIPTION (cont.)

Staff formed a high performance work group to discuss the Global Green, USA incentives presented to the SAB for consideration. It was the intention of the high performance work group to have the entire upfront costs covered by the district and the State. The majority of the work group was concerned that the first five categories in the Global Green, USA proposal already earn HPRC points. Adding the \$50,000 supplemental increase would provide additional funding for costs that are already covered by the current incentive grant.

Staff consulted with legal counsel to determine if the legislation would allow the additional \$50,000 incentive to build superior high performing green schools. Counsel opined that the Board approved regulations provide an incentive and meet the guidelines of the current legislation. While there is nothing in the legislation that would prohibit the additional incentive of \$50,000 for each of the seven specific categories proposed by Global Green, USA; this proposal does not appear to be necessary because based on the best cost data available at this time, the entire costs are included in the existing grant as approved by the SAB.

Staff and the DSA previously proposed to monitor data received from districts requesting the high performance schools incentive grant. The data collected from the participants will be analyzed to determine the following:

- The rate of participation from districts that include high performance as a part of a project.
- Whether the current percentage increase to the base grant covers the upfront costs of designing, purchasing, and constructing high performance measures in schools.
- If an adjustment to the high performance schools incentive grant is needed.

STAFF COMMENTS

The following is provided in response to the Board's request for additional information on Enhanced Commissioning and CCAR.

Category 5 – Enhanced Commissioning

Enhanced Commissioning is an extension of Fundamental Commissioning. Fundamental Commissioning is in essence a "constructability review" to ensure the building and project's energy related systems are installed, calibrated and perform as intended.

Enhanced Commissioning not only entails all aspects of Fundamental Commissioning, it improves building operations and energy efficiency as well as reduces construction and long-term operating costs. Typically, this will include preparation of building operations manuals and occupant training not performed in the Fundamental Commissioning. The Commissioning Authority for Enhanced Commissioning must be an independent third party industry professional or an owner's employee. A key activity for the designee is to review the building operation with tenants and maintenance and operation staff within ten months after substantial completion and include a plan to resolve outstanding commissioning related issues.

Category 7 - Participation in the California Climate Action Registry

Building on the existing efforts in the individual states, the Governors of the five states committing to the Western Regional Climate Action Initiative in February agree to participate in a multi-state registry to track and manage greenhouse gas (GHG) emission in their regions.

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STAFF COMMENTS (cont.)

The California Climate Action Registry was established by statute in 2002 as a non-profit voluntary registry for reporting GHG emissions. The purpose of the Registry is to help companies and organizations with operations in the State to establish GHG emissions baselines against which any future GHG emission reduction requirement may be applied. For the purposes of the Registry, GHG's are the six gases identified in the Kyoto Protocol: Carbon Dioxide (CO₂), Nitrous Oxide (N₂O), Methane (CH₄), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF₆).

Participants agree to register the GHG emissions for all operations in California and are encouraged to report nationwide. Gross emission and efficiency metrics will be recorded. The Registry requires the reporting of CO₂ emissions for the first three years of participation, although participants are encouraged to report the remaining five GHGs covered in the Kyoto protocol. All six gases are to be reported after three years of Registry participation. The Registry encourages voluntary actions to increase energy efficiency and decrease GHG emissions. Participants record their GHG emission inventory and the State of California in turn will offer its best efforts to ensure that participants receive appropriate consideration for early action in the event of any future state, federal or international GHG regulatory scheme.

There is an annual fee structured for non-profit, government and academic organizations based upon the agency budget which ranges from \$400 to \$4,000 (budgets over \$2 billion). There are 232 Registry members, including one kindergarten through twelfth grade school district, Natomas Unified School District, and eleven universities. The Natomas Unified School District reports their annual administrative fee for the CCAR is \$750, and does not anticipate the need to hire additional staff due to CCAR participation.

While Staff supports these concepts and encourages their use, Staff does not believe *additional* financial incentives are warranted through the SFP. The cost would be either covered in the SFP high performance schools incentive grant already adopted by the SAB or would be deemed operational costs that should not receive facility funding. Staff has been working with the Global Green, USA, Department of Health Services and California Energy Commission to include links on the OPSC Web site to raise school district awareness of these enhanced environmental benefits.

RECOMMENDATION

Accept this report.

This Item was approved by the State Allocation Board on May 23, 2007.