

Appendix D

Funding and Financing Options

This appendix provides information on funding and financing options available to support implementation of the emissions reduction strategies. The funding options may be available to Marin County (County), public agencies, community members, or a combination of entities, as noted below. The County will pursue a number of financing strategies to support overall management of the Climate Action Plan Update (CAP Update). The County may also promote several of the community-oriented funding options described below as part of CAP Update incentives, outreach, and education.

Federal and State Funding Options

California Air Resources Board Programs

The California Air Resources Board (ARB) manages a variety of air pollution incentives, grants, and credit programs that could be used to help fund local transportation strategies. The following programs offer grant opportunities over the next several years. Residents, businesses, and fleet operators may be eligible to receive funds or incentives, depending on the program rules.¹

- Air Quality Improvement Program (Assembly Bill 118).
- Enhanced Fleet Modernization Program (Assembly Bill 118).
- Carl Moyer Program—Voucher Incentive Program (administered by California Air Pollution Control Officers Association).
- Goods Movement Emission Reduction Program.
- Loan Incentives Program.
- Lower-Emission School Bus Program/School Bus Retrofit and Replacement Account.
- Providing Loan Assistance for California Equipment (PLACE) Program.
- Clean Vehicle Rebate Project (CVRP)
- California Capital Access Program (CalCAP)

California Department of Resources Recycling and Recovery Grant Program

California Department of Resources Recycling and Recovery (CalRecycle) grants are authorized by state legislation to assist public entities in the safe and effective management of the waste stream. Funds are intended to reduce, reuse, and recycle all waste; encourage development of recycled-content products and markets; protect public health; and foster environmental sustainability.²

¹ For more information on the ARB incentive programs, please visit: <http://www.arb.ca.gov/ba/fininfo.htm>.

² For more information on the CalRecycle Recycling and Recovery grants, please visit: <http://www.calrecycle.ca.gov/grants/>

California Solar Initiative

Pacific Gas and Electric (PG&E) is one of three utilities participating in the state's Go Solar Initiative. This program provides a variety of rebates, incentives, and other types of support for both existing and new homeowners. Program rebates apply to solar photovoltaics (PVs), thermal technologies, and solar hot water projects. The program is designed to accommodate single-family homes, commercial development, and affordable housing. The initiative has a total budget of \$2.2 billion between 2007 and 2016 for solar generation and \$250 million between 2010 and 2017 for thermal systems (i.e., new solar hot water systems). Most of the project funding for PG&E customers has been expended but as of December 2014, there were still funds available for eligible affordable housing projects.³

Energy Upgrade California

Energy Upgrade California is funded by the American Recovery and Reinvestment Act, California utility ratepayers, and private contributions. It is administered by participating utilities, like PG&E. Under this program, a homeowner selects one of two energy upgrade packages, basic or advanced, with each offering different enhanced options. The program connects homeowners with home energy professionals, including participating contractors and Whole-House Home Energy Raters. It also offers rebates, incentives, and financing. For instance, homeowners can get up to \$6,500 back on an upgrade through a local utility.⁴

Energy Efficient Mortgage

Energy Efficiency Mortgages (EEMs) may be available to some county residents. An EEM credits a home's energy efficiency upgrades and gives borrowers the opportunity to finance cost-effective, energy-saving measures as part of a single mortgage. Borrowers typically need to have a home energy rater conduct a home energy assessment before financing is approved. This rating verifies that the home is energy-efficient. EEMs are typically used to purchase a new home that is already energy efficient, such as an ENERGY STAR-qualified home.⁵

Federal Tax Credits for Energy Efficiency

Federal government tax credits are available to county residents through 2016. The tax credits provide a discount of 30% of cost with no upper limit for geothermal heat pumps, small wind turbines (residential), and solar energy systems. The 2016 tax credits also include 30% of the cost up to \$500 per 0.5 kilowatt (kW) of power capacity for fuel cells in a principal residence.⁶

³ For more information on the California Solar Initiative, please visit: <http://www.gosolarcalifornia.ca.gov/>

⁴ For more information on Energy Upgrade California financial programs, please visit: <http://www.marincounty.org/energyupgrade>

⁵ For more information on Energy Efficiency Mortgages, please visit: https://www.energystar.gov/index.cfm?c=mortgages.energy_efficient_mortgages

⁶ For more information on federal tax credits for energy efficiency, please visit: https://www.energystar.gov/?c=tax_credits.tx_index

Planning Grants from the Strategic Growth Council

The Strategic Growth Council (SGC) of the California Department of Conservation (DOC) manages competitive grants for cities, counties, and designated regional agencies that promote sustainable community planning and natural resource conservation. The DOC has allocated approximately \$18 million of Proposition 84 funds for competitive grants to support development, adoption, and implementation of Sustainable Community planning elements, including, but not limited to, CAPs and general plan amendments. The grants awarded from this solicitation will cover up to a 3-year project period. Grant requests for amounts from \$100,000 to \$1,000,000 will be considered.⁷

State Funding for Infrastructure

The state's Infill Infrastructure Grant Program may be used by the County to help fund strategies that promote infill housing development. Grants are available to support funding for infrastructure improvements necessary for specific residential or mixed-use infill development projects.⁸

Transportation-Related Funding

The following funding sources that may be utilized to fund strategies related to transit, bicycle, or pedestrian improvements. Residents, businesses, and fleet operators can receive funds or incentives depending on the program.

- Safe, Accountable, Flexible, Efficient Transportation Equity Act—Legacy for Users (SAFETEA-LU)
- Surface Transportation Program (STP) Fund, Section 1108
- Congestion Mitigation and Air Quality Improvement Program (CMAQ), Section 1110
- Transportation Enhancement Activities (TEA)
- National Recreational Trails Program
- National Highway System Fund (NHS)
- National Highway Safety Act, Section 402
- Transit Enhancement Activity, Section 3003
- Section 3 Mass Transit Capital Grants
- Bridge Repair & Replacement Program (BRRP)
- Federal Transit Administration (FTA) 5309
- FTA Small Starts
- FTA Section 5311(f)
- California's Bicycle Transportation Account
- Environmental Enhancement and Mitigation (EEM) Program

⁷ For more information on Planning Grants from the Strategic Growth Council, please visit:
http://sgc.ca.gov/m_grants.php

⁸ For more information on the state's Infill Infrastructure Grant Program, please visit:
<http://www.hcd.ca.gov/fa/iig/>

- Safe Routes to School (SR2S)
- Office of Traffic Safety (OTS)
- Transportation Development Act (TDA) Article III
- Transportation Funds for Clean Air (TFCA, formerly AB 434)
- Flexible Congestion Relief (FCR) Program
- State Highway Operations and Protection Program (SHOPP)

California Proposition 1: State Water Bond 2014

Proposition 1 is a \$7.5 billion general obligation bond measure that was approved by California voters on November 4, 2014. Proposition 1 will fund investments in water projects and programs as part of a statewide, comprehensive water plan for California. In addition to funding programs ranging from water conservation to recycling to groundwater cleanup to water storage, Proposition 1 is expected to leverage additional local and regional funds to provide a total investment of \$25 billion to \$30 billion to address California's water needs. The bond funds will be distributed through a competitive grant process overseen by various state agencies, including the Department of Water Resources, the State Water Resources Control Board, and the California Water Commission. The agencies will conduct processes to solicit proposals for grants, review applications, and award the funding.

USDA Natural Resources Conservation Service

The Natural Resources Conservation Service (NRCS) provides financial and technical assistance programs that help eligible agricultural producers:

- Construct or improve water management or irrigation structures
- Improve resource conditions such as soil quality, water quality, water quantity, air quality, habitat quality, and energy
- Implement conservation practices, or activities, such as conservation planning, that address natural resource concerns on their land

California Cap-and-Trade Funding

The California Cap-and-Trade Program, a key element of AB 32, established greenhouse gas (GHG) emissions permits (allowances). A portion of these allowances are sold at quarterly auctions and reserve sales. The legislature and governor appropriate proceeds from the sale of state-owned allowances for projects that support the goals of AB 32. The County may be able to obtain funding from these sales to support the GHG reduction measures in this CAP Update.

Methane digesters can be funded through offsets allowed under the Cap-and-Trade system. Cap-and-Trade Funding may also be available to support carbon farming once appropriate protocols are approved.

Senate Bill 1183

Senate Bill 1183, sponsored by Senator Mark DeSaulnier (D-Concord), allows local jurisdictions in California to propose a small vehicle registration fee (no more than \$5) on their local ballots, requiring approval from at least two-thirds of local voters, to fund bike trails and paths on park-district land.⁹ This bill remains in effect until January 1, 2025. The bill would require the Department of Motor Vehicles to administer the surcharge and transmit the net revenues from the surcharge to the local agency. The bill would require the local agency to use these revenues for improvements to paved and natural-surface trails and bikeways, including existing and new trails and bikeways and other bicycle facilities, and associated maintenance purposes. The bill would limit to 5% the amount of net revenues that may be used by the local agency for its administrative expenses in implementing these provisions.¹⁰

Regional and Local Funding Options

Bay Area Air Quality Management District

Bay Area Air Quality Management District (BAAQMD) offers several grant programs related to air quality improvement, as noted below. The air district also promotes state programs offered by the ARB, such as the Carl Moyer Program. Residents, businesses, and fleet operators may be eligible to receive funds or incentives, depending on the program rules.¹¹

- Mobile Source Incentive Fund (MSIF)
- Transportation Fund for Clean Air (TFCA) (County Program Manager Fund and Regional Fund)
- Cash for Retiring Vehicles - California Consumer Assistance Program (administered by the California Bureau of Automotive Repair)
- Environmental Justice Small Grants Program (administered by the California Environmental Protection Agency)
- Hybrid Electric Vehicle Purchase Vouchers (HVIP) (administered by CALSTART)
- Zero-Emission Agricultural Utility Terrain Vehicle (Agricultural UTV) Rebate Program (administered by the San Joaquin Valley Air Pollution Control District)
- Strategic Incentives Division (SID) Program

⁹ For more information on Senate Bill 1183, please visit: <http://la.streetsblog.org/2014/09/22/governor-brown-signs-protected-bike-lane-bill-car-fee-for-bike-paths/comment-page-1/>.

¹⁰ For more information on Senate Bill 1183, please visit: http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1183.

¹¹ For more information on the incentive programs, please visit: <http://www.baaqmd.gov/Divisions/Strategic-Incentives/Funding-Sources.aspx>.

Marin Transit

Although the County does not have control over how Marin Transit chooses to expend its resources, it is possible that Marin Transit could take the following measures to generate revenue that would lead to reductions in GHG emissions.

- **Bus Stop Sponsorships.** Sponsorship of bus stops through advertising has been used as a revenue source.
- **Transit Fare Increases.** Increased fares could help fund capital improvements, although increases also have the potential to decrease ridership in the short term.
- **Parcel Tax.** An election consistent with Proposition 218¹² could serve to increase the existing level of taxation and provide additional funding for transit-related capital improvements. However, in the current economic climate, this may not be a likely financing source unless economic conditions improve and community support for such a taxation approach is favorable.

Golden Gate Transit

Golden Gate Transit is funded through tolls at the Golden Gate Bridge. Tolls could be altered to provide supplemental funding for expansion of transit.

Marin Energy Watch Partnership

The Marin Energy Watch Partnership, administered by the County in partnership with PG&E, provides resources and incentives to residents, businesses, and public agencies to increase energy efficiency. All public agencies, business, and residences in the county who are PG&E or Marin Clean Energy customers can participate.¹³

Marin Clean Energy Programs

Marin Clean Energy offers energy efficiency programs and financing for multi-family, single-family and commercial properties. MCE's programs include the following:¹⁴

- A Feed-In Tariff (FIT) program is now available to anyone in Marin County wishing to sell the power output from an eligible small-scale (1 MW or less) distributed renewable generation resource.
- Solar Rebate (currently available to eligible low income properties): This program provides a \$500 solar rebate for Marin Clean Energy residential customers who qualify for the Single-Family Affordable Solar Home (SASH) or Multi-Family Affordable Home (MASH) programs.
- Green Home Loans: MCE has partnered with First Community Bank to offer Green Home Loans to MCE customers. Homeowners can finance home retrofits with the loan and pay it back directly on their PG&E bill.

¹² Proposition 218 requires voter approval for new general taxes affecting private property, new and increased property assessments, and property-related fees imposed as an "incident of property ownership."

¹³ For more information on the Marin Energy Watch Partnership, including a list of available resources and incentives, please visit: <http://www.marinenergywatch.org>

¹⁴ For more information on efficiency programs from Marin Clean Energy, please visit: <http://www.marincleanenergy.org/ee>

- **Multi-Family Energy Assessments:** MCE is now offering free walk-through energy assessments for qualifying properties to determine specific energy improvements and their potential energy and cost savings. MCE will also provide tenant units with certain free measures such as exchanging incandescent bulbs with high efficiency lighting, installing high performance faucet aerators and showerheads, and wrapping hot water pipes with insulation at no cost to building owners.
- **Green Property Loans:** MCE has partnered with River City Bank to offer Green Property Loans to provide multi-family and small commercial properties with competitive financing for energy efficiency upgrades. This new program allows property owners to finance energy improvements and re-pay the loan on their energy bill, removing up-front costs.

SmartLights

This program, sponsored by the County, PG&E and MCE, is designed to help small businesses become more energy-efficient by offering free start-to-finish technical assistance and instant rebates to help defray the cost of upgrading and/or repairing existing equipment.¹⁵

Bay Area Regional Energy Network (BayREN) Energy Efficiency Programs

BayREN offers additional rebates for the Energy Upgrade California program, commercial PACE financing, codes & standards programs and a multi-family program. The PAYS On-Bill Efficiency Program is a joint effort of Bay Area cities and counties and their water agencies to partner in the implementation of a unique on-bill program that allows municipal water utility customers to pay for efficiency improvements through a monthly charge attached to their meter, with no up-front costs and the assurance that their utility bill savings will exceed the program charge.¹⁶

Other Utility Programs

PG&E and the local water service providers offer a variety of rebates and incentives for single-family homes, multi-family homes, and commercial and industrial developments. PG&E programs apply to energy efficiency improvements and renewable energy projects, whereas the water service provider programs apply to water conservation efforts.¹⁷

PG&E and MCE also offer net energy metering to customers who have solar or other small renewable generation systems. Participants who generate more electricity than they use get credited for that excess electricity.¹⁸

¹⁵ For more information on SmartLights, please visit: www.smartlights.org

¹⁶ For more information on BayREN programs, please visit: <https://www.bayareaenergyupgrade.org/get-fit-fast-upgrades>

¹⁷ For more information on available PG&E incentive programs and rebates, please visit: <http://www.pge.com/myhome/saveenergymoney/rebates/> and <http://www.pge.com/en/mybusiness/save/rebates/index.page>. For more information on available water service provider programs, please visit: <http://www.marinwater.org/163/Rebates> and <http://www.nmwd.com/conservation.php>.

¹⁸ For more information on net energy metering, please visit: <http://www.pge.com/en/b2b/energytransmissionstorage/newgenerator/netenergymetering/index.page> and http://marincleanenergy.org/PDF/Net_Metering.pdf

On-Bill Financing

On-bill financing (OBF), offered by both PG&E and MCE, can be used to support commercial energy-efficiency retrofits. Funding from OBF is a no- or low interest loan that is paid back through the monthly utility bill. Lighting, refrigeration, heating ventilation and air conditioning, and energy efficient streetlights are all eligible projects.¹⁹

Privately-Sponsored Funding Options

Power Purchase Agreements

Power purchase agreements (PPAs) involve a private company that purchases, installs, and maintains a renewable energy technology through a contract that typically lasts 15 years. After 15 years, the company would uninstall the technology, sign a new contract, or sell the system at fair market value.

Property-Assessed Clean Energy Financing Districts

The Property-Assessed Clean Energy (PACE) finance program is intended to finance energy and water improvements within a home or business through a land-secured loan, and funds are repaid through property assessments. Municipalities are authorized to designate areas where property owners can enter into contractual assessments to receive long-term, low-interest loans for energy and water efficiency improvements and renewable energy installation on their property.

Private Equity Loans

Builders who own and operate buildings (i.e., commercial buildings or apartment complexes) can use private equity to finance these improvements, with returns realized as future cost savings (e.g., reduced energy expenditures). As market conditions improve over time, rents can be increased to reflect improved facilities and defray the investment costs.

Future Funding Options for County Implementation Costs

The County is not proposing any local fees or taxes at this time. While current economic conditions and fiscal realities limit funding options for the local reduction measures, additional funding sources that are currently infeasible may become realistic as the economy recovers. Potential future funding options are described below.

¹⁹ For more information on On-bill financing, please visit:
<http://www.pge.com/en/mybusiness/save/rebates/onbill/index.page?> and
<http://www.mcecleanenergy.org/finance-tools/>

New Development Impact Fees

New development impact fees may have some potential to provide funding, but such fees are best implemented when the real estate market and overall regional economic conditions are strong.

Utility User Tax Increase

Increasing utility taxes could help fund ongoing implementation, operations, and maintenance efforts. Any increase of tax rates will need to be highly sensitive to current local economic conditions and overall local, state, and national economic and financial context.

Additional Local Sales Parcel Tax

Increasing local sales parcel taxes could help fund ongoing implementation, operations, and maintenance efforts. Any increase of tax rates will need to be highly sensitive to current local economic conditions and overall local, state, and national economic and financial context.

Community Facilities District Special Taxes

Creating special district taxes would require voter approval and should be directed towards strategies that achieve broad benefits for the community (e.g., transit, pedestrian, and bicycle facilities). Any increase of tax rates will need to be highly sensitive to current local economic conditions and overall local, state, and national economic and financial context.

General Obligation Bond

A general obligation bond is a form of long term borrowing and could be utilized to fund municipal improvements.

Other Incentives

The following programs do not provide funding, but they do provide incentives to the community to participate in CAP actions.

Marin Solar Program

The Marin Solar Program can help homeowners and business owners evaluate the suitability of installing solar systems. The County staff can perform a free preliminary analysis of a site's solar potential to determine if it has the physical properties to support a solar installation. The Marin Solar Program is an outreach and education effort administered by the County of Marin Community Development Agency. The program does not participate in the design, purchase or sale of photovoltaic systems.²⁰

²⁰ For more information on the Marin Solar Program, please visit www.marinsolar.org

Green Business Program

Business in the county can be certified with Green Business Program if they pledge to stay green, and select measures to conserve water, conserve energy, reduce waste, and prevent pollution. Businesses that participate receive streamlined environmental assistance, money saving opportunities, and promotional items to distribute to customers.²¹

²¹ For more information on the Green Business program, visit:
www.maringreenbusiness.org for local resources
www.greenbusinessca.org for statewide resources, directory and enrollment information