

Understanding this Document

This is the fifth of six Strategic Energy Plan (SEP) documents. The purpose of this document is to provide a detailed budget for the implementation of all programs, policies and projects discussed in the SEP. This budget includes specific near-term funding required for near-term actions that enable the City to begin immediate implementation of the SEP.

The budget presented in this document has been scaled to an investment level necessary to achieve the results and strategy impacts referenced throughout the SEP. This budget represents an estimated investment level needed reach the City's goals.

Existing City Budget

For Fiscal Year 2019, the City of Santa Barbara had an adopted annual operational budget of \$351 million and an annual capital budget of \$56.5 million. When considering the annual cost of SEP implementation, the existing budget provides context for the impact that the SEP will have on City operations.

A small portion of this existing budget is already used on energy efforts. The estimated SEP Budgets included in this document provide amounts for the additional funding required by each SEP strategy and the total budget required, which includes costs (usually staffing costs) that are already being covered by the existing City budget.

Near-term Actions Budget

In order to align with the City's ongoing budget process, the Near-Term Actions Budgets presented in Table 1 and Table 2 outline the additional budget needs required to complete SEP implementation for Fiscal Year 2020 and 2021. It is intended for use by City Staff during the current budgeting process and the upcoming FY 2021 budget process. The total 2020 budget request of approximately \$293,000 represents about 0.5% of the City Operating Budget in Fiscal Year (FY) 2019. The total 2021 budget request of approximately \$670,000 represents about 1.1% of the City Operating Budget in Fiscal Year (FY) 2019.

When viewing the Near-Term Actions Budget (Tables 1 & 2), it is important to note that the staffing costs earmarked for the Energy & Climate Program (ECP) are not additional to the staffing costs earmarked for each near-term strategy. The ECP staffing costs cover all of the new staffing costs associated with each near-term strategy, as well as all new staffing costs associated with SEP strategies beyond the near-term. As strategies are implemented staff capacity and associated costs will be freed up for other energy and climate-related efforts, beyond SEP implementation. These costs (or budget) associated with these efforts are called out in Table 1, Table 2 and Table 3 and labeled "Energy and Climate Efforts Beyond SEP Implementation" line item. Additionally, the existing staff costs attributed to "Other Departments" does not call for departments outside of the ECP (or Public Works) to increase their budget, but rather acknowledges that implementing some strategies, such as exploring the expansion streamlined solar permitting suggested under Strategy 5.1, will require collaboration with, and thus staff time of, other City departments.

Table 1: Near-Term SEP Budget Request (FY 2020)

	Near Term Budget Request (FY 2020)					
	Staff Costs			Outsourced Cost	Project/Program Investment	Total New Budget Required
Strategy 1.1	Existing Staff Costs	New Staff Costs (ECP)	Total Staffing Costs			Staffing (ECP Hires)
ECP	\$ 107,310	\$ 181,310	\$ 107,310	-	-	\$ 181,310
Other Departments	\$ 16,097		\$ 16,097	-	-	-
Subtotal	\$ 123,407	\$ 181,310	\$ 304,717	-	-	\$ 181,310
	ECP & Other City Departments	ECP Hires				Outsourced (Consultant Costs)
Strategy 1.2	\$ 35,770	\$ 50,177	\$ 85,947	\$ 14,000	-	-
Strategy 1.3	\$ 3,577	-	\$ 3,577	-	-	-
Strategy 2.1	\$ 21,462	\$ 30,106	\$ 51,568	\$ 25,000	-	-
Strategy 4.1	\$ 17,885	-	\$ 17,885	-	-	-
Strategy 4.3	\$ 28,616	-	\$ 28,616	\$ 36,000	-	-
Strategy 5.1 (a, b, d)	\$ 16,907	\$ 12,544	\$ 28,641	\$ 37,500	-	-
Energy Efforts Beyond SEP Strategy Implementation	-	\$ 88,482	\$ 88,482	-	-	-
Subtotal	\$ 123,407	\$ 181,310	\$ 304,717	\$ 112,500	-	\$ 417,217
Less Existing Staff Cost	\$ (123,407)	-	-	-	-	\$ (123,407)
Total Budget Request						\$ 293,810

Table 2: Near-Term SEP Budget Request (FY 2021)

	Near Term Budget Request (FY 2021)						
	Staff Costs				Outsourced Cost	Project/Program Investment	Total New Budget Required
Strategy 1.1	Existing Staff Costs	New Staff Costs (ECP)	Existing ECP Budget	Total Staffing Costs			Staffing (ECP Hires in 2021)
ECP	\$ 143,080	\$ 481,354	-	\$ 624,434	-	-	\$ 624,434
Other Departments	\$ 35,770	-	-	\$ 35,770	-	-	-
Subtotal	\$ 178,850	\$ 481,354	-	\$ 660,204	-	-	\$ 660,204
Less Existing Staff Cost	\$ (178,850)	-	\$ (181,310)	-	-	-	\$ (360,160)
	ECP & Other City Departments	ECP Staffing by Strategy					Outsourced (Consultant Costs)
Strategy 1.2	\$ 35,770	\$ 50,177	\$ 85,847	\$ 75,000	-	\$ 75,000	
Strategy 1.3	-	\$ 2,581	\$ 2,581	-	-	-	
Strategy 2.1	\$ 17,885	\$ 102,524	\$ 120,409	\$ 75,000	-	\$ 75,000	
Strategy 4.1	\$ 46,501	\$ 43,706	\$ 90,207	\$ 20,000	-	\$ 20,000	
Strategy 4.2	\$ 1,789	\$ 4,298	\$ 6,086	\$ 20,000	-	\$ 20,000	
Strategy 4.3	\$ 10,731	\$ 85,301	\$ 96,032	\$ 135,000	-	\$ 135,000	
Strategy 5.1 (a, b & d)	\$ 8,943	\$ 3,011	\$ 11,953	-	-	-	
Strategy 5.2	\$ 26,828	\$ 12,544	\$ 36,372	\$ 25,000	-	\$ 25,000	
Energy Efforts Beyond SEP Strategy Implementation ¹	\$ 30,405	\$ 177,211	\$ 207,616	-	-		
Subtotal	\$ 178,850	\$ 481,354	\$ 660,204	\$ 370,000	-	\$ 1,030,204	
Less Existing Staff Cost	\$ (178,850)	\$ (181,310)	-	-	-	\$ (360,160)	
Total Budget Request							\$ 670,044

¹ Includes overhead associated with new ECP staffing.

Proposed SEP Implementation Budget

Figure 1 includes the annual SEP budget by Staff Cost (existing), Staff Cost (new), Consultant Cost and Project Investment and Program Investment. Table 3 summarizes the annual total budget by strategy through 2030.

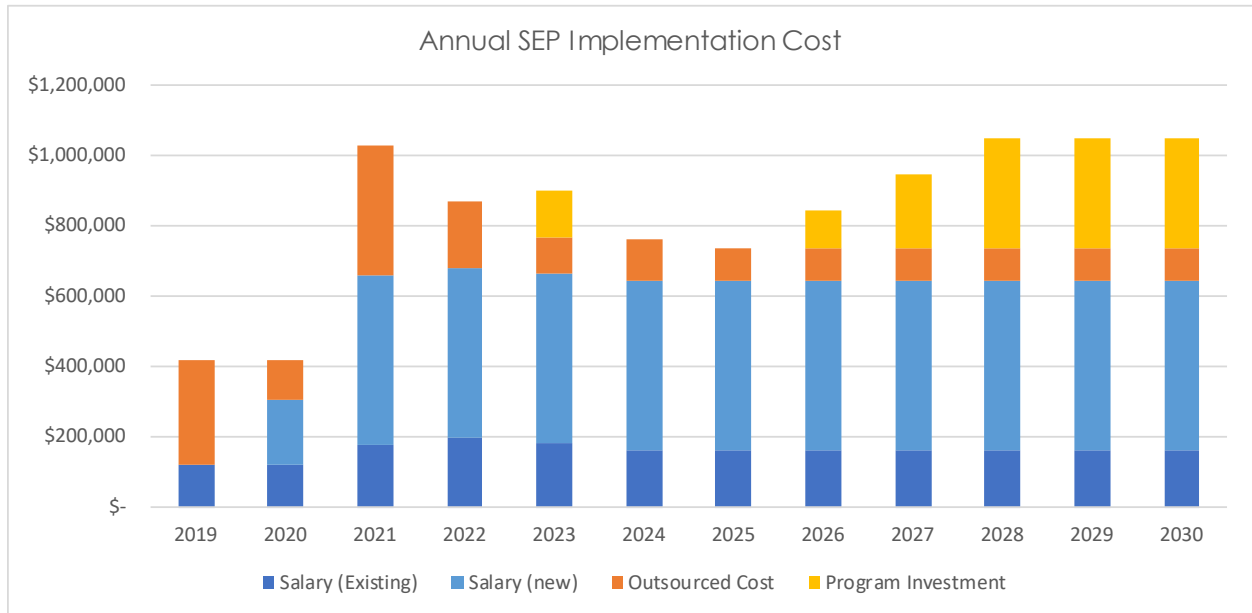


Figure 1: Annual SEP Implementation Cost

Table 3: Total Annual Proposed SEP Budget Summary

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Energy & Climate Program Staffing ²	\$ 288,620	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434	\$ 624,434
Community Choice Energy	\$ 99,947	\$ 160,947	\$ 55,841	\$ 34,379	\$ 34,379	\$ 34,379	\$ 34,379	\$ 34,379	\$ 34,379	\$ 34,379	\$ 34,379
Regional Climate Collaborative	\$ 3,577	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581	\$ 2,581
100% Renewables Outreach Campaign	\$ 76,568	\$ 195,409	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435	\$ 102,435
Financial Incentive for Solar & Storage	\$ -	\$ -	\$ -	\$ 67,974	\$ 87,974	\$ 62,974	\$ 142,005	\$ 246,820	\$ 351,820	\$ 334,445	\$ 334,445
Pilot On-Bill Finance	\$ -	\$ -	\$ 72,249	\$ 51,009	\$ 35,697	\$ 24,082	\$ 24,082	\$ 24,082	\$ 24,082	\$ 24,082	\$ 24,082
Develop DERs at Municipal Facilities	\$ 17,885	\$ 100,207	\$ 124,601	\$ 80,185	\$ 27,191	\$ 27,191	\$ 27,191	\$ 27,191	\$ 27,191	\$ 27,191	\$ 27,191
Pursue Community Solar	\$ -	\$ 26,086	\$ 15,086	\$ 14,162	\$ 10,162	\$ 10,162	\$ 10,162	\$ 10,162	\$ 10,162	\$ 10,162	\$ 10,162
Smart Energy Zone	\$ 64,616	\$ 231,032	\$ 85,912	\$ 32,574	\$ 32,574	\$ 32,574	\$ 32,574	\$ 32,574	\$ 32,574	\$ 32,574	\$ 32,574
Streamline Permitting & Administrative Procedures for Solar	\$ 66,141	\$ 11,953	\$ 98,687	\$ 14,308	\$ 14,308	\$ 14,308	\$ 14,308	\$ 14,308	\$ 14,308	\$ 14,308	\$ 14,308
Building Code Improvements	\$ -	\$ 64,372	\$ 30,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Benchmarking & Performance Policy	\$ -	\$ 20,000	\$ 74,343	\$ 233,066	\$ 36,462	\$ 36,462	\$ 36,462	\$ 36,462	\$ 36,462	\$ 36,462	\$ 36,462
Energy Efforts Beyond SEP Strategy Implementation	\$ 88,482	\$ 207,616	\$ 206,713	\$ 270,158	\$ 378,606	\$ 390,221	\$ 416,005	\$ 416,005	\$ 416,005	\$ 433,194	\$ 433,194
Total	\$ 417,217	\$1,030,204	\$ 868,878	\$ 902,831	\$ 762,369	\$ 737,369	\$ 842,184	\$947,000	\$1,051,815	\$1,051,815	\$1,051,815
Funded³	\$ 123,407	\$ 360,160	\$ 679,848	\$ 663,781	\$ 642,319	\$ 642,319	\$ 642,319	\$ 642,319	\$ 642,319	\$ 642,319	\$ 642,319
Unfunded (Budget Request)	\$ 293,810	\$ 670,044	\$ 189,000	\$ 239,050	\$ 120,050	\$ 95,050	\$ 199,865	\$ 304,680	\$ 409,495	\$ 409,495	\$ 409,495

² Includes overhead associated with new ECP staffing.

³ Funded (and Unfunded) budget amounts are contingent upon approval of funding requests in the prior year.

SEP Proposed Budget Allocation by Fund

The City can fund the proposed SEP budget using allocations from its existing General and Enterprise Funds. Figure 2 and 3 show proposed budget allocations by fund for FY 2021 and 2022. These allocations are based on the percentage of municipal electricity used in 2018 by each department and the total SEP budget amount for the year in question. The funds with allocations under \$5,000 have been grouped together and include; Airport CFC, CBDG, City Housing, Creeks, Fleet Maintenance, IT, Measure A, Self-Insurance and Solid Waste.

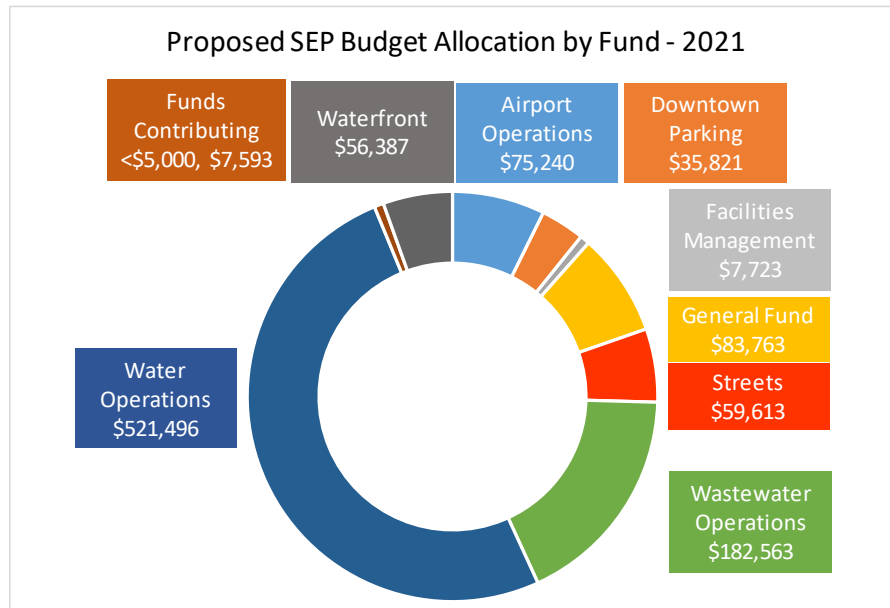


Figure 2: Proposed SEP Budget Allocation by Fund - 2021

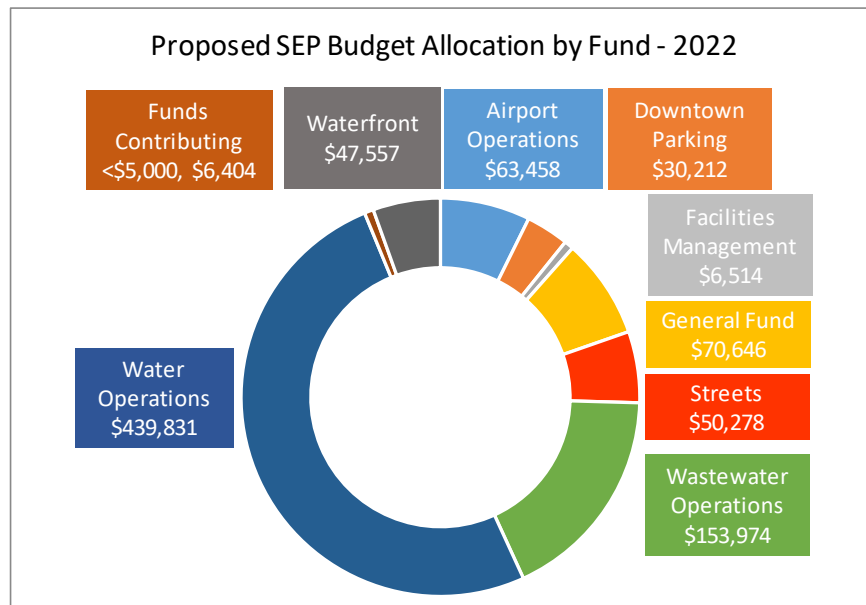


Figure 3: Proposed SEP Budget Allocation by Fund - 2022

The resulting allocations have minimal impacts on the funds as a whole. Table 4 provides an overview of the SEP allocation of each fund as a percentage of the FY 2019 budget of that fund.

Table 4: SEP Allocation Budget Impacts

Description	2021 SEP Allocation	% of FY19 Budget	2022 SEP Allocation	% of FY19 Budget
General Fund	\$ 83,762.73	0.05%	\$ 70,645.77	0.04%
City Housing	\$ 199.14	0.00%	\$ 167.96	0.00%
CDBG	\$ 62.96	0.00%	\$ 53.10	0.00%
Streets	\$ 59,612.94	0.50%	\$ 50,277.76	0.43%
Measure A	\$ 405.89	0.01%	\$ 342.33	0.01%
Creeks	\$ 834.84	0.01%	\$ 704.11	0.01%
Water Operations	\$ 521,495.73	0.75%	\$ 439,831.27	0.63%
Wastewater Operations	\$ 182,563.26	0.77%	\$ 153,974.48	0.65%
Downtown Parking	\$ 35,821.28	0.37%	\$ 30,211.79	0.31%
Solid Waste	\$ 323.61	0.00%	\$ 272.93	0.00%
Airport Operations	\$ 75,240.21	0.35%	\$ 63,457.85	0.30%
Airport CFC	\$ 1,661.07	0.16%	\$ 1,400.95	0.14%
Waterfront	\$ 56,387.07	0.35%	\$ 47,557.05	0.30%
Self-Insurance	\$ 564.32	0.01%	\$ 475.95	0.01%
Information Technology	\$ 2,569.33	0.07%	\$ 2,166.98	0.06%
Facilities Management	\$ 7,722.92	0.09%	\$ 6,513.53	0.08%
Fleet Maintenance	\$ 972.08	0.03%	\$ 819.86	0.02%

SEP Strategy Budgets

The following section includes an annual budget for each strategy through 2030. Annual budget figures are split into Staff Cost (existing), Staff Cost (new), Outsourced Cost and Project Investment and Program Investment. Staff Cost (existing) includes the cost of staff time provided by other City departments supporting SEP implementation and the cost from staff time provided by the ECP Analyst I, as this position is intended to be created by repurposing existing staff. Staff Cost (new) includes staff time from the ECP Supervisor, the ECP Analyst II and the Water-Energy Analyst, all newly created positions. As noted in the Near-Term Budget section, it is important to recognize that the staffing budget of the Energy & Climate Program (ECP) is not in addition to the staffing costs associated with the rest of the strategies.

Strategy 1.1: Formalize Energy & Climate Program (ECP) – Budget Narrative

Staffing costs for SEP implementation were built using a ground-up approach that specified the annual staff required by position to implement each strategy. The positions described in the Detailed Strategy Descriptions, as well as below, are driven by the workload required to implement the SEP, while also leaving room for capacity building that will enable the City to pursue climate initiatives beyond the relatively narrow scope of the SEP.

This strategy contains two budget tables. The first includes the total budget for the ECP and the second, on the following page, includes the ECP budget that is allocated for additional energy efforts beyond SEP Strategy implementation. The amounts in both tables include overhead costs associated with new hires.

The projected ECP budget begins in 2020 with .75 existing FTEs shifted to focus on SEP implementation the creation of a new ECP Supervisor (1 FTE for half a fiscal year) position and the addition of a new Water-Energy Analyst (1 FTE for half a fiscal year). In 2021 the budget expands to incorporate another .25 of existing FTEs into the ECP to fully staff the ECP Analyst I position and the addition of a new ECP Analyst II. This brings the entire ECP to 4 FTEs; an ECP Supervisor, ECP Analysts I & II and a Water- Energy Analyst.

Strategy 1.1: Formalize Energy & Climate Program						
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment	Additional Budget Required	Total Budget
2020	\$ 107,310	\$ 181,310	-	-	\$ 181,310	\$ 288,620
2021	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2022	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2023	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2024	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2025	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2026	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2027	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2028	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2029	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434
2030	\$ 143,080	\$ 481,354	-	-	\$ 481,354	\$ 624,434

Strategy 1.1: Formalize Energy & Climate Program Annual Energy Efforts Beyond SEP Strategy Implementation					Additional Budget Required	Total Budget
Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment			
2020	-	\$ 88,482	-	-	\$ 88,482	\$ 88,482
2021	\$ 30,405	\$ 177,211	-	-	\$ 177,211	\$ 207,616
2022	\$ 14,308	\$ 192,405	-	-	\$ 192,405	\$ 206,713
2023	\$ 39,347	\$ 230,811	-	-	\$ 230,811	\$ 270,158
2024	\$ 75,117	\$ 303,489	-	-	\$ 303,489	\$ 378,606
2025	\$ 75,117	\$ 315,104	-	-	\$ 315,104	\$ 390,221
2026	\$ 85,848	\$ 330,157	-	-	\$ 330,157	\$ 416,005
2027	\$ 85,848	\$ 330,157	-	-	\$ 330,157	\$ 416,005
2028	\$ 85,848	\$ 330,157	-	-	\$ 330,157	\$ 416,005
2029	\$ 93,002	\$ 340,192	-	-	\$ 340,192	\$ 433,194
2030	\$ 93,002	\$ 340,192	-	-	\$ 340,192	\$ 433,194

Strategy 1.2: Continue to Explore Community Choice Energy (CCE) – Budget Narrative

The estimated budget for continued pursuit of CCE only includes direct budgetary requirements to the City to finish assessing the feasibility, set-up and engage with the CCE moving forward. CCE operating expenses are not included, as they can be funded through electricity sales. The ability to provide affordable electricity while having enough revenue to fund CCE operations and procure high content renewable energy is a core question in the feasibility studies currently underway by the City, separate of the SEP. Given the uncertainty surrounding the feasibility of a regional CCE, this budget allocates funding to support efforts if the City chooses to form a CCE serving only the City of Santa Barbara community. If a regional CCE proves feasible, this budget can likely be reduced. Additionally, while CCE is the most important tool enabling the City to reach its energy goals, if a CCE is not created the costs outlined below will go away. The 2020 budget includes the existing and new staff time needed to flesh out the exact design and approach toward CCE to be followed and a small amount of budget for outsourced analysis, if necessary. In 2021 the responsibility of CCE scoping continues in newly formed ECP. There are also consultant costs associated with confirming viability and designing the appropriate legal structure and documents to establish the CCE. From 2022 forward, the only costs directly covered by the City budget will be to engage with the existing CCE around program development.

Strategy 1.2: Continue to Explore Community Choice Energy (CCE)					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	\$ 35,770	\$ 50,177	\$ 14,000	-	\$ 64,177	\$ 99,947
2021	\$ 35,770	\$ 50,177	\$ 75,000	-	\$ 125,177	\$ 160,947
2022	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2023	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2024	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2025	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2026	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2027	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2028	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2029	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379
2030	14,308	\$ 20,071	-	-	\$ 20,071	\$ 34,379

Strategy 1.3: Participate in Regional Climate & Energy Collaborative – Budget Narrative

The costs associated with the implementation of Strategy 1.3 are minimal. Implementation begins with existing staff reserving a portion of their time to engage with the formation of the Collaborative (currently being led by the County of Santa Barbara). In this budget, responsibility shifts to the ECP Analyst II in 2021 once they are hired. This responsibility fits within the ECP Analyst II’s projected responsibilities focused on outreach and strategic partnerships.

		Strategy 1.3: Participate in Regional Climate & Energy Collaborative				Additional Budget Required	Total Budget
		Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030	2020	\$ 3,577	-	-	-	-	\$ 3,577
	2021	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2022	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2023	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2024	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2025	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2026	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2027	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2028	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2029	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581
	2030	-	\$ 2,581	-	-	\$ 2,581	\$ 2,581

Strategy 2.1: Launch 100% Renewable Education, Outreach & Behavior Change Program – Budget Narrative

Strategy 2.1 implementation will be spearheaded by the ECP Analyst I and the ECP Supervisor in 2020. 2020 also includes some budget for outsourced costs as the City capitalizes on the adoption of the SEP to drive engagement. This effort increases in 2021 with staff time committed by the ECP Supervisor and ECP Analyst II and a consulting budget to run behavior change programs. In 2022, the ECP Analyst II becomes the staff member primarily focused on outreach programs and strategic partnerships. The consulting budget is reduced and maintained for the duration of the SEP budget period covered in this projection.

Strategy 2.1: Launch 100% Renewables Education, Outreach & Behavior Change Program					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	\$ 21,462	\$ 30,106	\$ 25,000	-	\$ 55,106	\$ 76,568
2021	\$ 17,885	\$ 102,524	\$ 75,000	-	\$ 177,524	\$ 195,409
2022	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2023	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2024	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2025	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2026	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2027	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2028	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2029	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435
2030	-	\$ 77,435	\$ 25,000	-	\$ 102,435	\$ 102,435

Strategy 3.1: Offer Financial Incentive for Solar + Storage – Budget Narrative

The implementation of Strategy 3.1 begins in 2023 with consulting budget and ECP staff time (ECP Analyst I and ECP Supervisor) dedicated to incentive design. This includes finalizing the incentive amount based on available budget and progress toward the City’s 2030 goal, determining adders for storage, identifying specific sectors eligible for increased incentives (e.g. low-income households), establishing an incentive schedule and determining the mechanism for tracking solar production and incentive payments.⁴ The consulting budget increases in 2024 to complete these tasks. The consulting budget shrinks in 2025, as program implementation will be focused on recruiting participants, which can be easily led by City staff. In 2026, incentive payouts are will begin, and the capital needed is included under Project/Program Investment. From 2026 - 2030 the budget reflects the staff and consultant time needed to track and manage payments and the capital needed for incentive payouts. The role of City staff is projected to be negligible in the last three years of the budget, as no new projects will be joining the program after the sign-up period ends in early 2027. Under the assumed incentive design used to create this budget, incentive payments will continue through 2032, which is outside of the period covered in this budget projection.

Strategy 3.1: Offer Financial Incentive for Solar + Storage						
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment	Additional Budget Required	Total Budget
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	\$ 17,885	\$ 25,089	\$ 25,000	-	\$ 50,089	\$ 67,974
2024	\$ 17,885	\$ 25,089	\$ 45,000	-	\$ 70,089	\$ 87,974
2025	\$ 17,885	\$ 25,089	\$ 20,000	-	\$ 45,089	\$ 62,974
2026	\$ 7,154	\$ 10,035	\$ 20,000	\$ 104,815	\$ 134,851	\$ 142,005
2027	\$ 7,154	\$ 10,035	\$ 20,000	\$ 209,630	\$ 239,666	\$ 246,820
2028	\$ 7,154	\$ 10,035	\$ 20,000	\$ 314,445	\$ 344,481	\$ 351,635
2029	-	-	\$ 20,000	\$ 314,445	\$ 344,481	\$ 351,635
2030	-	-	\$ 20,000	\$ 314,445	\$ 344,481	\$ 351,635

⁴ The annual budget included in this document is based on a possible incentive design that can serve as the basis for a final incentive design. This design includes a three-year sign-up period (2025-2027) and a five-year payment period from the time participants sign-up. This design was used to estimate the strategy budget but will need to be finalized and adjusted based on the City’s needs in 2024.

Strategy 3.2: Pilot On-Bill Financing for DERs – Budget Narrative

Strategy 3.2 implementation begins in 2022 with consulting budget and staff time earmarked for program design and outreach to strategic funding partners. This budget drops in 2024 as program design wraps up but outreach to possible participants (and strategic partners if necessary) continues. From 2025 to 2030 the budget is consistent to reflect ongoing program management. This budget does not include possible program investment that would be required to buy down interest rates if the City partners with a traditional capital provider (see Detailed Strategy Descriptions for a full discussion of program design options).

Strategy 3.2: Pilot On-Bill Financing for DERs		Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment	Additional Budget Required	Total Budget
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030	2019	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2021	-	-	-	-	-	-
	2022	\$14,308	\$ 22,941	\$ 35,000	-	\$ 57,941	\$ 72,249
	2023	\$14,308	\$ 21,651	\$ 15,050	-	\$ 36,701	\$ 51,009
	2024	-	\$ 20,647	\$ 15,050	-	\$ 35,697	\$ 35,697
	2025	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082
	2026	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082
	2027	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082
	2028	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082
	2029	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082
	2030	-	\$ 9,032	\$ 15,050	-	\$ 24,082	\$ 24,082

Strategy 4.1: Develop DERs & Microgrids at Municipal Facilities – Budget Narrative

The implementation budget for Strategy 4.1 begins in 2020 with existing staff time to address opportunities for immediate DER development resulting from the SEP process. In 2021 the budget increases to include staff time from the ECP Supervisor, Water – Energy Analyst and relevant City staff associated with the facility in question for development. The budget also includes consultant cost for assistance with site assessment and feasibility studies. The staffing levels maintain the same distribution, but reduce in amount, in 2023 before falling further to a consistent level required for project monitoring through 2030.

It is important to note that this budget **does not** include any project investment costs related to developing these projects. Standard solar + storage projects can be financed with no upfront cost via a PPA. The costs of these projects would be absorbed by the existing utility budget.⁵ This budget also does not include the investment necessary to develop microgrids and larger batteries that would provide increased resilience benefits to the Santa Barbara community. Additional investment will be required to connect individual facilities to create microgrids and install batteries with enough capacity to support critical operations. Additional investment in resilience is discussed the “Investing in Resilience” section of this document.

Strategy 4.1: Develop DERs & Microgrids at Municipal Facilities					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	\$ 17,885	-	-	-	-	\$ 17,885
2021	\$ 46,501	\$ 43,706	\$ 10,000	-	\$ 53,706	\$ 100,207
2022	\$ 35,770	\$ 78,831	\$ 10,000	-	\$ 88,831	\$ 124,601
2023	\$ 35,770	\$ 39,415	\$ 10,000	-	\$ 49,415	\$ 85,185
2024	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2025	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2026	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2027	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2028	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2029	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191
2030	\$ 14,308	\$ 7,883	\$ 5,000	-	\$ 12,883	\$ 27,191

⁵ Site specific modeling has shown that solar + storage projects financed via a PPA at some municipal sites may increase the cost of electricity at the facility. Contingency funds to cover this increased cost are not included at this point.

Strategy 4.2: Pursue Community Solar – Budget Narrative

The budget projections provided for Strategy 4.2 assume that the community solar project is developed through SoCal Edison’s proposed community renewables program, but the assumptions would not change significantly if it were developed via newly formed CCE (see Detailed Strategy Descriptions for a complete discussion of the viable development pathways). Implementation begins in 2021 with budget set aside for consulting services to assess sites and consider how to respond to SoCal Edison’s RFP with minimal staff time dedicated to managing that process. The remainder of the budget (2023-2030) is to provide program management and outreach, in collaboration with SoCal Edison, to engage the community around the community solar offering and maintain subscriptions.

Strategy 4.2: Pursue Community Solar					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	-	-	-	-	-	-
2021	\$ 1,789	\$ 4,298	\$ 20,000	-	\$ 24,298	\$ 26,086
2022	\$ 1,789	\$ 4,298	\$ 9,000	-	\$ 13,298	\$ 15,086
2023	-	\$ 5,162	\$ 9,000	-	\$ 14,162	\$ 14,162
2024	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2025	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2026	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2027	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2028	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2029	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162
2030	-	\$ 5,162	\$ 5,000	-	\$ 10,162	\$ 10,162

Strategy 4.3: Create Smart Energy Zone – Budget Narrative

The 2020 costs associated with Strategy 4.3 implementation stem from time invested by the ECP Analyst I to continue stakeholder engagement started during the SEP Process and consulting budget needed to provide a recommendation on the best approach for establishing a Smart Energy Zone. In 2021 significant time is invested by the ECP Supervisor and consultants to execute the scoping and design related to the approach determined in 2020. This includes additional time needed for community engagement. 2022 also includes consultant costs for community engagement and strategic partner outreach, as well as staff time to determine which pilot projects are most important to pursue in the Smart Energy Zone. From 2023 forward the budget reflects continued staff and consultant time to maintain community engagement and update program design. The specifics of this work will largely be determined by activities completed in the first two years of implementation.

Strategy 4.3: Create Smart Energy Zone					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	\$ 28,616	-	\$ 36,000	-	\$ 36,000	\$ 64,616
2021	\$ 10,731	\$ 85,301	\$ 135,000	-	\$ 220,301	\$ 231,032
2022	\$ 35,770	\$ 40,142	\$ 10,000	-	\$ 50,142	\$ 85,912
2023	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2024	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2025	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2026	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2027	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2028	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2029	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574
2030	\$ 3,577	\$ 18,997	\$ 10,000	-	\$ 28,997	\$ 32,574

Strategy 5.1: Further Streamline Permitting, Inspections & Administrative Procedures for DERs – Budget Narrative

The implementation costs of Strategy 5.1 are a combination of the costs to complete all of the tasks included in sub-strategies 5.1(a), 5.1(b), 5.1(c) and 5.1(d). The 2020 budget covers 5.1(a) and 5.1(b), an assessment of the results from the City’s 2188 compliance and possible expansion of the streamlined solar permitting program. The budget allotted to 2021 serves to cover any remaining tasks required to complete 5.1(b) and a start to the process of streamlining the administrative procedures of the City’s citizen review boards to support DER development (5.1(d)). The budget in 2022 is needed to finalize implementation of 5.1(d) do the initial assessment and design of an automated permitting program (the options for which are described in strategy 5.1(c)). The budget from 2023 forward is related to the operation, monitoring, and reassessment if necessary, of the automated permitting program designed in 2022.

Strategy 5.1: Further Streamline Permitting, Inspections & Administrative Procedures for DERS						Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment			
2020	\$ 16,097	\$ 12,544	\$ 37,500	-		\$ 50,044	\$ 66,141
2021	\$ 8,943	\$ 3,011	-	-		\$ 3,011	\$ 11,953
2022	\$ 8,943	20,071	\$ 50,000	-		\$ 70,071	\$ 98,687
2023	\$ 14,308	-	-	-		-	\$ 10,035
2024	\$ 14,308	-	-	-		-	\$ 88,651
2025	\$ 14,308	-	-	-		-	\$ 14,308
2026	\$ 14,308	-	-	-		-	\$ 14,308
2027	\$ 14,308	-	-	-		-	\$ 14,308
2028	\$ 14,308	-	-	-		-	\$ 14,308
2029	\$ 14,308	-	-	-		-	\$ 14,308
2030	\$ 14,308	-	-	-		-	\$ 14,308

Strategy 5.2: Explore Title 24 Building Code Improvements – Budget Narrative

The budget from Strategy 5.2 runs two years and is intended to line up with the 2022 Title 24 code cycle. The consultant costs have been determined assuming that the City can take advantage of statewide efforts to assist municipalities in establishing reach codes. The City is currently using these resources while assessing building code improvements for the 2019 code cycle. The rest of the staff time is to determine which aspects of a reach code are most appropriate for the City. A portion of this time is likely to come from support provided by the Building Department.

Strategy 5.2: Explore Title 24 Building Code Improvements					Additional Budget Required	Total Budget
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020	-	-	-	-	-	-
2021	\$ 26,828	\$ 12,544	\$ 25,000	-	\$ 37,544	\$ 64,372
2022	\$ 17,885	\$ 12,544	-	-	\$ 12,544	\$ 30,429
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-

Strategy 5.3: Implement Energy Disclosure & Performance Policies – Budget Narrative

Strategy 5.3 Implementation begins in 2021 with consultant budget to review industry best practices before the City finalizes the design of its policies. In 2022 and 2023 the budget includes an investment of staff time and consultant services in policy design and creation of the ordinance necessary to establish and pass the policy. 2023 also includes staff time, consulting budget and program investment to design and implement a voucher program to assist with the energy inspections at time-of-sale requirement discussed under this strategy. The budget from 2024 forward is associated with the data management and enforcement required to assess the energy data collected through benchmarking to determine whether buildings are meeting their prescribed performance policies.

		Strategy 5.3: Implement Energy Disclosure & Performance Policies				Additional Budget Required	Total Budget
		Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment		
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030	2020	-	-	-	-	-	-
	2021	-	-	\$ 20,000	-	\$ 20,000	\$ 20,000
	2022	\$ 14,308	\$ 10,035	\$ 50,000	-	\$ 60,035	\$ 74,343
	2023	\$ 42,924	\$ 40,142	\$ 15,000	\$ 135,000	\$ 190,142	\$ 233,066
	2024	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2025	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2026	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2027	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2028	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2029	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462
	2030	\$ 21,462	-	\$ 15,000	-	\$ 15,000	\$ 36,462

Investing in Resilience

The capital investments required to make important infrastructure investments that support climate resiliency are not included in the SEP budget, but will be important for the City to full address its resilience goals. As discussed in the budget narrative for Strategy 4.1, the SEP budget also does not include funding for capital investments in clean energy projects on municipal facilities. This is because most of the projects in question, solar and storage systems, can be financed with no upfront cost using a PPA. In this scenario, the project is paid off each year by using money from the utility fund to pay for the energy generated by these systems. However, the financing options for large battery systems and microgrids capable of providing significant resiliency benefits are not as clear. The City will need to draw upon infrastructure funds from other sources to make these goals a reality.

While project costs are difficult to predict, given macro-market factors that affect technology pricing, Table 5 provides estimated ranges of the investment needed to complete clean power back-up projects at the 8 City facilities identified as critical. These facilities are; Westside Community Center, Cater Water Treatment Plant, City Hall, Memorial Fire HQ, Fire Station 8, Santa Barbara Public Library, and Santa Barbara County Mental Health, Police Department Annex and Police Station. The modeling used to estimate these costs assumed that a complete microgrid connecting multiple facilities would be developed at the Policy Department Annex and Police Station.

Table 5: Estimated Capital Needed for Resiliency Investments

Strategy 4.1: Develop DERs & Microgrids at Municipal Facilities – Capital Funding for Resilience				
	Staff Cost (existing)	Staff Cost (new hires)	Consultant Cost	Project/Program Investment
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	\$ 1,000,000 – \$1,500,000
2025	-	-	-	\$ 1,100,000 – \$1,600,000
2026	-	-	-	\$ 1,100,000 – \$1,600,000
2027	-	-	-	\$ 1,100,000 – \$1,600,000
2028	-	-	-	\$ 1,100,000 – \$1,600,000
2029	-	-	-	\$ 100,000 - \$400,000
2030	-	-	-	-

Environmental Impact Bonds

Environmental Impact Bonds (EIB) are a new method of project financing open for municipalities, recently used for the first time by the City of Atlanta, which could be useful for the City to raise additional funds for resilience investments. An EIB is a new method for cities to take on debt and pay for innovative capital projects. The return that investors get from an EIB varies depending on the success of the project, with a lower than expected return for a less successful project and a higher than expected return for a more successful project. This decreases the risk of a municipality overpaying for a solution that does not work and the tracking required to assess the project's success and determine a return enables the municipality to learn what works.

The most recent example of an EIB, issued by the City of Atlanta to fund green infrastructure for wastewater management, was particularly successful because the bonds were offered publicly and saw significant interest from investors.⁶ The two most successful EIB issuances, by Atlanta and Washington D.C., as well as issuances currently being designed for the City of Baltimore and Hampton, Virginia, have been used for wastewater infrastructure.⁷ However, EIBs are also being explored in Camden, New Jersey as a funding mechanism for a microgrid.⁸ The EIB allows the economic value of resilience to be built into the financing mechanism and serve as the metric by which project performance is measured.

The Camden example is a case study for Santa Barbara to monitor and explore the possibility of using EIBs to fund critical infrastructure to support the community during grid outages or emergency situations.

Grant Funding & Funding Partners

Leveraging grant opportunities and strategic funding partners can play an important role in funding energy initiatives throughout SEP implementation. There are significant funding opportunities available for a wide range of energy-related projects through federal, state and local partners. Table 2 provides an overview of the most important funding partners at the federal, state and local levels, as well as estimates of the funding they provide annually, their standard grant award size, the administrative burden associated with grant reporting and cumulative funding target for the City through 2030. All fields relate to the funding provided by the given entity that relates to SEP implementation and are not inclusive of the given entity's entire funding portfolio. The cumulative funding targets are intentionally conservative.

In certain select cases, grant funding may be able to completely replace other funding sources in the implementation of a given SEP strategy. However, when considering the role of grants in SEP implementation funding it is important to recognize that grants should not fund operating costs. The grants offered by the partners listed below are awarded through competitive bid processes and the City cannot rely on receiving funding via these opportunities. Instead, grants should be used to enhance City programs and projects and enable outcomes that would have been otherwise infeasible.

⁶ <https://www.atlantawatershed.org/first-publicly-issued-environmental-impact-bond/>

⁷ <https://nextcity.org/daily/entry/atlanta-issues-public-environmental-impact-bond-for-green-infrastructure>

⁸ <https://microgridknowledge.com/microgrid-project-bond-financing/>

Table 6: Grant Opportunities to Support SEP Implementation⁹

	Agency	Total Applicable Funding per Year (millions)	Standard Grant Size	Administrative Burden	Cumulative Funding Target through 2030
Federal	U.S. Department of Energy	\$ 700 - 3000	\$500,000 – 1,500,000	High	\$ 700,000 – 3,000,000
	U.S. Economic Development Administration	\$ 75-100	N/A ¹⁰	High	\$ 75,000 – 100,000
State	California Energy Commission	\$250 - 500	\$250,000 – 500,000	Medium	\$250,000 – 500,000
	California Strategic Growth Council	\$ 294 - 433	\$200,000 – 1,000,000	Medium	\$ 294,000 - 433,000
	California Air Resources Board	\$ 350- 500	\$250,000 – 500,000	Medium	\$ 350,000 – 500,000
Local	Santa Barbara Air Pollution Control District	\$ 2-3	\$5,000 – 25,000	Low	\$ 20,000 – 100,000
	Total	\$ 1,671 – 4,041			\$ 1,689,000 – 4,633,000

⁹ The data included in Table 2 represents estimates from past funding opportunities. Actual future funding opportunities are subject to change.

¹⁰ The funding provided by the EDA applicable to the SEP is disaster relief funding which does not have a minimum or maximum award amount.