

AMENDED IN SENATE AUGUST 17, 1999

AMENDED IN ASSEMBLY MAY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1663**

**Introduced by Committee on Utilities and Commerce  
(Wright (Chair), Pescetti (Vice Chair), Calderon,  
Campbell, Frusetta, Mazzoni, Reyes, Vincent, and Wesson)**

March 11, 1999

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An act to amend Section 15814.15 of the Government Code, and to amend Sections 25008.5, 25410.5, 25410.6, 25411, 25413, 25415, 25416, 25417.5, 25419, 25421, 25441, 25442, 25442.7, 25443.5, 25445, 25449.1, 25449.3, and 25449.4 of, and to repeal Sections 25412.5, ~~25441.5~~, 25442.5, 25446, and 25447.2 of, the Public Resources Code, relating to energy conservation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1663, as amended, Committee on Utilities and Commerce. Energy conservation assistance: loans and grants: energy and water projects.

(1) 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.

(2) 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.

(3) Existing law, the Energy Conservation Assistance Act of 1979, which is a part of the Warren-Alquist State Energy Resources Conservation and Development Act, creates the State Energy Conservation Assistance Account in the General Fund to provide grants and loans to eligible institutions, as defined, until January 1, 2001, for specified purposes relating to energy conservation assistance. The act authorizes the State Energy Resources Conservation and Development Commission to make loans to local governments owning, or leasing from entities other than privately owned electrical utilities, street lighting systems for purposes of converting those systems to improve energy efficiency.

This bill would delete those provisions.

(4) The energy conservation act authorizes the commission to contract for specified services to be performed for eligible institutions with respect to energy conservation assistance.

The energy conservation act requires the commission to provide loans to local jurisdictions for the purchase, maintenance, and evaluation of specified energy efficient equipment, small power production systems, and local transportation systems.

This bill would, instead, require the commission to provide loans to local jurisdictions for the purposes of financing energy



audits, feasibility studies, financial analyses, energy conservation measures and projects, engineering and design, legal and technical assistance, and for improving the operating efficiency of local transportation systems. The bill would also make various changes with respect to the terms and conditions for the repayment of energy assistance loans and the criteria for funding grants and loans, and would revise certain of the commission's powers with respect to the administration of provisions of the act.

(5) This bill would extend to January 1, 2011, the termination date of the energy conservation act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 15814.15 of the Government  
2 Code is amended to read:  
3 15814.15. (a) The board may issue revenue bonds,  
4 notes, including commercial paper notes and other forms  
5 of negotiable short-term indebtedness, and bond  
6 anticipation notes pursuant to Chapter 5 (commencing  
7 with Section 15830) to finance the cost of cogeneration  
8 equipment, alternative energy equipment, and  
9 conservation measures constituting the public buildings  
10 authorized by this chapter. The total amount of revenue  
11 bonds, notes, including commercial paper notes and  
12 other forms of negotiable short-term indebtedness, and  
13 bond anticipation notes authorized to be issued pursuant  
14 to this section in each of the 10 fiscal years beginning with  
15 the 1982–83 fiscal year is fifty million dollars (\$50,000,000),  
16 for a total of five hundred million dollars (\$500,000,000).  
17 Any portion of the authorization not used in any fiscal  
18 year may be used in any future fiscal year.  
19 (b) This section shall remain in effect only until  
20 January 1, 2005, and as of that date is repealed, unless a  
21 later enacted statute, which is enacted before January 1,  
22 2005, deletes or extends that date.  
23 SEC. 2. Section 25008.5 of the Public Resources Code  
24 is amended to read:



1 25008.5. (a) The Legislature hereby finds and  
2 declares that in order to maximize public benefit from  
3 private sector participation in state operations and to  
4 maximize the Legislature's ability to devote limited  
5 resources of the state to the responsibilities of state  
6 government that are less attractive to private sector  
7 investment, it is the policy of the state to encourage  
8 third-party financing of energy and water projects,  
9 including, but not limited to, cogeneration facilities, at  
10 state-owned sites.

11 (b) The Legislature further finds and declares that the  
12 development of energy and water projects at  
13 state-owned sites can be accelerated where reasonable  
14 incentives are provided to the siting institutions. These  
15 incentives are necessary to offset the long-term  
16 administrative, operational, and technical complexities of  
17 energy and water projects developed under this section.  
18 Reasonable incentives for implementing the policy of this  
19 section shall include the sharing of benefits derived from  
20 energy and water projects between the state and the  
21 siting institution. The benefits to the state and siting  
22 institutions derived from projects implemented under  
23 this section may include, but are not limited to, annual  
24 cash revenues, avoided capital costs, reduced energy  
25 costs, reduced water costs, site improvements, and  
26 additional operations and maintenance resources. The  
27 annual cash revenues derived from those projects shall be  
28 shared equally between the state and the siting  
29 institution, if both of the following conditions are met:

30 (1) The use of cash and avoided cost benefits by siting  
31 institutions is to be limited to improvement of ongoing  
32 maintenance, deferred maintenance, cost-effective  
33 energy improvements, and other infrastructure  
34 improvements. To the extent an institution receives  
35 annual cash revenues under this section, the institution  
36 shall retain any money it receives, but not to exceed  
37 one-half of this amount, in a special deposit fund account,  
38 which shall be continuously appropriated to the  
39 institution for the purposes of this section. The state's  
40 benefit share, and the siting institution's benefit share

1 that exceeds its needs, shall be deposited in the Energy  
2 and Resources Fund or, if this fund is not in existence, the  
3 General Fund for the purpose of investing in renewable  
4 resources programs and energy efficiency improvements  
5 at state facilities.

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

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

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

21 (e) This section shall remain in effect only until  
22 January 1, 2005, and as of that date is repealed, unless a  
23 later enacted statute, which is enacted before January 1,  
24 2005, deletes or extends that date.

25 SEC. 3. Section 25410.5 of the Public Resources Code  
26 is amended to read:

27 25410.5. The Legislature finds and declares all of the  
28 following:

29 (a) Energy costs are frequently the second largest  
30 discretionary expense in a local government's budget.

31 (b) A variety of energy conservation measures are  
32 available to local governments. These measures are  
33 highly cost-effective, often providing a payback on the  
34 initial investment in three years or less.

35 (c) Many local governments lack energy management  
36 expertise and are often unaware of their high energy costs  
37 or the opportunities to reduce those costs.

38 (d) Local governments that desire to reduce their  
39 energy costs through energy conservation and efficiency  
40 measures often lack available funding.

1 (e) Since 1980, the Energy Conservation Assistance  
2 Account has provided \$60 million in loans, through a  
3 revolving loan account, to 510 schools, hospitals, and local  
4 governments.

5 (f) Local governments and public institutions need  
6 assistance in all aspects of energy efficiency  
7 improvements, including, but not limited to, project  
8 identification, project development and implementation,  
9 evaluation of project proposals and options, operations  
10 and maintenance training, and troubleshooting of  
11 problem projects.

12 SEC. 4. Section 25410.6 of the Public Resources Code  
13 is amended to read:

14 25410.6. (a) It is the intent of the Legislature that the  
15 commission shall administer the State Energy  
16 Conservation Assistance Account to provide grants and  
17 loans to local governments and public institutions to  
18 maximize energy use savings, including, but not limited  
19 to, technical assistance, demonstrations, and  
20 identification and implementation of cost-effective  
21 energy efficiency measures and programs.

22 (b) It is further the intent of the Legislature that the  
23 commission seek the assistance of others in providing  
24 energy audits for local governments and public  
25 institutions and in publicizing the availability of State  
26 Energy Conservation Assistance Account funds to  
27 qualified entities.

28 SEC. 5. Section 25411 of the Public Resources Code is  
29 amended to read:

30 25411. As used in this chapter:

31 (a) "Allocation" means a loan of funds by the  
32 commission pursuant to the procedures specified in this  
33 chapter.

34 (b) "Building" means any occupied structure which  
35 includes a heating or cooling system, or both. Additions  
36 to an original building shall be considered part of that  
37 building rather than a separate building.

38 (c) "Eligible institution" means a school, hospital,  
39 public care institution, or a unit of local government.

(d) “Energy audit” means a determination of the energy consumption characteristics of a building or facility that does all of the following:

(1) Identifies the type, size, and energy use level of the building or facility and the major energy using systems of the building or facility.

(2) Determines appropriate energy conservation maintenance and operating procedures.

(3) Indicates the need, if any, for the acquisition and installation of energy conservation measures.

(e) “Energy conservation maintenance and operating procedure” means a modification or modifications in the maintenance and operations of a building or facility, and any installations therein (based on the use time schedule of the building or facility), which are designed to reduce energy consumption in the building or facility and which require no significant expenditure of funds.

(f) “Energy conservation measure” means an installation or modification of an installation in a building or facility that is primarily intended to reduce energy consumption or allow the use of a more desirable energy source.

(g) “Energy conservation project” means an undertaking to acquire and to install one or more energy conservation measures in a building or facility, and technical assistance in connection with any the undertaking.

(h) “Facility” means any major energy using system of an eligible institution whether or not housed in a building.

(i) “Hospital” means a public or nonprofit institution which is both of the following:

(1) A general hospital, tuberculosis hospital, or any other type of hospital, other than a hospital furnishing primarily domiciliary care.

(2) Duly authorized to provide hospital services under the laws of this state.

(j) “Hospital building” means a building housing a hospital and related operations, including laboratories, laundries, outpatient departments, nurses’ home and training activities, and central service operations in

1 connection with a hospital, and also includes a building  
2 housing education or training activities for health  
3 professions personnel operated as an integral part of a  
4 hospital.

5 (k) “Local government building” means a building  
6 that is primarily occupied by offices or agencies of a unit  
7 of local government or by a public care institution.

8 (l) “Project” means a purpose for which an allocation  
9 may be requested and made under this chapter. Those  
10 purposes shall include energy audits, energy  
11 conservation and operating procedures, energy  
12 conservation measures, energy conservation projects,  
13 and technical assistance programs.

14 (m) “Public care institution” means a public or  
15 nonprofit institution that is any of the following:

16 (1) A long-term care institution.

17 (2) A rehabilitation institution.

18 (3) An institution for the provision of public health  
19 services, including related publicly owned services such  
20 as laboratories, clinics, and administrative offices  
21 operated in connection with the institution.

22 (4) A residential child care center.

23 (n) “Public or nonprofit institution” means an  
24 institution owned and operated by any of the following:

25 (1) The state, a political subdivision of the state, or an  
26 agency or instrumentality of either.

27 (2) An organization exempt from income tax under  
28 Section 501(c)(3) of the Internal Revenue Code of 1954.

29 (3) In the case of public care institutions, an  
30 organization also exempt from income tax under Section  
31 501(c)(4) of the Internal Revenue Code of 1954.

32 (o) “School” means a public or nonprofit institution,  
33 including a local educational agency, which does any of  
34 the following:

35 (1) Provides, and is legally authorized to provide,  
36 elementary education or secondary education, or both,  
37 on a day or residential basis.

38 (2) Provides, and is legally authorized to provide, a  
39 program of education beyond secondary education, on a  
40 day or residential basis and does all of the following:



1 (A) Admits as students only persons having a  
2 certificate of graduation from a school providing  
3 secondary education, or the recognized equivalent of that  
4 certificate.

5 (B) Is accredited by a nationally recognized  
6 accrediting agency or association.

7 (C) Provides an education program for which it  
8 awards a bachelor's degree or higher degree or provides  
9 not less than a two-year program that is acceptable for full  
10 credit toward such a degree at any institution which  
11 meets the requirements of subparagraphs (A) and (B)  
12 and which provides such a program.

13 (3) Provides not less than a one-year program of  
14 training to prepare students for gainful employment in a  
15 recognized occupation and which meets the  
16 requirements of paragraph (2).

17 (p) "School building" means a building housing  
18 classrooms, laboratories, dormitories, athletic facilities, or  
19 related facilities operated in connection with a school.

20 (q) "Technical assistance costs" means costs incurred  
21 for the use of existing personnel or the temporary  
22 employment of other qualified personnel (or both those  
23 types of personnel) necessary for providing technical  
24 assistance.

25 (r) "Technical assistance program" means assistance  
26 to schools, hospitals, local government, and public care  
27 institutions, and includes, but is not limited to:

28 (1) Conducting specialized studies identifying and  
29 specifying energy savings and related cost savings that  
30 are likely to be realized as a result of either of the  
31 following:

32 (A) Modification of maintenance and operating  
33 procedures in a building or facility, in addition to those  
34 modifications implemented after the preliminary energy  
35 audit.

36 (B) Acquisition and installation of one or more  
37 specified energy conservation measures in the building or  
38 facility, or as a result of both.

39 (2) Planning of specific remodeling, renovation,  
40 repair, replacement, or insulation projects related to the

1 installation of energy conservation measures in the  
2 building or facility.

3 (3) Developing and evaluating alternative project  
4 implementation methods and proposals.

5 (s) “Unit of local government” means a unit of general  
6 purpose government below the state or a special district.

7 SEC. 6. Section 25412.5 of the Public Resources Code  
8 is repealed.

9 SEC. 7. Section 25413 of the Public Resources Code is  
10 amended to read:

11 25413. Applications may be approved by the  
12 commission only in those instances where the eligible  
13 institution has furnished information satisfactory to the  
14 commission that the costs of the project, plus interest on  
15 state funds loaned, calculated in accordance with Section  
16 25415, will be recovered through savings in the cost of  
17 energy to such institution during the repayment period  
18 of the allocation.

19 SEC. 8. Section 25415 of the Public Resources Code is  
20 amended to read:

21 25415. (a) Each eligible institution to which an  
22 allocation has been made under this chapter shall repay  
23 the principal amount of the allocation, plus interest, in not  
24 more than 30 equal semiannual payments, as determined  
25 by the commission. The first semiannual payment shall be  
26 made on or before December 22 of the fiscal year  
27 following the year in which the project is completed. The  
28 repayment period shall not exceed the life of the  
29 equipment, as determined by the commission, or the  
30 lease term of the building in which the energy  
31 conservation measures will be installed.

32 (b) Notwithstanding any other provision of law, the  
33 commission shall, unless it determines that the purposes  
34 of this chapter would be better served by establishing an  
35 alternative interest rate schedule, periodically set  
36 interest rates on the loans based on surveys of existing  
37 financial markets and at rates not lower than the Pooled  
38 Money Investment Account.

39 (c) The governing body of each eligible institution  
40 shall annually budget an amount at least sufficient to

1 make the semiannual payments required in this section.  
2 The amount shall not be raised by the levy of additional  
3 taxes but shall be obtained by a savings in energy costs or  
4 other services.

5 SEC. 9. Section 25416 of the Public Resources Code is  
6 amended to read:

7 25416. (a) The State Energy Conservation Assistance  
8 Account is hereby created in the General Fund.  
9 Notwithstanding Section 13340 of the Government Code,  
10 the account is continuously appropriated to the  
11 commission without regard to fiscal year.

12 (b) The money in the account shall consist of all money  
13 authorized or required to be deposited in the account by  
14 the Legislature and all money received by the  
15 commission pursuant to Sections 25414 and 25415.

16 (c) The money in the account shall be disbursed by the  
17 Controller for the purposes of this chapter as authorized  
18 by the commission.

19 (d) The commission may contract and provide grants  
20 for services to be performed for eligible institutions.  
21 Services may include, but are not limited to, feasibility  
22 analysis, project design, field assistance, and training. The  
23 amount expended for those services shall not exceed 10  
24 percent of the balance in the account, as determined by  
25 the commission on July 1 of each year.

26 (e) The commission may make grants to demonstrate  
27 energy efficiency technologies and market  
28 transformation projects at appropriate locations  
29 throughout the state. The amount expended for grants  
30 shall not exceed 5 percent of the balance in the account,  
31 as determined by the commission on July 1 of each year.

32 (f) The commission may charge a fee for the services  
33 provided under subdivision (d) and those fees shall be  
34 deposited in the account.

35 SEC. 10. Section 25417.5 of the Public Resources Code  
36 is amended to read:

37 25417.5. (a) In furtherance of the purposes of the  
38 commission as set forth in this chapter, the commission  
39 may also do all of the following:

1 (1) Borrow money, for the purpose of obtaining funds  
2 to make loans pursuant to this chapter, from the  
3 California Economic Development Financing Authority  
4 or the California Infrastructure and Economic  
5 Development Bank, from the proceeds of revenue bonds  
6 issued by either of those agencies.

7 (2) Pledge, to provide collateral in connection with  
8 the borrowing of money pursuant to paragraph (1), loans  
9 made pursuant to this chapter or Chapter 5.4  
10 (commencing with Section 25440), or the principal and  
11 interest payments on loans made pursuant to this chapter  
12 or Chapter 5.4 (commencing with Section 25440).

13 (3) Sell loans made pursuant to this chapter or  
14 Chapter 5.4 (commencing with Section 25440), at prices  
15 determined in the sole discretion of the commission, to  
16 the California Economic Development Financing  
17 Authority or the California Infrastructure and Economic  
18 Development Bank to raise funds to enable the  
19 commission to make loans to eligible institutions.

20 (4) Enter into loan agreements or other contracts  
21 necessary in connection with the pledge or sale of loans  
22 pursuant to paragraph (2) or (3), or the borrowing of  
23 money as provided in paragraph (1), containing any  
24 provisions that may be required by the California  
25 Economic Development Financing Authority or the  
26 California Infrastructure and Economic Development  
27 Bank as conditions of issuing bonds to fund loans to, or the  
28 purchase of loans from, the commission.

29 (b) In connection with the pledging of loans, or of the  
30 principal and interest payment on loans, pursuant to  
31 paragraph (2) of subdivision (a), the commission may  
32 enter into pledge agreements setting forth the terms and  
33 conditions pursuant to which the commission is pledging  
34 loans or the principal and interest payment on loans, and  
35 may also agree to have the loans held by bond trustees or  
36 by independent collateral or escrow agents and to direct  
37 that payments received on those loans be paid to those  
38 trustee, collateral, or escrow agents.

39 (c) The commission may employ financial consultants,  
40 legal advisers, accountants, and other service providers as

1 may be necessary in its judgment in connection with  
2 activities pursuant to this chapter.

3 (d) Notwithstanding any other provision of law, this  
4 chapter provides a complete, separate, additional, and  
5 alternative method for the doing of things authorized by  
6 this chapter, including the authority of the eligible  
7 institutions or local jurisdictions to have borrowed and to  
8 borrow in the future pursuant to loans made pursuant to  
9 this chapter or Chapter 5.4 (commencing with Section  
10 25440), and is supplemental and additional to powers  
11 conferred by other laws.

12 ~~SEC. 8.5.—~~

13 *SEC. 11.* Section 25419 of the Public Resources Code  
14 is amended to read:

15 25419. In addition to the powers specifically granted  
16 to the commission by the other provisions of this chapter,  
17 the commission shall have the following powers:

18 (a) To establish qualifications and priorities, and  
19 evaluation criteria consistent with the objectives of this  
20 chapter, for making allocations.

21 (b) To establish those procedures and policies as may  
22 be necessary for the administration of this chapter.

23 ~~SEC. 11.—~~

24 *SEC. 12.* Section 25421 of the Public Resources Code  
25 is amended to read:

26 25421. (a) Except as provided in subdivision (b), this  
27 chapter shall remain in effect only until January 1, 2011,  
28 and as of that date is repealed, unless a later enacted  
29 statute, which is enacted before January 1, 2011, deletes  
30 or extends that date.

31 (b) All loans outstanding as of January 1, 2011, shall  
32 continue to be repaid on a semiannual basis, as specified  
33 in Section 25415, until paid in full. All unexpended funds  
34 in the State Energy Conservation Assistance Account on  
35 January 1, 2011, and thereafter, except to the extent those  
36 funds are encumbered pursuant to Section 25417.5, shall  
37 revert to the General Fund.

38 ~~SEC. 12.—~~

39 *SEC. 13.* Section 25441 of the Public Resources Code  
40 is amended to read:

1 25441. The commission shall provide financial  
2 assistance to local jurisdictions for the purpose of  
3 providing staff training and support services, such as  
4 planning, design, permitting, energy conservation,  
5 comprehensive energy management, project evaluation,  
6 and development of alternative energy resources.

7 ~~SEC. 13. Section 25441.5 of the Public Resources Code~~  
8 ~~is repealed.~~

9 SEC. 14. Section 25442 of the Public Resources Code  
10 is amended to read:

11 25442. The commission shall provide loans to local  
12 jurisdictions for the purposes of financing energy audits,  
13 feasibility studies, energy conservation measures and  
14 projects, engineering and design, legal and financial  
15 analyses, and technical assistance as part of the Technical  
16 Assistance Program, as defined by subdivision (r) of  
17 Section 25411, and for improving the operating efficiency  
18 of existing local transportation systems.

19 SEC. 15. Section 25442.5 of the Public Resources Code  
20 is repealed.

21 SEC. 16. Section 25442.7 of the Public Resources Code  
22 is amended to read:

23 25442.7. (a) Loans under this article may not exceed  
24 one million dollars (\$1,000,000) for any one local  
25 jurisdiction, unless the commission determines, by  
26 unanimous vote, that the public interest and objectives of  
27 this chapter would be better served at a higher loan  
28 amount.

29 (b) Loan repayments shall be made in accordance  
30 with a schedule established by the commission.  
31 Repayment of loans shall be made in full unless the  
32 commission determines, by unanimous vote, that the  
33 public interest and objectives of this chapter would be  
34 better served by negotiating a reduced loan repayment  
35 for a project which failed to meet the technical or  
36 financial performance criteria through no fault of the  
37 local jurisdiction.

38 SEC. 17. Section 25443.5 of the Public Resources Code  
39 is amended to read:

1 25443.5. (a) In furtherance of the purposes of the  
2 commission as set forth in this chapter, the commission  
3 may also do all of the following:

4 (1) Borrow money, for the purpose of obtaining funds  
5 to make loans pursuant to this chapter, from the  
6 California Economic Development Financing Authority  
7 or the California Infrastructure and Economic  
8 Development Bank, from the proceeds of revenue bonds  
9 issued by either of those agencies.

10 (2) Pledge, to provide collateral in connection with  
11 the borrowing of money pursuant to paragraph (1), loans  
12 made pursuant to this chapter or Chapter 5.2  
13 (commencing with Section 25410), or the principal and  
14 interest payments on loans made pursuant to this chapter  
15 or Chapter 5.2 (commencing with Section 25410).

16 (3) Sell loans made pursuant to this chapter or  
17 Chapter 5.2 (commencing with Section 25410), at prices  
18 determined in the sole discretion of the commission, to  
19 the California Economic Development Financing  
20 Authority or the California Infrastructure and Economic  
21 Development Bank to raise funds to enable the  
22 commission to make loans to eligible institutions.

23 (4) Enter into loan agreements or other contracts  
24 necessary in connection with the pledge or sale of loans  
25 pursuant to paragraph (2) or (3), or the borrowing of  
26 money as provided in paragraph (1), containing any  
27 provisions that may be required by the California  
28 Economic Development Financing Authority or the  
29 California Infrastructure and Economic Development  
30 Bank as conditions of issuing bonds to fund loans to, or the  
31 purchase of loans from, the commission.

32 (b) In connection with the pledging of loans, or of the  
33 principal and interest payment on loans, pursuant to  
34 paragraph (2) of subdivision (a), the commission may  
35 enter into pledge agreements setting forth the terms and  
36 conditions pursuant to which the commission is pledging  
37 loans or the principal and interest payment on loans, and  
38 may also agree to have the loans held by bond trustees or  
39 by independent collateral or escrow agents and to direct



1 that payments received on those loans be paid to those  
2 trustee, collateral, or escrow agents.

3 (c) The commission may employ financial consultants,  
4 legal advisers, accountants, and other service providers as  
5 may be necessary in its judgment in connection with  
6 activities pursuant to this chapter.

7 (d) Notwithstanding any other provision of law, this  
8 chapter provides a complete, separate, additional, and  
9 alternative method for the doing of things authorized by  
10 this chapter, including the authority of the eligible  
11 institutions or local jurisdictions to have borrowed and to  
12 borrow in the future pursuant to loans made pursuant to  
13 this chapter or Chapter 5.2 (commencing with Section  
14 25410), and is supplemental and additional to powers  
15 conferred by other laws.

16 SEC. 18. Section 25445 of the Public Resources Code  
17 is amended to read:

18 25445. The commission shall design a local jurisdiction  
19 energy assistance program for the purpose of providing  
20 financial assistance under Article 2 (commencing with  
21 Section 25441) and providing loans under Article 3  
22 (commencing with Section 25442). A local jurisdiction's  
23 energy assistance program shall be funded through the  
24 commission's existing local government assistance  
25 programs, except that if a project is not eligible for  
26 funding under an existing program, the commission may  
27 fund the project under this chapter.

28 SEC. 19. Section 25446 of the Public Resources Code  
29 is repealed.

30 SEC. 20. Section 25447.2 of the Public Resources Code  
31 is repealed.

32 SEC. 21. Section 25449.1 of the Public Resources Code  
33 is amended to read:

34 25449.1. The commission shall expend petroleum  
35 violation escrow funds to supplement, and not supplant,  
36 other available funds in order to provide loans to school  
37 districts to purchase, maintain, and evaluate energy  
38 efficient equipment and small power production systems.

39 SEC. 22. Section 25449.3 of the Public Resources Code  
40 is amended to read:



1 25449.3. (a) The Local Jurisdiction Energy  
2 Assistance Account is hereby created in the General  
3 Fund. All money appropriated for purposes of this  
4 chapter and all money received from local jurisdictions  
5 from loan repayments shall be deposited in the account  
6 and disbursed by the Controller as authorized by the  
7 commission.

8 (b) The commission may charge a fee for the services  
9 provided under this chapter.

10 (c) The commission may contract for services to be  
11 performed by eligible institutions, as defined in  
12 subdivision (c) of Section 25411. Those services shall  
13 include, but are not limited to, performance of a  
14 feasibility analyses and providing project design, field,  
15 evaluation, and operation and training assistance. The  
16 amount expended for contract services shall not exceed  
17 10 percent of the annual scheduled loan repayment to the  
18 Local Jurisdiction Energy Assistance Account, as  
19 determined by the commission not later than July 1 of  
20 each fiscal year.

21 SEC. 23. Section 25449.4 of the Public Resources Code  
22 is amended to read:

23 25449.4. (a) Except as provided in subdivision (b),  
24 this chapter shall remain in effect until January 1, 2011,  
25 and as of that date is repealed, unless a later enacted  
26 statute which is enacted before January 1, 2011, deletes or  
27 extends that date.

28 (b) All loans outstanding as of January 1, 2011, shall  
29 continue to be repaid in accordance with a schedule  
30 established by the commission pursuant to Section  
31 25442.7, until paid in full. All unexpended funds in the  
32 Local Jurisdiction Energy Assistance Account on January  
33 1, 2011, and thereafter, except to the extent that those  
34 funds are encumbered pursuant to Section 25443.5, shall  
35 be deposited in the Federal Trust Fund and be available  
36 for the purposes for which federal oil overcharge funds  
37 are available pursuant to court judgment or federal  
38 agency order.

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