

Evaluation of the Local Government Commission's Regional Energy Authorities Program

Final Report

*July 7, 2004
HMG Project #0306*

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1. EXECUTIVE SUMMARY

This report presents the final results of a process evaluation of the Local Government Commission's Regional Energy Authorities program. This report includes a summary of the LGC program and evaluation goals, evaluation findings, and the evaluation methodology. The primary purpose of this report is to present the conclusions of the evaluation team (HMG) based on two rounds of interviews with program participants, personal observations of program activities, and review of the Local Government Commission's monthly reports to the CPUC.

The Local Government Commission (LGC) program provided technical assistance to Humboldt and Ventura Counties to plan and establish two Regional Energy Authorities, or REAs, one in each region. The larger purpose was to build sustainable local infrastructure for delivering energy efficiency services beyond what was possible with the fractured, separate resources of the individual jurisdictions in each region. The REAs were intended to help coordinate, complement and optimize the delivery of energy efficiency programs offered through the State and the IOUs, to identify new local program needs, and to supplement existing services where they can add value. The PY2002-03 LGC Program was a pilot, intended to demonstrate the value of independent third party assistance in establishing REAs and pursuing this type of activity.

The HESCHONG MAHONE GROUP, Inc., (HMG) performed a process evaluation of the LGC's program. The overall evaluation addressed program design and execution issues, and assessed both Phase I (REA Formation) and Phase II (REA Implementation) activities. Evaluation activities included assessment of program processes through review of REA and LGC documents, attendance at REA formation meetings in each jurisdiction, and interviews with program participants. The primary indicators of the pilot program's success are 1) creation of cohesive regional energy authorities, and 2) a significant increase in energy efficiency related activities by the local jurisdictions or other public entities related to the REAs.

Through the LGC program, both regions found success in various aspects of the program. The primary indicator of the program's success was the official formation in 2003 of regional energy authorities in Ventura County and Humboldt County. The regional energy authority in Humboldt County was named the Redwood Coast Energy Authority (RCEA) and was composed of the county and all of the incorporated cities in the county. The regional energy authority in Ventura County was named the Ventura County Regional Energy Alliance (VCREA/Alliance) and was composed of four major jurisdictions in the county.

As part of LGC program activities, both authorities completed facility audits, purchased utility management software, began hiring permanent staff, and worked on administrative planning. Also with LGC assistance, the VCREA hosted a community energy fair and a regional energy managers meeting. The RCEA joined statewide and national energy efficiency partnership programs, such as

the Million Solar Roofs Partnership, Rebuild America, and took advantage of a state sponsored public buildings retrofit program through contacts provided by the LGC. In addition, both organizations were awarded CPUC funding for PY2004-05 and plan on increasing energy efficiency awareness in their regions through marketing and training programs. They are continuing with energy efficiency upgrades to their public facilities and securing other energy efficiency opportunities for their communities. In terms of administrative accomplishments, executive directors were hired by the regions in order to guide the organizations forward. The RCEA and VCREA are collaborating with their respective utilities to provide regionally specific programs to their communities. Also, both organizations conducted energy audits of public buildings to develop short-term energy savings projects.

Overall, the VCREA and RCEA members were pleased with the assistance and information provided by the program. Since the formation of the Ventura and Humboldt regional energy authorities, a number of other communities have also created regionally based organizations focused on community energy efficiency, and have also received CPUC PY04-PY05 funding. Some of these communities enlisted the assistance of LGC team members based on their experience with the LGC program.

Despite the accomplishments of the LGC program, some program goals were not met. The LGC program did not achieve its key objectives early enough to demonstrate the program's worth to the CPUC, and unsuccessfully vied for PY2004-05 CPUC funding. The formation of the VCREA and RCEA took longer than expected, partially because the LGC felt it was necessary to allow the jurisdictions to take ownership and weigh in on all aspects of the RCEA creation. This allowed less time for "later activities" such as assisting the organizations to initiate energy efficiency programs during the LGC program.

The formation of the VCREA and RCEA would probably not have occurred without the LGC program. Having a neutral and respected third-party, like the LGC, lead the process added credibility to the nascent organizations' prospective members. Overall, the LGC program was crucial in the development of the VCREA and the RCEA.

2. INTRODUCTION

This section of the report provides a brief description of both the program and the evaluation of the program.

2.1 Program Description

The Local Government Commission (LGC) administered a third party program during PY2002-03 under the auspices of the California Public Utilities Commission (CPUC). This program provided technical assistance to participant jurisdictions in Humboldt and Ventura Counties to plan and establish a Regional Energy Authority, or REA, in each, and to build sustainable local infrastructure for delivering energy efficiency services. The REAs were intended to help coordinate, complement and optimize the delivery of energy efficiency programs offered through the State and the IOUs, and to identify new local program needs and supplement existing services where the REAs can add value.

The program was implemented in two phases. Phase I consisted of soliciting local support for the REA through meetings and workshops, helping to define the goals and the structure of the REA, and creating a task force for preparing the legal REA organization agreement.

In Phase II, LGC provided core support for the program. The essential activities of Phase II included:

- ◆ Selecting staff and providing technical support
- ◆ Developing a strategic plan (including seeking future funding sources)
- ◆ Evaluating energy management opportunities and tools
- ◆ Developing implementation strategy

The bulk of the activities and resources that LGC devoted to the REAs were in Phase I. It took longer than expected to establish both REAs, leaving less time and resources for Phase II efforts.

The LGC had four primary goals for their program:

1. To motivate local public entities to implement comprehensive energy efficiency measures in their own facilities.
2. To motivate local public entities to avail themselves of other (utility or third party) programs to help implement such measures in each market segment of their communities.
3. To develop regional structures that could be readily replicated in other areas of California.

4. To get more 'bang for the buck' from PGC funds by pooling the resources, experience and expertise of local jurisdictions to achieve new economies of scale in delivering energy efficiency services.

2.2 Evaluation Summary

The HESCHONG MAHONE GROUP, Inc., (HMG) performed a process evaluation of the LGC program. The evaluation assessed how well the program achieved its Phase I and Phase II goals. Success was measured on how well the program met the four primary program goals stated above.

The primary indicators of the program's success are creation of a cohesive regional energy authorities and a significant increase in activity of the local jurisdictions or other public entities related to energy efficiency. Secondary indicators included willingness of local jurisdictions to explore potential activities for the regional energy authorities, perceptions of the local authorities about the value of the LGC contributions to the creation of their regional energy authorities, and perceptions of the applicability of the program to other regions of California.

The evaluation considered both program design and REA implementation issues. This effort included interviews with program participants at all levels to assess:

- Their awareness of the REAs,
- Their interaction with LGC staff,
- Their opinions about the efforts of the program, and
- Changes in their actions.

From this information, HMG assessed the success of the program and herein provides an evaluation of the program and LGC's implementation efforts, and recommendations for improving the program.

3. EVALUATION FINDINGS

This section provides the assessment of the program, along with the findings from the evaluation interviews.

3.1 Overall Evaluation Findings

The overall program findings are composed of the findings from each of the Humboldt and Ventura County REA interviews and interviews with members of the LGC Team. This section provides an assessment of the entire program and compares the program process within both regions.

Through the LGC program, both regions found success in various aspects of the program. The primary positive indicator of the program's success was the official formation of the VCREA and RCEA. Both organizations are firmly in the hands of the member jurisdictions, with the participants shouldering the decision-making responsibility. This follows the intent of the LGC program, which was to help each region create a locally driven, regional energy group. By applying for and achieving CPUC funding for PY 2004 and PY 2005, the organizations achieved financial stability beyond the LGC program.

In terms of other administrative accomplishments, executive directors were hired by each region in order to lead their organizations forward. The RCEA and VCREA are collaborating with their respective utilities to provide regional specific programs for their communities. Also, both organizations conducted energy audits of public buildings to identify quick and inexpensive opportunities for energy savings.

Overall, the VCREA and RCEA members were pleased with the assistance and information provided by the program. LGC team members were flexible and were timely in response to requests for information and guidance. Formation of the VCREA and RCEA would probably not have occurred without the LGC program. While the larger jurisdictions could have completed energy efficiency activities, efforts would have been limited in scope and range (area). Extending services to the entire region would have been unlikely without the LGC's assistance establishing a *regional* energy authority. The LGC program is important in the development of REAs because it provides the technical expertise and financial support necessary to create a regional energy organization. Also, there were indications that if one of the larger jurisdictions had attempted to lead the formation of a regional energy group, the smaller cities would not have trusted the organization to provide a fair degree of (or any) benefits to their communities. Having the LGC lead the process as a neutral and respected third-party added credibility to the organizations. The consensus among the participants is that other communities in the state would benefit by forming a regional energy group, because they consider energy a universal issue that needs to be approached regionally. The replication of the LGC program depends on regional interest with

energy issues in their communities and willingness to raise the quality of life for everyone in the area.

Despite the accomplishments of the LGC program, some program goals were not met. The formation of the VCREA and RCEA took longer than expected partially because the LGC felt it was necessary to allow the jurisdictions to weigh in on all aspects of the RCEA creation. While the community consensus approach did not quite fit with program's original schedule, long-term success would be less guaranteed if the participants did not completely support the organization from the onset. LGC team members realized the risk of delay, but judged local ownership of the authorities to be of greater importance.

The "extra" time in the formation phase allowed less time for "later activities," yet it fostered strong regional support and ownership of the organization. The RCEA and VCREA were unable to initiate energy efficiency programs during the LGC program, although the organizations did establish administrative

Although participants clearly understood the overall intent of the LGC program, they never fully grasped the specific range of services the LGC team could provide to them, especially during Phase II activities. The participants' expectations of the LGC team during the implementation phase of the program were less concrete than those during the creation phase. While this is partly due to the open-ended nature of the program (allowing participants to set the tone and activities), it would have been more beneficial to the potential REA members if a list of possible LGC team assistance opportunities could have been more clearly explained.

Following the formation of the VCREA and RCEA, several other California communities created regionally based energy efficiency organizations. Some of these communities enlisted the assistance of LGC team members based on their experience with the LGC program. Many of these community energy alliances received CPUC PY04-PY05 funding. Although it is difficult to say exactly to what degree the LGC's work with Humboldt and Ventura Counties persuaded other communities to follow a similar path, there is a positive indication that the LGC's work was influential with other communities.

Despite its accomplishments, the LGC program did not achieve its accomplishments early enough to demonstrate to the CPUC the program's worth and unsuccessfully vied for PY2004-05 CPUC funding. Therefore the infrastructure that the LGC built to assist other regions was lost.

Overall, the LGC program has been crucial in the development of the VCREA RCEA. Since each was established, the two organizations have taken important steps toward self-sufficiency beyond the LGC program. There have been great strides by the organizations in acquiring additional (e.g., CPUC PY2004-05) funding, hiring executive directors, and setting goals to improve the energy efficiency of their public spaces.

3.2 Humboldt County

HMG evaluated the progress and success of the LGC's program in Humboldt County through review of meeting notes, attendance at an early REA developmental (Phase I) meeting, review of monthly reports, and telephone interviews with participants. Participants included individuals from the Humboldt County jurisdictions who participated in the RCEA formation and/or implementation meetings. The interviews were conducted during both phases of the program: formation and implementation. This section of the report briefly describes the LGC program activities in Humboldt County, and the findings of HMG's evaluation of their efforts.

3.2.1 Background

Humboldt County was chosen for the program due to earlier interest and efforts in the community to deal with regional energy issues. Connie Stewart, a councilwoman for the City of Arcata and an LGC board member, advocated for the region to be selected as one of LGC's targets.

The Phase I meetings were organized by the LGC with assistance from the City of Arcata. Phase I meetings began in Humboldt County in Fall 2002 and continued till the official formation of the RCEA in April 2003. By the end of the LGC program, eight jurisdictions were official signatories to the RCEA joint powers authority agreement. Below is the list of the RCEA members:

- ◆ City of Arcata
- ◆ City of Blue Lake
- ◆ City of Eureka
- ◆ City of Ferndale
- ◆ City of Fortuna
- ◆ City of Rio Dell
- ◆ City of Trinidad
- ◆ County of Humboldt

Participants in the Phase I meetings included representatives from the local jurisdictions (elected officials and city/county staff), representatives from area water and air quality districts, members of the Arcata Energy Committee, the Schatz Energy Research Center staff from Humboldt State University, and the general public.

For Phase I, the LGC team built upon the momentum from a regional energy committee that was formed earlier and which was comprised of community members and representatives from the City of Arcata, the City of Eureka, and the County of Humboldt. The LGC program provided concrete steps and was instrumental in bringing jurisdictions to the table; jurisdictions not previously involved in the earlier regional energy efficiency effort. Participants were vocal

about the community leading the formation of the RCEA and the LGC was responsive to their desire for local control.

The Phase II meetings were organized at first by the Arcata Energy Manager and then by the RCEA interim director. Phase II meetings included representatives from the member jurisdictions (elected officials and city/county staff), the RCEA interim director, and the technical consultant hired by the RCEA. In addition, the RCEA held special meetings to develop a water efficiency program (involving the local water agencies) and a building energy code update program, signaling the organization's growing ability to provide information and services to their communities.

For Phase II, the LGC program provided general administrative assistance, with most program tasks concentrated on completing community building energy audits. The direction and activities of the RCEA was firmly in the hands of the member jurisdictions during this phase of the program, with the participants shouldering the decision-making responsibility.

3.2.2 Phase I Humboldt Findings

As part of the process evaluation, HMG conducted the first round of market actor interviews in Humboldt County in July 2003. HMG completed 12 interviews with individuals with direct involvement in the establishment of the RCEA. Phase 1 Interview questions addressed the formation process of the RCEA.

Participants were asked to what extent the program had succeeded in assisting their local governments to establish the RCEA. For this question, it is important to understand the energy efficiency related activities of the communities prior to the LGC program. In Humboldt County, there had been some community interest in pursuing energy efficiency programs and, more specifically, public purpose funds for energy efficiency. The region formed an energy task force following the California energy crisis in 2001. The regional task force consisted of representatives from the City of Arcata, the County of Humboldt, and the City of Eureka. However, the energy task force made very limited progress. The LGC program smoothly provided the necessary framework for creating the RCEA and was considered by the participants as instrumental in bringing together jurisdictions not previously involved in the earlier regional energy efficiency effort.

All respondents answered affirmatively that the LGC program supported local efforts to form the RCEA. Although unfamiliar with most of the names of the LGC team, participants were impressed by the enthusiasm, knowledge and technical support of the LGC representatives. Participants also noted that the LGC team was sensitive to local concerns and aggressive in community outreach to create the REA. The LGC allowed the community to lead the decision-making. They also noted that the program funding helped tremendously in the process because jurisdictions did not have to provide any start-up funds of their own.

Overall, participants indicated a high level of satisfaction with the LGC's assistance. LGC team members were flexible and were timely in response to requests for information and guidance. However, participants were uncertain of

what they could ask of the LGC. While pleased with the services of the LGC team, they were unclear about the boundaries of the LGC program activities based on the CPUC grant. They felt that the burden of establishing and staffing the RCEA was wholly on the authority members. Thus, they perceived that their satisfaction with the successful formation of the RCEA stemmed more from their efforts and was based less on activities by the LGC.

LGC's assistance in linking Humboldt County with the source of information on and forums for affecting state policies on energy decisions was greatly valued by the communities. They stated that they often feel removed from the state government process.

According to participants, the potential replication of the LGC program would depend on regional interest for a hands-on approach to dealing with energy efficiency issues in their communities. They felt that the current way state and utility energy efficiency programs are operated and marketed to the region do not adequately serve their region's unique needs. They felt that the establishment of a regional energy organization would provide better services. The expected benefit of the RCEA is to garner utility and state services that are more appropriate for the region.

3.2.3 Phase II Humboldt Findings

HMG conducted the second round of program participant interviews in Humboldt County in March 2004. HMG completed a total of 10 interviews: 8 representatives of the member jurisdictions (elected officials and city/county staff), the RCEA interim executive director, and the technical consultant hired by the RCEA. The Phase II interviews centered on the implementation process of the RCEA, exploring which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why.

The participants' expectations of the LGC team during the implementation phase of the program were less concrete than those during the creation phase. The RCEA members were enthusiastic about taking a leading role in the organization and felt the next steps of the authority were their responsibility. They felt that the LGC team basically completed their primary duties by initializing the process to create the organization. They felt it should then become a support entity only.

However, the members were unclear about the nature and amount of support that they could ask of the LGC. While they broadly understood that the LGC team's role was to provide technical assistance, they did not have a specific list of the types of assistance they were entitled to through the program. Despite this, the participants felt that overall the LGC team met their expectations. They were appreciative that the LGC team was flexible in their assistance and allowed the RCEA members be the primary decision-makers. However, one active and informed interviewee felt that LGC team should have been more active on a daily basis in the transition period of the two phases of the CPUC program. This opinion differed from the general consensus that the LGC team members should only play a minor role in the organization.

In respect to the various LGC team members, opinions differed on the services provided. In particular, the participants were very appreciative of the technical services being provided by LGC team member, Alternative Energy Systems Consulting, Inc, (AESC). Prior to the program, member organizations often had a difficult time acquiring the type of technical expertise provided by AESC due to financial constraints. Thus, AESC was seen as providing a great benefit to their communities. On the other hand, one LGC consultant was viewed negatively because he did not allow members to lead the process as much as they would have preferred. In response, the LGC no longer included this consultant in the services offered to the RCEA. Participants felt that was responsive and appreciated it.

When asked to consider the implementation stages of the RCEA, participants had some specific recommendations on improvements. Some participants felt they should have been included in the choice of consultants offered through the CPUC program. This specific recommendation stemmed from the dispute (mentioned earlier) with one LGC consultant. Other recommendations included simplifying the budget process. Participants felt the budget process/framework to access the CPUC funds was too cumbersome. They would have preferred a more straightforward procedure. In addition, participants felt they should have been given a clear delineation of LGC team tasks and the associated budget. Lastly, members felt the LGC team should provide background materials on regional energy authorities to new and prospective members in order to understand the issues facing the RCEA.

For the RCEA members, the formation of the organization has led to a number of positive developments. While not a specific implementation issue, the member composition itself (comprising all the cities, large and small, within Humboldt County as well as the County itself) is noted as a particular accomplishment for the participants. As a regional organization, they have been able to gain more leverage to attract technical consultants and state resources, which they have utilized for a number of activities. The RCEA has established a number of partnerships with state and federal programs, including the Million Solar Roofs Partnership, Rebuild America, the Community Energy Efficiency Program, and a state funded public buildings retrofit program. The LGC team assisted in these accomplishments by providing contacts to the various organizations. In addition, the RCEA has hired an executive director and has explored opportunities in improving the energy efficiency of their public buildings. One noteworthy achievement for the RCEA is CPUC grant approval for 2004-2005. The proposal was written by a consultant the RCEA hired specifically to secure funding. While the LGC team did not directly assist the RCEA in the grant writing, they did provide overall guidance on how the CPUC grant process is conducted.

The RCEA has already fostered community cooperation and provided a step towards more regional collaborations. It has provided opportunities for the local officials and city managers of the member organizations to share their experiences with handling various government issues.

The consensus among the participants is that other communities in the state would benefit by forming a regional energy group, because they consider energy a universal issue that needs to be approached regionally. By forming regional energy groups, communities can take control of their energy future. Success of a regional energy group would be more likely; they felt, in regions where communities share distinctive demographic characteristics. The LGC program is important in the development of REAs because it provides the technical expertise and financial support necessary to create a regional energy organization. The LGC team also acted as an external force that added neutrality to the process, making the situation less political than if it had been wholly coordinated locally. While there had been some prior movement in Humboldt County to take a regional approach to energy issues, little progress had been, or would have been made without the LGC program.

The formation of the RCEA would probably not have occurred without the LGC program. While the larger jurisdictions, such as the City of Arcata and Humboldt County, could have completed energy efficiency activities on their own, efforts would have been limited in scope and area. Also, there had been a negative experience with trying to address a regional waste disposal issue, and participants felt that if one of the larger jurisdictions had attempted to lead in creating a regional energy group, there would have been distrust from the smaller cities. They doubted that such an organization would have provided any benefits to their smaller communities. It was essential to the credibility to the organization that the LGC lead the process.

Overall, the LGC program was crucial in the development of the RCEA. The RCEA has taken important steps toward self-sufficiency, hiring an executive director, acquiring CPUC funding for PY2004-05, tapping into state and national programs and partnerships, and setting goals to improve the energy efficiency of public spaces in Humboldt County.

3.3 Ventura County

HMG assessed the progress and success of the LGC's program in Ventura County through review of meeting notes, attendance at an REA developmental meeting, review of LGC reports and other documents, and telephone interviews with participants. As with Humboldt County, the interviews were conducted during both phases of the program.

3.3.1 Background

Ventura County was chosen for the program due to an expressed interest in a regional approach to energy efficiency as evidenced by earlier efforts in the community to deal with regional energy issues. Also, Kathy Long, a County Supervisor and an LGC board member, advocated for the Ventura region to be selected as one of LGC's targets.

The Phase I meetings were organized by the LGC with assistance from the County of Ventura. Phase I meetings began in Ventura County in Fall 2002 and continued till the VCREA officially began in July 2003. By the end of the LGC program (Spring 2004), four jurisdictions were official signatories to the VCREA:

- ◆ City of Oxnard
- ◆ City of Thousand Oaks
- ◆ City of Ventura (San Buenaventura)
- ◆ County of Ventura

The VCREA is comprised of a Board of Directors and an Advisory Board¹. The Board of Directors is composed of elected officials representing the member jurisdictions. The Advisory Board is made up of various community members who collaborate on administrative materials for the Board of the Directors to approve.

Participants in the Phase I meetings included representatives from the local jurisdictions (elected officials and city/county staff), representatives from area water districts, members from community business development groups, and POWER Task Force² members.

For Phase I, the LGC team built upon the momentum from an earlier effort that resulted in the POWER Task Force, comprised of community members. The task force was a community effort with a focus on renewable energy and energy conservation. However, the energy task force made limited progress for various reasons. As in Humboldt County, the LGC program provided concrete steps in continuing the energy efficiency portion of the POWER Task Force's vision. Many of the original members of the POWER Task Force became involved in the creation of the VCREA and viewed the organization as the logical next step in the process. Supervisor Kathy Long's staff was viewed as the principal leaders in the process with the LGC team assisting them.

The Phase II meetings were organized at first by staff from Supervisor Long's office. They worked as temporary staff for the VCREA. Phase II meetings included representatives from the member jurisdictions, the temporary staff of the VCREA, and community members who comprised the VCREA advisory board.

For Phase II, the LGC program provided general administrative assistance, with most tasks concentrated on completing community building energy audits and purchasing utility management software. The role of the LGC team during Phase II transitioned to more of a support entity with the participants in the most active

¹ The Alliance's administrative organization differs from the organizational structure of the Redwood Coast Energy Authority in which a separate Advisory Board was not formed. Instead, the representatives from the member jurisdictions directly deal with administrative materials.

² The POWER (Preservation of Our Widely-used Energy Resources) Task Force was a community based organization formed in Ventura County in response to the 2001 California Energy crisis.

roles. This follows the intent of the LGC program, which was to help the local jurisdictions and interested parties to create their own regional energy group.

Aware of the LGC program's limited timeframe, participants were worried about the extended length of time it took to form the VCREA. Participants placed the blame on the local political climate. Overall, participants indicated satisfaction with the LGC's assistance and expertise during the establishment of the VCREA. The LGC team was timely in response to requests and sensitive to local concerns.

The formation of the VCREA took longer than expected partially because the LGC valued the jurisdictions' desire to weigh in on all aspects of the VCREA creation, and because of the measured pace of local governments.

The formation of the VCREA would probably not have occurred without the LGC program. The representatives of the member jurisdictions commented that their organizations were unlikely to complete energy efficiency activities due to budget, resources, and staffing constraints.

Overall, the LGC program has been crucial to the development of the VCREA. The VCREA has taken steps to self-sufficiency beyond the LGC program. There have been great strides by the organization in acquiring additional funding and setting goals to improve the energy efficiency of their public spaces.

3.3.2 Phase I Ventura Findings

The Phase I Ventura Findings were based on program participant interviews and attendance of a REA formation meeting. In the Phase I interviews, HMG completed 15 interviews with individuals with direct involvement in the establishment of the REA. Interviewees included representatives from the member jurisdictions who are signatories of the VCREA. Representatives included elected officials and city/county staff. HMG also interviewed representatives from the Ventura County Economic Development Association and private consulting groups, Energy Systems Inc. and Gold Coast Innovation Center. In addition, HMG contacted the Economic Development Cooperative of Ventura County. However, the contact person had left the organization and there was no suitable replacement for HMG to interview.

Prior to the establishment of the VCREA, there had been regional collaboration on a variety of issues, including water conservation, air quality, and transportation. A regional group, the POWER Task Force, was formed in fall of 2001 to address some energy issues in response to California's energy crisis. The task force was a community effort with a focus on renewable energy and energy conservation. However, the energy task force made limited progress and it was not till the region was involved with the LGC program did progress occurred on forming a regional energy group. Many of the members from the POWER Task Force were involved in the creation of the VCREA and view the organization as the next step in the process.

The LGC program was central to the formation of the REA. The LGC team identified the necessary steps and decisions needed to form the VCREA, creating an organizational framework for the communities to follow. Participants were impressed by the enthusiasm and technical support of the LGC representatives, especially in allowing the process to take into account local needs. The LGC allowed participants to lead the decision-making, so much so that participants felt the County Supervisor Kathy Long's office was the principal guide in the process and not the LGC team.

Aware of the limited timeframe for the LGC program, respondents were worried about the extended length of time it took to form the VCREA, especially in deciding the form of the legal vehicle. There were varying opinions on the organization type for the initial steps and for the long-term. Participants placed the blame on the long administrative approval of the VCREA on the local political climate.

During Phase I, LGC appeared to be the sole source for information on CPUC developments that affect the VCREA. While the LGC's provision of information is extremely helpful for the organization, it was unclear whether the VCREA will continue to use the LGC team for important CPUC developments. The LGC does plan to work with VCREA staff in the future to transfer their knowledge. The LGC also provides information statewide to interested local governments through their newsletter and email alert system. Also, VCREA may have had higher expectations of the LGC team (for completing the proposal to the CPUC) than what the LGC can provide.

The LGC team provided a large amount of material for the VCREA to consider with clear steps they should take in the future. The VCREA is appreciative but not ready to concretely act on the majority of the recommended actions. Based on comments from one of the authority members, it appears that members, who are not very active participants, are still unclear of the process. Perhaps, this arises from the conflict between LGC's efforts to be responsive to the community by allowing them to set the pace versus the LGC's need to complete the tasks for their project.

Most participants mentioned that the funding from the CPUC-funded program helped tremendously in the process because jurisdictions did not have to (and may not have been able to) provide any start-up funds of their own. However, the restriction of the grant money in only supporting energy efficiency projects was problematic for the participants whose organizations were highly involved in the renewable energy portion of the POWER Task Force's vision.

Overall, participants indicated satisfaction with the LGC's assistance and expertise during the establishment of the VCREA. After the establishment of the VCREA, participants had specific duties in mind for the LGC team. This included assisting with purchasing decisions for the energy management software, providing support for the completion of energy audits, guiding the strategic planning, and leading the organization to become more self-sustaining in order to

serve all members of the community. Also, participants expected the LGC team to keep them apprised of developments in statewide energy policies

According to participants, the replication of the LGC program depends on regional interest with energy issues in their communities and willingness to raise the quality of life for everyone in the area. The VCREA provided focus for the community whose members had differing energy visions. It also allows jurisdictions to tackle problems they were otherwise unable to because of staffing restrictions.

3.3.3 Non-Participant Findings

In addition to the participant interviews, representatives from other jurisdictions in Ventura County were contacted during Phase I. Non-participants included:

- ◆ Calleguas Municipal Water District
- ◆ Camrosa Water District
- ◆ City of Point Hueneme
- ◆ City of Simi Valley

Each representative attended at least one meeting on the formation of the VCREA but ultimately decided against joining, at least initially. They were supportive of the organization and impressed with the presentations made by the LGC team. While the non-participants are highly involved in other regional collaborations, their decision against participating in the VCREA was due to the low success rates of most regional initiatives. The organizations are closely watching the development of the VCREA and will reconsider participating when the energy alliance provides more concrete programs and goals.

3.3.4 Phase II Ventura Findings

HMG conducted the second round of program participant interviews in Ventura County in March 2004. HMG completed a total of 13 interviews: 4 elected officials from the member jurisdictions, 2 county staff members dealing with administrative and technical details of the VCREA, 2 technical consultants hired by the VCREA and 5 VCREA advisory board members.

For Phase II, the role of the LGC team in the VCREA transitioned to more of a support entity, instead of the lead player in the process. The participants felt the organization is their responsibility. This follows the intent of the LGC program, which was to help the region in creating a regional energy group for itself.

The participants' expectations of the LGC team during the implementation phase of the VCREA were less concrete than their expectations during the creation phase. The VCREA participants (advisory board members and the member jurisdictions representatives) felt that the next steps of the organization were their responsibility, with the LGC team providing technical assistance to their organization, as needed. Although participants understood the overall intent of the LGC program, they never fully grasped the specific range of services the

LGC team could provide to them. This may be partly due to the open-ended nature of the program (allowing participants to set the tone and choose activities); it may have been more beneficial for the LGC to have provided and explained a list of possible LGC team assistance opportunities.

The general consensus was that the LGC team members provided excellent service, especially for dealing with the local governments' financial and staffing constraints. A few interviewees listed some minor critiques and unmet expectations. For example, one felt that they could have used a little more assistance from the LGC in dealing with the CPUC funding process. A couple of others thought that LGC could have done more to help communicate the VCREA's intent and issues to the rest of the community in Ventura. However, these were exceptions and in general the participants felt that the LGC provided all the help that they could without overstepping their bounds.

Participation in the VCREA provided the communities with the technical expertise and financial support they would (*probably*) not have been able to achieve on their own. Administrative accomplishments made through the LGC program include refinements of the initial business plan and hiring of an executive director. In addition, the VCREA has purchased utility management software to be used by the public entities in order to track energy usage. Energy audits are being conducted on public buildings in each jurisdiction to identify potential energy savings projects in the public sector. One noteworthy achievement for the VCREA is CPUC grant approval for 2004-2005. The proposal was written by a consultant the VCREA hired to secure the funding. Although LGC did not directly assist in the grant writing, they did provide overall guidance of the CPUC funding process.

The LGC program is important in the development of an REA because it provides the technical expertise and financial support necessary to create a regional energy organization. The LGC program demystified the process of forming a REA and created community interest for the organization. The LGC effort was important to the local governments because they are limited in their ability to start collaborative arrangements, especially considering the restricted budgets for local communities. The formation of the VCREA would probably not have occurred without the LGC program. The representatives of the member jurisdictions commented that their organizations were unlikely to complete energy efficiency activities due to budget, resources, and staffing constraints.

3.4 LGC Team

As part of the process evaluation, HMG also conducted interviews with the members of the LGC team. The LGC team interviews occurred after the participant interviews in order to discuss the REAs program experience with the team.

3.4.1 Background

The LGC Team was comprised of the following individuals:

- ◆ Patrick Stoner, Local Government Commission
- ◆ Josh Meyer, Local Government Commission
- ◆ Jon Nimmons, Jon Nimmons & Associates
- ◆ Tim Rosenfeld, HMW International
- ◆ Ronald Ishii, Alternative Energy Systems Consulting, Inc.
- ◆ Greg Stevens, Alternative Energy Systems Consulting, Inc.

While the REA participant interviews explored perceptions about which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why, the LGC team interviews were structured slightly differently. LGC team members were questioned not only on their individual perceptions of the program, but also their opinions of how the participants responded to the program. This information was then compared with the feedback gathered from the REA participants.

3.4.2 LGC Team Findings

In the formation phase of the program, the initial responsibility for fostering the REAs belonged to the LGC team. Expectations from the participants, as well as the LGC team, were that the beginning steps would start with the LGC holding REA developmental meetings. However, it was assumed the communities would take control of the process after the preliminary stages, and that LGC's role would be reduced to more technical and advisory assistance. In Humboldt County, the participants would assert their desire to lead the process early on and their independence in the REA decision-making was apparent throughout the program. In Ventura County, participants also wanted to be the main decision-makers. However, they relied more on the administrative assistance from the LGC. Despite the differences, this outcome is appropriate for the program, since the LGC structure/format is set up to be flexible to handle various approaches.

The LGC team members felt that for the REAs to be formed and supported by the community, leadership from within the region was vital and relied on Supervisor Kathy Long from Ventura County and Council Member Connie Stewart from the City of Arcata. The LGC team found that it took longer than expected to generate the needed community support and to hand over the main responsibilities of the REAs' formation. There was tentativeness within both regions because of previous negative experiences with regional collaborations.

Both the VCREA and the RCEA chose joint power authorities (JPAs) as the legal vehicle for their regional energy authorities. While this aspect of the program was time-consuming with the regions' exploring the various legal options, it provided a good example of the LGC process. The LGC worked with the participants to help

them explore and modify the various options and then, ultimately left the authority for choosing the best option to the communities. Both the program participants and the LGC team were pleased with the JPA format for the REAs.

Once the VCREA and RCEA were established, the program assistance was open-ended in nature in order to allow the organizations to determine what type of help they wanted from the LGC team. The LGC team priorities and activities were shifted based on the requests from the REAs. Also, LGC had to provide varying types of assistance based on the differences between the VCREA and RCEA.

For example, the organizations differed in formational make-up, which influenced who the LGC team assisted. With the VCREA, they needed to work not only with the member jurisdictions, but with also the advisory board. With the RCEA, the LGC worked solely with the member jurisdictions.

The organizations also differed in priority of activities. The VCREA concentrated on administrative details, such as business planning, while the RCEA sought after statewide and national partnership programs. Thus, the LGC team provided business planning assistance to the VCREA and assisted the RCEA in securing contacts with various energy efficiency programs.

According to the program participants, the successful formation of the VCREA and RCEA was directly attributed to LGC program. While participants felt their regions were prepared to begin addressing energy efficiency in a community-based approach, they credited the LGC program for supporting the active steps in forming the authorities. Participants and the LGC team felt that many communities would be unable to organize to form regional energy groups without financial support and technical guidance.

4. METHODOLOGY

This section describes the methodology of the process evaluation used for the two phases of the program.

4.1 Phase I

The evaluation began with an assessment of the Phase I activity. Evaluation activities for this phase included assessment of program process through review of documents, attendance of a REA formation meeting in each jurisdiction, and telephone interviews with program participants. HMG reviewed documents generated from meeting in both jurisdictions to get a better understanding of the overall process, including key issues that may have arisen at each meeting. Attendance at a REA formation meeting allowed HMG to witness first-hand the programs process and to meet in person the various individuals involved in the program. The participant interviews were used to gather the opinions of those who participated in the REA formation meetings, regardless of whether their organization had decided to join the REA or not.

For the interviews, HMG developed an interview guide that was structured so that HMG could tailor their questions based on what the participant had decided to join the REA. The interviews explored the participants' opinions on various aspects of the program. The interviews were used to identify perceived strengths and weaknesses of the program. The interviews explored which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why. Participants' responses will be used to assess how effective the program activities are at promoting and assisting the formation of successful regional energy authorities. Specifically, the interview contained questions grouped into three topic areas listed in sections below. For each topic area, participants were asked three to eight questions in order to ascertain the general response to the overall topic area. The interview process took about 20-30 minutes for each participant.

4.2 Phase II

In Phase II, the LGC provided core support for the REAs. In this phase, the local participants determined the specific structure, goals and activities for their REA, while the LGC provides general assistance and overall guidance. LGC's goal during this stage was to be supportive of the local choices and influential in guiding the REA's decisions. HMG's evaluation assessed how well the LGC program provided on-going support within that framework.

As with the Phase I evaluation, the evaluation of Phase II relied primarily on telephone interviews conducted with key players in the implementation of the

REA. The questions explored which aspects of the program activities the respondent is satisfied with, including:

- ◆ Barriers to their participation and how successfully they were overcome
- ◆ Perceived and actual benefits to their organization and other motivations
- ◆ Perceived and actual benefits to the community
- ◆ Expectations and actual outcomes, both short and long term
- ◆ Perceptions of the effectiveness and contributions of key players within the group and of the group as a whole.

The Phase II interview guide was structured so that HMG could tailor the questions to be relevant to each respondent.

In addition to interviews completed with the REA participants, HMG also interviewed each member of the LGC team to gather their opinions and feedback. The LGC team interview guide dealt with both the formation and the implementation phase and each member's role in the process. Specifically, the interview contained questions grouped in five topic areas listed in sections below. For each topic area, LGC team members were asked three to eight questions in order to ascertain the general response to the overall topic area. The interview process took about 30-60 minutes for each participant.

5. APPENDIX I: INTERVIEW GUIDES

5.1 Phase I Interview Guide

1. **Subject:** **To what extent has the program succeeded in assisting local governments to establish regional energy authorities?**
 - a. What type of energy efficiency programs did your organization get involved in before the LGC offered assistance with exploring an REA? [Only interested in the past 2-5 years.]
 - b. Have you coordinated with other jurisdictions previously in any regional action related to energy efficiency?
 - c. How about on other similar issues? [e.g., water efficiency, air quality, transportation?]
 - d. Is your jurisdiction a signatory to the JPA that formed the regional energy authority?
 - e. Who from your City (or County or other organization, as appropriate) participated in the process of creating the REA [we want them to name all who significantly participated, not just one participant]?

2. **Subject:** **Does the LGC program adequately support local efforts to create locally appropriate structures for a regional energy authority?**
 - a. What were your expectations of the JPA going into this process? [If necessary, probe as to how much they expected to lead the process with the LGC team just giving technical input as needed, versus how much they expected the LGC team to run the process with the jurisdictions just responding to choices.]
 - b. Did you expect specific help from the LGC team, or general guidance? If specific help, what kind were you expecting from the LGC team?
 - c. What is your opinion of the process in creating the JPA?
 - d. Are you familiar with the representatives from the LGC and its team?
 - e. What is your opinion of the LGC team's support in creating the JPA? [If necessary, probe for opinions about LGC staff and contractor responsiveness, timeliness, level of expertise, and sensitivity to the local issues/concerns.]

3. **Subject:** **Are participants satisfied with the assistance and information provided by the program to help them choose the form of their regional energy authority?**

- a. Did you feel that you were given enough information and advice to understand the possible choices for structuring the regional energy authority?
- b. Are you happy with the form of the authority (JPA in both cases) now that it is established?
- c. Did this format cause you/your jurisdiction any unforeseen problems?
- d. Any other comments about the LGC team's assistance during the REA creation process?

4. Subject: Are participants satisfied with the program's assistance once the regional energy authorities were established?

- a. Has the LGC team provided you with assistance in defining the roles of REA's necessary staff? Did you expect them to? How helpful was that assistance (if "yes" to first part of question.)?
- b. Has the LGC team assisted in recruiting/interviewing/hiring staff? Did you expect them to? How helpful was that assistance (if "yes" to first part of question.)?
- c. How else has the LGC team helped after the JPA was signed and the REA formed?
- d. How else would you have liked them to help?
- e. Any other comments regarding their assistance or involvement after the formation of the REA?

5. Subject: Can the program be replicated in other areas of California?

- a. Why did (or didn't) your organization decide to be involved in the JPA?
- b. Were there issues that are regional (e.g., perhaps specific to your city or county) that may not be relevant elsewhere, but which influenced your jurisdiction?

5.2 Phase II Interview Guide

1. Subject: Are participants satisfied with the program's assistance once the regional energy authority has been established?

- a. Once the VCREA was established, what were your expectations of the LGC team? What type of assistance did you believe they would provide to the VCREA?
- b. Did the LGC team meet those expectations? Why or why not?

- c. Please critique the assistance the LGC has provided. In other words, how well did they provide the assistance that was a part of their program?
- d. Looking back, is there anything else the LGC team could have done that would have helped with the beginning stages of the VCREA?
- e. Were there any times that you would have preferred less involvement/participation from the LGC team? Is there anything the LGC team did that you would have preferred them to take less of a leadership role on?

2. Subject: By helping to establish the VCREA, did this program lead to the implementation of any energy efficiency programs and measures that would not otherwise have taken place?

- a. What types of accomplishments has the VCREA had since its establishment?
- b. Please list the activities/programs that your VCREA (or your community, THROUGH the VCREA) is pursuing that involve taking advantage of programs offered by the utility (e.g., PG&E, SCE, or SoCal Gas).
- c. Please list the activities/programs that are original (new for the community, not part of current utility programs) to the VCREA.
- d. Are there any activities/programs that the VCREA or your community, with the assistance of the VCREA, is pursuing that you clearly would NOT have been able to pursue without the VCREA?
- e. Have you estimated the dollar value or energy savings of these activities/programs? If so, how were these estimates determined? Did the LGC team provide assistance for this?
- f. Has participation in the VCREA brought any other benefits to your organization/community? Any drawbacks?
- g. What long-term direction would you like to see the VCREA pursue? Programs? Activities?

3. Subject: Is there a continuing need for the Local Government Commission's program to help establish REAs?

- a. Do you believe that other regions or communities would benefit by forming a REA? Why?
- b. Does a community need specific characteristics for a REA to be successful? ...to be needed?
- c. What are the critical elements necessary for the successful development of a REA?
- d. How important do you think this type of Local Government Commission program is for the development of REAs? Why?

5.3 LGC Team Interview Guide

1. Subject: What type of role did the team member contribute to the program?

- a. What was your role in the program?
- b. How did you assist the REAs in the creation process? After implementation?
- c. Describe your coordination with other members of the LGC team? With representatives from the REAs?
- d. Did you have any previous experience working with local jurisdictions on energy matters? Creation of regional organizations? What is your background? – *ask so that you understand their perspective*

2. Subject: How did the LGC program support local efforts to create locally appropriate structures for a regional energy authority?

- a. What were your expectations of the JPA going into this process? [If necessary, probe as to how much they expected to lead the process versus just giving technical input as needed?]
- b. What did you feel were the expectations of the jurisdictions in regards to the formation of the JPA?
- c. What do you think of the process used for creating the JPA?
- d. What is your opinion of the overall LGC team's support in creating the JPA? How effective do you think the team was in meeting the participants' needs and desires?

3. Subject: Do you think, participants are satisfied with the assistance and information provided by the program to help them choose the form of their regional energy authority?

- a. What were you asked (either by the participants or by the LGC team on behalf of the participants) to bring to process of forming the JPA and the REA itself?

- b. What type of information and advice did **you** present to help them understand the possible choices for structuring the regional energy authority?
 - c. What type of information and advice did **the LGC team** present to help them understand the possible choices for structuring the regional energy authority?
 - d. What is your opinion of the form of the authorities (JPA in both cases) now that they are established?
 - e. Any other comments about the LGC team's assistance during the REA creation process?
- 4. Subject: Are participants satisfied with the program's assistance once the regional energy authorities were established?**
- a. What were the expectations placed on you and the LGC team once the VCREA/RCEA was established? Did these expectations come from specific duties already laid out in the CPUC/LGC program or from the members of the REAs?
 - b. What type of assistance was provided since the VCREA/RCEA was established? Your contributions? The LGC team accomplishments?
 - c. How do you feel about the expectations placed upon you after the VCREA/RCEA was established? Were they reasonable requests?
 - d. Have you received feedback from the VCREA or the RCEA about their level of satisfaction with the LGC team's expertise and assistance?
 - e. What type of assistance has the LGC team provided the REAs in defining the roles of necessary staff?
 - f. How else has the LGC team helped after the JPA was signed and the REA formed?
- 5. Subject: By helping to establish the regional energy authorities, did this program lead to the implementation of any energy efficiency programs and measures that would not otherwise have taken place?**
- a. What types of activities are the REAs currently pursuing? What type of assistance is the LGC team providing for these activities?
 - b. Please list the activities/programs that the REA created (as opposed to the IOU programs that it tapped into).
 - c. Has the energy savings (or dollar value) of these activities been estimated? If so, how were these estimations determined? Did the LGC team provide assistance for this?
 - d. What long-term direction would you like to see the REA pursue? Programs? Activities?

- e. Is there any assistance you will be providing to the REAs once the CPUC/LGC program is completed? Any assistance you would like to provide?
- 6. Subject: What lessons have been learned in the creation and implementation of regional energy authorities?**
- a. Looking back, is there anything the LGC team could have done that would have helped more with the beginning stages of either REA?
 - b. Is there anything the LGC team did that you would have preferred the REAs to take more of a leadership role on?
 - c. Is there anything the LGC did that you wish you (the team) hadn't done? Why?
- 7. Subject: Is there a continuing need for the Local Government Commission's program to help establish REAs?**
- a. Do you believe that other regions or communities would benefit by forming a REA? Why?
 - b. Are there specific characteristics that a community needs to have for an REA to be successful? ...to be needed?
 - c. What are the critical elements necessary for the successful development of a REA?

6. APPENDIX II: FINDINGS MEMOS

6.1 Phase I Humboldt Findings Memo

As part of the process evaluation, HMG has conducted the first round of market actor interviews in Humboldt County in July 2003. HMG completed 12 interviews with individuals with direct involvement in the establishment of the REA. Interviewees included representatives from the following jurisdictions who are signatories of the RCEA.

Multiple attempts were made to reach the representative from the City of Ferndale. During the time of the interview, the city of Ferndale was not a participant in the RCEA and its formation. However, since the completion of the first round of interviews, the city of Ferndale has become a signatory to the RCEA. Also, the representative from the Humboldt Bay Municipal Water District declined to be interviewed. Representatives included elected officials and city/county staff. Sophistication about energy issues varied depending on the level of involvement in the RCEA.

1. To what extent has the program succeeded in assisting local governments to establish regional energy authorities?

Prior to the establishment of the Redwood Coast Energy Authority, there was some community interest in pursuing energy efficiency programs and public purpose dollars for energy efficiency. A regional energy task force was formed following the California energy crisis in 2001 consisting of representatives from the City of Arcata, the County of Humboldt, and the City of Eureka. However, the energy task force made limited progress. The LGC program provided momentum for concrete steps and was instrumental in bringing together jurisdictions not previously involved in the earlier regional energy efficiency effort.

2. Does the LGC program adequately support local efforts to create locally appropriate structures for a regional energy authority?

All respondents answered affirmatively that the LGC program supported local efforts for a REA. Although unfamiliar with most of the names of the LGC team, participants were impressed by the enthusiasm and technical support of the LGC representatives. Participants also noted that the LGC team was sensitive to local concerns and aggressive in community outreach to create the REA. The LGC program smoothly provided the necessary framework to create the RCEA. The respondents' expectations in the establishment of the REA were for the LGC to provide the general structure and parameters while the participants decided the specifics within those parameters. Interviewees felt that LGC allowed the communities to lead the decision-making. Most participants mentioned that the funding from the CPUC grant helped tremendously in the process because jurisdictions did not have to provide any start-up funds of their own. However,

one participant questioned why the LGC received what s/he perceived as such a large share of the funding.

3. Are participants satisfied with the assistance and information provided by the program to help them choose the form of their regional energy authority?

Overall, participants were satisfied with the assistance and information provided by the LGC in outlining the various possible forms of the REA. Most jurisdictions have a long history with joint power authorities (JPAs) and were very comfortable with it as the choice for the REA vehicle. They felt that the JPA was the most flexible option and most appropriate for their jurisdictions. The information provided by the LGC and its contractors was very complete and allowed participants to decide for themselves. Participants liked the LGC having a presence at the meetings but definitely felt that the burden of responsibility for choosing the JPA was on the member jurisdictions, not the LGC. Thus, they perceived that their satisfaction with the successful formation of the JPA stemmed more from their efforts and was based less on activities by the LGC. However, one of the goals of the LGC program is for the participants to be the decision-makers in the process.

4. Are participants satisfied with the program's assistance in getting the regional energy authority established once the JPA was signed?

Overall, participants indicated a high level of satisfaction with the LGC's assistance. LGC provided the flexibility of assistance needed to allow the JPA to choose their staffing options, and were timely in requests for information and guidance. Most participants were uncertain of what they could ask of the LGC. While pleased with the services of the LGC team, they were unclear with the boundaries of the LGC program activities based on the CPUC grant. They felt the burden of establishing and staffing the REA was on the authority members. Respondents are impressed with how the LGC supports JPA decisions and provides their guidance accordingly. Participants are also appreciative of the LGC's expertise. Assistance in linking Humboldt County with the state policies on energy decisions has been greatly valued by the communities who often feel removed from the state government.

5. Can the program be replicated in other areas of California?

According to participants, the replication of the LGC program depends on regional interest for a hands-on approach to dealing with energy efficiency issues in their communities. They felt that current energy efficiency programs offered by the state and utilities is not well-suited for their region's unique geographic, climate, and population level conditions and that the establishment of a regional energy organization would provide better services. Also, the presence of two universities in the area and Schatz Energy Center assisted in garnering interest in regional energy action. Participants also mentioned that they expect the REA to be beneficial to Humboldt County, as an area under-represented in the state government based on their perceptions state policies are not geared for their region but for more urban areas.

6. How well did the LGC inform the local participants on the relationship(s) between the CPUC, the IOU, the LGC and their own REA

We added this subject to our interview because one participant specifically asked (during an interview) for us to explain the various entities involved in the program. Understanding of the various entities in program design, approval, and delivery, and their relationships to one another, hinged largely on the participants' level of sophistication on state politics as well as their involvement in the LGC program. However, most participants had a limited grasp of the various associations and agencies involved in the program. An understanding of these various relationships may help the REA participants have a better appreciation for the usefulness of the LGC in achieving their long-term goals of developing locally appropriate energy programs.

6.2 Phase II Humboldt Findings Memo

HMG conducted the second round of market actor interviews in Humboldt County in March 2003. HMG completed a total of 10 interviews, 8 representatives of the member jurisdictions composing of elected officials and city/county staff, the RCEA interim executive director and the technical consultant hired by the RCEA. Sophistication about energy issues appeared to vary in similar proportion to their level of involvement in the RCEA.

Unfortunately, we were unable to conduct an interview with the representative from the City of Ferndale since he had passed away recently and there was no suitable replacement during the time of our interviews.

The interviews explored which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why. Participants' responses will be used to assess how effective the program activities are at promoting and assisting the formation of successful regional energy authorities. For the first round of interviews, the interview guide addressed the formation process of the RCEA. The second round of interviews centered on the implementation process of the RCEA. Specifically the interview contained questions grouped in three topic areas listed in sections below. For each topic area, participants were asked three to eight questions in order to ascertain the general response to the overall topic area. The interview process took about 20-30 minutes for each participant. The following summary describes their responses within those topic areas.

1. Were participants satisfied with the LGC program's assistance once the regional energy authority had been established?

The participants' expectations of the LGC team during the implementation phase of the program were less concrete than those during the creation phase. The RCEA members were enthusiastic about taking a leading role in the organization and felt the next steps of the authority were their responsibility. They felt that the LGC team basically completed their main duties in the program by initializing the process to create the organization and now was seen as a support entity only.

“The LGC needed to be the grounding force [for the RCEA] to come together ... and then step back and let the organization make the major decisions. “

However, the amount of support that they could ask of the LGC was unclear to the members. Still, this was a good sign that the LGC is being responsive to the community’s desire to lead the process. They believed the LGC team’s role was to provide technical assistance to their organization as needed. Specifically, the assistance they requested was:

- ◆ To provide contacts with other agencies and consultants
- ◆ To explain PG&E, CPUC, and other agencies’ programs
- ◆ To explore leads to other funding
- ◆ To suggest specific activities that might further the goals of the RCEA.

Overall, the participants felt that the LGC team met their expectations. They were appreciative that the LGC team was flexible in their assistance and allowed the RCEA members be the primary decision-makers.

However, one active and informed interviewee felt that LGC team should have been more active on a daily basis in the transition period of the two phases of the CPUC program. This opinion differed in the general consensus that the LGC team members should only play a minor role in the organization.

“[I] like that the LGC let the process evolve to allow the local governments [to] take the leadership role. The LGC was very good about being sensitive to our needs.”

In respect to the various LGC team members, opinions differed on the services provided. In particular, the participants were very appreciative of the technical services being provided by Alternative Energy Systems Consulting, Inc (AESC). Prior to the program, member organizations often had a difficult time acquiring the type of technical expertise provided by AESC due to financial constraints. Thus, AESC was seen as providing a great benefit to their communities. On the other hand, one LGC consultant was viewed negatively because he did not allow members to lead the process as much as they would have preferred. In response, the LGC removed this consultant from their offered services to the RCEA.

When asked to consider the early implementation stages of the RCEA, participants had some specific recommendations on improvements. Some participants felt they should have been included in the choice of consultants offered through the CPUC program. This specific recommendation stemmed from the earlier dispute with an LGC consultant. Other recommendations included simplifying the budget process. Participants felt the budget framework to access the CPUC funds was too cumbersome and would have preferred a more straightforward procedure. In addition, participants felt they should have been given a clear delineation of LGC team tasks and the associated budget. Lastly, members felt the LGC team should provide background materials on regional

energy authorities to new and prospective members in order to understand the issues facing the RCEA.

2. By helping to establish the RCEA, did this program lead to the implementation of any programs or measures that would not otherwise have taken place?

The purpose of the LGC program was to provide assistance in the creation of regional energy authorities. This section provides input on how the LGC program leads to specific changes for the region. For the RCEA members, the formation of the organization has led to a number of positive developments. The member composition is a particular accomplishment for the participants, comprising all the cities, large and small, within Humboldt County and the County itself. The RCEA has also brought together both elected officials and city/county staff. RCEA members believe that participation in the organization will provide their communities the technical expertise and financial support they would have probably not has been able to achieve on their own, especially for the smaller cities.

“We would definitely not have been able to offer any energy efficiency activities because of the lack of funding and staff for small governments.”

“While it certainly is possible to pursue energy efficiency activities, it would not have been probable because of the lack of size and other geographic factors to be competitive to work these programs. It is definitely better to approach energy efficiency regionally.”

“It is hard for local governments to do anything in energy efficiency because of the budget crisis. We would not have been able to do anything without the funding that had been available through the LGC program and the REA to really pursue energy efficiency. “

As a regional organization, they have been able to gain more leverage in attracting technical consultants and state resources which they have utilized for a number of activities. The RCEA has established a number of partnerships with state and federal programs, including the Million Solar Roofs Partnership, Rebuild America, the Community Energy Efficiency Program, and a public buildings retrofit program. The LGC team assisted in this accomplishment by providing contacts to the various organizations.

RCEA members brought in an interim executive director and hired consultants to carry the organization to the next level. During the time of the interviews, they were establishing official office space of the organization and in the process of hiring a permanent executive director. The LGC team assisted in preparing a job description for the positions and determining the necessary qualification.

Energy audits are being conducted on public buildings from each jurisdiction to identify future potential energy savings projects in the public sector. The audits are being completed by AESC as part of their activities in the LGC program.

Water agency efficiency analysis is being explored with the various water agencies in the region. The LGC team assisted in the coordination with the water agencies and developing a plan for the analysis.

The RCEA will be pursuing more coordination with PG&E to promote services and programs for the region. One of the goals of the organization is to act as a bridge between their community and statewide energy programs. Energy savings for RCEA activities have not yet been determined. However, members expect the public facilities audits will provide concrete recommendations for energy savings improvements to public buildings.

One noteworthy achievement for the RCEA is CPUC grant approval for 2004-2005. The proposal was written by a consultant hired by the RCEA to secure funding.

The RCEA has fostered community cooperation and provided a step towards more regional collaborations. It has provided peer social support for the local officials and city managers of the member organization on many different issues.

“A major accomplishment is getting all the entities to work together on something as elusive as an energy authority. Humboldt definitely has a diverse community and for them to come together on one issue to focus on the greater public good has been a great achievement. It takes time, staff, and energy. “

According to the RCEA members, the organization will reach out to the commercial, residential, and public sectors of their communities. Ultimately, the organization will provide not only information and services in energy efficiency, but also on alternative energy sources.

3. Is there a continuing need for the Local Government Commission’s program to help establish REAs in other regions of California?

The consensus among the participants is that other communities in the state would benefit by forming a regional energy group because they consider energy a universal issue that needs to be approached regionally. By forming regional energy groups, communities can take control of their energy future. Success of a regional energy group would be more likely in regions where communities share distinctive demographic characteristics. The critical elements necessary for the successful development of a REA include community support and interest, and a common vision which benefits all involved parties.

“Yes, all the communities would benefit by forming REAs. Just look at the benefits received by SDREO and the RCEA, despite all the differences between the communities.”

“Saving energy means saving money. Communities need to bind together and get people from diverse backgrounds to come together.”

“Regional based programs really help leverage the opportunities for communities.”

The LGC program is important in the development of REAs because it provides the technical expertise and financial support necessary to create a regional energy organization. The LGC team also acted as an external force that added neutrality to the process, making the situation less political if had been coordinated locally. While there was initial movement in Humboldt County to take a regional approach to energy issues, little progress would have been made without the LGC program.

Evaluation Synopsis

Based on the interviews, HMG makes the following observations toward the goal of assessing the effectiveness of the LGC team in supporting the creation of a regional energy authority in Humboldt County:

- ◆ The RCEA is firmly in the hands of the member jurisdictions, with the participants shouldering the decision-making responsibility. The LGC team was solely seen as a support entity. This follows the intent of the LGC program which was to help the region in creating a regional energy group for itself.
- ◆ The formation of the RCEA took longer than expected partially because the LGC approach of allowing the jurisdictions to weigh in on all aspects of the RCEA creation. While this may have allowed less time for “later activities” in the limited schedule of the LGC program, it fostered strong regional support and ownership of the organization. While one interview participant felt that progress could have been made on a faster scale if the LGC team provided a template/cookie-cutter approach versus the community consensus approach, long-term success would be less guaranteed if the participants did not completely support the organization from the onset.
- ◆ Although participants understood the overall intent of the LGC program, they never fully grasped the specific range of services the LGC team could provide to them. While this is partly due to the open-ended nature of the program in allowing participants to set the tone and activities, it would have been more beneficial if a list of possible LGC team assistance opportunities could have been clearly explained.
- ◆ The creation and implementation of the RCEA has led to achievements beyond the realm of energy efficiency. The member jurisdictions of the RCEA are composed of all the cities in Humboldt County, as well as county itself. Regional cooperation, at this scale, had not occurred

prior to the RCEA. The RCEA has fostered closer community ties for the region.

- ♦ The formation of the RCEA would probably not have occurred without the LGC program. While the larger jurisdictions, such as the City of Arcata and Humboldt County, could have completed energy efficiency activities, efforts would have been limited in scope and area. Providing services for the entire region would have been unlikely. Also, if one of the larger jurisdictions attempted to lead the formation of a regional energy group, there would have been distrust from the smaller cities that the organization would not provide any benefits to their community. Having a neutral and respected third-party, like the LGC, lead the process added credibility to the organization.

Overall, the LGC program has been crucial in the development of the RCEA. Since it has been established, the RCEA has taken important steps to self-sufficiency beyond the LGC program. There have been great strides by the organization in acquiring additional funding, tapping into state and national programs and partnerships, and setting goals to improve the energy efficiency of their public spaces.

6.3 Phase I Humboldt Meeting Memo

Notes from January 13, 2003 meeting of LGC and Humboldt County local officials.

ATTENDEES:

John Woolley, Supervisor District 3, Humboldt County Board of Supervisors

Connie Stewart, Vice Mayor, City of Arcata

David Tyson, City Manager, City of Eureka

Loretta Nickolaus, County Administrative Officer, Humboldt County

Charles Clark, Director of Public Works, City of Fortuna

Eli Naffah, City Manager, City of Rio Dell

Dean Heyenga, Mayor, City of Trinidad

Robert Torzynski, Air Quality Planner/Specialist, North Coast Unified AQMD

John Schaefer, Consultant, Clean Power Works (Arcata)

[City of Blue Lake representative did not have a business card]

[Arcata Energy Committee representative did not have a business card]

G. Patrick Stoner, Program Director, Local Government Commission (project contractor)

Tim Rosenfeld, Partner, HMW International, Inc. (project subcontractor)

John Nimmons, President, John Nimmons & Associates (project subcontractor, attorney)

Nehemiah Stone, Sr. Project Manager, HESCHONG MAHONE GROUP (EM&V contractor)

Supervisor **Woolley** started the meeting by stating that the goal is to see how much agreement there is among the various jurisdictions on what to do. This was followed by self-introductions. Next, **Stoner** gave an overview of the Local Government Commission (LGC), its third party program, and its expectations for establishing a regional energy authority in Humboldt County.

Stewart asked for clarification of what activities LGC will take responsibility for and what the locals are expected to do.

Stoner: LGC will help to establish the regional energy authority (REA), help select staff, and help train the staff. It is expected that most of the actual work of the REA will be done by the staff, once hired.

Arcata Energy Committee representative (not Connie Stewart) wanted to know if transportation energy can be included in what the REA works on. Stoner answer: eventually, the REA can do whatever it wants, but with this initial pot of money, the activities need to be focused on electricity and natural gas (NG) related issues.

Nimmons: it is not certain that the California Public Utilities Commission (CPUC) will continue to fund non-utility entities.

Discussion about different kinds of program administrators in the state, different kinds of programs, different public goods pots of money, etc.

Nimmons: if there is interest among the jurisdictions represented here, the LGC and its contractors can help coordinate the sharing of ideas and strategies between Humboldt and Ventura Counties.

Questions: can the REA develop programs focused on photovoltaics (PV) and other renewable energy technologies? **Rosenfeld**: the money from the LGC project (i.e., this year) cannot be spent on renewable energy strategies due to a split between the California Energy Commission (CEC) and CPUC funding.

Stewart encouraged her counterparts to make this activity/effort (the formation of an REA) work, because the CPUC public goods funding currently always goes to where it makes the biggest difference (e.g., high growth areas, high electricity demand regions). About \$1M/yr (sic) goes into the state pool from Humboldt County. This organization (the REA) can help get that much back TO Humboldt County (this was her contention; follow-up question for interviews: is it based on good data from CPUC?). Some of the local jurisdictions in Humboldt County already created an energy task force, and can perhaps build on it to create the REA. Moving toward establishing a joint powers agreement (JPA), with the

flexibility to have either politicians or professionals appointed to the JPA.

Stewart showed a draft resolution that can be taken to each board or council to have them join. The effort to develop the draft used legal help from City of Eureka, City of Arcata, and County of Humboldt.

Woolley polled the group and each city representative present indicated interest (in forming an REA) on part of his/her city.

Naffah: Will each member jurisdiction be able to benefit from the services (especially studies), or will the REA just be able to help some? **Stoner:** All.

Torzynski: Is there a role for AQ district to be a member of this REA?

Rosenfeld: Yes, "Generation is a dirty business."

Woolley: we are concerned that the PG&E generation plant (Fields Landing) is nearing the end of its life. Knowing that we cannot use this pot of money for generation, what can we do toward that concern?

Rosenfeld: Planning! Make sure that you develop a strategic plan that accounts for the imminent closure of the NG generator. **Nimmons:** the REA can do a lot of things, as long as one of them is efficiency. [Clarification to try to cut through all the questions about what can and/or cannot be done with the REA initial funds.]

[NIS NOTE: There were two clear subgroups at this meeting: those who have already been meeting and are ready to move forward, and those who were specifically brought in at this meeting to explore wider interest. Humboldt County Board and Staff, Arcata Board and Staff, Eureka Staff and the local water district seem to be the only ones in the former subgroup.]

Woolley sort of surveyed the attendees in the second subgroup to see what they think of the idea of the JPA as a vehicle to establish the REA. **Naffah** did not know, but all the others were for that alternative. **Nimmons** explained the advantages/disadvantages of the JPA model, and the not-for-profit (NFP) model (for NFP, it is primarily that they can respond to foundations' grant opportunities). Members of a JPA have to be public agencies, but they can set up a separate administrative or implementation entity, which can be a board, a commission, or a not-for-profit. The JPA would have to maintain final approval of annual budgets. **Woolley** expressed that some were concerned that yet ANOTHER JPA might be a problem, because there are already so many. **Rosenfeld:** what one city has done (outside the CPUC/LGC effort) was to create a "general purpose" JPA that includes energy in addition to the other functions (water, communications, etc.).

LGC repeatedly had to remind the members that the money for this year has to be focused on establishing an REA, and fostering energy efficiency. Discussion repeatedly ran to water efficiency, renewable energy, transportation, etc.

Stoner pointed out that it was most important to get the REA going with what ever jurisdictions could act quickly (by March?), and then can add others later. Not all had to be on board at the outset.

Tentative schedule to be heard by policy/decision makers:

January 28 – adoption at Humboldt County Board meeting.

Feb 5 – Arcata City Council Meeting.

January 21 - Eureka City Council adoption.

Joint Powers Agreement to follow very quickly (matter of 2-3 weeks). However, the parties have already been working on a structure and possible draft document elements. Target is to have the REA up and running March 1.

Staffing discussion: **Stewart** suggested a fairly small staff (~2) and then perform the rest of the functions with consultant contracts. Another representative wanted to know if any of the partner agencies to the JPA could loan or transfer staff to the REA? **Stoner**: any of the mentioned staffing options is open to you. It's your decision.

Tyson: we can work out those details later, getting the thing going is more important now.

Meeting over at 9p.m.

Discussions after the meeting regarding how LGC contractors can help with the drafting of the JPA and coordination of the presentations to the boards and councils over the next few weeks.

6.4 Phase I Ventura Findings Memo

As part of the process evaluation¹ of the LGC's program to facilitate the establishment of a Regional Energy Authority, or REA, in Humboldt and Ventura Counties, HMG has conducted the first round of market actor interviews in Ventura County. HMG completed 15 interviews with individuals with direct involvement in the establishment of the REA. Interviewees included representatives from the member jurisdictions who are signatories of the VCREA. Representatives included elected officials and city/county staff. HMG also interviewed representatives from the Ventura County Economic Development Association and private consulting groups, Energy Systems Inc. and Gold Coast Innovation Center. In addition, HMG contacted the Economic Development Cooperative of Ventura County. However, the contact person had left the organization and there was no suitable replacement for HMG to interview.

The interviews explored which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why. Participants' responses will be used to assess how effective the program activities are at promoting and assisting the formation of successful regional

¹ LGC's program did not have any specific impact targets, so HMG's evaluation is a process evaluation. If either of the regional energy authorities is able to launch programs before the evaluation period is over, and if there are evaluation funds remaining, HMG may, in consultation with the LGC, evaluate LGC's estimate of the direct energy impacts.

energy authorities. Below is a summary of the responses within the six topic areas.

1. To what extent has the program succeeded in assisting local governments to establish regional energy authorities?

Prior to the establishment of the VCREA, there had been regional collaboration on a variety of issues, including water conservation, air quality, and transportation. A regional group, the POWER Task Force, was formed in fall of 2001 to address some energy issues in response to California's energy crisis. The task force was a community effort with a focus on renewable energy and energy conservation. However, the energy task force made limited progress. The LGC program provided new momentum for concrete steps in continuing the energy efficiency portion of the POWER Task Force's vision. Many of the members from the POWER Task Force were involved in the creation of the VCREA and view the organization as the next step in the process. Interviewees want the VCREA to be a regional clearinghouse in regards to energy efficiency.

2. Does the LGC program adequately support local efforts to create locally appropriate structures for a regional energy authority?

All respondents (15) agreed that the LGC program was integral in the formation of the REA. The LGC team assisted in the formation of the REA by identifying and thinking through the organization and structure. In addition, the LGC team provided the framework to build consensus among the participants. Participants were impressed by the enthusiasm and technical support of the LGC representatives. In particular, participants liked that the LGC team supported the development of a REA suitable for local regional needs. Interviewees felt that LGC allowed participants to lead the decision-making and viewed Supervisor Kathy Long's office as the principal guide.

Aware of the limited timeframe for the LGC program, respondents were worried about the extended length of time it took to form the VCREA. Participants placed the blame on the local political climate, although one participant mentioned not having the LGC team locally based also created difficulties.

Most participants mentioned that the funding from the CPUC funded program helped tremendously in the process because jurisdictions did not have to provide any start-up funds of their own. However, the restriction of the grant money in only supporting energy efficiency projects was problematic for the participants whose organizations were highly involved in the renewable energy portion of the POWER Task Force's vision.¹

¹ This same issue surfaced repeatedly in Humboldt County.

3. Are participants satisfied with the assistance and information provided by the program to help them choose the form of their regional energy authority?

Overall, participants were satisfied with the assistance and information provided by the LGC in outlining the various possible forms of the REA; although, it took the group a long time to fully discuss the options and educate all the participants.

While interviewees were satisfied with the choice of the joint power authority (JPA) as the legal vehicle for the REA, there were varying opinions on the organization type for the initial steps and for the long-term. One respondent voiced that a non-profit would have been a better choice initially to quickly form the REA but that the JPA is better in the long-run because it can facilitate more concrete policy making. Another respondent felt that the REA will eventually need to move beyond the JPA in order to allow more participation from private groups. Yet another respondent felt that a council of governments (COG) would have been the best choice although it was not feasible for the program.

4. Are participants satisfied with the program's assistance in getting the regional energy authority established once the JPA was signed?

Overall, participants indicated satisfaction with the LGC's assistance and expertise during the establishment of the VCREA. The LGC team was timely in requests and sensitive to local concerns. Since the establishment of the VCREA, participants have specific duties in mind for the LGC team. This includes assisting with the purchasing decisions for the energy software, providing support for the completion of energy audits, guiding the strategic planning, and leading the organization to become more self-sustaining in order to serve all members of the community. Also, participants expect the LGC team to provide expertise in regards to state developments. Most members are waiting for the second official VCREA meeting¹ to assess their opinions of the LGC team's assistance with newly established organization.

5. Can the program be replicated in other areas of California?

According to participants, the replication of the LGC program depends on regional interest with energy issues in their communities and willingness to raise the quality of life for everyone in the area. All participants mentioned the uniqueness of Ventura County that lent to the establishment of the VCREA. This includes the presence of two power plants and firms in the area specializing in alternative energy. The VCREA provided focus for the community whose members had differing energy visions. It also allows jurisdictions to tackle problems they were otherwise unable to because of staffing restrictions.

¹ Meeting was scheduled for August 21, 2003. Interviews summarized here occurred in early August, prior to the meeting.

6. How well did the LGC inform the local participants on the relationship(s) between the CPUC, the IOU, the LGC and their own REA

Understanding of the various entities in program design, approval, and delivery, and their relationships to one another, hinged largely on the participants' level of sophistication on state politics as well as their involvement in the LGC program. However, most participants had a limited grasp of the various associations and agencies involved in the program and expected further explanations in the future. An understanding of these various relationships may help the REA participants have a better appreciation for the usefulness of the LGC in achieving their long-term goals of developing locally appropriate energy programs.

Non-Participant Interviews

In addition, representatives from other jurisdictions in Ventura County were contacted. They provided alternate viewpoints on the VCREA as non-participants. Non-participants included:

- ◆ City of Point Hueneme
- ◆ City of Simi Valley
- ◆ Calleguas Municipal Water District
- ◆ Camrosa Water District

Each representative attended at least one meeting on the formation of the VCREA but ultimately decided against joining at this time. They were supportive of the organization and impressed with the presentations made by the LGC team. While the non-participants are highly involved in other regional collaborations, their decision against participating in the VCREA was due to the low success rates of most regional initiatives. The organizations are closely watching the development of the VCREA and will reconsider participating when the energy alliance provides more concrete programs and goals.

6.5 Phase II Ventura Findings Memo

HMG has conducted the second round of market actor interviews in Ventura County in March 2003. HMG completed a total of 13 interviews: 4 elected officials from the member jurisdictions, 2 county staff members dealing with administrative and technical details of the Alliance, 2 technical consultants hired by the Alliance and 5 Alliance advisory board members. Sophistication about energy issues appeared to vary in similar proportion to their level of involvement.

The Alliance is comprised of a Board of Directors and an Advisory Board¹. The Board of Directors is composed of elected officials representing the member jurisdictions. The Advisory Board is made up of various community members

¹ The Alliance's administrative organization differs from the organizational structure of the Redwood Coast Energy Authority in which a separate Advisory Board was not formed. Instead, the representatives from the member jurisdictions directly deal with administrative materials.

who collaborate on administrative materials for the Board of the Directors to approve.

The interviews explored which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why. Participants' responses will be used to assess how effective the program activities are at promoting and assisting the formation of successful regional energy authorities. The previously conducted (first round of) interviews addressed the formation process of the Alliance. The second round of interviews (subject of this memo) centered on the implementation process of the Alliance. Specifically, the interview contained questions grouped into three topic areas listed in sections below. For each topic area, participants were asked three to eight questions in order to ascertain the general response to the overall topic area. The interview process took about 20-30 minutes for each participant. This memo summarizes their responses within those topic areas.

1. Are participants satisfied with the program's assistance once the regional energy authority has been established?

The participants' expectations of the LGC team during the implementation phase of the Alliance were less concrete than their expectations during the creation phase. The Alliance participants (advisory board members and the member jurisdictions representatives) felt that the next steps of the organization were their responsibility, with the LGC team providing technical assistance to their organization, as needed. The specific assistance they requested from the LGC was to provide contacts with other agencies and a pool of potential consultants that the Alliance could utilize to move the organization forward (e.g. attorneys, EE program design folks, building energy auditors).

Overall, the participants felt that the LGC team met their expectations. They were appreciative that the LGC team was timely and responsive in providing assistance. The general consensus was that the LGC team members provided excellent service.

"I have been very pleased with the LGC staff support on this project. They have been very helpful, accessible and provided excellent technical and financial information for the formation of the [Ventura County Regional Energy] Alliance."

When asked to consider the beginning stages of the Alliance, participants were pleased with how the organization had progressed since its formation. Participants understood that the Alliance was uncharted territory and they were appreciative of the service provided by the entire LGC team, especially for dealing with the local governments' financial and staffing constraints.

A few interviewees listed some minor critiques, unmet expectations. For example, one felt that they could have used a little more assistance from the LGC in dealing with the CPUC (filling out the Alliance's PY2004-05 program application). A couple others thought that LGC could have done more to help communicate the Alliance's intent and issues to the rest of the community in

Ventura. However, these were exceptions and in general the participants felt that the LGC provided all the help that they could without ever overstepping their bounds.

2. By helping to establish the VCREA, did this program lead to the implementation of any energy efficiency programs and measures that would not otherwise have taken place?

The purpose of the LGC program was to provide assistance in the creation of regional energy authorities. This section provides input on how the LGC program leads to specific changes in regional energy efficiency programs and measures. For the Alliance members, the formation of the organization has led to a number of positive developments. The Alliance has brought together elected officials, city/county staff, and members of the community to deal cooperatively on regional energy issues. Following the 2001 California energy crisis, the POWER Task Force¹ was formed in response to the perceived need for local coordination on energy issues. One of the recommendations of the POWER Task Force was to create a regional energy authority. However, little progress was made until the LGC program assisted in the formation of the Alliance. According to the interviewees, participation in the Alliance also provided the communities with the technical expertise and financial support they would (*probably*) not have been able to achieve on their own.

“[Our city] would not have pursued energy efficiency activities on its own. An organized regional group has more strength to provide services.”

“The county would not have completed anything on its own because of lack of expertise, resources, and money. “

Other developments include working towards more community outreach by recruiting more community members for the advisory board and hosting energy events for the public. The advisory board and Alliance consultants are putting together a business plan and work plan to present to the board. It will be a refinement of the initial business plan completed by the LGC team.

The Alliance hired consultants to carry the organization to the next level of organizational capability and are creating an official executive director position. The LGC team assisted in the hiring process by preparing a job description for the position and advertising the position on the LGC community energy forum.

As part of the LGC program, the Alliance has purchased utility management software to be used by the public entities in order to track energy usage. Energy audits are being conducted on public buildings in each jurisdiction to identify potential energy savings projects in the public sector. The audits are being completed by Alternative Energy Systems Consulting, Inc (AESC) as one of their LGC program tasks. Energy savings for Alliance activities have not yet been

¹ The POWER (P**re**servation of **O**ur **W**idely-used **E**nergy **R**esources) Task Force was a community based organization formed in Ventura County in response to the 2001 California Energy crisis.

determined. However, members expect the public facilities audits will provide concrete recommendations for energy savings improvements to public buildings.

The Alliance will be pursuing more coordination with Southern California Edison (SCE) and Southern California Gas Company (SCG) to promote services for the region. Specifically, the organization desires the utilities to bring their programs and trainings directly to their communities. One of the goals of the organization is to act as a bridge between their community and statewide energy programs. Currently, a representative from each company is a member of the Advisory Board.

One noteworthy achievement for the Alliance is CPUC grant approval for 2004-2005. The proposal was written by a consultant the VCREA hired to secure the funding.

The participants expect the organization to become a sustainable and viable agency. Long-term direction for the organization is to build on the trust, collaboration, and information exchange between the communities, to implement regional policies for resource development, and to develop opportunities for green policies for the communities. Ultimately, it will provide not only information and services in energy efficiency, but also on alternative energy sources.

3. Is there a continuing need for the Local Government Commission's program to help establish REAs in other regions of California?

Participants offered a range of opinions on the question of whether all California communities would benefit by forming a regional energy group. Some participants believed all regions would benefit because they considered energy a universal issue to which regional partnerships bring added financial and technical leverage. Others felt that regions with a large dominant city might not benefit by forming a regional energy group because potential inequalities between the jurisdictions would occur.

Success of a regional energy group would be more likely in regions where communities share distinctive demographic characteristics. The critical elements necessary for the successful development of a REA include community support and interest. Each regional group should be formed with the specific community characteristics and history in mind.

The LGC program is important in the development of an REA because it provides the technical expertise and financial support necessary to create a regional energy organization. The LGC program demystified the process of forming a REA and created community interest for the organization. The LGC effort has been important to the local governments because they are limited in their ability to start collaborative arrangements, especially considering the restricted budgets for local communities.

Evaluation Synopsis

Based on the interviews, HMG makes the following observations toward the goal of assessing the effectiveness of the LGC team in supporting the creation of a regional energy authority in Ventura County:

- ◆ The role of the LGC team in the VCREA transitioned to more of a support entity, instead of the lead player in the process. The participants feel the organization is their responsibility. This follows the intent of the LGC program which was to help the region in creating a regional energy group for itself.
- ◆ The formation of the VCREA took longer than expected partially because the LGC approach of allowing the jurisdictions to weigh in on all aspects of the REA creation. While this may have allowed less time for “later activities” in the limited schedule of the LGC program, it fostered strong regional support and ownership of the organization. While one interview participant felt that progress could have been made on a faster scale if the LGC team provided a template/cookie-cutter approach versus the community consensus approach, long-term success would be less guaranteed if the participants did not completely support the organization from the onset. In general, participants felt that the LGC team provided just the right amount of assistance and autonomy.
- ◆ Although participants understood the overall intent of the LGC program, they never fully grasped the specific range of services the LGC team could provide to them. This may be partly due to the open-ended nature of the program (allowing participants to set the tone and choose activities); it may have been more beneficial for the LGC to have provided and explained a list of possible LGC team assistance opportunities.
- ◆ The formation of the VCREA would probably not have occurred without the LGC program. The representatives of the member jurisdictions commented that their organizations were unlikely to complete energy efficiency activities due to budget, resources, and staffing constraints. Determined steps to form a regional energy group did not occur until the LGC program.

Overall, the LGC program was crucial to the development of the VCREA. Since it has been established, the VCREA has taken steps toward self-sufficiency beyond the LGC program. There have made great strides on the way to an enduring and effective organization by acquiring additional funding and setting goals to improve the energy efficiency of their public spaces.

6.6 Phase I Ventura Meeting Evaluation Memo

On July 14, 2003, a special meeting of the Ventura County Regional Energy Alliance (VCREA), Joint Powers Authority (JPA) was held. This meeting signified the first official meeting of the organization. Cheryl Collart, Administrative Assistant to Supervisor Kathy Long of the County of Ventura, organized the meeting. The agenda covered organizational details, presentations by the LGC team, and public comments.

The VCREA Organization

The VCREA is comprised of the four member agencies:

1. The County of Ventura represented by County Supervisor Kathy Long
2. The City of Oxnard represented by Mayor Pro Tem Dean Maulhardt
3. The City of Thousand Oaks represented by Council Member Dennis Gillette
4. The City of San Buenaventura represented by Mayor Ray Di Giulio

The four jurisdictions cover the majority of the population in Ventura County. Efforts will be made by the VCREA to persuade other jurisdictions to join but are not currently a priority for the organization. Authority Members were officially sworn in and designations of positions were made. The County of Ventura has been, and continues to be, the main supporter of the LGC efforts, providing staff time in the creation of the VCREA. Official positions of the VCREA are as follows:

1. Chair: Kathy Long, County of Ventura
2. Vice-Chair: Ray Di Giulio, City of San Buenaventura
3. Treasurer: Lawrence Methany, County of Ventura
4. Auditor: Kristin Cohen, County of Ventura

The VCREA regular meetings will occur four times a year. Special meetings can also occur when deemed necessary by the authority. VCREA will hold the next meeting on August 21, 2003. It also plans on having a second meeting before September 22, 2003, the date when CPUC proposals are due. Authority members requested draft by-laws to be written for their staff to review before the next meeting. LGC and the County and Cities' staff will research previously adopted by-laws, as examples for VCREA and the advisory committee will complete the draft. The advisory committee will also review the mission statement developed by the Regional Energy Working Group (REWG).

Interim staff will be comprised of the County of Ventura staff that has already been involved in the formation of the VCREA. The staff of the various authority members and the LGC team will support them. Cheryl Collart, County of Ventura, will lead the administrative staff and David Inger, County of Ventura, will lead the technical staff. Cheryl Collart and David Inger have been working closely with the LGC team. Permanent staff will be chosen by the authority at an as yet undetermined time with these eventual staff positions solely concentrated on the work of the VCREA. LGC will provide possible job descriptions for permanent staff.

The VCREA agreed to form a business plan task force composed of 5-7 members to create the strategic business plan. The small task force was suggested by Tim Rosenfeld, HMW, and agreed upon by the Authority members. Ray Di Giulio, City of San Buenaventura, will participate in the task force.

The Authority members agreed to form an interim advisory committee prior to the next meeting. Cheryl Collart will send invitations to the POWER task force and other interested parties. The Advisory Committee's tasks will be to consider long-term possibilities for the VCREA, and work closely with business plan task force.

LGC Implementation Plan

Patrick Stoner introduced the LGC team to the VCREA:

1. Patrick Stoner, LGC
2. Josh Meyer, LGC
3. Tim Rosenfeld, Partner, HMW International, Inc. (HMW)
4. Ronald K. Ishii, Alternative Energy Systems Consulting, Inc. (AESC)
5. Gregory Stevens, Alternative Energy Systems Consulting, Inc. (AESC)

Patrick Stoner, LGC, provided the history of the LGC project. In 2001, the California Public Utilities Commission (CPUC) requested proposals to implement third party energy efficiency programs. LGC answered with a proposal to facilitate the formation of regional energy authorities in Humboldt and Ventura counties. The LGC chose the Ventura county region because of its strong support and interest in energy efficiency, as evidence by the Power Task Force. The short project summary emphasized the region and the community.

The LGC project is funded by the 2001 public goods charge. Pacific Gas & Electric Company (PG&E) administers the contract for the CPUC. With the official formation of the VCREA, LGC is ready to turn over part of the contract funds to the organization. After the VCREA signs a contract with the LGC, the LGC will advance \$50,000 for VCREA activities. By direction of the CPUC, the PG&E contracts lasts only till the end of the year. PG&E can authorize extension of the contract if sufficient justification is given. LGC will work with the VCREA if this is needed. However, all funds for the project must be spent by March 5, 2004 and will be returned to PG&E if that does not occur. The CPUC has issued a draft decision to possibly lengthen the contract extension to June 2004.

Because of confusion by some of the participants, the LGC team repeatedly explained that the CPUC funding must be solely used for energy efficiency and does not allow for duplication of activities in the same area. Large expenses must be reviewed by the LGC before funding is approved. The VCREA has no other obligation to the LGC team than what is written in the contract. LGC provided the Authority members with contact information for any complaints about the LGC's handling of the project.

Cynthia Austin, HMG, explained the evaluation of the LGC project. HMG will contact participants of the VCREA formation to receive their feedback on the LGC's facilitation of the organization. Interviews will occur twice: once just following creation of the VCREA (i.e., in the near future), and after the VCREA has been operative for a while.

LGC Business Planning Suggestions

Tim Rosenfeld, HMW, presented the LGC's suggestions for near-term business planning and energy saving/program activities for the VCREA and provided presentation notes to attendees. The LGC team will guide the business planning section for the VCREA but cannot lead it for the organization. The VCREA should develop the technical details and Rosenfeld recommended they form a sub-committee to do so. The suggested business planning provided a mission statement developed by the REWG, core values, goals (planning and operational) for the VCREA, and suggested public sector and a community needs surveys. Rosenfeld also explained possible funding sources and program evaluation criteria. Initial program focus will be on member agencies but the addition of more jurisdictions to the JPA will be emphasized. He provided recommended actions for the VCREA in detail in the distributed notes. The authority members felt the advisory committee should look into the recommended actions before they make any decisions.

Tim Rosenfeld also explained how CPUC actions might affect VCREA planning. He noted that VCREA goals are closely aligned with CPUC goals. The CPUC emphasized that utility proposals should include partnerships and cooperative efforts with local governments. He also noted that the CPUC requested proposals for 2004-2005 energy efficiency programs. Patrick Stoner, LGC, related in the meeting that the CPUC contract manager for the LGC project recommended to the LGC that the VCREA should submit a proposal. LGC can assist with the proposal but hours are limited. Tim Rosenfeld, HMW, mentioned that proposal emphasis on business planning is important to address now in order to guide this and other proposal writing. Patrick Stoner, LGC, is going to provide a draft budget for the VCREA by the next meeting.

Proposed VCREA Services

David Inger, Energy Manager of the County of Ventura, presented possible short-term deliverables for the VCREA to complete to demonstrate the benefit of the organization to the member communities, and to communities thinking about joining. He distributed presentation notes to the attendees. He listed the following four steps as possible deliverables:

1. Energy Management Survey
2. Implementation of Utility Management Software
3. Audits of Authority Member's Facilities and Operations
4. Development of Energy Efficiency Improvement Plans for each Authority Member

The deliverables were created for the member agencies to see a direct benefit in participating the VCREA. Craig Brown, Gold Coast Innovation Center, expressed his worry that surveys will be a duplication of earlier efforts. Dean Maulhardt, City of Oxnard, also reiterated that surveys should not be completed where the information was already available. He also asked for clarification on the choices

for the presentation topics. David Inger explained that past surveys completed in the region are no longer useful if completed more than a couple of years ago. Kathy Long, County of Ventura, called for the proposed deliverables to be considered as a baseline of VCREA activities. Maulhardt wanted to be certain that the steps could also be used to benefit the other sectors in the region.

Proposed Types of Utility Management Software

Patrick Stoner explained that as part of the LGC project plan, LGC was conducting research on utility management software (UMS) for the VCREA. Gregory Stevens, AESC, presented the LGC team findings on possible UMS types for the VCREA and provided handouts to the attendees. The presentation covered the following:

- ◆ Definition of a UMS
- ◆ Uses of a system
- ◆ UMS business models (individual jurisdiction and service bureau)
- ◆ Developers and products
- ◆ Software evaluation criteria
- ◆ Technical recommendations

Authority members asked if the LGC researched whether any of the agencies have a UMS system in place. Gregory Stevens, AESC, replied it hasn't but will look into the matter. This will be part of the survey done by David Inger in conjunction with AESC.

Proposed Water Efficiency Projects

Tim Rosenfeld presented a possible enterprise-funding model involving water agencies. In the model, the VCREA conducts energy cost reduction assessments for water agencies. The assessments will be initially paid for by the VCREA. However, a portion of the payback savings generated by the assessments will be transferred to the VCREA. Tim Rosenfeld, HMW, explained that water efficiency projects analysis is endorsed by the state water agency and regional water agencies are interested.

Public Comments

Craig Brown, Gold Coast Innovation Center, urged the VCREA to consider alternative energy proposals. In response, Patrick Stoner reminded those present that the CPUC funding could only be used for energy efficiency, but that if the VCREA found an additional funding source, it can be used for more than energy efficiency.

Wayne Davey, Rockwell Scientific, provided the history of POWER task force and reminded attendees that one of the recommendations of the task force was the creation of a regional energy authority. He looks forward to working with the VCREA.

Meeting Conclusions

This was the first official meeting of the VCREA, following nine months of Regional Energy Working Group meetings. Given the length of time it has taken to form the organization and awareness of the limited time to partake in the CPUC funding, participants were ready to move forward and covered a large amount of organizational business and LGC team proposals during the three-hour meeting. The next steps of the VCREA are the creation of the strategic business plan, formation of the advisory committee, moving forward from interim staff to permanent positions, creating the proposed short-term deliverables, and addressing future financial support of the organization, including submitting a proposal to the CPUC. Dennis Gillette, City of Thousand Oaks, thanked the LGC for their support and mentioned that the process has not only been helpful in raising awareness of energy efficiency but also in fostering regional cooperation.

Evaluation Synopsis

Cynthia Austin, HMG, makes the following observations toward the goal of assessing the effectiveness of the LGC team in supporting the creation of a regional energy authority in Ventura County:

- ◆ The length of time to create the VCREA was longer than expected. With limitations placed by contract time and the local political climate, LGC needed to work quickly to facilitate its formation. The organization now has only a short time to start offering services to the community.
- ◆ The Authority members controlled the meeting. Discussions were mostly between the board members and decisions were solely in their domain. The LGC team was seen as a support entity only. However, the amount of support that they could ask of LGC was unclear to the members. Still, this was a good sign that the LGC is being responsive to the community's desire to lead the process.
- ◆ LGC appears to be the sole source for information on CPUC developments that affect the VCREA. While the LGC's provision of information is extremely helpful for the organization, it is unclear if the VCREA will continue to lean on the LGC team for important CPUC developments. The LGC does plan to work with VCREA staff to transfer their knowledge in the future, and also provides information statewide to interested local governments through their newsletter and email alert system. Also, VCREA may have higher expectations of the LGC team in completing the proposal to the CPUC than what the LGC can provide.
- ◆ The LGC team provided a large amount of material for the VCREA to consider with clear steps they should take in the future. The VCREA is appreciative but not ready to concretely act on the majority of the recommended actions. Based on comments from one of the authority members, it appears that members, who are not very active participants, are still unclear of the process. Perhaps, this arises from

the conflict between LGC's efforts to be responsive to the community by allowing them to set the pace versus the LGC's need to complete the tasks for their project.

- ♦ The transfer of technical expertise is still ongoing. The LGC team currently handles most of the proposed steps for the VCREA, with the Ventura County energy manager also contributing.

Overall, LGC has been very responsive to the Ventura community needs, allowing them to set the pace and tone of the organization. In doing so, the participants see the organization as theirs and not an LGC creation handed to them whole cloth. However, forming the organization by community consensus has lengthened the start-up time and shortened the time remaining for activities to occur. While buy-in resulting from the long start-up time may be beneficial in the long run for the organization, it also could be detrimental to efforts to provide concrete results for the project.

6.7 LGC Team Findings Memo

As part of the process evaluation, HMG conducted interviews with the members of the LGC team. The interviews occurred after the participants from both REAs were questioned on their experiences with the program.

While the REA participant interviews explored perceptions about which aspects of the program the participants found most beneficial, which they felt didn't meet their expectations, and why, the LGC team interviews were structured slightly differently. Instead, LGC team members were questioned on not only their individual perceptions of the program, but also their opinions on how the participants responded to the program. This information was then compared with the feedback gathered from the REA participants. Responses were used to assess how effective the program activities were at promoting and assisting with the formation of successful regional energy authorities.

The interview guide addressed both the formation and implementation processes of the regional energy authorities. Specifically, the interview contained questions grouped in five topic areas listed in sections below. For each topic area, LGC team members were asked three to eight questions in order to ascertain the general response to the overall topic area. The interview process took about 30-60 minutes for each participant. The following summary describes their responses within those topic areas.

1. How did the LGC program support local efforts to create locally appropriate structures for a regional energy authority?

In the formation phase of the program, the LGC team members understood the initial responsibility would fall on their shoulders. They expected to lead the beginning REA developmental meetings because of the jurisdictions' lack of experience. However, they felt confident that the communities would assume control of the process after the preliminary stages, and that LGC's role would be reduced to more technical and advisory assistance. The LGC team members felt

that for the REAs to be formed and supported by the community, leadership from within the region was vital. Decision-makers had to be the community leaders and not the LGC team. In retrospect, the LGC team found that it took longer than expected to generate the needed community support and to hand over the main responsibilities of the REAs' formation. There was tentativeness within both regions because of previous negative experiences with regional collaborations.

According to the LGC team members, the two counties reacted differently to the LGC's program. In Ventura, the community initially saw the LGC team as staff they would be able to direct. The Ventura participants expected the LGC team to do the majority of the legwork in exploring the various options for forming a REA. In Humboldt County, the community initially saw the LGC team as advisors or guides in the process. The Humboldt participants clearly felt they should be more in control of all aspects of the REA formation. This outcome is appropriate for the program, since the LGC structure/format is set up to be flexible to handle various approaches.

Despite the differences between the two regions, the LGC team members felt participants from both regions were for the most part pleased with the assistance LGC provided and the outcome. However, they were aware that participants were apprehensive about the restrictive schedule of the program and the length of time it took to form the REAs, especially in Ventura County. Participants did indicate the delays in forming the REAs were due to the realities of local jurisdiction politics and not the actions of the LGC team. In fact, the constant reminders of the LGC team on the limited timeframe of available funding may have actually worked in favor of the REAs by speeding up a process that could have potentially taken much longer given the usual pace of local governments.

Overall, the LGC team members were pleased with how the formation phase of the program was completed and the feedback they received from the participants. The LGC program greatly benefited from having a local leader in both regions - County Supervisor Long from Ventura County and Council Member Connie Stewart from the City of Arcata. However, the LGC was also instrumental in moving the process forward by using their own background, experience, and relationships with local governments to leverage the efforts of the local leaders.

2. Do you think participants are satisfied with the assistance and information provided by the LGC team to help them choose the format for their regional energy authority?

Both the Ventura County Regional Energy Alliance (VCREA) and the Redwood Coast Energy Authority (RCEA) chose joint power authorities (JPAs) as the legal vehicle for their regional energy authorities. As part of the program, the LGC team presented the various legal options to the participants. While the participants felt the JPA option provided the most structural benefits, they were hesitant, about the JPA option because of prior unsuccessful JPAs that penalized jurisdictions for leaving the authority. The LGC team was asked by the regions to modify the legal language to allow jurisdictions to leave the authority without

incurring any financial charges. With this modification, both groups were more inclined toward the JPA option and were satisfied that the LGC team was flexible in coming up with a suitable legal form for their regional energy authorities.

The process for choosing the format of the REA was considered very time-consuming for the LGC team members. Nonetheless, the LGC team considered it worthwhile because it was one of the first steps in having the regions be the decision-makers. The LGC was pleased with the choices made by the regions and felt the JPA format was the best choice for the counties because it allows for flexibility to add jurisdictions easily, provides the most latitude in financing, and lends stability, especially in times when energy is not a front burner issue. The feedback provided to the LGC team from the participants had been positive – similar to the responses given to HMG in the REA participant interviews.

3. Are participants satisfied with the program's assistance once the regional energy authorities were established?

Once the VCREA and RCEA were established, the program assistance was open-ended in nature in order to allow the organizations to determine what type of help they wanted from the LGC team. The LGC team role in the implementation phase was even more advisory than it had been in the formation phase. The LGC team plan was to create a list of possible tasks that they could offer to the VCREA and RCEA. The LGC team may have placed higher priority on certain tasks than the organizations did. For example, the LGC team members provided job descriptions listing qualifications for potential staffing candidates for the VCREA and RCEA. However, neither organization felt ready to hire permanent staff until they secured funding for additional years. Eventually, the VCREA and RCEA advertised for a permanent executive director, although it occurred near the end of the program – later than the LGC team members had expected. Also, the organizations' responses to the strategic planning assistance offered by the LGC team members occurred later in the timeframe than was expected.

On the other hand, there were some tasks that were given higher priority by the VCREA and RCEA than by the LGC team. For example, both organizations put a premium on assistance from the LGC with the purchase of utility management software to be used by the member jurisdictions. This was one of the program tasks. The LGC team members ended up being much more involved in this task than they had initially thought they would be.

Another change from what the LGC thought they would be doing for the authorities was the addition of a program task for identifying high energy/low investment¹ projects. Instead of assisting as much as they thought they would on the strategic planning (e.g., for acquiring energy savings for the region), the LGC team members ended up being more directly involved with actual energy assessments of specific public facilities.

¹ This does not mean just low cost, but more importantly, low effort. In other words, the VCREA and RCEA are seeking projects that could be done quickly and easily, but which have the largest energy savings.

For the most, the LGC team members were pleased with how the implementation phase of the program was completed and the feedback they received from the participants. However, there was an instance during this period in which some of the RCEA participants felt a LGC team member did not allow the members to lead the process as much as they would have preferred. Sensitive to local concerns, the LGC removed this consultant from their offered services to the RCEA. The RCEA members were appreciative that the program not only listened to their concerns, but also actively responded to them.

4. By helping to establish the regional energy authorities, did this program lead to the implementation of any energy efficiency programs and measures that would not otherwise have taken place?

While the VCREA and RCEA have not progressed to the point of implementing energy efficiency programs that could claim energy savings for the region, the LGC team felt that the program laid the groundwork for the organizations to proceed to such activities. According to the LGC team members, there have been great strides by both organizations in acquiring additional funding, tapping into state and national programs and partnerships, and setting goals to improve the energy efficiency of their public spaces. In addition, permanent staffing is being sought by the VCREA and the RCEA, indicating that the organizations' members feel more secure about their sustainability. In each of these activities, the LGC team provided assistance to the organizations. Both the participants and the LGC team members are satisfied with the various activities completed by both organizations during the program.

5. What lessons have been learned in the creation and implementation of regional energy authorities?

This section assesses the lessons learned by the LGC team members about the program. For the formation phase, the LGC team felt, for the most part that the program planned was right on track for what was needed to create the REAs. The program provided the flexibility in allowing the participants to set the pace and tone of the formation process. The LGC team was able to provide leadership in the beginning to organize the communities, and then step back to let the communities assume their roles in forming the REAs. However, the LGC team recommended the following changes in improving the formation phase:

- ◆ Providing more educational meetings for elected officials and stakeholders
- ◆ Researching community needs and awareness before starting the process
- ◆ Holding longer developmental meetings to provide more in-depth information to participants
- ◆ Offering more guidance in strategic planning and tactical support

As with the formation phase, the LGC team felt that the program assistance during the implementation phase was beneficial to the REAs, due to LGC's ability

to respond to the needs of the program participants. Unlike the formation phase, there were no specific recommendations given for this phase of the program.

6. Is there a continuing need for the Local Government Commission's program to help establish REAs?

While the LGC team members realize their program is not a necessity in fostering regionalism in energy issues, they felt the program is still important for many communities unable to organize without financial support and technical guidance. The LGC team members consider regional energy groups important because they address the large potential for creating regional energy policy and provide representation from local jurisdictions in state policies¹. For a regional energy group to be successful, the LGC team members found that it was critical for the communities to have the political will and desire to form and implement an organization. Local champions, awareness of energy issues, and readiness to form regional collaborations are also very important. In addition, the funding provided by the program was crucial for cash-strapped local jurisdictions.

Evaluation Synopsis

Based on the interviews, HMG makes the following observations toward the goal of assessing the effectiveness of the LGC team in supporting the creation of a regional energy authority in Humboldt and Ventura County:

- ◆ The LGC team members needed to balance the constraints placed upon them by the program timeframe with the measured pace of local governments' decision-making. While this may have initially caused them concern over meeting program goals' at the expense of rushing the communities, the LGC team was able to remain flexible and felt it was more important, for the greater good of the organizations, to allow the communities to set the pace. Prior to the end of the program, both organizations had progressed to the LGC team's expectations of organizational stability.
- ◆ Assessing the communities' needs was very important for the success of the LGC program. The LGC team members realized they had to treat the Humboldt and Ventura participants differently because of their regional differences in approaching collaborations. Sensitivity to local concerns was critical to garnering the participants' trust.
- ◆ The program timeframe could have been adjusted to allow for more developmental activities during the formation phase. With the program schedule restrained by its CPUC contract, there was pressure to create the REAs quickly in order to shift funding to the newly formed REAs. However, local political realities extended the start-up time longer than expected. In order to deal with this delay, the focus of the LGC team centered on moving the participants forward in signing the

¹ While greater local representation in state policies was not an implicit goal of the program, it is a core objective of the Local Government Commission.

REA agreements instead of preparing the participants on the transitional phase of implementing their REAs. Greater guidance from the LGC team in identifying tactical and strategic goals of the organizations could have been useful to the REAs. Still, it might have been the most useful if dealt with prior to implementing the organizations.

- ◆ Flexibility was the key for the LGC team members in dealing with the tasks in the program. While they attempted to determine the needs of the RCEA and VCREA prior to being formed, it was not until both organizations had been implemented that they were able to identify what tasks were of greatest important to the participants. Being able to respond to the changing needs of the program participants was crucial for the LGC team members in order for them to provide the services requested by the participants.
- ◆ LGC team members had to step back during the latter stage of the formation phase and early stage of the implementation phase in order for the participants to **lead** the process. This fostered strong regional support and ownership of the organizations by the communities. The extent to which the LGC team members needed to step back from the process was unanticipated, but was necessary for the success of the organizations and the overall success of the program.

Overall, the LGC program was crucial to the development of the VCREA and RCEA. Feedback from LGC team members indicated they felt the process was successful in assisting the local parties with the formation of REAs and implementation of REA duties. The VCREA and RCEA have taken important steps to self-sufficiency beyond the LGC program.