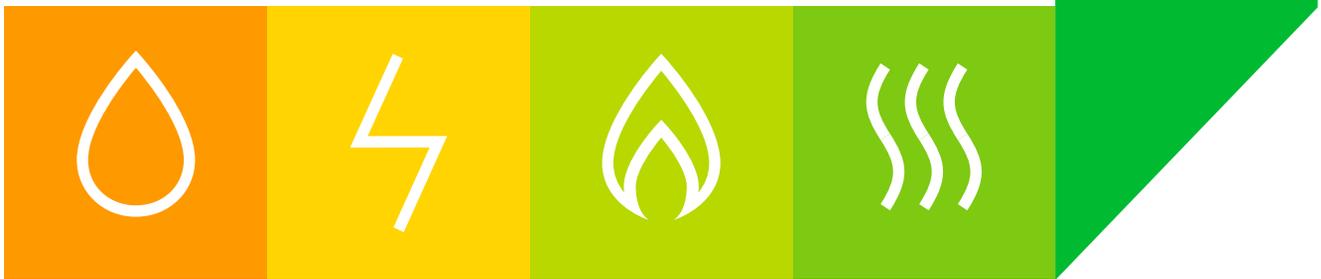


Planning for 2017

Why Energy Efficiency Should Top Your List



By Michelle Fay

ENERGY EFFICIENCY

ENERGY EFFICIENCY UPGRADES

seem like a no-brainer. They cut utility bills, decrease a property's environmental footprint and often improve comfort and quality of life for residents. On top of it all, communities can get free money toward the upfront cost of the improvements in the form of rebates, and special low-interest rate loans to finance the remainder. So, why haven't more communities taken advantage of the opportunity?

If anybody knows the answer, it's Ken Kosloff, principal at Richard Avelar and Associates, an architecture and construction consulting company based in Oakland.

"Most property managers are extremely busy just keeping their communities running smoothly," he suggests. "Taking on energy efficiency means adding yet another project to an already full plate, and few will do it without support and guidance."

That essential support is precisely what Kosloff's firm provides. Over the past three years, Richard Avelar and Associates has helped more than 2,500 HOA units in the San Francisco Bay Area make energy efficiency upgrades and apply for cash rebates offered by Energy Upgrade California. In May 2016, StopWaste, one of the program's lead agencies, honored Richard Avelar and Associates with the Excellence in Energy Efficiency Award for its work as program "ambassadors."

The rebate application process is handled by BayREN (Bay Area Regional Energy Network) for the nine Bay Area counties, SMUD (Sacramento Municipal Utility District) and PG&E for Sacramento and the Central Valley, and San Francisco's Office of the Environment in collaboration with PG&E for the City and County of San Francisco.

PLANNING IMPROVEMENTS

Kosloff typically introduces communities to available rebates when they are in the process of a reserve study or already considering upgrades. That's how Parkwoods Condos, a 433-unit community in Oakland, got on board.

"We had been wanting to switch to higher efficiency lighting throughout the property for a while and brought in Ken, since he had helped us with large projects in the past," recalls Colleen Montoya, general manager at Parkwoods. Some 30 percent of her community's substantial electricity bill was going toward incandescent lighting in hallways, garages and other common areas, most of it constantly lit.

Upgrades proposed by Kosloff and his team included replacing incandescent with LED lighting and using smart technology to adjust lights as needed, for example, in the garage where motion sensors can dim the lamps when nobody

is around. The projected energy savings were so dramatic that Montoya and the Parkwoods Board were quickly convinced to apply for energy efficiency rebates offered through BayREN, the agency in charge of rebates for Parkwoods' jurisdiction.

ONSITE ENERGY AUDIT

As a first step, Montoya's community had to conduct an energy audit to determine current energy consumption and identify measures that could help lower total consumption by at least 15 percent – the minimum reduction needed to qualify for BayREN rebates. Luckily, the BayREN program covers the upfront cost of the energy assessment, an expense that can easily amount to \$3,500-\$5,000 for an average size community. Working with the Association for Energy Affordability (AEA), an independent third party energy firm, BayREN also provides the experts to conduct the audit. Outside BayREN's jurisdictions, communities have to front the energy audit expense, but will be reimbursed if the property qualifies for the program.

For most communities, the hardest part of the process begins once the results of the energy audit are in and they have to choose from a long list of possible improvements. "A typical energy audit report lists some 50 measures to consider, each with the projected reduction in energy usage. The challenge is to choose those with the highest return on investment," explains Kosloff. AEA provides as much support as possible by calling out one or two required "core" measures, giving advice and providing recommended contractor qualifications. However, having guidance from a trusted expert – ideally one who knows the property – is a clear advantage.

CHERRY-PICKING MEASURES

At Parkwoods, the lighting upgrades alone would have achieved the 15 percent minimum decrease in total energy consumption needed for the rebate, but the community chose to also modernize the property's hot water system, often

a weak point in a community's energy efficiency profile.

"Boilers with a holding tank keep water heated at all times, constantly consuming energy," notes Kosloff. "A much better solution is an on-demand system that can be programmed to provide sufficient hot water during peak periods and kick into lower gear outside of those periods."

The lighting upgrades lowered electricity consumption at Parkwoods by 42 percent – an annual savings of \$27,500. The switch to on-demand boilers lowered gas usage by 14 percent, saving \$8,000 per year.

In addition to improving shared infrastructure, a community can also gain points toward rebates with in-unit measures such as low-flow fixtures, LEDs or replacing washers and dryers with energy efficient models. However, to qualify as core measures, these improvements have to be implemented in at least 75 percent of all units – a tall order since the agreement of individual homeowners is required. Communities, therefore, often include in-unit measures only as a voluntary action.

Kosloff describes an example: "The Keys, a community in Walnut Creek, secured a volume discount on the purchase of double paned windows. Just for offering this discount to individual homeowners, they received 0.5 percent toward the 15 percent goal."

FINANCING THE UPGRADES

Even if significant savings await after energy efficiency measures are implemented, the upfront cost is a challenge for many communities. This is where the cash rebates come in, with \$750 per unit. At Parkwoods, the resulting rebate of \$324,750 covered almost half of the initial investment for the upgrades. To finance the rest, the community took advantage of the Bay Area Multifamily Capital Advance Program (BAMCAP), a low-interest loan program offered through BayREN.

"BAMCAP offers half the loan at zero percent interest, resulting in a

total interest rate of about 3 percent. Securing this type of financing enabled us to move forward with the project," reports Montoya.

In spite of the favorable financing conditions, it is good to have the support of an attorney or an accounting expert (such as a CPA) to help secure the loan, as many lenders aren't necessarily familiar with the program details yet. On the upside, once a community has financed and completed the upgrades, they will not only curb their current energy costs, but also help stabilize energy related expenses into the future.

"Utility rates increase by about 5 percent each year, and this trend can be expected to continue," explains Kosloff. "Reducing energy usage now – and keeping it low – will help communities stay within their budgets even if rates go up."

GET STARTED NOW

If your community is considering applying for rebates, the time to start the process is now. While funding for energy efficiency rebates is secured for 2017, it is unclear if the program will continue into 2018. The California Energy Code may soon make certain energy efficiency measures mandatory, eliminating the need for rebates as an incentive.

"Some building codes are already changing, such as requirements for LED lighting and low flow devices," cautions Kosloff.

In addition, the whole process – from application to implementation of the chosen measures – must be completed in one calendar year to qualify for the rebates.

"A community should allow about three months in up-front planning time before any upgrades even begin," recommends Kosloff. "For 2017 rebate applications, starting the process in the first quarter of the year or earlier is the easiest way to keep it from being a white knuckle ride." ■

To learn more about energy efficiency rebates for multi-family properties visit <http://multifamily.energyupgradeca.org>