



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 15, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

COUNTYWIDE ENERGY EFFICIENCY AND RENEWABLES FINANCING PROGRAM – AB 811 - UPDATE

On April 14, 2009, your Board directed the Chief Executive Officer (CEO), in coordination with the Treasurer-Tax Collector (TTC) and the Energy and Environmental Policy Team, to report back on a monthly basis on its progress in establishing a countywide energy efficiency and renewables financing program pursuant to AB 811, Chapter 159 Statutes of 2008. Your Board also directed that the report should include a schedule (with the explicit goal of utilizing American Recovery and Reinvestment (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding and having a program in place by July 2009), an assessment of financial viability, and an inventory of other appropriate funding sources.

Summary of Activities

AB 811 was signed into law in 2008 and allows local governments (counties and cities) to finance energy efficiency and renewable energy projects on private property. The financing is to be paid back through an assessment on the property tax bill. The assessment stays with the property should the owner sell the property. A lien is filed against the property as security. A more detailed description of AB 811 is attached.

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This legislation mitigates two key barriers to implementing greater energy efficiency and renewables projects on private structures throughout the state: 1) the upfront cost of these measures, and 2) the identification/provision of a lending source for property owners wishing to install energy efficient improvements/equipment but requiring the ability to finance them.

AB 811 has the potential to greatly advance the energy efficiency and renewable power industry. An AB 811 program would also have a significant role in reducing greenhouse gases in the entire Los Angeles County region. Given this, and consistent with your Board's direction, various County departments/agencies, led by the CEO, are actively investigating how an AB 811 program may be implemented as quickly as possible. The key issues currently being investigated are summarized below.

1. How would the County finance such a program?
2. Is it clear that AB 811 has no outstanding legal questions that may impact the County's ability to borrow or sell bonds to provide for the long-term financing of such a program?
3. How would the County develop the program, who would manage the program and how would the County collaborate with cities?

Current Activities Status

AB 811 modifies existing law to allow local governments to finance energy projects on private development to be installed directly by the property owner or a private contractor. Some bond counsel have questioned whether the AB 811 language clearly delineates the priority status of the contractual assessment liens that would result from this process. The answers to this and other legal questions could impact a County decision to move forward with obtaining long-term financing or selling bonds using the AB 811 authorization. The TTC has initiated a study by one of its bond counsel which will be completed in about two months.

Based on the issues and information identified above, the following milestone activities indicate an initial, rough timeline for implementation of a County program under AB 811. More detailed estimates for the cost of each activity and the timeframe are being developed and will be provided in next month's update report.

Activity	Estimated Completion Date
Legal Analysis of Financing Options	June 2009
Begin Contractor Selection Process	June 2009
Receive Block Grant Funds	September 2009
Complete Program Development and Implementation Plan	December 2009
Funding/Financing Plan Completed	December 2009
Complete Engineering Study	February 2010
Contractors On Board (e.g., Turnkey Program Management, individual contractors)	March 2010
Authorizing Resolutions Completed	April 2010
Implementation of a County AB 811 Program	April 2010

Key questions as to how the County would implement and manage an AB 811 program, what County agency(s) would implement the program and how cities may participate in a County program are being evaluated. Initial funding and program start-up costs are proposed to be included in the County's allocation of the ARRA EECBG funding. This funding will not be available until around September of 2009. It is anticipated that the AB 811 program assessments will include ongoing administrative costs to maintain the program in the future after the ARRA monies are expended.

It is not feasible at this point to use EECBG funds for a "pilot" grant program, however, given the timeline for submitting the ARRA application and the current investigation as to how the County would structure bond financing to support the program. Rather, the County should propose under its EECBG application to develop a "phased-in" AB 811 program that will be implemented in conjunction with a community-based environmental services program as directed by your Board on May 12, 2009. This program will provide a number of energy efficiency and environmental services to County residents through the creation of a centralized "one-stop shop" program and utilization of appropriate County field offices to provide local support. The community-based environmental services program will assist in establishing the framework for implementing and administering the County AB 811 program when it is developed.

Next Steps

The County's EECBG application, due in late June 2009, will propose funding for the initial steps to implement an AB 811 program. In addition, the State Energy Program (competitive ARRA grants administered by the California Energy Commission (CEC)) may possibly provide additional AB 811 program

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development funding. The County and other local governments have been advocating to the CEC that a portion of competitive grant funding should be set aside for local governments who are moving forward with developing AB 811 programs.

The Internal Services Department (ISD) participates on a Green Technology Committee led by the Los Angeles Economic Development Corporation. The Committee includes regional and local governments; utilities, academia, local and international business interests, and investment firms all seeking to develop green industries and jobs in Los Angeles County. ISD will propose that an AB 811 presentation be made at the next committee meeting (in June) to stimulate interest and support among many stakeholders for development and implementation of a region-wide AB 811 program. In addition, as soon as the County receives input from TTC bond counsel, the CEO will send an outreach letter to all cities in the County inviting them to a discussion about the AB 811 and community-based environmental services programs to solicit region-wide participation.

If you have any questions, or require further information on this matter, please contact Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:EFS
SAW:ef

Attachment

c: Internal Services Department
Treasurer and Tax Collector

Assembly Bill No. 811

CHAPTER 159

An act to amend Sections 5898.12, 5898.20, 5898.22, and 5898.30 of, and to add Sections 5898.14 and 5898.21 to, the Streets and Highways Code, relating to contractual assessments, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 21, 2008. Filed with
Secretary of State July 21, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

AB 811, Levine. Contractual assessments: energy efficiency improvements.

Existing law authorizes the legislative body of any city, as defined, to determine that it would be convenient and advantageous to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments and make arrangements to finance public improvements to specified lots or parcels under certain circumstances. Existing law requires the legislative body to make these determinations by adopting a resolution indicating its intention to do so and requires the resolution to include certain information, including, but not limited to, identification of the kinds of public works that may be financed, a description of the boundaries of the area within which contractual assessments may be entered into, and a description of the proposed arrangements for financing the program. Existing law also directs an appropriate city official to prepare a report to include, among other things, the terms and conditions that would be agreed to by a property owner within the contractual assessment area and the city and identification of the types of facilities that may be financed through the use of contractual assessments.

This bill would additionally authorize a legislative body of any city, as defined, to determine that it would be in the public interest to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property, as specified. The bill would require the resolution of intention to include, among other things, the kinds of distributed generation renewable energy sources or energy efficiency improvements that may be financed as well as a statement specifying that it is in the public interest to finance those distributed generation renewable energy sources or energy efficiency improvements. The bill would further require the report to include, among other things, the types of distributed generation renewable energy sources or energy efficiency improvements that may be financed through the use of contractual

assessments. The bill would authorize a property owner, upon written consent of an authorized city official, to purchase directly the related equipment and materials for the installation of distributed generation renewable energy sources or energy efficiency improvements and to contract directly for the installation of those sources or improvements. The bill would make findings and a declaration in this regard.

This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. Section 5898.12 of the Streets and Highways Code is amended to read:

5898.12. (a) It is the intent of the Legislature that this chapter should be used to finance public improvements to lots or parcels which are developed and where the costs and time delays involved in creating an assessment district pursuant to other provisions of this division or any other law would be prohibitively large relative to the cost of the public improvements to be financed.

(b) It is also the intent of the Legislature that this chapter should be used to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to residential, commercial, industrial, or other real property.

(c) This chapter shall not be used to finance facilities for parcels which are undergoing development.

(d) This chapter shall not be used to finance the purchase or installation of appliances that are not permanently fixed to residential, commercial, industrial, or other real property.

(e) Assessments may be levied pursuant to this chapter only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied.

SEC. 2. Section 5898.14 is added to the Streets and Highways Code, to read:

5898.14. (a) The Legislature finds all of the following:

(1) Energy conservation efforts, including the promotion of energy efficiency improvements to residential, commercial, industrial, or other real property are necessary to address the issue of global climate change.

(2) The upfront cost of making residential, commercial, industrial, or other real property more energy efficient prevents many property owners from making those improvements. To make those improvements more affordable and to promote the installation of those improvements, it is necessary to authorize an alternative procedure for authorizing assessments to finance the cost of energy efficiency improvements.

(b) The Legislature declares that a public purpose will be served by a contractual assessment program that provides the legislative body of any city with the authority to finance the installation of distributed generation

renewable energy sources and energy efficiency improvements that are permanently fixed to residential, commercial, industrial, or other real property.

SEC. 3. Section 5898.20 of the Streets and Highways Code is amended to read:

5898.20. (a) (1) The legislative body of any city may determine that it would be convenient and advantageous to designate an area within the city, which may encompass the entire city or a lesser portion, within which authorized city officials and property owners may enter into contractual assessments for public improvements and to make financing arrangements pursuant to this chapter.

(2) The legislative body of any city may also determine that it would be convenient, advantageous, and in the public interest to designate an area within the city, which may encompass the entire city or a lesser portion, within which authorized city officials and property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property pursuant to this chapter.

(b) The legislative body shall make these determinations by adopting a resolution indicating its intention to do so. The resolution of intention shall include a statement that the city proposes to make contractual assessment financing available to property owners, shall identify the kinds of public works, distributed generation renewable energy sources, or energy efficiency improvements that may be financed, shall describe the boundaries of the area within which contractual assessments may be entered into, and shall briefly describe the proposed arrangements for financing the program. The resolution of intention shall state that it is in the public interest to finance the installation of distributed generation renewable energy sources or energy efficiency improvements, or both, pursuant to paragraph (2) of subdivision (a), if applicable. The resolution shall state that a public hearing should be held at which interested persons may object to or inquire about the proposed program or any of its particulars, and shall state the time and place of the hearing. The resolution shall direct an appropriate city official to prepare a report pursuant to Section 5898.22 and to enter into consultations with the county auditor's office or county controller's office in order to reach agreement on what additional fees, if any, will be charged to the city or county for incorporating the proposed contractual assessments into the assessments of the general taxes of the city or county on real property.

(c) As used in this chapter, each of the following terms has the following meaning:

(1) Notwithstanding Section 5005, "city" means a city, county, or city and county.

(2) "Legislative body" has the same meaning as defined in Section 5006.

SEC. 4. Section 5898.21 is added to the Streets and Highways Code, to read:

5898.21. Notwithstanding any other provision of this chapter, upon the written consent of an authorized city official, the proposed arrangements

for financing the program pertaining to the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property may authorize the property owner to purchase directly the related equipment and materials for the installation of distributed generation renewable energy sources or energy efficiency improvements and to contract directly for the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to the property owner's residential, commercial, industrial, or other real property.

SEC. 5. Section 5898.22 of the Streets and Highways Code is amended to read:

5898.22. The report shall contain all of the following:

(a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered.

(b) A draft contract specifying the terms and conditions that would be agreed to by a property owner within the contractual assessment area and the city.

(c) A statement of city policies concerning contractual assessments including all of the following:

(1) Identification of types of facilities, distributed generation renewable energy sources, or energy efficiency improvements that may be financed through the use of contractual assessments.

(2) Identification of a city official authorized to enter into contractual assessments on behalf of the city.

(3) A maximum aggregate dollar amount of contractual assessments.

(4) A method for setting requests from property owners for financing through contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.

(d) A plan for raising a capital amount required to pay for work performed pursuant to contractual assessments. The plan may include amounts to be advanced by the city through funds available to it from any source. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Section 5898.28. The plan shall include a statement of or method for determining the interest rate and time period during which contracting property owners would pay any assessment. The plan shall provide for any reserve fund or funds. The plan shall provide for the apportionment of all or any portion of the costs incidental to financing, administration, and collection of the contractual assessment program among the consenting property owners and the city.

(e) A report on the results of the consultations with the county auditor's office or county controller's office concerning the additional fees, if any, that will be charged to the city or county for incorporating the proposed contractual assessments into the assessments of the general taxes of the city or county on real property, and a plan for financing the payment of those fees.

SEC. 6. Section 5898.30 of the Streets and Highways Code is amended to read:



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WILLIAM T FUJIOKA
Chief Executive Officer

June 17, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
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Fifth District

STATUS REPORT ON AB 811 IMPLEMENTATION

On April 14, 2009, your Board directed this Office, in coordination with the Treasurer & Tax Collector (TTC) and the Energy and Environmental Policy Team, to report back on a monthly basis on its progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008.

Your Board also directed that the report should include a schedule (with the explicit goal of utilizing American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding and having a program in place by July 2009), an assessment of financial viability, and an inventory of other appropriate funding sources.

Summary of Activities

Schedule

On May 15, 2009, we provided your Board with our first monthly update report. Included in that report was an initial assessment of activities that needed to be completed and a rough timeline indicating when a program could be implemented. We have slightly modified the assessment by adding additional, key activities and removing one. However; for now, the program implementation date remains as April of 2010 until further investigation is completed.

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Activity	Estimated Completion Date
Legal Analysis of Financing Options	June 2009
Investigate Other Options	August 2009
First Phase Outreach to Cities Within the County (to be included in initial program design and financing program)	October 2009
Complete Program Design	December 2009
Funding/Financing Completed	December 2009
Authorizing Resolutions Completed	December 2009
Contractors on Board (e.g., Turnkey Program Management; individual contractors)	March 2010
Implementation of a County AB 811 Program	April 2010

Staff will request funds under its Block Grant application to implement the countywide AB 811 program and provide any short term funding for initial operating costs. The application is due on June 25, 2009. In addition, Internal Services Department (ISD) will hire a consultant to begin the development of a countywide program using 08-09 budgeted funds.

Bond Counsel Opinion

In May 2009, the TTC requested that the law firm of Hawkins Delafield & Wood LLP (Hawkins) undertake an analysis of the contractual assessments authorized pursuant to AB 811. This analysis was completed on June 11, 2009 and sought to answer the following questions:

- Are AB 811 contractual assessments (loans) subject to Proposition 218?
- Are AB 811 contractual assessments a priority lien on the assessed property?
- What is the effect of contractual prohibitions in a Deed of Trust on the priority of an AB 811 contractual assessment lien?

Hawkins concluded that the contractual assessments authorized under AB 811 do not constitute "assessments" as contemplated by Proposition 218 and the Government Code. Nevertheless, AB 811 does expressly provide that such contractual assessments have a "super-priority" status and would serve as a priority lien on the assessed property. Hawkins further concludes that AB 811 provides specific due process safeguards that will mitigate the effect of any contractual prohibitions included in deeds of trust.

The priority status of an AB 811 assessment lien is of critical importance to the County's ability to finance an AB 811 program through the issuance of bonds. Hawkins recommends that the County pursue a validation action through the Los Angeles

Superior Court that will seek "to confirm the legal conclusion that AB 811 charges are valid and that the liens imposed in connection with contractual assessments are afforded super-lien priority status." Should a validation action prove successful, Hawkins advises that existing law will be sufficient to allow the County to initiate an AB 811 financing program. Nonetheless, the County may still wish to consider a legislative initiative that will help to clarify the Legislature's intention to provide priority status to AB 811 assessment liens.

California State Communities Development Authority

The California State Communities Development Association (CSCDA), a State-run Joint Powers Authority that exists to provide municipal financing to cities and counties throughout the State, has announced the formation of a State-wide AB 811 program available to all member cities and counties. The program is called CaliforniaFIRST; and proposes to provide a "turnkey" AB 811 program services to cities and counties that wish to implement an AB 811 program. CaliforniaFIRST will conduct all necessary steps to develop an AB 811 program including all of the activities identified in the table above and provide project financing. Interested cities and counties would simply sign on to the CaliforniaFIRST program and pay an administration fee and operating costs.

The County will begin discussions with the consultants hired by CSCDA to manage the CaliforniaFIRST program to explore the positives and negatives of the program. Issues to be discussed include: cost impacts, schedule, financing benefits to constituents, level of customer service, economies of scale, and participant influence on program elements.

Next Steps

Under a County-run AB 811 program, the County would encourage cities within the County to join its program to obtain economies of scale in start-up, operating and financing costs and to develop a regionally managed program available to all cities. On May 13, 2009, the CEO sent a letter to all City Managers within the County indicating the County's intent to form an AB 811 program which would be eligible to cities located within the County.

On June 16, 2009, the County and the consultants to CaliforniaFIRST presented an overview of AB 811 to the Green Task Force Committee of the Los Angeles Economic Development Corporation to generate interest and action among these stakeholders in helping to develop a regional program which could stimulate the economy, attract businesses and create green jobs.

Each Supervisor
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Page 4

On June 24, 2009, the County will host an AB 811 informational workshop for all interested cities. This Office has issued an invitation to the directors of all of the County's Councils of Government notifying them of this workshop and requesting that any interested city staff attend. The event will be held at the Metropolitan Transit Authority (MTA) Headquarters building in the MTA Board room from 2:00pm to 4:00 pm.

If you have any questions, or require further information on this matter, please contact Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or esandt@ceo.lacounty.gov.

WTF:EFS
TT:JJ:ef

C: Internal Services Department
Treasurer and Tax Collector

5898.30. Assessments levied pursuant to this chapter, and the interest and any penalties thereon shall constitute a lien against the lots and parcels of land on which they are made, until they are paid. Division 10 (commencing with Section 8500) applies to the levy and collection of assessments levied pursuant to this chapter, insofar as those provisions are not in conflict with the provisions of this chapter, including, but not limited to, the collection of assessments in the same manner and at the same time as the general taxes of the city on real property are payable and any penalties and remedies and lien priorities in the event of delinquency and default.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for legislative bodies of cities and free and willing property owners to enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements and for the state to begin to experience the effects of these contractual assessments, such as saving millions of kilowatthours, as early as this summer when usage is the highest, it is necessary that this act take effect immediately.



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WILLIAM T FUJIOKA
Chief Executive Officer

July 20, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: 
William T Fujioka
Chief Executive Officer

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AB 811 IMPLEMENTATION – STATUS REPORT FOR JULY 2009

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008.

Your Board also directed that the report should include: a schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding which necessitated having a program in place by July 2009; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule

A table indicating key milestones and updated implementation dates is included below. The table was developed by TTC and ISD and was reviewed by the CEO's Operations and Community and Municipal Services Clusters, County Counsel, Public Works, TTC, and ISD at an AB 811 Committee meeting on July 8, 2009.

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AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
October 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	Cities must adopt a Council Resolution agreeing to join the County program by the	CEO, ISD
November 2009	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries	TTC, County Counsel
		Program Technical Scope	ISD, Consultant
		Program Financial Report	TTC, CEO
		Form of Individual Contractual Assessment	ISD, County Counsel
		Form of Indenture	TTC, Bond Counsel
		Program Administrative Manual	ISD, Consultant, County Counsel
		County Assigned Delegated Representative to Sign Agreements	CEO, ISD
December 2009	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
January 2010	Program Implementation Underway	Marketing, Outreach Projects Assessment	ISD, Consultant
January 2010	Initiate Validation Lawsuit		Bond Counsel, County Counsel
March 2010	Conclude Validation Process		Bond Counsel, County Counsel
March 2010	Begin Financing Programs	Interim Financing Available for Initial Loans	TTC, CEO, ISD

AB 811 – UPDATE REPORT JULY 2009

Cities and COGs Representation
County-Sponsored, June 24, 2009
AB 811 Update Meeting

Monrovia	Santa Monica
Diamond Bar	Malibu
Los Angeles	La Puente
Manhattan Beach	
Sierra Madre	South Bay Cities COG
Redondo Beach	Gateway Cities COG
Burbank	Westside Cities COG
West Covina	San Gabriel Valley Cities COG
La Canada Flintridge	
Norwalk	



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September 18, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
From: 
William T Fujioka
Chief Executive Officer

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR SEPTEMBER 2009

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: a schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding which necessitated having a program in place by July 2009; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule Update

<u>AB 811 Milestone Timeline</u>			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD

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AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
October 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	Cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD
November 2009	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries Program Technical Scope Program Financial Report Form of Individual Contractual Assessment Form of Indenture Program Administrative Manual County Assigned Delegated Representative to Sign Agreements	TTC, County Counsel ISD, Consultant TTC, CEO ISD, County Counsel TTC, Bond Counsel ISD, Consultant, County Counsel CEO, ISD
December 2009	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
January 2010	Program Implementation Underway	Marketing, Outreach Projects Assessment	ISD, Consultant
January 2010	Initiate Validation Lawsuit		Bond Counsel, County Counsel
April 2010	Conclude Validation Process		Bond Counsel, County Counsel
April 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

As follow-up to the June 24, 2009, AB 811 informational workshop hosted by the County for all cities, ISD, TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's program.

On July 30, 2009, the County provided an AB 811 program update to the Contract Cities Association in Norwalk and to the South Bay Cities COG Energy and Environmental Committee in Torrance.

On August 20, 2009, a County AB 811 update was featured in the San Gabriel Valley COG Energy Committee meeting in Duarte.

The County has previously met with the City of Los Angeles' (City's) Mayor's Office and various city departments to present an update on the program. The City has, so far, indicated their willingness to join in the County's program.

On September 24, 2009, the County will host an initial stakeholder meeting for cities and COGs to discuss the design and development of the County AB 811 program and to clarify cities' roles in the program.

Additional stakeholder meetings will be conducted by the County and will include: utilities, green job training program administrators, building contractors, trades representatives, finance industry representatives, real estate industry representatives.

Green Jobs Training Coordination

The Internal Services Department and the CEO have met with Los Angeles Community College District (LACCD), the County Department of Community and Senior Services, the Los Angeles County Workforce Investment Board (WIB), and the South Bay Workforce Investment Board in order to update those agencies on the County's AB 811 program.

The Los Angeles Community College District and the County WIB are applying for green job training grants through the Federal Department of Labor and the CA Energy Commission (CEC). These grant opportunities are described below. The County's AB 811 program could create tremendous demand for green jobs and it is important that entities like the LACCD and the County WIB meet this potential demand by including job training and certification which support the work created under an AB 811 program.

Additional Grants in Support of AB 811

The State of California, through the CEC, has announced its State Energy Program (SEP) grant which utilizes funding from ARRA directed to State energy agencies. The CEC competitive grant program offers \$96 million in 4 key categories which will support the County's AB 811 program. Grant applications are expected to be submitted in early October of this year. The CEC SEP competitive grant program categories are described below:

- 1) Direct support to local governments who have committed to implementing community energy financing programs under AB 811 or other legislation. That support includes funding for: initial loans, start-up costs, initial operating costs, project incentives, and/or interest-rate "buy-downs."
- 2) Implementation of "whole house" energy programs into AB 811 type programs. The Program objective is to integrate various "tiers" of packaged energy programs which include: residential energy audits, benchmarking, inspections, and project installations to ensure optimum levels of energy efficiency are achieved in existing homes. Funding will be provided for incentives, marketing, and outreach, and supporting specific green job-training initiatives.
- 3) Development of green workforce development programs. Funding will be provided only to either Community College Districts or Workforce Investment Boards to develop job training programs that support the residential energy program "tiers" described above.
- 4) Implementation of targeted technology measures for municipal and commercial buildings. Funding will be provided for the development of regional proposals that: target specific energy efficiency measures in commercial buildings, provide technical support and outreach, and create programs which will "transform" the market for these technologies. The County will work with other partners to provide marketing, outreach, education, and financing for targeted energy efficiency measures under its AB 811 program.

Financial and Bond Counsel Activities

Treasurer and Tax Collector's financial advisor has developed an initial financial model, which assesses the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and projected bond interest rates. The model will help the County

Each Supervisor
September 18, 2009
Page 5

team determine what loan rate to charge property owners and how best to meet the cash flow needs of an AB 811 program. Initial findings from the feasibility analysis indicate that both grant monies and a cash subsidy from the County may be required during the initial stages of the program. The AB 811 program can become self-sustaining over time, but not without some level of assistance during its early years.

Treasurer and Tax Collector has also hired bond counsel to provide advice on bond sales and to assist in the development of program legal documents, which will be included in the Board Resolution to adopt the AB 811 program. Bond counsel has previously provided a memorandum confirming the priority status of contractual assessments under AB 811 and establishing the steps necessary for the County to develop a clean energy financing program.

If you have any questions, or require further information on this matter, please contact Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186, or via e-mail at esandt@ceo.lacounty.gov.

WTF:ES
LS:HC:os

c: Executive Officer, Board of Supervisors
Acting County Counsel
Director of Internal Services
Director of Public Works
Treasurer and Tax Collector



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

December 1, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR NOVEMBER 2009

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: a schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding which necessitated having a program in place by July 2009; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule Update

An updated table indicating key milestones and updated implementation dates, (changes are shown in italics) is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters have been meeting on a regular basis as a team and with AB 811 Stakeholders to develop an implementation plan for a Countywide AB 811 Program.

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AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	Cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, <i>TTC</i>
<i>January 2010</i>	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries	TTC, County Counsel
		Program Technical Scope	ISD, Consultant
		Program Financial Report	TTC, CEO
		Form of Individual Contractual Assessment	ISD, County Counsel
		Form of Indenture	TTC, Bond Counsel
		Program Administrative Manual	ISD, Consultant, County Counsel
		County Assigned Delegated Representative to Sign Agreements	CEO, ISD
<i>February 2010</i>	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
<i>February 2010</i>	Program Implementation Underway	Marketing, Outreach Projects Assessment	ISD, Consultant
<i>March 2010</i>	Initiate Validation Lawsuit		Bond Counsel, County Counsel
<i>June 2010</i>	Conclude Validation Process		Bond Counsel, County Counsel
<i>July 2010</i>	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

Internal Services Department, TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date, the County group has met with the following COGs: San Gabriel Valley Cities, South Bay Cities, Gateway Cities, and Las Virgenes-Malibu. The group has also met individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, and Santa Clarita.

On September 24, 2009, the County hosted an initial stakeholder meeting for cities and COGs to discuss the design and development of the Program and to clarify cities' roles in the Program. Various subcommittees were created and volunteers from the cities have been participating in subcommittee meetings to discuss and develop Program design, implementation and administration issues.

The next all-hands stakeholder meeting is scheduled for December 7, 2009 at the Metropolitan Transit Authority Headquarters Board Room at 2:00 p.m.

Green Jobs Training Coordination

Internal Services Department and the CEO continue to meet with the Los Angeles Community College District (LACCD), the County Department of Community and Senior Services, the Los Angeles County Workforce Investment Board, and the South Bay Workforce Investment Board in order to integrate their green job training programs into the Program's workforce development activities. LACCD, the County WIB and the South Bay WIB have received approximately \$2.5 million for green job training grants through the Federal Department of Labor and the California Energy Commission (CEC).

Additional Grants in Support of AB 811

The County will apply for approximately \$26 million in additional grants through the CEC State Energy Program (SEP). These grants are specifically designed to assist local jurisdictions that are implementing AB 811-type programs. Specifically, the County will apply for grant funding under the following programs:

- Direct support to local governments who have committed to implementing community energy financing programs under AB 811 or other legislation. This funding will be targeted towards reducing the costs of the Program; i.e., paying for initial operating and administration costs, providing a reserve fund for long-term project financing, and "buying down" the initial Program interest rates for homeowners.
- Implementation of "whole house" energy programs into AB 811 type programs. The program's objective is to integrate various "tiers" of packaged energy programs which include: residential energy audits, benchmarking, inspections, and project installations to ensure optimum levels of energy efficiency are achieved in existing homes. The grants would be used for project incentives, marketing and outreach, and supporting specific green job-training initiatives.

The SEP grant applications are due on December 21, 2009; award notifications will be made in January of 2010.

The County is also applying for the Federal Competitive Energy Efficiency and Conservation Block Grant (EECBG). This grant program, which was announced in October by Vice President Biden, will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. The DOE calls this program "Retrofit Ramp-up" and its goals are the following:

- Fund model programs that demonstrate greater participation in existing building retrofits (primarily residential) at the "neighborhood" level and can be replicable in the rest of the country;
- Leverage every dollar of "Retrofit Ramp-up" grant funding with \$5 of other funding, this goal makes it apparent that AB-811 type programs are the target of this grant as it is the only way to provide this amount of leverage;
- Support regional collaborations whose "neighborhood" programs can be replicated throughout the nation.

Given these goals the County, after consultation with the CEC, will partner with regional collaborations in other parts of the state to submit a single, statewide application in the amount of \$75 million. The regional partners include: the Bay Area Association of Governments, the Sacramento County Association of Governments, and the County of San Diego. Each of these jurisdictions is developing regional AB 811 programs. The

CEC and the California Air Resources Board have indicated they will support this partnership. The deadline for the application is December 15, 2009; award notifications will be made in January of 2010.

Program Design, Implementation and Administration Contractor

Internal Services Department has completed the solicitation and evaluation of proposals for a Program contractor. A Work Order under ISD's Energy Support Services Master Agreement (ESSMA) has been executed with a team that consists of: Bevilacqua, Knight, Inc.; Renewable Funding; The Energy Coalition; Build It Green; and the South Bay Environmental Service Center. This is a very strong team that has been involved in the State's other AB 811 programs and also includes organizations with a strong background in implementing community energy efficiency programs in the County. The County's AB 811 Contract Team began work November 16, 2009.

Financial and Bond Counsel Activities

Treasurer and Tax Collector's financial advisor has developed an initial financial model, which assesses the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and projected bond interest rates. The model is being reviewed by the County's AB 811 consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining of low-interest, initial financing; impact on scaling up the Program to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to charge property owners and how to structure the AB 811 program to be self-sustaining through the Program life. As mentioned in the last report, the County team is evaluating the feasibility and benefits of the use of a cash subsidy or low-interest loan from the County's investment pool or other investment pool.

Bond Counsel has previously provided a memorandum confirming the priority status of contractual assessments under AB 811 and establishing the steps necessary for the County to develop a clean energy financing program. Sonoma County has recently completed their judicial validation proceeding and the Sonoma County Superior Court has issued a decision confirming, among other things, that County's right to issue the contractual assessments under AB 811 and the priority status of the contractual assessments.

Each Supervisor
December 1, 2009
Page 6

If you have any questions, or require further information on this matter, please contact either Ellen Sandt at (213) 974-1186, or via e-mail at esandt@ceo.lacounty.gov or Lari Sheehan at (213) 893-2477, or via e-mail at lsheehan@ceo.lacounty.gov.

WTF:ES
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c: Executive Officer, Board of Supervisors
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Director of Internal Services
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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

January 29, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
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Third District

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Fifth District

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR JANUARY 2010

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: an implementation schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Federal stimulus-related funding; an assessment of financial viability; and an inventory of other appropriate funding sources.

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Summary of Activities

Schedule Update

An updated table, indicating key milestones and updated implementation dates, is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters have been meeting on a regular basis as a team and with AB 811 Stakeholders to finalize implementation steps for a Countywide AB 811 Program (Program).

AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
February 2010	Notification of Competitive Grant Awards	\$26 million under State Energy Program, \$75 under Federal program (\$30 million for L.A. County)	ISD
March 2010	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries Program Technical Scope Program Financial Report Form of Individual Contractual Assessment	TTC, County Counsel ISD, Consultant TTC, CEO ISD, County Counsel, TTC

AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
		Form of Indenture	TTC, Bond Counsel
		Program Administrative Manual	ISD, Consultant, County Counsel
		County Assigned Delegated Representative to Sign Agreements	CEO, ISD
April 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
April 2010	Initiate Validation Lawsuit		Bond Counsel, County Counsel
June 2010	Conclude Validation Process		Bond Counsel, County Counsel
July 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

Internal Services Department's County Office of Sustainability (ISD-COS), TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date the County group has met with the following COGs: San Gabriel Valley, South Bay Cities, Gateway Cities, Westside Cities, and Las Virgenes-Malibu. The group has also met individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, and Santa Clarita.

An all-hands stakeholder meeting was held on December 7, 2009 at the Metropolitan Transit Authority Headquarters Board Room. ISD-COS, CEO, and TTC continue to meet with cities, COGs, and other stakeholders that will play a key role in fully implementing the AB 811 program throughout the region. These additional stakeholders include:

- Green Workforce Development organizations [Los Angeles Community College District, L.A. County Workforce Investment Board (WIB), L.A. City WIB, South Bay Cities (WIB)];
- Los Angeles Economic Development Corporation;
- Los Angeles Regional Collaborative;
- Los Angeles County Building Industry Association;
- Local labor representatives (Service Employees International Union 660, Los Angeles Building and Construction Trades Council, Green L.A. Coalition);
- Local utilities (Southern CA Edison, Southern CA Gas Company, Los Angeles Department of Water & Power);

Additional Grants in Support of AB 811

The County has applied for \$26 million in additional grants through the California Energy Commission State Energy Program (SEP). These grants are specifically designed to assist local jurisdictions that are implementing AB 811-type programs. Specifically, the County will apply for grant funding under the following programs:

- Funding (\$13.5 million) to reduce the loan rate to property owners under the Program; i.e., paying for initial operating and administration costs, providing a reserve fund for long-term project financing, and “buying down” the initial Program interest rates for homeowners.
- Funding (\$12.5 million) to implement the Program throughout the region especially in cities that have adopted a resolution to join the County’s Program. Implementation includes promotion of “whole house” energy programs to prioritize energy efficiency projects (before renewable projects) and to educate homeowners and simplify their decision making steps. This will be accomplished by offering various “tiers” of packaged energy programs which include: residential energy audits, benchmarking, inspections, and project installations to ensure optimum levels of energy efficiency are achieved in existing homes.

The SEP grant applications were submitted on December 21, 2009; award notifications will be made in early February of 2010.

The County also applied for a Federal Competitive EECBG. This grant program will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. These grants will support model, regional programs that demonstrate greater participation in existing building retrofits (primarily residential), and greater energy efficiency savings per project.

Internal Services Department-COS, on behalf of the Countywide region, submitted a single, statewide application in collaboration with the Association of Bay Area Governments, the Sacramento County Association of Governments, and the San Diego Association of Governments for \$75 million. This proposal outlined a variety of statewide pilot programs that would promote greater participation in home energy retrofit programs. The application was endorsed by the California Air Resources Board, the California Energy Commission, and Governor Schwarzenegger. Award notifications will be made in February of 2010. If this grant is funded, the COS will act as the Statewide and Countywide region coordinator for the program funding. Out of the \$75 million grant request, approximately \$30 million is targeted for use in the County of Los Angeles.

Program Design, Implementation and Administration Contractor

Internal Services Department-COS has begun working with a Program consultant team selected under ISD's Energy Support Services Master Agreement (ESSMA) to design, implement, and administer the Program. The Countywide AB 811 Program consultant team consists of: Bevilacqua, Knight, Inc.; Renewable Funding; The Energy Coalition; Build It Green; and the South Bay Environmental Service Center. This team has been involved in the State's other AB 811 programs and also includes organizations with a strong background in implementing community energy efficiency programs in the County. The team will work with the COGs and other cities and other stakeholders to fully implement the Program throughout the region.

Financial and Bond Counsel Activities

Treasurer and Tax Collector's financial advisor has developed various financial models which assess the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and projected bond interest rates. The model is being reviewed by

Each Supervisor
January 29, 2010
Page 6

the County's AB 811 consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining low-interest, initial financing; and impact on scaling up the Program to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to property owners and how to structure the Program to be self-sustaining through the Program life. As mentioned in the last report, the County team is evaluating the feasibility and benefits of the use of a cash subsidy or low-interest loan from the County's investment pool or other investment pool, and acquiring initial financing from other sources.

Bond Counsel has confirmed the priority status of contractual assessments under AB 811 and established the steps necessary for the County to develop a clean energy financing program. These findings were confirmed by Sonoma County's recently completed judicial validation proceeding and Sonoma County Superior Court decision.

Treasurer and Tax Collector is directing the completion of the County's Resolution of Intention (ROI) and all legal documents (listed in the AB 811 Milestone Timeline above). The team reviewing these documents includes: TTC, County Counsel, CEO, ISD, DPW, Bond Counsel, TTC's financial advisors, and the ISD-COS consultant team. The ROI and other legal documents will be submitted to the Board sometime in early to mid-March of 2010. A review period of at least 45 days must elapse after approval of the ROI before the Board can establish the Program; this would occur in mid to late April under the current schedule.

If you have any questions, or require further information on this matter, please contact me, or your staff may contact either Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186, or via e-mail at esandt@ceo.lacounty.gov or Lari Sheehan, Deputy Chief Executive Officer at (213) 893-2477, or via e-mail at lsheehan@ceo.lacounty.gov.

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COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063



Tom Tindall
Director

To enrich lives through effective and caring service.

Telephone: (323) 267-2101
FAX: (323) 260-5237

February 23, 2010

To: Each Supervisor

From: Tom Tindall *Tom Tindall*
Director

Subject: **ENERGY & ENVIRONMENTAL POLICY TEAM REPORT #7**

This memo provides an update on the accomplishments and activities of the Energy and Environmental Policy Team (Team) created through your Board's approval of the County-wide Energy and Environmental Policy (Policy) on January 16, 2007.

This document also discusses the role of the Team now that a County Office of Sustainability has been established within the Internal Services Department (ISD).

TEAM ORGANIZATION

Under the Policy, the Team was created to investigate and develop energy and environmental programs for implementation in County facilities and operations. The Team also provides support to County departments for programs initiated by the Board, including those that impact constituents County-wide or in County unincorporated areas. It is led by ISD and includes representatives from County Counsel, Chief Executive Office, Public Works, Parks and Recreation, Sheriff's Department, Public Library, Health Services, Public Health, Community and Senior Services, Community Development Commission, Southern California Edison, Southern California Gas Company, and the City of Los Angeles Department of Water & Power.

The Team meets regularly, most recently on January 27, 2010. Working committees have been established within each program area listed below and meet as necessary to accomplish the goals of the Policy.

- Energy and Water Efficiency
- Green Building Operations
- Environmental Stewardship
- Public Education & Outreach

In September 2009, your Board approved the creation of a County Office of Sustainability (COS) within ISD to respond to legislation, regulation, and policy related to climate change, and to coordinate energy efficiency, conservation, and sustainability programs within the County and the region.

ISD is also administering American Recovery and Reinvestment Act (ARRA) grants related to County-wide energy efficiency programs, including \$15.4 million from the formula-allocated Energy Efficiency and Conservation Block Grant (EECBG). Under the EECBG award, ISD is responsible for:

- Establishing Environmental Service Centers in County unincorporated areas
- Implementing a Property-Assessed Clean Energy financing program (under AB 811)
- Continuing the Energy Efficiency Retrofit and Building Retro-commissioning Program for County buildings
- Providing outreach and education for the County's Green Building Program
- Assisting with the development of a Regional Climate Action Plan

As noted by both Team members and Board staff, there is a large degree of overlap between the responsibilities of the ISD's COS and the Team. Thus, ISD will recommend that we assume all of the functions previously assigned to the Team. That is, ISD will inform departments, the CEO and the Board of the status of environmental and energy efficiency initiatives through regular meetings, semi-annual reports, and updates to an improved <http://green.lacounty.gov> website.

ISD is preparing a draft revised County Energy and Environmental Policy (Policy) to eliminate the Team and assume its functions. Unless your Board provides an alternative direction, ISD plans to submit the revised Policy for your Board's consideration in April 2010.

RECENT ACCOMPLISHMENTS

The most recent Energy and Environmental Policy Team report was issued on August 27, 2009. Since that report, we have accomplished the following significant activities:

- Public Works and ISD received a Quality and Productivity Commission Productivity Investment Fund grant and loan to certify their respective headquarters buildings under LEED EBOM (Existing Building - Operations and Maintenance) guidelines. Efforts are underway to achieve LEED EBOM certification by March 2011. A planned outcome of this effort is that ISD will develop certain County green building policy standards that meet LEED EBOM requirements for use in all County buildings. The certification of ISD's headquarters building is on track for meeting the original objective of certification

at the silver level. Public Works is pursuing more green building points than initially planned, and will also likely achieve LEED certification at the silver level.

- As part of the LEED EBOM certification process for both buildings, training will be held to promote sustainable construction and building operations for building management staff from other County departments. More than 75 staff persons will learn about these green building standards. An educational provider will be contracted in March 2010, with training sessions to start in April 2010.
- A portion of the EECBG funds (approximately \$1 million) has been allocated for providing public education and outreach about the County's Green Building Program, which includes new adoption of new building ordinances for new residential and commercial buildings. These funds will be used to provide industry stakeholder and constituent outreach, and to offer training for County staff on Program requirements and implementation. On December 14, 2009, approximately 160 staff persons from Regional Planning and Public Works attended a training session. This first training session provided an overview of green building and sustainable development fundamentals.
- The Los Angeles Regional Collaborative (LARC) for Climate Action and Sustainability will oversee the creation of a County-wide Climate Action Plan. The LARC, which includes members from local jurisdictions, public agencies, non-profit organizations, and universities, has formed a Regional Climate Action Planning Committee to guide the drafting of a scope of work for the Climate Action Plan and regional adaptation model. The Committee has begun to evaluate various emissions inventory and projection protocols, and will soon create a solicitation document to contract for this work. ISD represents the County on the LARC and on the Committee.
- ISD is managing AB 811 Program development. Under AB 811, counties and cities can provide municipal financing for energy efficiency and renewable energy projects on private property. The financing remains with the property if it is sold and is repaid through a line-item assessment on the property tax bills. In November 2009, the County hired a consultant team to design, implement, and administer the AB 811 Program. ISD, the Treasurer and Tax Collector, and the CEO have been providing monthly updates to your Board on this very important program. The latest update is attached.
- The formula-allocated EECBG includes the establishment of Environmental Service Centers across the County to provide information, materials, and resources to constituents on a variety of energy and environmental programs. ISD is now working with the consultant team hired to implement EECBG programs on the Environmental Service Center program design and implementation plan. In November, 2009, ISD provided the Board with an

update on the Environmental Service Centers proposal and its implementation. On December 16, 2009, ISD met with the deputies from all five supervisorial districts, plus stakeholders from Public Works and Regional Planning, to discuss the program status. On January 27, 2010, ISD met with Public Works' Environmental Programs Division to coordinate their efforts with the Environmental Service Centers.

- ISD will expand and enhance the Energy and Environmental website <http://green.lacounty.gov>. This website will be used as one of the major outreach components for the Environmental Service Centers and the AB 811 Program, as well as an internal resource to access status reports on energy and environmental policy issues.

ISD will continue to support County programs that are led by other organizations. These include:

- Developing programs to limit or ban the use of polystyrene food containers and plastic bags (led by the CEO and Public Works);
- Implementing the Green Building Program for private development in unincorporated County (led by Regional Planning and Public Works);
- Implementing the County Capital Project Program to certify new County buildings (>10,000 square feet) at the United States Green Building Council's LEED silver level.

Further details on all energy and environmental activities described above are included as attachments and may be found at <http://green.lacounty.gov>. If you have any questions, please contact me at (323) 267-2101 or Howard Choy at (323) 881-3939.

TT:HC:MB:LR
Attachment(s)

c: William T Fujioka, CEO
Ellen Sandt, DCEO
Lari Sheehan, DCEO
ISD Board Deputies
Each Department Head



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

April 6, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR MARCH 2010

On April 14, 2009, your Board directed the Chief Executive Officer (CEO), in coordination with the Treasurer and Tax Collector (TTC), the Director of Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: an implementation schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other federal stimulus-related funding; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule Update

A table indicating key milestones and updated implementation dates is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters met on March 12, 2010 with deputies from all five Board offices to provide a program status update, answer questions, and finalize implementation steps for the Los Angeles County Energy Program (LACEP).

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LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
April 2010	Board Meeting to adopt Resolution of Intention and set a date for Public Hearing	Resolution of Intention	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	Resolution Confirming Report and Approving Program Program Report Form of Assessment Contract Form of Bond Indenture Resolutions Authorizing Establishment of Special Fund, Issuance of Bonds and Authorizing Validation Proceedings	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Initiate Validation Proceeding	File Judicial Complaint	Bond Counsel, County Counsel
August 2010	Conclude Validation Process	Receive Judgment	Bond Counsel, County Counsel
September 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

ISD, TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date, the County group has met with the following COGs: San Gabriel Valley, South Bay Cities, Gateway Cities, Westside Cities, and Las Virgenes-Malibu. The group has also met or spoken individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, Santa Clarita, Malibu, and Beverly Hills.

Additionally, ISD staff and the consultant team have met with other stakeholders that will play a key role in fully implementing the LACEP program throughout the region. These additional stakeholders include:

- Green Workforce Development organizations [Los Angeles Community College District, L.A. County Workforce Investment Board (WIB), L.A. City WIB, South Bay Cities WIB];
- Los Angeles Economic Development Corporation;
- Los Angeles Regional Collaborative;
- Los Angeles County Community Development Commission;
- Los Angeles County Building Industry Association;
- Local labor representatives (Service Employees International Union 660, Los Angeles Building and Construction Trades Council, Green L.A. Coalition); and
- Local utilities (Southern CA Edison, Southern CA Gas Company, Los Angeles Department of Water & Power).

Additional Grants in Support of AB 811

ISD, on behalf of the Countywide region, submitted a single, statewide application in collaboration with the Association of Bay Area Governments, the Sacramento County Association of Governments, and the San Diego Association of Governments for \$75 million under a Federal Competitive EECBG grant program which will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. These grants will support model,

regional programs that demonstrate greater participation in existing building retrofits and greater energy efficiency savings per project. The application was endorsed by the California Air Resources Board, the California Energy Commission, and Governor Schwarzenegger. Award notifications could be made as late as May 2010. If this grant is funded, ISD will act as the statewide and countywide region coordinator for the program funding. Out of the \$75 million grant request, approximately \$30 million is targeted for use in the County of Los Angeles.

The County was notified by the California Energy Commission (CEC) that our applications did not meet the minimum scoring thresholds for funding under their State Energy Program (SEP) competitive grant solicitations. The CEC made over \$110 million available to assist local governments to implement Property Assessed Clean Energy Programs (like the LACEP program under AB 811). ISD previously advised your Board of this grant solicitation. ISD and the County's Intergovernmental Relations Office in Sacramento met with CEC Commissioners and administrative staff to discuss the disqualification of the County's applications under this grant. The CEC expressed a desire to assist the County's LACEP. We will keep your Board apprised of the outcome of those discussions.

Program Design, Implementation and Administration Consultant

ISD has been working with the LACEP consultant team to finalize design, implementation, and administration details. Program Design details will be documented in the Program Design Manual. The Program Design Manual contains specific LACEP details related to eligible property owners, eligible projects, project financing maximums and minimums, and other financing criteria. A less detailed document, the Program Report, has been prepared to satisfy legal requirements for formation of the County Program and to provide general information to the public about the LACEP.

ISD and the consultant team continue to develop processes for administering individual financing and project details, automating LACEP steps and tracking all required information. ISD and the consultant team are also working with a variety of other stakeholders, including the COGs and other cities, to develop a strategy for implementing the LACEP throughout the County.

Financial and Legal Activities

TTC's financial advisor has developed various financial models which assess the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and

Each Supervisor
April 6, 2010
Page 5

projected bond interest rates. The model is being reviewed by the County's LACEP consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining low-interest initial financing; and impact of scaling up the LACEP to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to property owners and how to structure the LACEP to be self-sustaining through its life. In an effort to secure funding for initial loans, the County team is evaluating the feasibility and benefits of obtaining financing both from private lenders and through the issuance of bonds in the public capital markets.

Bond Counsel has confirmed the priority status of contractual assessments under AB 811 and established the steps necessary for the County to develop a clean energy financing program. These findings were confirmed for Sonoma County following a judicial validation proceeding and a Sonoma County Superior Court decision. The County intends to initiate a similar judicial validation for LACEP immediately following the public hearing scheduled for May 25, 2010.

TTC is directing the completion of the County's Resolution of Intention (ROI) and all legal documents (listed in the LACEP Milestone Timeline above). The team reviewing these documents includes: TTC, County Counsel, CEO, ISD, Department of Public Works, Bond Counsel, TTC's financial advisors, and the LACEP consultant team. The ROI has been filed with your Board for consideration on the April 6, 2010 Board agenda. A public review period of at least 45 days must elapse after approval of the ROI before your Board can establish the LACEP. Therefore, final LACEP adoption will be considered by your Board at the May 25, 2010 Board meeting.

If you have any questions, or require further information on this matter, please contact me, or your staff may contact either Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or via email at esandt@ceo.lacounty.gov , or Lari Sheehan, Deputy Chief Executive Officer at (213) 893-2477 or via email at lsheehan@ceo.lacounty.gov.

WTF:ES:LS
HC:ef

c: Executive Office, Board of Supervisors
County Counsel
Internal Services
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County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

April 6, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ADOPTION OF THE RESOLUTION OF INTENTION TO IMPLEMENT THE
LOS ANGELES COUNTY ENERGY PROGRAM
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

Adoption of the enclosed Resolution of Intention will initiate the formation of a voluntary contractual assessment program in accordance with California Assembly Bill 811 (AB 811), which was approved by the State Legislature and signed by the Governor on July 21, 2008. The program will provide financing to qualified property owners within the County of Los Angeles for the installation of energy and water efficiency improvements to their respective properties. Participating property owners will repay the cost of the improvements through an assessment levied against their property which is payable in semi-annual installments on property tax bills. Voluntary contractual assessments may be entered into by property owners in unincorporated areas of the County and in incorporated cities, subsequent to adoption of a resolution of participation in the Los Angeles County Energy Program by the legislative body of the incorporated city.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the enclosed Resolution of Intention to approve the following items:

1. Find that the proposed project is exempt from the California Environmental Quality Act for the reasons stated in this letter and in the Resolution of Intention;
2. Declare your Board's intention to implement a contractual assessment program to finance the installation of distributed generation renewable energy sources and energy and water efficiency improvements within the County;
3. Direct the Internal Services Department (ISD) to prepare and file with your Board a Program Report pursuant to Section 5898.22 of the California Streets and Highways Code;

~~James~~
4/14/09
#7
Final

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

4. Ratify a written notice of the proposed program delivered to all providers of water, natural gas, or electric power within the boundaries of the County; and
5. Set a public hearing date of May 25, 2010, as provided for in the Resolution of Intention, and direct the Executive Officer of the Board to publish a notice of public hearing no later than 20 days before the date of the public hearing, pursuant to Section 6066 of the Government Code.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 21, 2008, the Governor signed AB 811 which, as amended, allows local governments to finance energy and water efficiency, and distributed generation renewable energy projects (collectively known as Improvements) that are permanently fixed to residential, commercial, industrial, or other real property. The financing is repaid through annual assessments on the property tax bill and a lien is filed against the property as security. The assessment remains with the property should the owner transfer or sell it. The Los Angeles County Energy Program (LACEP) is the contractual assessment program of the County under AB 811.

LACEP financing under AB 811 mitigates two key barriers that prevent property owners from implementing a greater number of energy projects: 1) it eliminates the need for property owners to pay up-front costs for improvements out of pocket, and 2) it establishes a loan obligation that is attached to the property and not to the individual borrower.

During the program's initial two year operating period, LACEP is expected to achieve 15,000 home energy retrofits, which have the potential to add \$150 million to the local economy. LACEP is intended to facilitate a significant industry shift in the region toward a greater energy efficient and renewable energy resource economy. The availability of AB 811 financing can be a catalyst in spurring the local economy by creating an estimated 1,600 "green" home energy retrofit jobs, and up to 1,000 ancillary jobs in areas, such as jobs training and workforce development, local manufacturing and distribution, and research and development.

Implementation of improvements to existing properties in the County will help the State and County reduce greenhouse gas emissions by 20,000 tons of carbon dioxide annually. Property owners can help achieve greenhouse gas reductions, reduce water and energy use, and, at the same time, save money by investing in improvements. Residents will have access to LACEP information through a variety of sources, including Environmental Service Center locations, online access, and community events.

LACEP will fund improvements to non-residential (e.g., commercial) properties after implementation of residential financing. ISD staff and consultants are working with commercial building and financial industry stakeholders to design the non-residential program. ISD staff and consultants will seek to address impediments to implementing retrofits in smaller commercial buildings (i.e., landlords are often reluctant to invest in buildings where tenants pay the utilities and the landlords do not see a direct savings, while tenants do not want to make long-term investments in buildings that they may occupy on a short-term basis).

A number of stakeholder groups are being engaged during the program design phase, including contractors, workforce development agencies, organized labor, building industry associations, home efficiency and solar equipment providers, property owner associations, County and city staff, the utility industry, and the mortgage and banking industry. Market research is being

conducted to develop an effective outreach campaign that will leverage the Whole House Retrofit programs being implemented by natural gas and electric utilities throughout California. LACEP outreach initiatives will be coordinated with Statewide efforts to provide consistent training for contractors, utilize existing credentialing and certification programs, and streamline the application process for participants.

The required program report will provide a summary of LACEP for the general public and cities considering participation. The program report will be completed and filed with your Board in advance of the public hearing to be held no sooner than 45 days following adoption of the attached Resolution of Intention (Attachment A).

A written notice of the proposed contractual assessment program (Attachment B) has been delivered to all public and private providers of water, natural gas, and/or electric power within the boundaries of the County of Los Angeles. This notice informs such providers that your Board intends to create the LACEP and will present an opportunity for comment at the public hearing to be held on May 25, 2010.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

By providing financing that may not otherwise be readily available to property owners, the County is promoting energy and water conservation, and the reduction of greenhouse gas emissions, which supports the County Strategic Plan Goal 1, Operational Effectiveness. This action also supports the County Strategic Plan Goal 3, Community and Municipal Services, by providing property owners a means to finance improvements that will result in utility cost-savings and improve their quality of life.

FISCAL IMPACT/FINANCING

In October 2009, your Board accepted the County's allocation of \$15.4 million in Energy Efficiency and Conservation Block Grant (EECBG) funding received under the American Recovery and Reinvestment Act (ARRA). The County has identified approximately \$12.2 million of this EECBG funding to support the implementation of its AB 811 program and related activities, including Environmental Service Centers and public information and outreach.

The County has applied for additional grant funding to support the AB 811 program development costs, marketing and incentives, and interest rate reductions for participating homeowners. ISD will continue to pursue grant opportunities as they are identified and will advise the Board of the status of these efforts.

A portion of the County's administrative costs (e.g., program management, application processing, etc.) will be paid by the property owners who voluntarily participate in this program. To fund the cost of the improvements, the County plans to obtain financing both from private lenders and through the issuance of bonds in the public capital markets. The County will make these funds available to qualifying property owners for allowable improvements. The debt incurred during this process will be repaid by assessments on the property tax bills and will not be an obligation of the County. In the event that the assessment is delinquent and property taxes remain unpaid, the County shall have the right to initiate foreclosure proceedings on the subject property. The foreclosure policy must take into consideration many factors and has yet to be finalized. Your Board's approval will be obtained for any such policy recommendation.

Since participation is voluntary, the property taxes for non-participating property owners are unaffected by the program.

The table below provides estimates for three typical retrofit improvement projects; including project costs, semi-annual assessment amounts, and utility bill savings. The case studies range from: 1) a basic retrofit with some additional easy to install measures, such as Energy Star bathroom fans, programmable thermostat, and energy efficient light fixtures to, 2) a basic retrofit with a heating and air conditioning system replacement to, 3) a basic retrofit that incorporates a solar photovoltaic power system. Available tax credits have not been included, but could result in additional savings.

TYPICAL HOME RETROFIT PROJECTS ANALYSIS	PROJECT COST	GROSS ASSESSMENT (AFTER INCENTIVES AND PROGRAM EXPENSES)	ESTIMATED ANNUAL ASSESSMENT	ESTIMATED ANNUAL UTILITY SAVINGS
Basic Retrofit (insulation, duct sealing, weather stripping, plus easy to install measures)	\$6,000	\$5,500	\$549	\$454
Basic Retrofit + HVAC Replacement (includes heating, ventilation, and air conditioning system)	\$15,000	\$13,200	\$1,317	\$681
Basic Retrofit + Solar Photovoltaic (PV)	\$25,500	\$20,020	\$1,997	\$1,549

Estimates do not include tax credits or the potential income tax impact of deductible interest. Results based on a "typical" L.A. County residence and project. Results will vary by home condition, location, etc. For this illustration, the examples assume a 9% interest cost and a 20 year term. Actual interest will depend on market rates.

The implementation of this program will have no impact on net County cost.

FACTS AND PROVISIONS/ LEGAL REQUIREMENTS

These proceedings are governed by Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (Act). Pursuant to the Act, counties and cities are authorized to assist free and willing property owners in financing improvements that are permanently fixed to residential, commercial, industrial, or other real property through a voluntary contractual assessment program.

Pursuant to Section 5898.26 of the Act, your Board is required to hold a public hearing where the program report will be presented and all public comments regarding the proposed voluntary contractual assessment program will be heard and considered. The Executive Officer of the Board will cause the notice of public hearing to be published pursuant to Section 6066 of the Government Code.

ENVIRONMENTAL DOCUMENTATION

The proposed project is categorically exempt from the California Environmental Quality Act (CEQA). The project, to establish the Los Angeles County Energy Program, is a voluntary contractual assessment program to finance the installation of renewable energy sources, and energy and water efficiency improvements. The project meets the criteria set forth in Section 15308 of the State CEQA Guidelines and Class 8 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, in that it is an action taken by a regulatory agency, as authorized by State law, to ensure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment. Therefore, the project is within a class of projects that has been determined not to have a significant effect on the environment. In addition, there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based on the project records.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The implementation of the program will have no impact on current services. The program will reduce greenhouse gases, improve energy efficiency, and create jobs within the County.

CONCLUSION

Upon approval of the Resolution of Intention, it is requested that the Executive Officer of the Board return three originally executed copies of the adopted Resolution of Intention to the Chief Executive Office, Internal Services Department, and Treasurer and Tax Collector.

Respectfully submitted,



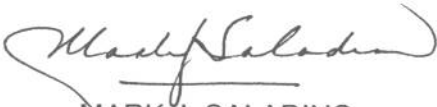
WILLIAM T FUJIOKA
Chief Executive Officer

Respectfully submitted,



TOM TINDALL
Director, Internal Services Department

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

WTF:TT:MS:ES:jj

Attachments

c: Assessor
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

June 4, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR MAY 2010

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811. In the July, 2009 status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: an implementation schedule for the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Federal stimulus related funding; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule Update

A table indicating key milestones and updated implementation dates is included below. On April 6, 2010, your Board adopted a Resolution of Intention to implement the Los Angeles County Energy Program (LACEP) with an AB 811 financing component. On May 25, 2010, your Board held the public hearing and approved the formation of the LACEP. Four speakers testified in support of the program, including a representative from State Senator Fran Pavley's office. Your Board also adopted a motion directing ISD to meet with representatives of the construction and solar power installation

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industries to discuss LACEP contractor qualifications and outreach, interest rates, and other program specifics. That meeting has been scheduled for June 15, 2010.

LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
April 2010	Board Meeting to adopt Resolution of Intention and set a date for Public Hearing	Resolution of Intention	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	Resolution Confirming Report and Approving Program Program Report Form of Assessment Contract Form of Bond Indenture Resolutions Authorizing Establishment of Special Fund, Issuance of Bonds and Authorizing Validation Proceedings	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant

LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2010	Initiate Validation Proceeding	File Judicial Complaint	Bond Counsel, County Counsel
September 2010	Conclude Validation Proceedings	Receive Judgment	Bond Counsel, County Counsel
September 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

On May 5, 2010, Internal Services Department’s County Office of Sustainability (ISD-COS), hosted a meeting for cities, Councils of Government (COGs) and other interested stakeholders to provide an update on the status of the Los Angeles County Energy Program (LACEP). Cities and COGs were also contacted in person and via email, and provided with a template resolution and other materials to encourage them to join the County program by July 1, 2010. As of June 1, 2010, twenty-four cities had calendared the LACEP opt-in resolution for consideration by their Council during the month of June.

Another important outreach effort underway is collaboration with the California Energy Commission (CEC), the California Public Utilities Commission (CPUC) and the local investor-owned utilities (IOUs) to ensure that LACEP is launched and implemented in coordination with the IOUs’ Whole House Retrofit Rebate Program mandated by the CPUC. The goal of this collaboration is to present the public with one seamless program to minimize confusion and maximize participation. All agencies are in agreement that residents performing the required energy efficiency retrofits should be able to take advantage of the IOUs’ substantial rebates (up to \$3,500) as well as LACEP financing if appropriate, without having to apply to the various programs separately. Weekly meetings between ISD-COS, Southern California Edison (SCE) and Southern California Gas (SCG) have been held to coordinate on such critical elements as marketing, utilizing a joint application, combined contractor training and certification, consistent energy efficiency measure requirements, and data collection and reporting.

Currently, the CEC and CPUC have agreed to endorse a common brand in statewide marketing and advertising and to host a statewide web portal that will deliver participants to web pages with local program information. ISD-COS and the LACEP consultant team are working closely with these State agencies to provide input as the program elements are developed.

On May 17, ISD-COS jointly hosted the Southern California Residential Retrofit Summit with the CEC, SCE, SCG, and Build It Green. The Summit brought together local

leaders in home performance contractor certification, workforce development, and energy efficiency financing. The event was successful in initiating the ongoing dialogue that will be necessary to fully implement the LACEP program throughout the region.

Additional Grants in Support of AB 811

On May 25, 2010, your Board accepted \$30 million in competitive EECBG funds from the United States Department of Energy (DOE) to enhance the participation of property owners in LACEP by implementing a wide variety of pilot programs to determine the most effective approaches to achieving widespread adoption of energy efficiency improvements. The DOE grant application was a State-wide collaboration with the Association of Bay Area Governments (ABAG), the Sacramento Municipal Utilities District, (SMUD) and the San Diego-based California Center for Sustainable Energy (CCSE). Los Angeles County is the lead recipient of the DOE award, receiving approximately \$14.9 million of the total award, and will administer the grant with the DOE and coordinate sub-awardee activities. The sub-awardees will implement innovative pilot programs in their own regions.

On June 15, 2010, your Board will consider authorization of an intergovernmental contract with the CEC in the amount of \$8 million to provide additional resources to support widespread implementation of the LACEP throughout the County. With this funding, the CEC seeks to expand the participation of property owners in LACEP by allowing ISD-COS to promote energy efficiency retrofits, conduct training for contractors, and provide broad marketing and outreach within incorporated cities that participate in LACEP. This funding will supplement the formula-allocated EECBG funds, which were limited for use only within County unincorporated areas.

With these additional funds, LACEP seeks to achieve energy retrofits for 30,000 single-family homes throughout the County by the end of 2013, with the potential to add \$300 million to the local economy. LACEP also intends to create an estimated 3,200 home energy retrofit jobs and as many as 2,000 ancillary jobs in fields such as workforce development, local manufacturing, product distribution, and research and development. These improvements to the local economy are in addition to the environmental objectives associated with LACEP and the goal of reducing the County's annual greenhouse gas emissions (attributable to its existing housing stock) by 20,000 tons of carbon dioxide annually.

Financial and Legal Activities

On May 20, 2010, this office informed your Board of the public letters issued by Fannie Mae and Freddie Mac, which raised questions with regards to the first lien priority that assessment loans generally have over mortgage loans. The structure of

Each Supervisor
June 4, 2010
Page 5

LACEP is based on the premise that an AB 811 loan will have priority status relative to a mortgage and that no adverse action will be taken against the program by either Fannie Mae or Freddie Mac. Therefore, it is critical that these federal agencies provide clarification regarding the impact that an AB 811 loan might have on an existing mortgage. Since the release of their public letters on May 5, 2010, neither Fannie Mae nor Freddie Mac has provided any additional guidance on this issue. TTC is closely monitoring the situation and will keep your Board apprised of any new developments. TTC also continues to reach out to the financial community to promote LACEP and secure funding for the initial launch of the program.

At the close of the Public Hearing held on May 25, 2010, your Board authorized the CEO and TTC, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed all proceedings required for judicial validation of the AB 811 contractual assessment and the LACEP financing instruments. TTC and County Counsel have since consulted with bond counsel and a formal validation complaint will be filed in June 2010 with the Los Angeles County Superior Court. It is anticipated that the validation proceedings will take approximately 90-120 days to complete.

If you have any questions, please contact me or have your staff contact Ellen Sandt at (213) 974-1186, or esandt@ceo.lacounty.gov.

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c: Executive Office, Board of Supervisors
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County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

August 19, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR AUGUST 2010

This status report includes updates on two items related to AB 811:

- On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly reports on progress in establishing a County-wide energy efficiency and renewable energy financing program pursuant to AB 811. Your Board also directed that the report should include: an implementation schedule for the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Federal stimulus related funding; an assessment of financial viability; and an inventory of other appropriate funding sources. The AB 811 status reports are now prepared bi-monthly.
- On July 13, 2010, your Board directed the CEO, TTC, and ISD to report back on the status of the Federal Housing Finance Agency's opposition to Property Assessed Clean Energy (PACE) financing, which would be offered in California under AB 811. As part of this motion, your Board directed County staff to halt the use of grant funds for the County's PACE program, to explore other financing options, and to work to resolve the PACE opposition. The CEO provided your Board with a detailed report on July 22, 2010, and will provide monthly status reports on this issue until it is resolved.

The Los Angeles County Energy Program (LACEP) is intended to motivate Los Angeles County property owners to implement energy and water efficiency retrofits to their existing buildings. AB 811, or PACE, financing is an optional, attractive means to implement retrofits and is intended to supplement and fill a void between other available financing options.

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Summary of Activities

Schedule Update

A table indicating key milestones and updated implementation dates (both completed and future) is included below.

LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate outreach to cities and stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate financial analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete first phase outreach to cities to include in resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
April 2010	Board Meeting to adopt Resolution of Intention and set a date for Public Hearing	Resolution of Intention	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Public Hearing to Establish District and Confirm Report (Policies and Financing Plan)	Resolution Confirming Report and Approving Program Program Report Form of Assessment	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant

LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
May 2010	Accepted DOE Retrofit Ramp Up Grant (\$30m)	Contract Form of Bond Indenture Resolutions authorizing establishment of Special Fund, Issuance of Bonds and authorizing validation proceedings Letter to the Board (May 25, 2010)	
June 2010	Initiate Legal Validation Proceedings Cities Pass Resolution to Join Accepted CEC grant (\$8m) Stakeholder meeting	All legal validation documents completed 46 cities passed resolutions Letter to the Board (June 15, 2010) Meeting with construction and solar industry stakeholders (June 15, 2010)	Bond Counsel, County Counsel, ISD
July 2010	Cities Pass Resolution to Join Complete Draft Implementation Documents PACE on hold	68 cities passed resolutions Implementation Manual (Marketing Plan, Workforce Development, Quality Assurance, Financing, Utility Coordination) July 22 response to the Board regarding Item 54B on July 13th Agenda	County Counsel, TTC, CEO, ISD, Consultant
October 2010	Soft Program Launch	Begin contractor orientation training workshops Utility rebates available Projects begin	ISD, Consultant, Utility Partners

LACEP Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
January 2011	Full Program Launch	Full scale marketing campaign begins	CEC, ISD, Consultant, Utility Partners

Additional Grants in Support of LACEP

On May 25, 2010, your Board accepted \$30 million in competitive EECBG funds from the United States Department of Energy (DOE) to enhance the participation of property owners in LACEP by implementing a wide variety of pilot programs to determine the most effective approaches for achieving widespread adoption of energy efficiency improvements. The DOE grant is a State-wide collaboration with the Association of Bay Area Governments, the Sacramento Municipal Utilities District, and the San Diego-based California Center for Sustainable Energy. Los Angeles County is the prime recipient of the DOE award, receiving approximately \$14 million of the total award, and is administering the grant with the DOE and coordinating sub-awardee activities. Pilot programs in development include: community based marketing, green building labeling, retail home improvement, HVAC contractor outreach, multi-family and whole neighborhood retrofits.

On June 15, 2010, your Board accepted an intergovernmental contract with the California Energy Commission (CEC) in the amount of \$8 million to provide additional resources to support widespread implementation of LACEP throughout the County. With this funding, LACEP seeks to expand the participation of property owners in LACEP by allowing the County to promote energy efficiency retrofits, conduct training for contractors, and provide broad marketing and outreach within participating incorporated cities. This funding supplements the formula-allocated EECBG funds, which were limited for use only within County unincorporated areas, to expand the marketing, outreach, and workforce development portions of LACEP.

With these additional funds, LACEP seeks to achieve the following goals:

- Achieve energy retrofits for 30,000 single-family homes by the end of 2013, with the potential to add \$300 million to the local economy;
- Create an estimated 3,200 home energy retrofit jobs and 2,000 ancillary jobs; and
- Reduce the County's annual greenhouse gas emissions (attributable to its existing housing stock) by 20,000 tons of carbon dioxide annually.

PACE Financing

In July 2010, the Federal Housing Finance Agency (FHFA), which oversees Fannie Mae and Freddie Mac, issued guidelines to lenders that restricted the ability of homeowners to participate in PACE financing programs. LACEP is one of many PACE financing programs nationwide that have been affected by the FHFA's action.

On July 13, 2010, your Board instructed the CEO in coordination with ISD and TTC to halt the use of grant funds on LACEP's PACE financing program, to explore other financing options, and to work to resolve the PACE opposition. As noted previously, the CEO provided a detailed report to your Board on July 22, 2010.

The County is actively supporting the efforts of the PACENOW Coalition which is a group of local and state governments, energy efficiency and solar advocates, environmental and clean energy non-profits, and financial and business institutions in support of PACE financing programs. The PACENOW Coalition efforts include enabling grassroots action, generating congressional support, engaging national organizations and introducing key legislation in support of PACE programs. These efforts resulted in significant support from around the country.

The PACENOW Coalition supports a bi-partisan bill in the Senate to have the PACE Assessment Protection Act added as an amendment to a larger piece of legislation that will likely pass when the Congress re-convenes in September. California Attorney General Jerry Brown filed suit against FHFA on July 13, 2010 in an effort to reinstate the rights of local governments to provide PACE financing to their constituents. A link to the PACENOW Coalition is located on the LACEP web site and provides up-to-date information on PACE financing.

ISD and the LACEP Consultant team is exploring alternative financing products to determine their compatibility with LACEP and whether modifications can be made to make them a viable option. Most existing financing products may be made more attractive through the application of subsidies in the form of interest rate buy downs or loan loss reserves. Some alternative options identified include:

- Fannie Mae Energy Loan – This loan is a 15.99% fixed rate unsecured loan with a 10 year term and maximum loan amount of \$20,000.
- GeoSmart Loans – Offered via the Electric & Gas Industries Association, a non-profit organization dedicated to advancing energy efficiency and renewable energy solutions. The GeoSmart Loan program offers both fixed and revolving rate products with 10 year terms and maximum loan amounts of \$25,000.

- Housing and Urban Development (HUD) Title I Home Improvement Loan – Any Title I loan in excess of \$7,500 must be secured by a mortgage or deed of trust on the property and is available through approved Title I lenders. The maximum term and loan amount for single family residences is 20 years and \$25,000. Rates vary depending upon borrower qualifications.
- SB 77 Expansion – The CEC, along with Senators Pavley and Huffman, are considering expanding SB 77 (which supports the creation of a PACE debt service fund) to support subsidies for non-PACE financing products.
- City of Los Angeles Commercial PACE Pilot Program – PACE financing for non-residential properties is not affected in the same manner as it is for residential properties. Thus, the City of Los Angeles is moving forward with the design of their pilot commercial PACE program. Key personnel from TTC, County Counsel and ISD are actively participating in City of Los Angeles' PACE planning meetings.

At the State level, the CEC is exploring the development of a Financing Mosaic (Mosaic) that would be available for all counties. In concept, Mosaic is a clearinghouse of financing options and a one-stop shop for consumers seeking to finance energy efficiency and renewable energy home improvements. It offers consumers who wish to finance energy upgrade projects the opportunity to apply, pre-qualify and view a side-by-side comparison of products and rates, enabling prospective borrowers to make an informed decision when selecting a financing solution for their projects.

IOU Coordination Efforts

Another important effort underway includes collaboration with the CEC and local investor-owned utilities (IOUs) to launch and implement LACEP in coordination with the IOUs' Whole House Retrofit Program mandated by the CPUC. The goal of this collaboration is to present the public with one seamless program to minimize confusion and maximize participation. All agencies are in agreement that residents performing the required energy efficiency retrofits should be able to take advantage of the IOUs' substantial rebates (up to \$3,500), as well as PACE financing, when available, without having to apply to the various programs separately. In the absence of PACE financing, the IOUs' rebates are critical to LACEP's launch to maximize participation through monetary incentives. Consequently, LACEP's launch date is altered to coincide with that of the IOUs' Whole House Retrofit Program. Contractor training begins, rebates are available, and projects can commence in October, 2010. Mass advertising, marketing and outreach campaigns begin in January, 2011.

LACEP and the IOUs are collaborating on a common web-based application to collect data, streamline applications, and create a user-friendly experience. Contractor credentials and quality assurance protocols are similar for both programs in order to produce a larger, more

efficient workforce. The IOUs and LACEP have partnered to create one workforce training curriculum to eliminate confusion amongst participating contractors. A Marketing and Communications Plan shared by both the IOUs and LACEP splits responsibilities in order to leverage financial resources and market to a larger audience.

Stakeholder Outreach

ISD contacted cities and Councils of Government to provide them with a template resolution and other materials to encourage them to join the County program. As of August 1, 2010, sixty-eight cities adopted a resolution to opt-in to LACEP. Seven additional cities calendared the LACEP opt-in resolution for consideration by their Councils. To aid these outreach efforts prior to LACEP's launch, LACEP's internet splash page (www.lacountyenergyprogram.org) compiles up-to-date stakeholder information including PACE developments, outreach efforts, marketing material downloads, and a matrix indicating cities that have opted into LACEP.

In addition, each of the Board offices has reviewed the Marketing and Outreach Plan draft. The final Marketing and Outreach Plan, incorporating Board office comments, is expected by the end of August, 2010.

The CEC and CPUC are using a top-down approach to ensure that the IOUs and all local government recipients of State Energy Program funds collaborate and share data without fear of regulatory noncompliance. Both agencies agreed to endorse a common brand in State-wide marketing and to host a State-wide web portal to deliver participants web-based local program information.

Contractor Outreach

On May 25, 2010, your Board instructed ISD to initiate a meeting with interested local contractors and report back on how LACEP can address their policy concerns. On June 15, 2010, staff from ISD-COS met with representatives from the home performance, solar, and general building industries to discuss LACEP. During the discussion, the contractors' concerns focused on three topics:

- Financing requirements and payment process;
- Contractor qualifications and participation in the program; and
- Workforce development to meet program demand.

The concerns related to PACE financing requirements included the restrictive nature of the underwriting criteria, the need for the interest rate to be competitive and the benefit of multiple disbursements to relieve the financial burden on contractors. As discussed in this report, PACE financing for residential projects has been put on hold, but these concerns will be addressed as staff works to identify alternate financing options.

Related to contractor participation, these stakeholders seek assurance that all participating contractors be required to maintain a minimum level of qualifications and, if performing specialty work, required to obtain additional certifications. This is consistent with LACEP requirements. There was also discussion about the need to have a comprehensive quality assurance and control mechanism in place to provide consumer protection and to ensure that contractors are properly installing efficiency measures. LACEP includes quality assurance procedures to periodically review projects performed by participating contractors ensuring that projects meet high standards of quality and achieve the efficiency goals outlined by the Program.

The industry representatives were concerned about the availability of qualified contractors in the region. Staff has completed an initial workforce gap analysis of the region identifying and quantifying the workforce needs. A workforce development plan is currently in progress and includes strategies to reduce this gap and grow the local green workforce. As part of the vetting process for the plan, a Workforce Advisory Committee (consisting of representatives from the local Workforce Investment Boards, Community Colleges, green workforce training organizations, industry organizations, interested business-owners and other key stakeholders) will be convened to review and provide comment on the strategies and tasks included in the plan.

Program Design, Implementation and Administration Consultant

ISD-COS continues to work with the LACEP consultant team to finalize design, implementation, and administration details, as well as develop processes for administering individual financing, automating Program steps and tracking all required information. ISD is also working with the DOE and CEC to revise existing contracts with the LACEP consultant team to incorporate the additional tasks that will be implemented with the additional grant funding.

Financial and Legal Activities

TTC, bond counsel, and County Counsel have indefinitely postponed the judicial validation process that was scheduled to begin in July, pending a resolution of the current issues related to PACE. All documents needed to file for judicial validation are complete. When PACE financing resumes, the judicial proceeding will be ready to begin.

TTC is actively working with the City of Los Angeles' non-residential PACE committee. This effort is at an early development stage.

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If you have any questions, or require further information on this matter, please contact me, or your staff may contact Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or esandt@ceo.lacounty.gov.

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