

STAFF REPORT*CITY OF OCEANSIDE*

DATE: January 6, 2010

TO: Honorable Mayor and City Councilmembers

FROM: Water Utilities Department

SUBJECT: **RESOLUTION REGARDING CITY OF OCEANSIDE PARTICIPATION IN THE CALIFORNIAFIRST PROGRAM TO ALLOW OWNERS OF PROPERTY TO FINANCE RENEWABLE ENERGY, ENERGY EFFICIENCY AND WATER EFFICIENCY IMPROVEMENTS AND RESOLUTION REGARDING THE CITY OF OCEANSIDE AUTHORIZING THE LEAD COLLABORATIVE ENTITY TO APPLY FOR FUNDS ON BEHALF OF THE CITY OF OCEANSIDE FOR THE CALIFORNIAFIRST PROGRAM**

SYNOPSIS

Staff recommends that the City Council adopt a resolution regarding City of Oceanside participation in the CaliforniaFIRST program, which is sponsored by the California Statewide Communities Development Authority ("California Communities"), to allow property owners to finance renewable energy, energy efficiency and water efficiency improvements on their property (Exhibit A), and adopt a resolution regarding the City of Oceanside authorizing the Lead Collaborative Entity to apply for funds on behalf of the City of Oceanside for the CaliforniaFIRST program.

BACKGROUND

California Communities is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of California Communities include all 58 counties and more than 400 other local agencies throughout California, including the City of Oceanside (City).

The CaliforniaFIRST Program is being instituted by California Communities to allow owners of property in participating cities and counties to finance renewable energy, energy efficiency and water efficiency improvements on their property. If a property owner chooses to participate, the improvements will be financed by the issuance of bonds by California Communities. California Communities will levy "contractual assessments" on the owner's property to repay the portion of the bonds issued to finance the improvements on that property. California Communities has selected Renewable Funding LLC and RBC Capital Markets to provide administration and financing for the program.

The resolution to participate in the program must be adopted by January 10, 2010 at a City Council public hearing.

ANALYSIS

The "contractual assessment" proceedings will be undertaken by California Communities pursuant to Chapter 29 of Division 7 of the Streets & Highways Code, which was amended in 2008 by Assembly Bill 811 and further amended in 2009 by Assembly Bill 474, to allow the financing of renewable energy, energy efficiency and water efficiency improvements on private property. Pursuant to Chapter 29, assessments may be levied to finance renewable energy, energy efficiency and water efficiency improvements 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, and property owners evidence their consent to the assessments by executing a contract with California Communities.

The benefits to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- In today's economic environment, there may not be attractive private enterprise alternatives for property owners to finance renewable energy/energy efficiency/water efficiency improvements.
- Even if there were private enterprise alternatives, most private loans are due on sale of the benefited property, which makes it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Under the CaliforniaFIRST Program, the assessment obligation will transfer with the property upon sale.
- The property owner can choose to pay off the assessments at any time, subject to applicable prepayment penalties.
- By virtue of regional aggregation provided by the CaliforniaFIRST Program, small projects, both residential and commercial, can have access to the municipal bond market, which may produce a lower borrowing cost.

The benefits to the City include:

- As in conventional assessment financing, the City is not obligated to repay the bonds issued by California Communities or to pay the assessments levied on the participating properties.
- California Communities handles all assessment administration, bond issuance and bond administration functions. A participating city can provide financing of renewable energy, energy efficiency and water efficiency improvements to

property owners through the CaliforniaFIRST Program – thereby meeting its political and environmental goals -- while committing virtually no staff time to administer the program.

The proposed resolution authorizes California Communities to accept applications from owners of property within our jurisdiction for municipal financing of renewable energy, energy efficiency and water efficiency improvements through the CaliforniaFIRST Program. It also authorizes California Communities to conduct assessment proceedings and levy assessments against the property of participating owners within our boundaries. It also authorizes miscellaneous related actions and makes certain findings and determinations required by law. California Communities will undertake a judicial validation proceeding as part of its initiation of the CaliforniaFIRST Program.

The resolution also authorizes payment of a set-up fee to cover legal, procedural, and technology costs associated with the CaliforniaFIRST Program. Those fees are set forth in Exhibit B to this staff report.

Any jurisdiction can withdraw from the CaliforniaFIRST Program at any time by passing a resolution rescinding the authorization.

Attached to the resolution as Exhibit A is a “Form of Resolution of Intention to be Adopted by California Communities”. This is for informational purposes and does not require action by the City Council.

FISCAL IMPACT

A transfer of \$15,000 from the Miscellaneous Water Projects 908824000712.5703 to 908824000712.5305 will be made to cover the required set-up fees for legal, technological and validation costs of the program (Exhibit C).

CITY ATTORNEY’S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

COMMISSION OR COMMITTEE REPORT

Does not apply.

RECOMMENDATIONS

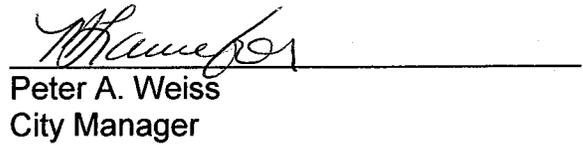
Staff recommends that the City Council adopt a resolution regarding City of Oceanside participation in the CaliforniaFIRST program, which is sponsored by the California Statewide Communities Development Authority ("California Communities"), to allow property owners to finance renewable energy, energy efficiency and water efficiency improvements on their property (Exhibit A), and adopt a resolution regarding the City of Oceanside authorizing the Lead Collaborative Entity to apply for funds on behalf of the City of Oceanside for the CaliforniaFIRST program.

PREPARED BY:



Greg Blakely
Administration Manager

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Lauren M. Wasserman, Interim Water Utilities Director



Teri Ferro, Financial Services Director



Exhibit A – Resolution regarding participation in the CaliforniaFIRST Program

Exhibit B – Resolution regarding City of Oceanside authorization the Lead Collaborative Entity to apply funds on behalf of the city of Oceanside

Exhibit C - CaliforniaFIRST Program Fee Schedule

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE TO JOIN THE CALIFORNIAFIRST PROGRAM; AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE CITY'S JURISDICTION; AND AUTHORIZING RELATED ACTIONS

WHEREAS, the California Statewide Communities Development Authority ("California Communities") is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California, including the City of Oceanside (the "City");

WHEREAS, California Communities has established the CaliforniaFIRST program (the "CaliforniaFIRST Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements (the "Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds (the "Bonds") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments;

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions 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;

WHEREAS, the City desires to allow the owners of property within its jurisdiction ("Participating Property Owners") to participate in the CaliforniaFIRST Program and to allow California Communities to conduct assessment proceedings under Chapter 29 and to issue Bonds under the 1915 Act to finance the Improvements;

WHEREAS, California Communities will conduct assessment proceedings under Chapter 29 and issue Bonds under the 1915 Act to finance Improvements;

1 WHEREAS, there has been presented to this meeting a proposed form of Resolution of
2 Intention to be adopted by California Communities in connection with such assessment
3 proceedings (the "ROI"), a copy of which is attached hereto incorporated herein as Attachment
4 A, and the jurisdiction within which assessments may be levied for the CaliforniaFIRST
5 Program shall include all of the jurisdiction within the City's official boundaries of record (the
6 "Proposed Boundaries");

7 WHEREAS, City will not be responsible for the conduct of any assessment
8 proceedings; the levy or collection of assessments or any required remedial action in the case of
9 delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds
10 or any other bonds issued in connection with the CaliforniaFIRST Program;

11 WHEREAS, pursuant to Government Code Section 6586.5, a notice of public hearing
12 has been published once at least five days prior to the date hereof in the North County Times, a
13 newspaper of general circulation published in the City of Oceanside, and a public hearing has
14 been duly conducted by this City Council concerning the significant public benefits of the
15 CaliforniaFIRST Program and the financing of the Improvements;

16 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as
17 follows:

18 SECTION 1. On January 6, 2010, the City Council held a public hearing and the City
19 Council hereby finds and declares that the issuance of bonds by California Communities in
20 connection with the CaliforniaFIRST Program will provide significant public benefits,
21 including without limitation, savings in effective interest rate, bond preparation, bond
22 underwriting and bond issuance costs and reductions in effective user charges levied by water
23 and electricity providers within the jurisdiction of the City.

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1 SECTION 2. In connection with the CaliforniaFIRST Program, the City hereby
2 consents to the conduct of special assessment proceedings by California Communities pursuant
3 to Chapter 29 on any property within the Proposed Boundaries and the issuance of Bonds under
4 the 1915 Act; provided, that

5 (1) Such proceedings are conducted pursuant to one or more Resolutions of
6 Intention in substantially the form of the ROI;

7 (2) The Participating Property Owners, who shall be the legal owners of such
8 property, execute a contract pursuant to Chapter 29 and comply with other applicable
9 provisions of California law in order to accomplish the valid levy of assessments; and

10 (3) The City will not be responsible for the conduct of any assessment proceedings;
11 the levy or collection of assessments or any required remedial action in the case of
12 delinquencies in such assessment payments; or the issuance, sale or administration of
13 the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program.

14 (4) The issuance of Bonds will occur following receipt of a final judgment in a
15 validation action filed by California Communities pursuant to Code of Civil Procedure
16 Section 860 that the Bonds are legal obligations of California Communities.

17 SECTION 3. Pursuant to the requirements of Chapter 29, California Communities has
18 prepared and will update from time to time the "Program Report" for the CaliforniaFIRST
19 Program (the "Program Report"), and California Communities will undertake assessment
20 proceedings and the financing of Improvements as set forth in the Program Report.

21 SECTION 4. The appropriate officials and staff of the City are hereby authorized and
22 directed to make applications for the CaliforniaFIRST program available to all property owners
23 who wish to finance Improvements; provided, that California Communities shall be responsible
24 for providing such applications and related materials at its own expense. The following staff
25 persons, together with any other staff persons chosen by the City Manager from time to time,
26 are hereby designated as the contact persons for California Communities in connection with the
27 CaliforniaFIRST Program: Clean Water Program Coordinator.

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1 SECTION 5. The appropriate officials and staff of the City are hereby authorized and
2 directed to execute and deliver such closing certificates, requisitions, agreements and related
3 documents as are reasonably required by California Communities in accordance with the
4 Program Report to implement the CaliforniaFIRST Program for Participating Property Owners.

5 SECTION 6. The appropriate officials and staff of the City are hereby authorized and
6 directed to pay California Communities a fee in an amount not to exceed \$15,000, which
7 California Communities will use to pay for the costs of implementing the CaliforniaFIRST
8 Program in the City, including the payment of legal costs incurred in connection with judicial
9 validation of the CaliforniaFIRST Program.

10 SECTION 7. The City Council hereby finds that adoption of this Resolution is not a
11 "project" under the California Environmental Quality Act, because the Resolution does not
12 involve any commitment to a specific project which may result in a potentially significant
13 physical impact on the environment, as contemplated by Title 14, California Code of
14 Regulations, Section 15378(b)(4)).

15 SECTION 8. This Resolution shall take effect immediately upon its adoption. The City
16 Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the
17 Secretary of California Communities.

18 PASSED and ADOPTED by the City Council of the City of Oceanside, California this
19 _____ day of _____, 2010 by the following vote:

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21 AYES:

22 NAYES:

23 ABSENT:

24 ABSTAIN:

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28 ATTEST:

City Clerk

Mayor of the City of Oceanside

APPROVED AS TO FORM:


City Attorney

RESOLUTION NO. _____

**RESOLUTION DECLARING INTENTION TO FINANCE INSTALLATION OF
DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES, ENERGY
EFFICIENCY AND WATER EFFICIENCY IMPROVEMENTS**

COUNTY OF _____

WHEREAS, the California Statewide Communities Development Authority ("California Communities") is authorized under the authority granted California Communities pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 29 of Part 3 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") to authorize assessments to finance the installation of distributed generation renewable energy sources, and energy efficiency and water efficiency improvements that are permanently fixed to real property ("Authorized Improvements"); and

WHEREAS, Chapter 29 authorizes California Communities to enter into contractual assessments to finance the installation of Authorized Improvements in the County of _____ (the "County"); and

WHEREAS, California Communities wishes to declare its intention to establish a CaliforniaFIRST program (the "CaliforniaFIRST Program") in the County, pursuant to which California Communities, subject to certain conditions set forth below, would enter into contractual assessments to finance the installation of Authorized Improvements in the County;

NOW, THEREFORE, BE IT RESOLVED by the California Statewide Communities Development Authority, as follows:

Section 1. Findings. California Communities hereby finds and declares the following:

- (a) The above recitals are true and correct.
- (b) Energy conservation efforts, including the promotion of energy-related Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of global climate change and the reduction of greenhouse gas emissions in the County.
- (c) Water conservation efforts, including the promotion of water-related Authorized Improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of chronic water shortages in California.
- (d) The upfront cost of making residential, commercial, industrial, or other real property more energy and water efficient, along with the fact that most commercial loans for that purpose are due on the sale of the property, prevents many property owners from installing Authorized Improvements.
- (e) A public purpose will be served by establishing a contractual assessment program, to be known as the CaliforniaFIRST Program, pursuant to which California Communities will finance the installation of Authorized Improvements to residential, commercial, industrial, or other real property in the County.

Section 2. Determination of Public Interest. California Communities hereby determines that (a) it would be convenient, advantageous, and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of the County, within which California Communities and property owners within the County may enter into contractual assessments to finance the installation of Authorized Improvements pursuant to Chapter 29 and (b) it is in the public interest for California Communities to finance the installation of Authorized Improvements in the County pursuant to Chapter 29.

Section 3. Identification of Authorized Improvements. California Communities hereby declares that it proposes to make contractual assessment financing available to property owners to finance installation of Authorized Improvements, including but not limited to those improvements detailed in the Report described in Section 7 below, as that Report may be amended from time to time.

Section 4. Identification of Boundaries. Contractual assessments may be entered into by property owners located within the entire geographic territory of the County; provided, however, that California Communities shall not enter into contractual assessments to finance the installation of Authorized Improvements with the owner of any property in the County unless requested to do so first by the County if the property is located in unincorporated territory or a city if the property is located in incorporated territory and after such city or the County, as applicable, has held a public hearing pursuant to Section 6586.5 of the Government Code of the State of California. The form of resolution pursuant to which cities may request California Communities to enter into contractual assessments to finance the installation of Authorized Improvements is attached as Exhibit A.

Section 5. Proposed Financing Arrangements. Under Chapter 29, California Communities may issue bonds pursuant to Chapter 29 that are payable by contractual assessments and California Communities may advance its own funds to finance work to be repaid through contractual assessments, and may from time to time sell bonds to reimburse itself for such advances. Division 10 (commencing with Section 8500) of the Streets & Highways Code of the State (the "Improvement Bond Act of 1915") shall apply to any bonds issued pursuant to Chapter 29, insofar as the Improvement Bond Act of 1915 is not in conflict with Chapter 29.

California Communities shall determine the creditworthiness of a property owner to participate in the financing of Authorized Improvements based on the criteria developed by the Program Manager in consultation with the CaliforniaFIRST Program financing team and on file with the Secretary.

In connection with bonds issued under the Improvement Bond Act of 1915 that are payable from contractual assessments, serial and/or term improvement bonds shall be issued in such series and shall mature in such principal amounts and at such times (not to exceed 20 years from the second day of September next following their date) and at such rate or rates of interest (not to exceed the maximum rate permitted by applicable law) as shall be determined by California Communities at the time of the issuance and sale of the bonds. The provisions of Part 11.1 of the Improvement Bond Act of 1915 shall apply to the calling of the bonds. It is the intention of California Communities to create a special reserve fund for the bonds under Part 16 of the Improvement Bond Act of 1915. California Communities will not advance available surplus funds from its treasury to cure any deficiency in the redemption fund to be created with respect to the bonds; provided, however, that this determination shall not prevent California Communities from, in its sole discretion, so advancing funds. The bonds may be

refunded under Division 11.5 of the California Streets and Highways Code or other applicable laws permitting refunding of the bonds, upon the conditions specified by and at the determination of California Communities.

California Communities hereby authorizes the Program Manager, upon consultation with bond counsel and the CaliforniaFIRST Program underwriter, to provide for the issuance of bonds payable from contractual assessments.

In connection with the issuance of bonds payable from contractual assessments, California Communities expects to obligate itself, through a covenant with the owners of the bonds, to exercise its foreclosure rights with respect to delinquent contractual assessment installments under specified circumstances.

Section 6. Public Hearing. Pursuant to the Act, California Communities hereby orders that a public hearing be held before this Commission, at _____, on _____, _____, 2010 at _____ a.m., for the purposes of allowing interested persons to object to or inquire about the proposed program or any of its particulars. The public hearing may be continued from time to time as determined by the Commission for a time not exceeding a total of 180 days.

At the time of the hearing, the Report described in Section 7 below shall be summarized and the Commission shall afford all persons who are present an opportunity to comment upon, object to, or present evidence with regard to the proposed contractual assessment program, the extent of the area proposed to be included within the program, the terms and conditions of the draft Contract described in Section 7 below, or the proposed financing provisions. Following the public hearing, California Communities may adopt a resolution confirming the Report (the "Resolution Confirming Report") or may direct the Report's modification in any respect, or may abandon the proceedings.

The Commission hereby orders the Secretary to publish a notice of public hearing once a week for two successive weeks. Two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates not counting such publication dates, are sufficient. The period of notice will commence upon the first day of publication and terminate at the end of the fourteenth day. The first publication shall occur not later than 20 days before the date of the public hearing.

Section 7. Report. The Commission hereby directs the Program Manager for the CaliforniaFIRST Program to prepare and file with the Commission a report (the "Report") at or before the time of the public hearing described in Section 6 above containing all of the following:

(a) A map showing the boundaries of the territory within which contractual assessments are proposed to be offered, as set forth in Section 4 above.

(b) A draft contract (the "Contract") specifying the terms and conditions that would be agreed to by California Communities and a property owner within the County. The Contract may allow property owners to purchase directly the related equipment and materials for the installation of the Authorized Improvements and to contract directly for the installation of such Authorized Improvements.

(c) A statement of California Communities' policies concerning contractual assessments including all of the following:

(1) Identification of types of Authorized Improvements that may be financed through the use of contractual assessments.

(2) Identification of California Communities official authorized to enter into contractual assessments on behalf of California Communities.

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

(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 California Communities 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 of Chapter 29. 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 California Communities.

(e) A report on the results of the consultations with the County Auditor-Controller described in Section 9 below concerning the additional fees, if any, that will be charged to California Communities for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property, and a plan for financing the payment of those fees.

Section 8. Nature of Assessments. Assessments levied pursuant to Chapter 29, and the interest and any penalties thereon, will constitute a lien against the lots and parcels of land on which they are made, until they are paid. Unless otherwise directed by California Communities, the assessments shall be collected in the same manner and at the same time as the general taxes of the County on real property are payable, and subject to the same penalties and remedies and lien priorities in the event of delinquency and default.

Section 9. Consultations with County Auditor-Controller. California Communities hereby directs the Program Manager to enter into consultations with the County Auditor-Controller in order to reach agreement on what additional fees, if any, will be charged to California Communities for incorporating the proposed contractual assessments into the assessments of the general taxes of the County on real property.

Section 10. Preparation of Current Roll of Assessment. Pursuant to Section 5898.24(c), California Communities hereby designates the Program Manager (or his/her designee) as the responsible official for annually preparing the current roll of assessment obligations by assessor's parcel number on property subject to a voluntary contractual assessment.

Section 11. Procedures for Responding to Inquiries. The Program Manager shall establish procedures to promptly respond to inquiries concerning current and future estimated liability for a voluntary contractual assessment.

Section 12. Professionals Appointed. California Communities hereby appoints Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel to California Communities in connection with the CaliforniaFIRST Program. The Commission hereby authorizes and directs an Authorized Signatory of California Communities (as determined from time to time by the Commission by separate resolution) to enter into appropriate agreements with such firm for its services to California Communities in connection with the matters addressed in this Resolution.

Section 13. Set-Up Fees. The County and various cities within the County may advance fees to California Communities to pay for certain costs of establishing the CaliforniaFIRST Program, some or all of which represent State Energy Program (SEP) funds. The Program Manager is hereby authorized and directed to return to the County and cities, as applicable, any fees paid to California Communities by the County and cities, as applicable, that do not represent SEP funds and that California Communities does not use to pay for the costs of establishing the CaliforniaFIRST Program.

Section 14. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this _____, 2010.

I, the undersigned, the duly appointed, and qualified member of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on _____, 2010.

By: _____
Member

EXHIBIT A

**FORM OF RESOLUTION AUTHORIZING CALIFORNIA COMMUNITIES TO CONDUCT
CONTRACTUAL ASSESSMENT PROCEEDINGS AND
LEVY CONTRACTUAL ASSESSMENTS**

1 NOW, THEREFORE, the City Council of the City of Oceanside does resolve that in
2 compliance with the CEQA, the City of Oceanside finds that the approval of the program for
3 financing energy efficiency, energy conservation, renewable energy, and other energy related
4 projects and activities authorized by ARRA described in Attachment A is not a "project" under
5 CEQA, because the program does not involve any commitment to a specific project which may
6 result in a potentially significant physical impact on the environment, as contemplated by Title
7 14, California Code of Regulations, Section 15378(b)(4)).

8 Be it also resolved, that the City of Oceanside authorizes Sacramento County to submit
9 a collaborative application on its behalf to the California Energy Commission for up to \$15,000
10 in SEP funds for the program for financing energy efficiency, energy conservation, renewable
11 energy, and other energy related projects and activities authorized by ARRA described in
12 Exhibit A and attached hereto.

13 Be it also resolved, if recommended for funding by the California Energy Commission,
14 the City of Oceanside authorizes Sacramento County to accept a grant award on its behalf and
15 to enter into all necessary contracts and agreements, and amendments thereto, on its behalf to
16 implement and carry out the program for financing the project/s described in Attachment A.

17 PASSED and ADOPTED by the City Council of the City of Oceanside, California this
18 _____ day of _____, 2010 by the following vote:

19
20 AYES:

21 NAYES:

22 ABSENT:

23 ABSTAIN:

24
25 _____
Mayor of the City of Oceanside

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27 ATTEST:

APPROVED AS TO FORM:

28 _____
City Clerk


City Attorney

Attachment A
California Energy Commission State Energy Program
CaliforniaFIRST Collaborative Proposal
Summary of Proposal Scope & Budget Framework

DRAFT as of December 3, 2009

Description of Program Proposal

Under the lead applicant, Sacramento County, the 14 counties eligible to participate in the pilot stage of the CaliforniaFIRST Program are collaborating on a proposal to the California Energy Commission State Energy Program for a grant of up to \$16.5 million. The grant funds will be used to offset initial fees associated with bond issuance, start-up costs for the 14 counties and all incorporated cities, an interest rate buy-down, local marketing/education/training/outreach, local coordination, and grant administration to support the launch of the CaliforniaFIRST municipal financing program.

CaliforniaFIRST Program County Participants and Proposal Collaborators

- | | | | |
|------------|-------------------|---------------|-----------|
| ✓ Alameda | ✓ Sacramento | ✓ San Mateo | ✓ Ventura |
| ✓ Fresno | ✓ San Benito | ✓ Santa Clara | ✓ Yolo |
| ✓ Kern | ✓ San Diego | ✓ Santa Cruz | |
| ✓ Monterey | ✓ San Luis Obispo | ✓ Solano | |

Budget Basics

1. CaliforniaFIRST financing costs and fees (~\$6M)

Guided by California Communities and the CaliforniaFIRST Program Administrator Renewable Funding, this program element will:

- buy-down the interest rate on the initial round(s) of projects financed by the CaliforniaFIRST Program,
- cover fixed costs associated with initial bond counsel, bond disclosure, fiscal agent and bond rating,
- cover legal and validation costs, and
- cover the deployment of technology (web portal) to support local programs.

2. Grant/Contract Administration & Steering Committee Liaison: (~\$2.0M)

On behalf of the applicant agency, grant/contractor administration duties include gathering relevant reporting information from all partner jurisdictions and CaliforniaFIRST, financial oversight and invoicing, contract administration, tracking, monitoring, and oversight of deliverables. In addition, the grant administrator will serve as the partner liaison between all participating steering committees to maintain coordination and consistency on the local marketing efforts between parties as well as provide marketing and contract technical assistance, training, and advice to participating agencies. The Grant Administrator will also coordinate local efforts with those programs funded under the California Comprehensive Residential Building Retrofit Program.

3. Regional Program Coordination & Marketing: (~\$8.5M)

In line with the overall project goals, funding has been budgeted on a regional basis to each of the six primary program regions in the following amounts, based on total number of Counties:

- Capitol Region (Sacramento/Yolo): \$1,800,000
- Central Valley Region (Fresno/Kern): \$1,150,000
- Bay Area Region: (Alameda/San Mateo/Santa Clara/Solano): \$2,300,000
- North Central Coast Region: (Monterey/Santa Cruz/San Benito): \$1,725,000
- South Central Coast Region: (Ventura/San Luis Obispo): \$1,150,000
- Southern California Region: (San Diego): \$575,000

This final program element serves to provide each region with the resources necessary to help facilitate the rapid adoption of energy efficiency and renewable energy generation system installations throughout the target area by connecting property owners to any and all available on-the-ground or proposed resources, and services, providing a streamlined framework for easy navigation, reduced out-of-pocket expenses, and overall increased cost effectiveness for both participants and the program overall. The focus of the program will be to create region-wide (or county-wide, where appropriate) cooperative project design, implementation, marketing, and coordination to maximize economies of scale, take advantage of overlapping markets, and ultimately allow each dollar to go further to benefit all parties.

Financing Costs and Fees

A. Financing Costs

As Program Administrator of the California Communities CaliforniaFIRST Program, Renewable Funding will coordinate and provide program administration, financing, and legal services to support a robust statewide municipal financing program. Specific financing costs are concentrated at the start of the program and result in increased fees to a program participant, and therefore a higher effective interest rate. In order to lower the interest rate, the SEP funds will be used to cover bond disclosure counsel, bond rating fees, and a bond fiscal agent. In addition, a direct interest rate buy-down will be employed to achieve a bond rate that is equivalent to an A-rated bond, which is likely to be the bond rating later in the program.

B. Set-up Fees

A funding request equivalent to the city and county set-up fees will be included in the proposal. The costs for initial legal work and validation proceedings will be covered by this request. Additionally, the costs of establishing county web portals, importing local assessor's data, and maintaining the website will be part of this funding request.

Suggested Major Marketing Program Coordination & Marketing Program Elements

A. Agency Coordination / Steering Committee Participation

In recognition of the additional coordination time required to get new programs off the ground, individual counties may elect to include a modest amount of staff time for agency representatives to participate in the program steering committee and other activities to drive marketing program design, educational/marketing material development, form and protocol development, etc. By investing this time at the onset, we are able to develop a self-sustaining program for the long term. County agencies (that is, auditor/tax collector/controller) will receive a small percentage,

incorporated into each loan, to cover regular ongoing program administration costs associated with maintaining the tax roll and collecting annual assessments in years beyond the grant term. Some jurisdictions may instead wish to contribute this time as project leveraged funds/resources to increase overall program cost effectiveness based on their individual needs and resources. Regional partnership may also elect to use a portion of the resources from this program element toward informal or formalized staff/personnel training within their jurisdictions.

B. Education / Outreach/ Marketing

Successful program adoption requires thoughtful design, convenient procedures, and a robust program education component to encourage and energize program participation. Achieving this goal, the project team will create clear, consistent, and thematic program branding imagery, educational and recruitment tools such as program brochures. The program will be supported by the CaliforniaFIRST web portal and links to new and existing partner and complementary websites, frequently asked questions, applications, and/or other program materials. In addition, the project will engage a wide-stretching network of partners to promote, recruit, and disseminate program information utilizing existing mechanisms of door-to-door outreach, community event tabling, workshops and presentations, or other appropriate energy efficiency and complementary program participation activities. Major elements might include:

- ✓ Outreach Promotional Materials: Brochures, Door-hangers, Postcard Mailers, Bill Inserts, etc.
- ✓ Program Marketing Advertisements: Print Ads, Radio/TV Ads, PSA Production
- ✓ Promotional Outreach Events, Trade Shows or Community Workshops
- ✓ Homeowner/Business/Contractor/Staff Training Seminars
- ✓ Sustainability Site Signage
- ✓ Green Building and/or LEED Certification Technical Assistance

C. Community Coordinator / Partner Liaison / Supplies

The community coordinator is envisioned to serve as the single point regional program coordinator to unify, inform, collaborate, and engage all program parties in relation to local coordination and marketing efforts; respond to public inquiries; facilitate the education, outreach, marketing, recruitment; and promote program adoption by the target community. In addition the coordinator is responsible for coordinating with the grant administrator, tracking/reporting necessary progress and metrics, meeting/exceeding grant milestones and targets, incorporating required complementary program components, and working with CaliforniaFIRST to assure QA/QC measures are applied to all participating properties. Specific tasks will be driven by the overall project goals as well as the specific needs of each region and may include:

- ✓ **Coordination** with Grant Administrator/Steering Committee Liaison
- ✓ **Marketing Coordination** with CaliforniaFIRST Municipal Finance District
- ✓ **Facilitation** of local Regional Steering Committee Members and Partners
- ✓ **Assist** with Implementation Strategy, Documents, Procedures & Protocols Development
- ✓ **Guide** Promotion, Marketing, Education, Recruitment & Program Information Dissemination
- ✓ **Link** Program Participants to Regional Energy Efficiency & Complementary Programs
- ✓ **Connect** to Concurrent Complementary Workforce Development Training/Graduates
- ✓ **Administer** Regional Program Budget, Competitive Bidding, Other Program Transparency Requirements

- ✓ **Track** and/or compile, Monitor & Evaluate Program Progress, Energy Savings, GHG Reductions Achieved, Partner Leveraged Funds and Ancillary Environmental Benefits

Sample County Budget

A sample budget based on the above framework is provided below. Please note that these amounts are subject to change based on the actual needs of each participating jurisdiction as well as feedback obtained regarding funder and partner thresholds for competitiveness.

<i>Component</i>	<i>% Overall</i>	<i>Gross Benefit Per County</i>	<i>Net Benefit Per County</i>
1. CaliforniaFIRST Costs & Fees	39%	\$ 428,571.43	-
2. Grant Administration & Technical Assistance	10%	\$ 107,142.86	-
3A. Steering Advisory Committee	10%	\$ 115,000.00	\$ 115,000.00
3B. Education, Outreach, Incentives, Marketing	23%	\$ 258,750.00	\$ 258,750.00
3C. Community Coordination	18%	\$ 201,250.00	\$ 201,250.00
Total	100%	\$ 1,110,714.29	\$ 575,000.00

Grant Development Team:

- **County of Sacramento**—Lead Agency (Applicant), will oversee grant writing, provide final edits and required signatures, and submit finalized proposal on behalf of entire collaborative team based on the approved proposed program scope and budget framework
- **Ecology Action**—Partner Grant Writer (Lead on Marketing), will develop narrative based on proposed program scope and budget framework, especially as it pertains to local coordination and marketing project administration, marketing/contract technical assistance, regional coordination, and marketing, to meet all grant requirements and maximize proposal competitiveness.
- **Renewable Funding**—Partner Grant Writer (Lead on Finance), will develop narrative based on proposed program scope and budget framework, especially for CaliforniaFIRST Program finance-related program elements, to meet all grant requirements and maximize proposal competitiveness.

EXHIBIT C

CaliforniaFIRST Program Fees

Per City or County	Level 1	Level 2	Level 3	Level 4	Level 5
Population	under 20K	21 K - 75 K	75 K - 200 K	201 K to 500 K	over 500K
Legal & Validation Process	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Technology Set-Up	\$2,500	\$5,000	\$7,500	\$12,500	\$17,500
Total	\$10,000	\$12,500	\$15,000	\$20,000	\$25,000