

# MARIN GENERAL SERVICES AUTHORITY

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## MEMORANDUM

**DATE:** November 12, 2009

**TO:** MGSA Board of Directors

**FROM:** Paul Berlant, Executive Officer

**SUBJECT:** AGENDA ITEM F: MARIN COUNTY AB 811 PROGRAM

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Recommended Action: Discuss potential role of MGSA in the Marin County AB 811 program and provide direction to staff. The issue is whether the MGSA should be considered as an agency to administer an AB 811 program for Marin County.

### Discussion:

The County, through the Marin Energy Authority (MEA), has been working on the initiation of a financing program of residential energy efficiency improvements, as allowed under state law known as AB 811. The legislation, which went into effect in July 2008 as an urgency bill, allows local jurisdictions to finance private energy improvements to real property through voluntary, contractual assessments against the property. Repayment of the debt for the improvements is collected with property taxes by the County tax collector.

The MEA has drafted a program which it has called the Solar and Energy Efficiency District (SEED), which can be used in the MEA jurisdictions, or through a separate JEPA, in any jurisdiction that joins that JEPA. The JEPA would allow the three cities not participating in MEA to participate in the SEED program. MEA has prepared a Draft Program Implementation Plan, including a draft program structure, policies and funding plan (attached). MEA staff is also pursuing funding from several sources for the program.

On September 22, 2009, MEA staff gave the Board of Supervisors an MEA program update, including the SEED program at which time the Board briefly discussed alternate agencies to administer an AB 811 program. Possible alternate agencies mentioned included MGSA, ABAG, a contract with Sonoma County (which already has an AB 811 program), and the State.

In order to prepare this memo, I have met or spoken with: Dawn Weisz, Marin County Sustainability Planner; Dave Brennan, Sonoma County Regional Climate Protection Coordinator; John Haig, Sonoma County General Services Department Energy and Sustainability Division Manager; Rod Dole, Sonoma County Auditor/Controller/Treasurer, Tax Collector; and Francisco DeVries, President of Renewable Funding LLC, a private firm seeking to administer AB 811 programs on behalf of cities and counties.

Although not operational, the MEA SEED program is almost ready to commence. Its plan calls for:

- Starting with a \$20 million fund
- Securing long-term funding
- Staffing for public outreach and customer service
- Processing loans
- Conducting 3<sup>rd</sup> party verification and quality control
- Insuring building inspection and “hold-releases” prior to final payments
- managing and tracking funds
- Integrating the SEED program with other MEA programs directed at energy efficiency, distributed generation and demand response measures.

Given the structure of MGSA, in order to administer an AB 811 program, we would need to use the program developed by MEA or contract with a public agency or private firm that can develop a turnkey program, which includes the points noted above in the MEA program. The Marin County Tax Collector’s office would serve as loan payment collector, irrespective of which agency administers the program. A financial consultant for possible bonding would be needed. Whoever administers the program needs to obtain seed funding for program start-up costs and initial staffing. Estimates for this start-up cost range between one-half and one million dollars, some of which can be in-kind by local staff. Ongoing program operating costs would be recouped in the spread between the cost of funds for the program and the interest rate charged the property owner/customers. Currently the Sonoma County program uses a spread of 4%, where the rate to the owner is 7%.

Sonoma County representatives indicated that they are willing to discuss (in fact already have) contracting with Marin County to administer our program. We would need to establish a storefront for customer service, our County Tax Collector would be a key player and we would need to pursue long-term funding through bonding, either with or separately from Sonoma County.

In addition to Sonoma County, there is a private business, Renewable Funding, LLC ([www.renewfund.com](http://www.renewfund.com)) that has been established to provide turnkey services to a jurisdiction to establish and operate an AB 811 program. Francisco DeVries, its President, previously worked for the City of Berkeley. Renewable Funding assisted Berkeley with its “Berkeley First” program to finance solar installations on residential buildings. It is currently working with some 20 jurisdictions to develop AB 811 programs. The services Renewable Funding would offer include, owner education and services, property based underwriting, project application processing and project verification, and funding. Customer service is web-based, including decision-making tools and online applications. Local workshops and storefront service would be provided, as required.

The Marin Manager’s Association discussed administration of an AB 811 program at their October 29<sup>th</sup> meeting. The attached paper, “Key Questions for Marin Local Governments re. Administration of a Countywide Building Energy Retrofit Program and Property Assessed Clean Energy (PACE) Financing (AB 811)” prepared by Bob Brown, San Rafael Community Development Director, was used to focus their discussion.

General comments from those I spoke with can be summarized as follows:

- Policy and technical leadership is important
- Technical expertise to manage consultants is important
- Financial consulting for long-term financing is needed
- A “storefront” for customer service is needed
- Standards, policies, minimum qualifications must be established
- Contractor and building department training is essential
- A fund of approximately \$20 million may be needed before program cash flow is sufficient to maintain the program
- Staffing with three or four FTE will be required (including storefront)
- The ABAG program is dependant on an amendment to the Mello-Roos district law.

#### Conclusion:

If MGSA were to take responsibility for the administration of an AB 811 program, we would need to contract with a public or private entity to operate a turnkey program on our behalf. We could take the work done to date by the MEA staff or use a program developed by others for us. The major pieces of such a program have been well outlined by the MEA. Funding resources for seed money, start-up and ongoing financing would need to be identified. Administration of an AB 811 program would be a substantial addition to the MGSA’s portfolio. Alternatively, MGSA could provide support for the efforts of the MEA staff as needed.

#### Attachments

- September 2009 MEA - Solar & Energy Efficiency District (SEED) Draft Program Implementation Plan
- Key Questions for Marin Local Governments re. Administration of a Countywide Building Energy Retrofit Program and Property Assessed Clean Energy (PACE) Financing (AB 811)