
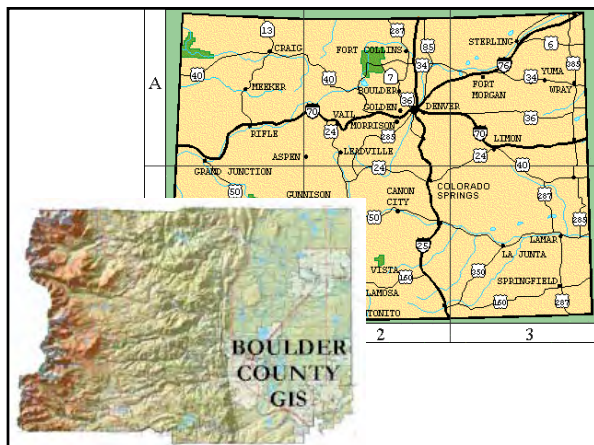



Association of Energy Services
Professionals
May 21, 2009



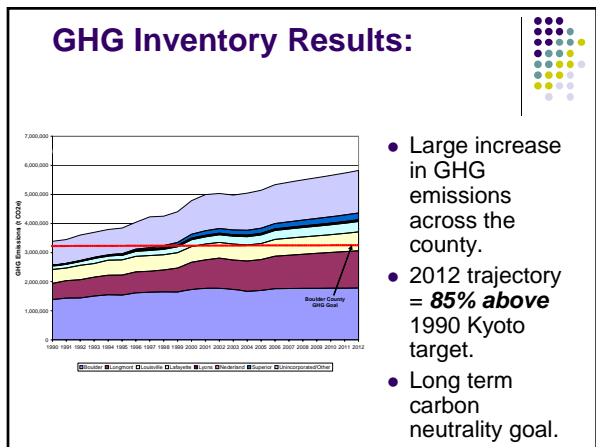


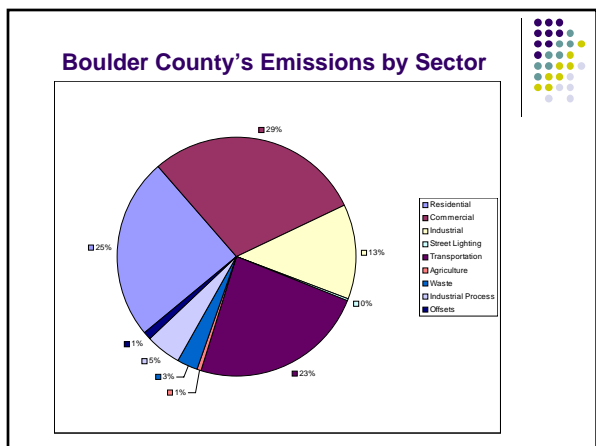
Basic County Information




- Population: 300,136
- Land area: 474,320 acres (741.125 mi²)
- 67% of county land area is publicly owned—nearly 89,000 acres of County Open Space
- Median SFH sales price (2007): \$217,900 (US) \$323,000 (Boulder County)
- Political structure:
 - 3 County Commissioners, no County Manager
 - 10 incorporated municipalities


Why did Boulder County and partner municipalities create the ClimateSmart Loan Program?








Program Basics



The ClimateSmart Loan Program is a program of Boulder County and includes the following partner municipalities:

- Boulder
- Erie
- Jamestown
- Lafayette
- Longmont
- Louisville
- Lyons
- Nederland
- Superior



Program Purpose

- To help residential and commercial property owners reduce their environmental impact and likely save money, by providing full financing for energy efficiency improvements and installation of renewable energy technologies.
- Authority: HB 08-1350 and County Ballot Measure 1A

Program Basics

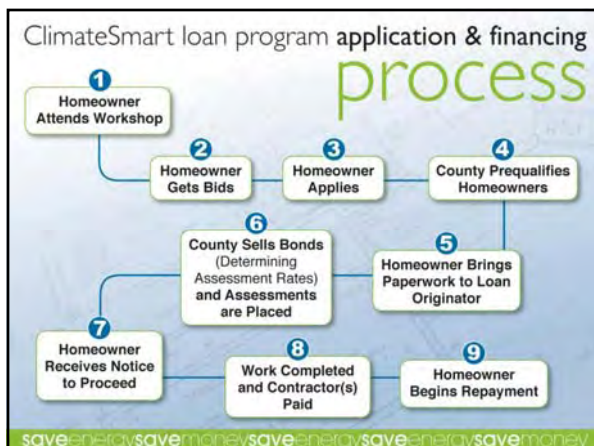


- Energy efficiency and renewable energy (RE/EE) measures
- Special assessment placed on property—easy payment via property tax statement – repayment responsibility remains with the benefitted property
- Countywide pool of funds obtained through sale of bonds
- 15 year term
- Up to the full upfront cost of improvements is loaned
- Property owners opt in (no general fund allocation)
- Complements rebate and incentive programs
- Property owner workshops and contractor briefings
- Utility bill release

County Role



- Form countywide LID
- Refer ballot measure and manage bond sale process
- Receive VCA assignments and carry forward
- Program design with municipalities
- Market program with municipal and other partners
- Place special assessments and collect payments
- Continue to work at state and federal levels



Eligible Measures



- Fixtures to property
- Useful life must average 15 years or more under normal conditions (by traunch, not property)
- Minimum standards (on eligible measures list)
 - Attic example: upgrade to R-38 is the minimum value we will cover--R-50 is ok as well, but R-24 is not
 - Some items must be part of a package or may only be replacements

Eligible Measures: Energy Efficiency



- Air Sealing and Ventilation
- Insulation
- Space Heating and Cooling
- Water Heating
- Lighting
- Daylighting
- Windows, Doors, and Skylights
- Reflective Roof
- Pool equipment and landscaping (open only)

Eligible Measures: Renewable Energy



- Solar Hot Water
- Solar Electric (PV)
- Small Wind
- Wood or Pellet Stoves

Size of Residential Program



- \$40 million already approved by voters through Ballot Measure 1A
- The County has apportioned \$28 million for residential properties and \$12 million for commercial properties
- Round One:
 - About 400 borrowers
 - \$6.6+ million
 - May 19 and 20 bond sale

Loan Types and Assessment Rates



- **Open Loans** – can be applied to primary or rental properties (*funded by taxable bonds*)
- **Income Qualified Loans** – lower interest – primary residences only (*funded by tax-exempt bonds*)

| Term | Open (taxable) | Income Qualified (tax-exempt) |
|---------|----------------|-------------------------------|
| 15 year | 7.00% (est) | 5.5% (est) |

Residential Loan Sizes



- Minimum: \$3,000 per home
- Maximum:
 - Open Loans (funded by taxable bonds): 20% of statutory actual value of property or \$50,000, whichever is less
 - Income Qualified Loans (funded by tax-exempt bonds): \$15,000, as per federal law
 - Income Qualified Loans may be combined with Open Loans up to the Open Loan maximum

County Administrative Costs



- One time “cost of issuance” for the bonds - less than 3% of the bond amount
- County costs for organizing and administering the program approximately \$100k to 110k /yr
- General fund (tax) dollars will not support the program
- Borrowers will support the program through:
 - non-refundable \$75 application fee
 - origination fee (1-2% of loan value)
 - small portion of assessment rate
 - reserve fund

Lessons Learned



- Lack of ability to guarantee a rate (or exact amount of fees) in advance makes borrowers uneasy
- New types of programs require significant amount of contact with participants
- Can impact local companies between program announcement and loan approval
- Can generate interest in EE measures, harder to manage than RE
- Program creates a ripple effect
- Local economic stimulus

Contact Information



www.climatesmartloanprogram.org

Ann Livingston
Boulder County Sustainability Coordinator

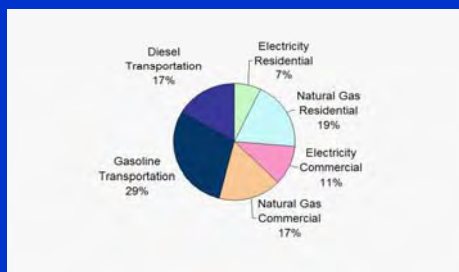
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Financing Sustainable Energy City of Berkeley



Source of Green House Gas Emissions in Berkeley

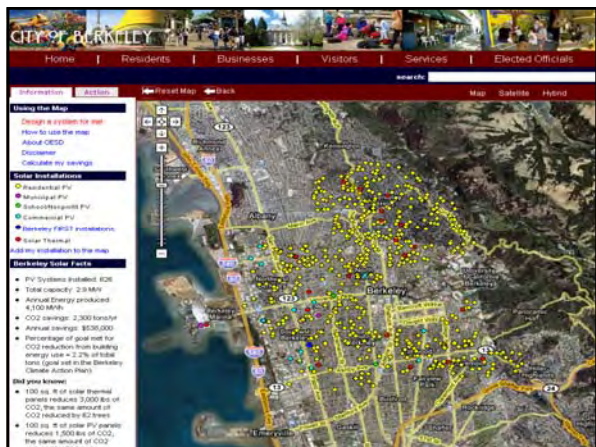


City Plans and Policies

- **General Plan** - 15% GHG reduction by 2010
between 2000 and 2005 achieved **9% decrease**
- **Measure G** - 80% reduction in GHG by 2050
- **Climate Action Plan**
 - Transportation and Land Use
 - Building Energy Use
 - Waste Reduction /Recycling
 - www.BerkeleyClimateAction.org

Berkeley Energy Conservation Programs

- Residential and Commercial Energy Conservation Ordinance
- Low Income Weatherization Program
- Smart Solar Program
- Berkeley FIRST – solar financing



Solar Goals for 2020

Solar PV & thermal to meet 11% of the GHG Reduction Goal in Climate Action Plan

Residential Installations

Now: 2.9 mW
Goal: 5.3 mW

Commercial Installations

Now: .27 mW
Goal: 1.3 mW

Berkeley FIRST Program
 (Financing Initiative for Renewable Solar Technology)



Finance solar and energy efficiency improvements for residential & commercial properties

Financing model similar to CFD

Additional 20 year Property Tax levy on participating properties to payoff bonded indebtedness of District

Framework for Sustainable Energy Financing District



- Adopted new Special Tax Financing Law amended Berkeley Municipal Code Chapter 7.98

Incorporates State Law

- CA Constitution Article XIII A Section 4
- Mello-Roos Community Facilities Act

Alternative procedure for forming district to allow territory to consist of parcels to be annexed

Alternate procedure for approving bond indebtedness by unanimous consent of property owner

Framework for Sustainable Energy Financing District



- Establish Sustainable Energy Financing District
 - Includes method of apportionment for special tax
- Adopt Goals and Policies
 - As required for Mello-Roos
- Set Maximum Bonded Indebtedness
 - Authority to issue bonds up to \$80 M for renewable and energy efficiency improvements

Framework for Sustainable Energy Financing District



- Levy of Special Taxes on parcels annexed to Special Tax District

Use of special tax

- Payment of principal and interest on bonds
- Replenish debt service reserve funds
- Payment of costs for administration by City
- Costs of collecting and administering Tax

Program Design



Property owner contracts directly with solar installer

Program Requirements

- California Solar Initiative Rebate requirement
- Compliance with City Residential/Commercial Energy Conservation Ordinance (RECO/CECO)
- Financing provided following documentation of completed installation

Financing Example



| | |
|--------------------|----------------------|
| Solar Project Cost | \$20,204 |
| CSI Rebate | (2,342) |
| City Program Cost | 463 |
| | |
| Financed Amount | \$18,284 |
| Interest | 7.75%* |
| Annual Tax Payment | \$ 1,782 / \$149 mo. |

* Based on 10 year Treasury Note –rate fluctuates until locked down

Pilot Program Status



- 2008 Initial Pilot Program – issue bonds up to \$1.5 M for 38 solar PV installations
- Maximum financing is \$37,500 per property
- Application period November 5-19, 2008
- 4 projects financed as of May 2009
- Participants have 270 days to complete installations

Staffing Resources (Operations)



- City Planning Department
 - 1.0 Program Manager
 - .25 Community Service Specialist
- Finance Department
 - Prepare Property Tax roll, Issue Payments to Property Owners, Debt Service Management
- Third Party Administrator
 - Applications, screening, customer service, verifications and final document preparation
- Other Consultants
 - Bond Counsel, Financial Adviser, Fiscal Agent

Lessons Learned

- **Participant Commitment**
Set higher cost of entry without creating barrier to participation
- **Property Tax Revenue Timing**
Time payments to provide revenue in advance of debt service obligations
- **County Coordination**
Inform Property Tax Administration Departments re: Program details in advance of implementation

Lessons Learned

- **Develop a schedule for processing bonds and payments**
 Coordination and flow among several partners
- **Up Front and Carrying Costs**
 Most installers require minimum \$1,000 deposit and sometimes pre-payment for equipment
- **Periodic Review of Program Terms**
 Remind participants of highlights or pre-financing obligations

Berkeley FIRST Summary of Closing and Transfer Procedures

| Category | Actions | Responsibility | Max Timeline |
|-----------------------------------|---|------------------------|--------------|
| Funding Request | | | |
| Document Preparation | 1 Property owner requests funding on-line | Property Owner | N/A |
| | 5 Property owner signs, notarizes and return FIRST documents | RF | 15 |
| | 8 RF delivers documents to City & JH (by PDF) | RF | |
| Bond Closing | | | |
| Document Preparation and Bond Iss | 10 Recordation of Notice of Special Tax Lien | City | 21 |
| | 11 Issue, execution and authentication of Bond by City and FA | City, Jones Hall & BNY | 21 |
| | 12 Delivery of Bond executed by City and authenticated by FA | Jones Hall | 21 |
| | 13 Delivery of Bond Counsel Opinion | Jones Hall | 21 |
| | 16 Delivery of City Closing Certificate | City and Jones Hall | 21 |
| | 17 Delivery of Fiscal Agent Certificate | FA and Jones Hall | 26 |
| | 18 Deposit into Reserve Fund | City | 26 |
| Bond Purchase | 19 Delivery of RF Closing Certificate | RF | 27 |
| | 20 Delivery of Request for Authorization to Withdraw Funds | RF | 27 |
| | 21 Delivery of Purchase Price via wire/check to City | RF | 27 |
| Check Delivery | 22 Prepare & submit FNO24 for check issuance | City | 32 |
| | 23 Delivery of Check to Property Owner | City | 34 |

Next Steps

- Program Evaluation June – October
- Planning for Solar Thermal and EE
- Financing
- Regional or Statewide Roll out?

Berkeley FIRST Program

(Financing Initiative for Renewable Solar Technology)



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www.cityofberkeley.info/sustainable
