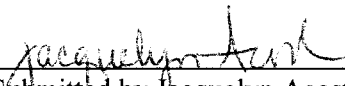


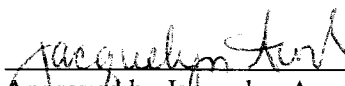


City of Carson Report to Mayor and City Council

December 3, 2013
New Business Consent

SUBJECT: CONSIDERATION OF RESOLUTION NO. 13-111 FOR INCLUSION IN THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS CALIFORNIA HOME ENERGY RETROFIT OPPORTUNITY PROGRAM


Submitted by Jacquelyn Acosta
Acting City Manager


Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

This item was continued from the November 19, 2013, City Council meeting.

Resolution No. 13-111 was forwarded to all South Bay Cities by Jacki Bacharach, Executive Director of the South Bay Cities Council of Governments (SBCCOG). This resolution supports the Home Energy Retrofit Opportunity (HERO) program (Exhibit No. 1).

The SBCCOG Board of Directors has agreed to partner with the Western Riverside Council of Governments (WRCOG) to assist in the implementation of the California HERO Program in our region. This program allows commercial and residential property owners to finance the installation of eligible energy efficiency, renewable generation, and water conservation improvements with low-interest loans that are repaid as an item on the property owner's property tax bill – also known as Property Assessed Clean Energy (PACE) programs. The HERO program has been operating successfully in WRCOG's territory since the beginning of 2012, and now residents of the municipalities in the South Bay have the opportunity to participate in the program. Resolution No. 13-111 must be adopted in order for Carson residents to participate.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 13-111, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA HERO PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES, ENERGY AND WATER EFFICIENCY IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND APPROVING THE AMENDMENT TO A CERTAIN JOINT POWERS AGREEMENT RELATED"

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2. DIRECT staff to transmit an executed copy of the resolution to:

- (1) Jacki Bacharach, Executive Director of the South Bay Cities Council of Governments,
- (2) Rick Bishop, Executive Director of the Western Riverside Council of Governments, 4080 Lemon Street, 3rd Floor, MS1032, Riverside, CA 92501-3609, and
- (3) Dustin Reilich, Director of Municipal Development, dreilich@herofinancing.com.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

AB 811 allows local government entities to offer sustainable energy project loans to eligible property owners that, through the creation of financing districts, are able to repay through a voluntary assessment on their property tax bills. These are commonly known as Property Assessed Clean Energy (PACE) programs. Benefits of joining HERO include: reduced energy consumption and lowered greenhouse gas emissions.

In 2012, the Western Riverside Council of Governments (WRCOG) developed a PACE program for the property owners in its territory, allowing residential and commercial property owners to finance the installation of eligible energy efficiency, renewable generation, and water conservation improvements with low-interest loans that are repaid as an item on the property owner's property tax bill. This program is called the Home Energy Retrofit Opportunity (HERO).

The program has been extremely successful in the WRCOG territory, with more than 6,000 applications received, more than 4,000 applications submitted and more than \$126 million in approved projects. The program is the largest PACE program in the country.

There are many non-residential PACE financing programs throughout the state, including one in Los Angeles County that has operated since 2011. However, there are just two residential PACE programs operating in the state (Sonoma County and WRCOG). With the success of the program in their territory, WRCOG is expanding the program, and the California HERO is now available to all cities and counties.

Adopting Resolution 13-111 would not preclude a City from participating in other financing or other PACE programs. WRCOG would continue to administer the program, and the only staff time that would be required through the program is the staff time required to process the City's required permits.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Resolution 13-111. (pgs. 4-12)
2. HERO Frequently Asked Questions. (pgs. 13-14)

Prepared by: Lisa Berglund, Principal Administrative Analyst

Document 17

TO: Rev 10-14-2013

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____

RESOLUTION NO. 13-111

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA H.E.R.O. PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES, ENERGY AND WATER EFFICIENCY IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND APPROVING THE AMENDMENT TO A CERTAIN JOINT POWERS AGREEMENT RELATED

WHEREAS, the Western Riverside Council of Governments ("Authority") is a joint powers authority established pursuant to Chapter 5 of Division 7, Title 1, of the Government Code of the State of California (Sections 6500 et seq.) (the "Act") and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the "Authority JPA"); and

WHEREAS, Authority JPA intends to establish the California H.E.R.O. Program to provide for the financing of renewable energy distributed generation sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the "Improvements") pursuant to Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") within counties and cities throughout the State of California that elect to participate in such program; and

WHEREAS, City of Carson (the "City") is committed to development of renewable energy sources and energy efficiency improvements, reduction of greenhouse gases, protection of our environment, and reversal of climate change; and

WHEREAS, in Chapter 29, the State Legislature authorized cities and counties to assist property owners in financing the cost of installing Improvements through a voluntary contractual assessment program; and

WHEREAS, installation of such Improvements by property owners within the jurisdictional boundaries of the counties and cities that are participating in the California HERO Program would promote the purposes cited above; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy and water efficiency and independence, and in doing so cooperate with Authority in order to efficiently and economically assist property owners the City in financing such Improvements; and

WHEREAS, Authority JPA has authority to establish the California H.E.R.O. Program, which will be such a voluntary contractual assessment program, as permitted by the Act, the Authority JPA, originally made and entered into April 1, 1991, as amended to date, and the Amendment to Joint Powers Agreement Adding the City of Carson as an Associate Member of the Western Riverside Council of Governments to Permit the



Provision of Property Assessed Clean Energy (P.A.C.E.) Program Services within the City (the "JPA Amendment"), by and between Authority JPA and the City, a copy of which is attached as Exhibit "A" hereto, to assist property owners within the incorporated area of the City in financing the cost of installing Improvements; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy and collection of assessments or any required remedial action in the case of delinquencies in the payment of any assessments or the issuance, sale or administration of any bonds issued in connection with the California HERO Program.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This City Council finds and declares that the foregoing recitals are true and correct and that the properties in the City's incorporated area will be benefited by the availability of the California H.E.R.O. Program to finance the installation of Improvements.

2. This City Council consents to inclusion in the California H.E.R.O. Program of all of the properties in the incorporated area within the City and to the Improvements, upon the request by and voluntary agreement of owners of such properties, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

3. The consent of this City Council constitutes assent to the assumption of jurisdiction by Authority JPA for all purposes of the California H.E.R.O. Program and authorizes Authority JPA, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance and enforcement of bonds to represent and be secured by such contractual assessments.

4. This City Council hereby approves the JPA Amendment and authorizes the execution thereof by appropriate City officials.

5. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the California H.E.R.O. Program within the City, and report back periodically to this City Council on the success of such program.

6. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority JPA Executive Committee.



PASSED, APPROVED and ADOPTED this ____ day of December, 2013.

Mayor Jim Dear

ATTEST:

City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

City Attorney

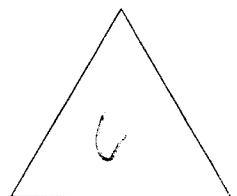


EXHIBIT A

AMENDMENT TO THE JOINT POWERS AGREEMENT ADDING CITY OF CARSON AS AN ASSOCIATE MEMBER OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS TO PERMIT THE PROVISION OF THE CALIFORNIA HERO PROGRAM SERVICES WITH SUCH CITY

This Amendment to the Joint Powers Agreement ("JPA Amendment") is made and entered into on the 6th day of November, 2013, by City of Carson ("City") and the Western Riverside Council of Governments ("Authority") (collectively the "Parties").

RECITALS

WHEREAS, Authority is a joint exercise of powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Joint Exercise of Powers Act") and the Joint Power Agreement entered into on April 1, 1991, as amended from time to time (the "Authority JPA"); and

WHEREAS, as of October 1, 2012, Authority had 18 member entities (the "Regular Members").

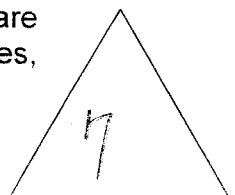
WHEREAS, Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") to authorize cities, counties, and cities and counties to establish voluntary contractual assessment programs, commonly referred to as a Property Assessed Clean Energy ("PACE") program, to fund various renewable energy sources, energy and water efficiency improvements, and electric vehicle charging infrastructure (the "Improvements") that are permanently fixed to residential, commercial, industrial, agricultural or other real property; and

WHEREAS, Authority intends to establish a PACE program to be known as the "California HERO Program" pursuant to Chapter 29 as now enacted or as such legislation may be amended hereafter, which will authorize the implementation of a PACE financing program for cities and county throughout the state; and

WHEREAS, City desires to allow owners of property within its jurisdiction to participate in the California HERO Program and to allow Authority to conduct proceedings under Chapter 29 to finance Improvements to be installed on such properties; and

WHEREAS, this JPA Amendment will permit City to become an associate member of Authority and to participate in California HERO Program for the purpose of facilitating the implementation of such program within the jurisdiction of City; and

WHEREAS, pursuant to Government Code sections 6500 et seq., the Parties are approving this JPA Agreement to allow for the provision of PACE services,



including the operation of a PACE financing program, within the incorporated territory of City; and

WHEREAS, the JPA Amendment sets forth the rights, obligations and duties of City and Authority with respect to the implementation of the California HERO Program within the incorporated territory of City.

MUTUAL UNDERSTANDINGS

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated, the Parties hereto agree as follows:

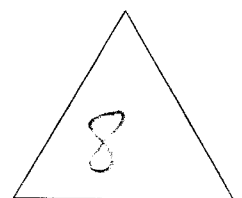
A. JPA Amendment.

1. The Authority JPA. City agrees to the terms and conditions of the Authority JPA, attached.

2. Associate Membership. By adoption of this JPA Amendment, City shall become Associate Member of Authority on the terms and conditions set forth herein and the Authority JPA and consistent with the requirements of the Joint Exercise of Powers Act. The rights and obligations of City as an Associate Member are limited solely to those terms and conditions expressly set forth in this JPA Amendment for the purposes of implementing the California HERO Program within the incorporated territory of City. Except as expressly provided for by this JPA Amendment, City shall not have any rights otherwise granted to Authority's Regular Members by the Authority JPA, including but not limited to the right to vote on matters before the Executive Committee or the General Assembly, right to amend or vote on amendments to the Authority JPA, and right to sit on committees or boards established under the Authority JPA or by action of the Executive Committee or the General Assembly, including, without limitation, the General Assembly and the Executive Committee. City shall not be considered a member for purposes of Section 9.1 of the Authority JPA. City shall not be bound by any subsequent amendments of the Authority JPA not expressly agreed to by City.

3. Rights of Authority. This JPA Amendment shall not be interpreted as limiting or restricting the rights of Authority under the Authority JPA. Nothing in this JPA Amendment is intended to alter or modify Authority Transportation Uniform Mitigation Fee (TUMF) Program, the PACE Program administered by Authority within the jurisdictions of its Regular Members, or any other programs administered now or in the future by Authority, all as currently structured or subsequently amended.

4. Rights of City. This JPA Amendment shall be not interpreted as limiting or restricting the rights of City to establish parameters or limitation on upon the HERO Program as it is conducted within City's jurisdiction.



B. Implementation of California HERO Program within City Jurisdiction.

1. Boundaries of the California HERO Program within City Jurisdiction. City shall determine and notify Authority of the boundaries of the incorporated territory within City's jurisdiction within which contractual assessments may be entered into under the California HERO Program (the "Program Boundaries"), which boundaries may include the entire incorporated territory of City or a lesser portion thereof, upon approval of same by City Council.

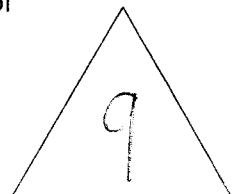
2. Determination of Eligible Improvements. Subject to any parameters or limitations provided in the resolution of City approving the conduct of the HERO Program within City's jurisdiction, Authority shall determine the types of distributed generation renewable energy sources, energy efficiency or water conservation improvements, electric vehicle charging infrastructure or such other improvements as may be authorized pursuant to Chapter 29 (the "Eligible Improvements") that will be eligible to be financed under the California HERO Program.

3. Establishment of California HERO Program. Authority will undertake such proceedings pursuant to Chapter 29 as shall be legally necessary to enable Authority to make contractual financing of Eligible Improvements available to eligible property owners with the California HERO Program Boundaries and will be solely responsible for the conduct of such proceedings.

4. Financing the Installation of Eligible Improvements. Upon approval of the conduct of the HERO Program within City's jurisdiction, Authority shall be solely responsible to develop and implement a plan for the financing of the purchase and installation of the Eligible Improvements under the California HERO Program.

5. Ongoing Administration. Authority shall be responsible for the ongoing administration of the California HERO Program, including but not limited to producing education plans to raise public awareness of the California HERO Program, soliciting, reviewing and approving applications from residential and commercial property owners participating in the California HERO Program, establishing contracts for residential, commercial and other property owners participating in such program, establishing and collecting assessments due under the California HERO Program, adopting and implementing any rules or regulations for the PACE program, and providing reports as required by Chapter 29.

City will not be responsible for the conduct of any proceedings required to be taken under Chapter 29; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or



the issuance, sale or administration of the Bonds or any other bonds issued in connection with the California HERO Program.

6. Phased Implementation. The Parties recognize and agree that implementation of the California HERO Program as a whole can and may be phased as additional other cities and counties execute similar agreements. City entering into this JPA Amendment will obtain the benefits of and incur the obligations imposed by this JPA Amendment in its jurisdictional area, irrespective of whether cities or counties enter into similar agreements.

C. Miscellaneous Provisions.

1. Withdrawal. Authority may withdraw from this JPA Amendment upon six (6) months written notice to City; provided, however, there is no outstanding indebtedness of Authority within City. The provisions of Section 6.2 of the Authority JPA shall not apply to City under this JPA Amendment. City may withdraw approval for conduct of the HERO Program within the jurisdictional limits of City upon thirty (30) written notice to WRCOG without liability to the Authority or any affiliated entity. City withdrawal shall not affect the validity of any voluntary assessment contracts (a) entered prior to the date of such withdrawal or (b) entered into after the date of such withdrawal so long as the applications for such voluntary assessment contracts were submitted to and approved by WRCOG prior to the date of City's notice of withdrawal.

2. Indemnification and Liability. Authority shall defend, indemnify and hold City and its directors, officials, officers, employees and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages or injuries of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of the acts, errors or omissions of Authority or its directors, officials, officers, employees and agents in connection with the California HERO Program administered under this JPA Amendment, including without limitation the payment of expert witness fees and attorneys fees and other related costs and expenses, but excluding payment of consequential damages, provided that the Authority shall not be required to defend or indemnify City and its directors, officials, officers, employees and agents for City's sole negligence or willful misconduct. Without limiting the foregoing, Section 5.2 of the Authority JPA shall not apply to this JPA Amendment. In no event shall any of Authority's Regular Members or their officials, officers or employees be held directly liable for any damages or liability resulting out of this JPA Amendment.

3. Environmental Review. Authority shall be the lead agency under the California Environmental Quality Act for any environmental review that may be required in implementing or administering the California HERO Program under this JPA Amendment.



4. Cooperative Effort. City shall cooperate with Authority by providing information and other assistance in order for Authority to meet its obligations hereunder. City recognizes that one of its responsibilities related to the California HERO Program will include any permitting or inspection requirements as established by City. City's cooperation shall not be interpreted to require any approvals without appropriate review or that any discretionary authority of City is exercised other than as provided by law.

5. Notice. Any and all communications and/or notices in connection with this JPA Amendment shall be either hand-delivered or sent by United States first class mail, postage prepaid, and addressed as follows:

Authority:

Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor. MS1032
Riverside, CA 92501-3609
Att: Executive Director

City:

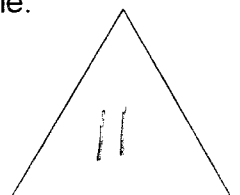
City of Carson

6. Entire Agreement. This JPA Amendment, together with the Authority JPA, constitutes the entire agreement among the Parties pertaining to the subject matter hereof. This JPA Amendment supersedes any and all other agreements, either oral or in writing, among the Parties with respect to the subject matter hereof and contains all of the covenants and agreements among them with respect to said matters, and each Party acknowledges that no representation, inducement, promise of agreement, oral or otherwise, has been made by the other Party or anyone acting on behalf of the other Party that is not embodied herein.

7. Successors and Assigns. This JPA Amendment and each of its covenants and conditions shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns. A Party may only assign or transfer its rights and obligations under this JPA Amendment with prior written approval of the other Party, which approval shall not be unreasonably withheld.

8. Attorney's Fees. If any action at law or equity, including any action for declaratory relief is brought to enforce or interpret the provisions of this Agreement, each Party to the litigation shall bear its own attorney's fees and costs.

9. Governing Law. This JPA Amendment shall be governed by and construed in accordance with the laws of the State of California, as applicable.



10. No Third Party Beneficiaries. This JPA Amendment shall not create any right or interest in the public, or any member thereof, as a third party beneficiary hereof, nor shall it authorize anyone not a Party to this JPA Amendment to maintain a suit for personal injuries or property damages under the provisions of this JPA Amendment. The duties, obligations, and responsibilities of the Parties to this JPA Amendment with respect to third party beneficiaries shall remain as imposed under existing state and federal law.

11. Severability. In the event one or more of the provisions contained in this JPA Amendment is held invalid, illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed severed from this JPA Amendment and the remaining parts of this JPA Amendment shall remain in full force and effect as though such invalid, illegal, or unenforceable portion had never been a part of this JPA Amendment.

12. Headings. The paragraph headings used in this JPA Amendment are for the convenience of the Parties and are not intended to be used as an aid to interpretation.

13. Amendment. This JPA Amendment may be modified or amended by the Parties at any time. Such modifications or amendments must be mutually agreed upon and executed in writing by both Parties. Verbal modifications or amendments to this JPA Amendment shall be of no effect.

14. Effective Date. This JPA Amendment shall become effective upon the execution thereof by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this JPA Amendment to be executed and attested by their officers thereunto duly authorized as of the date first above written.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Executive Committee Chair
Western Riverside Council of Governments

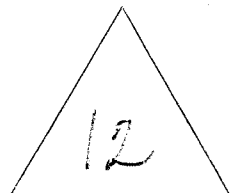
Date: _____

CITY OF _____

By: _____

Date: _____

Title: _____



Q: What is the HERO Program, and how does it work?

A: HERO enables residential and commercial property owners to install energy and water efficient improvements and renewable energy systems by having a special assessment put on their property tax bill. Payments are made through their local county with their property taxes over time.

Q: What types of home improvements are available under the Program?

A: Over 150,000 products and services qualify. Typical projects include: solar photovoltaic (PV) systems; energy efficient space heating, air cooling and ventilation (HVAC); cool roof systems; energy efficient windows, skylights, and doors; solar thermal water heating; air sealing and weatherization; insulation; water heating; indoor energy efficient light fixtures; and water efficiency measures.

Q: What are the costs and benefits of joining HERO for my community?

A: There are no hard costs to joining the HERO program and it does not require any dedicated staff resources to develop or implement the Program. Additionally, your community will see numerous economic benefits including;

- Reduced energy consumption
- Stimulated local businesses
- Created/retained sustainable jobs
- Lowered greenhouse gas emissions

Q: Why should we choose HERO compared to another PACE program?

A: HERO is the nation's fastest-growing PACE program. By choosing HERO, your community is choosing a program with a proven track-record of stimulating economic growth. The program was developed with a network of home improvement contractors who count on HERO to build their businesses. They are creating new jobs everyday and planning on expanding into regions where HERO Financing is offered.

HERO is not an exclusive program so you don't have to choose it over another program. We believe competition is an important benefit to consumers. Not only does it provide options like restaurants, gas stations or banks provide but it also increases overall demand because more companies are working harder to educate consumers on the benefits of a particular type of product or service. When there are multiple options to consider solution providers are forced to continually improve their product if they want to succeed in the marketplace.

Q: What about Freddie/Fannie/FHFA?

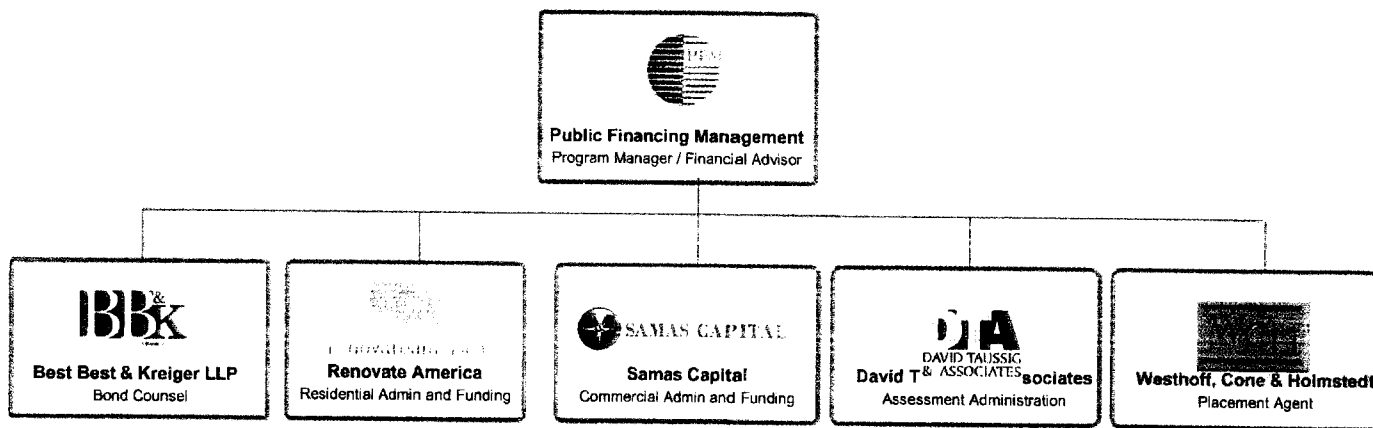
A: PACE legislation was adopted by the State of California to encourage the adoption of energy efficiency, renewable energy and water efficiency measures on homes and businesses. When the legislation was enacted, many people believed PACE was an attractive financing option due to its ability to automatically transfer payments to a new owner if the property sold. Freddie/Fannie/FHFA have indicated that they are not willing to purchase mortgages with PACE assessments on the property, therefore, property owners that sell or refinance to conforming loans may need to repay their assessment.

The HERO Program works within this provision and we have found that property owners are comfortable attending to this if, and when, the situation should arise. For most property owners the most attractive benefits are low interest rates that are fixed, the ability to deduct the interest portion of the payments, the ability to select 5, 10, 15 and 20 year payment terms, and a simple straightforward application and document process to enable them to get the energy efficiency, renewable energy or water efficiency product they are interested in. Being able to transfer the balance of the financing has not proven to be a feature that has impacted a consumer's decision.

Whether or not this provision remains in place or is removed, HERO provides numerous benefits that make PACE an attractive financing option for consumers.

Q: Who is the HERO Team?

A: The HERO team is made up of a network of partners who have been working closely since January 2010 on active residential and commercial PACE programs. Each team member is uniquely qualified for their specific role and are industry experts within their field.



Q: Can the HERO Program be customized to my municipality?

A: Yes, marketing materials, including the HERO website and contractor training materials, can be co-branded with your municipality's logo and contact information. Additionally, the HERO team will work with your municipality to review all policy considerations.

Q: Can the HERO Program be integrated with existing municipal programs?

A: Yes, the HERO Program can be integrated with existing municipal rebate, energy finance, or other PACE programs. Our team will work to implement the Program as a complementary component to other programs.

Q: How does our community get started?

A: Below are the process steps for HERO Financing to be offered in your community:

1 Approve Resolution

Approval by municipality of the resolution will allow the HERO Program to operate in the municipality. The conduit issuer then completes a corresponding acceptance of the municipality to the Program.

2 Judicial Validation of City's Participation

Program legal counsel files judicial validation documents.

3 Program Marketing and Outreach

During the program validation phase, team members initiate local marketing efforts and begin outreach to educate local contractors and property owners of funding availability, eligibility and application procedures.

4 Program Launch

Upon completion of the validation process, the HERO Program launches and projects are able to apply for and receive funding.