



**Contra  
Costa  
County**

To: Board of Supervisors  
 From: John Kopchik, Director, Conservation & Development Department  
 Date: November 1, 2016  
 Subject: CaliforniaFirst PACE Financing Program

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**RECOMMENDATION(S):**

1. ADOPT Resolution No. 2016/581 to join the CaliforniaFirst Property Assessed Clean Energy (PACE) financing program.
2. AUTHORIZE the Conservation and Development Director, or designee, to execute the Operating Agreement with the California Statewide Communities Development Authority (CSCDA) to operate the CaliforniaFirst PACE financing program in the unincorporated area of Contra Costa County.
3. AUTHORIZE the Conservation and Development Director, or designee, to execute the Indemnification and Insurance Agreement with Renew Financial Group LLC to provide indemnification and insurance protection to the County related to the CaliforniaFirst PACE financing program.

**FISCAL IMPACT:**

There is no fiscal impact to the County associated with this item.

**BACKGROUND:**

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **11/01/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
 Candace Andersen, District II Supervisor  
 Mary N. Piepho, District III Supervisor  
 Karen Mitchoff, District IV Supervisor  
 Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: November 1, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Jason Crapo,  
 925-674-7722

cc:

California law allows cities, counties, and other authorized public agencies to establish voluntary financing districts to facilitate energy and water efficiency improvements to existing residential and commercial properties. Such financing is commonly referred to as Property Assessed Clean Energy (PACE) financing. Once established, property owners within the boundaries of such a district can voluntarily choose to enter into a contractual assessment and

## BACKGROUND: (CONT'D)

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borrow funds from the district to make energy efficiency improvements. The assessment is then repaid in installments on the property tax bill. If the property owner were to default on the property taxes, the Treasurer-Tax Collector would have the authority to foreclose on the property to collect payment.

The California Statewide Communities Development Authority (CSCDA) is a Joint Powers Authority with the legal authority to establish PACE financing districts, and is the public agency sponsor of the CaliforniaFirst PACE financing program. Contra Costa County is a member of CSCDA. CSCDA contracts with the financial services firm Renew Financial Group LLC to administer day-to-day operations of the CaliforniaFirst program.

On June 16, 2015, the Board of Supervisors approved the recommendation of the Internal Operations Committee to direct the Department of Conservation and Development (DCD) to establish an application process and accept applications from PACE providers to operate within the unincorporated area of the county. The Board also approved the form of an Operating Agreement the County would require PACE providers to enter into with the County as a condition of operations. The purpose of the Operating Agreement is to protect the County and the general public from the potential costs and risk of PACE programs. The Operating Agreement requires PACE providers to participate in the State PACE Loss Reserve Program, disclose financial costs and risks to participating property owners, and indemnify the County from legal claims arising from the operation of PACE programs.

In July 2015, DCD received applications from two PACE programs: CaliforniaFirst and California HERO. Consistent with direction received from the Board, staff began a review of the application materials submitted by these two PACE programs.

On November 17, 2015, the Board of Supervisors approved an Operating Agreement with the Western Riverside Council of Governments (WRCOG) and adopted a resolution authorizing WRCOG to operate the California HERO PACE financing program within the unincorporated area of the county. The HERO program is now operating within the unincorporated area and is providing PACE financing to property owners to finance energy and water efficiency improvements to their property.

After several months of discussions in 2015 and early 2016, DCD and CSCDA reached an impasse in negotiations concerning an agreement to authorize CSCDA to operate the CaliforniaFirst program within the County's jurisdiction. The main obstacle to completing an agreement was CSCDA's decision not to provide full indemnification to the County for the operation of the CaliforniaFirst program.

In May 2016, the Internal Operations Committee of the Board of Supervisors heard a

status report on PACE financing and directed DCD and County Counsel to attempt to resolve the impasse with CSCDA concerning the CaliforniaFirst program.

The recommended Operating Agreement and Indemnification and Insurance Agreement will satisfy the County's requirements and will enable CSCDA to operate the CaliforniaFirst program within the unincorporated area of the county. The Insurance Indemnification Agreement with Renew Financial Group LLC provides additional indemnification protection to the County that CSCDA did not agree to provide in the Operating Agreement.

CONSEQUENCE OF NEGATIVE ACTION:

If the Board of Supervisors does not approve the recommended actions, the CaliforniaFirst PACE financing program will not be able to provide property owners in the unincorporated area of the county with financing for energy and water efficiency improvements to their property.

ATTACHMENTS

Resolution No. 2016/581

CSCDA Operating Agreement

Indemnification & Insurance