December 4, 2012

Board of Supervisors
County of Marin
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Resolution to Join the CaliforniaFIRST Program and designate Marin Energy Authority as Program Liaison for the County of Marin

Dear Board Members,

RECOMMENDATION: Adopt the attached Resolution No. 2012- ___ authorizing the County of Marin 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 territory of the County; designating Marin Energy Authority as Liaison to the program on behalf of the County; and authorizing related actions.

SUMMARY: 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 County of Marin.

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 to provide administration and coordinate financing for the program.

The CaliforniaFIRST Program is a property assessed clean energy (“PACE”) program. Because of negative guidance regarding PACE provided in 2010 by the Federal Housing Finance Authority (“FHFA”), the federal agency that oversees Fannie Mae and Freddie Mac, the CaliforniaFIRST Program will launch initially providing only financing for non-residential properties. Should the residential regulatory environment improve, the CaliforniaFIRST program would expand to include residential financings. “Non-residential” includes properties such as commercial, multi-family with 5 or more units, industrial, and agricultural.
The CaliforniaFIRST Program "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. Only property owners who choose to participate in the program will have assessments imposed on their 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. Since the contractual assessment will have priority over pre-existing private liens, such as mortgages, notice to and written consent/acknowledgement from all mortgage holders of the property will be required.

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 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 attached Resolution designates Marin Energy Authority (MEA) as Marin County's Liaison to California Communities and the CaliforniaFirst Program. MEA will assume responsibility for coordination and oversight for all requirements for Marin County participation in the program. MEA will additionally assist in connecting potential project applicants with the California FIRST program through its role as an energy efficiency services provider in the Marin County area. For those projects that are too small for the California FIRST program to be a viable source of financing, the MEA efficiency program will offer a complimentary on-bill repayment financing program for small businesses.

Any jurisdiction can withdraw from the CaliforniaFIRST Program at any time by passing a resolution rescinding the authorization. Participating jurisdictions are also free to develop and operate other financing programs, including alternative PACE programs, independently of but concurrent to CaliforniaFIRST.

Attached as Exhibit A is the “Resolution Approving Modifications to the CaliforniaFIRST Program to Make Available Financing for Owners of Non-Residential Property and Multifamily Residential Property with Five Units or More; To Conform to the Requirements of Assembly Bill 44 and Senate Bill 1340; and Ordering Other Related Matters,” that was approved by California Communities on February 2, 2012. This is for informational purposes and does not require action by this Board of Supervisors.

**FISCAL IMPACT:** There is no anticipated fiscal impact to the County for involvement in this program. The cost of placing assessments on the property tax roll will be covered through a fee set by the County and administered by the California FIRST program.
Respectfully submitted,

Matthew H. Hymel
County Administrator

Attachments:

1. Resolution authorizing the County of Marin to join the California Statewide Communities Development Authority
   a. Exhibit A: Form of Resolution Declaring Intention to Finance Installation of Distributed Generation Renewable Energy Sources, Energy Efficiency, and Water Efficiency Improvements (adopted by California Communities)
2. Resolution 2012-19 of Marin Energy Authority Supporting the Cities and County of MEA Enrolling in the California FIRST PACE Financing Program and Authorizing MEA as Regional Liaison of the Program
3. PACE Options Chart
4. California FIRST Program Information