

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda Date: December 7, 2009  
Reviewed by: BP

**SUBJECT:** Participation as a Member Agency in the CaliforniaFIRST Municipal Financing Program

**REPORT BY:** Nicole Almaguer, Environmental Specialist

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**STAFF RECOMMENDATION**

That the City Council approve:

1. A Resolution to participate as a member agency in the CaliforniaFIRST Municipal Financing Program.
2. An allocation of \$10,000 from Council discretionary funds for program set-up costs should a grant award to cover these expenses not be received.

**BACKGROUND**

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 City of Albany.

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. In concept, this program is similar to the BerkeleyFIRST program developed within the City of Berkeley that financed solar installations, but expands upon the allowable improvements to include energy and water efficiency. 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 and RBC Capital Markets to provide administration and financing for the program.

The “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. 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.

### **DISCUSSION**

The City has been seeking a municipal financing program to assist property owners to take initiative to achieve energy savings and reduce greenhouse gas emissions. This program is highly beneficial to property owners and the City.

Identified benefits to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- In today's economic environment, there may not be attractive private enterprise alternatives for property owners to finance renewable energy/energy efficiency/water efficiency improvements.
- Even with private enterprise alternatives, most private loans are due on sale of the benefited property, which makes it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Under the CaliforniaFIRST Program, the assessment obligation will transfer with the property upon sale.
- The property owner can choose to pay off the assessments at any time.
- By virtue of regional aggregation provided by the CaliforniaFIRST Program, small projects, both residential and commercial, can have access to the municipal bond market, which may produce a lower borrowing cost.

The benefits to the City include:

- As in conventional assessment financing, the City is not obligated to repay the bonds issued by California Communities or to pay the assessments levied on the participating properties.
- California Communities handles all assessment administration, bond issuance and bond administration functions. Participating cities can provide financing of renewable energy, energy efficiency and water efficiency improvements to property owners through the CaliforniaFIRST Program, thereby meeting environmental goals with minimal commitment of staff time to administer the program.

The proposed resolution authorizes California Communities to accept applications from owners of property within Albany for municipal financing of renewable energy, energy

efficiency and water efficiency improvements through the CaliforniaFIRST Program. It also 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.

Any jurisdiction can withdraw from the CaliforniaFIRST Program at any time by passing a resolution rescinding the authorization. Attached to the resolution as Exhibit A is a “Form of Resolution of Intention to be Adopted by California Communities”. This is for informational purposes and does not require Council action.

### **SUSTAINABILITY IMPACT**

Participation in a municipal financing program to provide assistance to property owners choosing to conduct renewable energy, energy and water efficiency projects will help the City realize its goal to reduce greenhouse gas emissions 25% below 2004 levels by the year 2020. Additionally, this program encourages property owners to consider the “whole home” approach, ensuring their homes are adequately insulated and minor improvements are made to deliver the most effective energy savings.

### **FINANCIAL IMPACT**

The resolution authorizes payment of a set-up fee to cover legal, procedural, and technology costs associated with the CaliforniaFIRST Program. Those fees, some of which are for optional services, are set forth in the attached Exhibit A. It is expected that these program set-up fees will be funded by a grant award from the California Energy Commission’s State Energy Program (SEP). The SEP grant funds are federal stimulus funds, managed by the California Energy Commission to promote energy efficiency improvements within California. Grant awards are expected to be announced in February 2010. If the grant is not awarded, the City will need to pay the set-up fees of \$7,125 (if all Alameda County jurisdictions sign on) to \$10,000 (if not all Alameda County jurisdictions sign on).

### **Attachments**

1. Resolution No. Authorizing Participation as a Member Agency in the CaliforniaFIRST Municipal Financing Program, and Exhibit A “Form of Resolution of Intention to be Adopted by California Communities”
2. Alameda County CaliforniaFIRST Set-up Fees
3. CaliforniaFIRST Program Report
4. CaliforniaFIRST Form Contract