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October 10, 2016

Hon. Peter Adam, Chair  
Board of Supervisors  
c/o Clerk of the Board  
105 E. Anapamu, Suite 406  
Santa Barbara, CA 93101

COUNTY OF SANTA BARBARA  
CLERK OF THE  
BOARD OF SUPERVISORS

**Re: Support for Adoption Commercial PACE – Open PACE Financing Program**

Dear Chair Adam and Supervisors Carbajal, Lavagnino, Farr, and Wolf:

This letter is submitted in support of County adoption and authorization for a C PACE program for the County, including an "Open PACE" program operated by the California State Communities Development Authority (CSCDA). CSCDA's turnkey program contains consumer protections, resolves staffing issues and other concerns raised at the BOS hearing on May 18<sup>th</sup>.

NRG's comments are submitted in advance of the Community Services staff report and comments expressed by the Auditor-Controller (A-C), but will attempt to address prior statements and new developments we believe are relevant to the Board's consideration.

**Summary:** C PACE financing allows commercial/non-residential property owners to install energy savings equipment (LED, HVAC, roofs, windows, other), water reduction measures (plumbing fixtures/other), seismic strengthening, EV charging stations, and/or solar arrays on their property. The loan for the qualifying improvements is paid through a contractual assessment on the owner's property tax bill over 5-39 years depending on the expected useful life of the measures installed. Typically, the energy/water savings exceed the annual assessment payment.

C PACE is a **purely voluntary financing option**. It is simply another funding alternative for owners. However, a PACE program must first be authorized by the County, which has responsibility for the assessment and payment collection and distribution process, before individual cities can opt in, and allow their residents access to the PACE financing option. **PACE also supports the right of a property owner to elect financing that fits their business operations.**

**Concerns/Misconceptions:**

- *Consumer Protections* – protections are in place, particularly if the County adopts Open PACE. CSCDA requires disclosures to potential borrowers. Most important, commercial property owners will generally be more sophisticated about the C PACE lending process.
- *First Lien Holders* – will be contacted and permission obtained for C PACE assessment
- *Staff and Resources* – no additional staff required, and resources limited to Assessor placing PACE assessment on the tax rolls and Treasurer collecting and disbursing funds, if Open PACE protocol adopted. Much like school bond assessment.
- *FHFA opposition* – now dropped. Applied to concerns over lien priority on **residential properties only**. Developed own format for insuring lien holder contacted.

- *Enforcement on Default* – handled by CSCDA. Assessment is “stripped” from the tax bill and CSCDA initiates collection action against defaulting property owner. Note: only one (1) year of the assessment due in a given year. The entire balance of the PACE loan is NOT accelerated.

### *Property Improvements – Economic Development – Other County PACE Programs*

Older buildings, shopping centers, and other commercial and agricultural properties in Santa Barbara, including owners seeking a cost effective financing alternative for energy/water efficiency, can readily benefit from PACE. Up front costs are limited. Existing building stock can be upgraded. Integrated projects, installing several energy reduction measures, become more feasible.

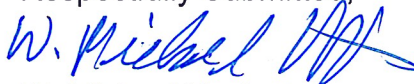
PACE financing has been adopted in California, and 31 other States. Over 40 CA Counties have active PACE programs, as do hundreds of cities within those counties. Unfortunately, Santa Barbara County is in the minority. Regionally, both San Luis Obispo and Ventura Counties have active PACE programs. Property owners in Ventura County, both residential and non-residential, have utilized PACE financing for 1,300 projects (approved and/or completed) in 2015 alone. The attached PACE data report from the CEO’s office references \$13.4 M in projects, resulting in annual energy savings of 2.3M kWh and annual water savings of 3.545M gals.<sup>1</sup>

### *Open PACE*

The County can easily adopt an “Open PACE” program. Administered by the California State Communities Development Authority (CSCDA), this established, turnkey approach is a proven method for PACE program implementation. It was crafted to remove administrative burden and costs, ensure consumer protections, and streamline application approval, and EE/RE installation. CSCDA investigates and pre-approves the entities seeking to administer PACE loan applications and offer loans in a County by reviewing their fiscal strength, and administrative ability to complete the application and loan processes, and project installation. Most importantly, an Open PACE program promotes competition for interest rates among the approved financing providers. CSCDA already administers PACE programs for over 125 CA Counties and Cities. CSCDA can perform this same function here in Santa Barbara, based on recent discussions with its Managing Director.<sup>2</sup>

Based on the prior Staff Report, 9,000 properties in just unincorporated Santa Barbara County can potentially benefit from C PACE financing. It is past time these owners had that option.

Respectfully Submitted,



W. Michael Hackett  
Manager

encl. 2015 Ventura Co CEO report PACE data

cc: Chair Peter Adam  
Supervisor Steve Lavagnino  
Supervisor Doreen Farr  
Supervisor Janet Wolf  
Supervisor Salud Carbajal

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<sup>1</sup> The data cover both residential and non-residential PACE projects. The report is offered to show the potential for economic development, energy/water savings if the County ultimately authorizes a PACE program for both property types.

<sup>2</sup> Both the County of Santa Barbara and the City of Santa Barbara are already members of CSCDA. An agency that assists local governments with financing for infrastructure improvements and affordable housing among other public functions. [www.cscda.org](http://www.cscda.org).

2015 UTA CO. PACE 1/4/14

Name	Launch Date	Approved Projects	Approved Project Loan Amounts (\$)	Completed Projects	Completed Project Loan Amounts (\$)	Annual Energy Savings (KWh)	Annual Energy Savings (therms)	Annual Water Savings (gal)	Annual Emission Reduction (ton)
Camarillo	12/2/15	6	\$107,206	0	\$0	0	0	0	0
Fillmore	11/14/14	18	\$401,788	15	\$331,370	77,786	1,327	0	20
Moorpark									
Ojai	11/14/14	5	\$96,911	4	\$66,680	16,919	451	0	4
Oxnard	3/24/15	138	\$2,693,005	82	\$1,539,463	350,692	8,039	518,515	85
Port Huememe	3/24/15	9	\$201,274	6	\$127,043	20,765	431	0	5
San Buenaventura	6/10/15	85	\$1,599,680	58	\$1,032,500	378,236	9,967	361,830	87
Santa Paula	11/14/14	30	\$610,511	22	\$444,557	94,669	2,149	0	23
Simi Valley	3/24/15	241	\$5,752,690	184	\$4,486,753	1,108,444	22,892	1,171,075	278
Thousand Oaks									
Unincorporated County									
Ventura County Total		532	\$11,463,065	371	\$8,028,366	2,047,514	45,256	2,051,420	502

CaliforniaFIRST 2015 Participation Summary

Name	Launch Date	Approved Projects	Approved Project Loan Amounts (\$)	Completed/Under Construction Projects	Completed/Under Construction Loan Amounts (\$)	Annual Energy Savings (KWh)	Annual Energy Savings (therms)	Annual Water Savings (gal)	Annual Emission Reduction (ton)
Camarillo	9/1/14	112	\$2,570,996.46	41	\$832,778	52,162	3,875	68,617	50.18
Fillmore	9/1/14	17	\$510,112.58	5	\$107,260	4,140	302	0	6.53
Moorpark	9/1/14	52	\$1,188,099.16	21	\$420,749	18,046	1,315	107,505	22.41
Ojai	9/1/14	25	\$567,960.15	7	\$136,870	8,397	612	0	8.66
Oxnard	9/1/14	103	\$2,419,118.08	20	\$507,343	10,162	741	189,829	23.71
Port Huememe	9/1/14	8	\$185,301.30	2	\$42,881	4,493	327	0	3.02
San Buenaventura	9/1/14	61	\$363,109.40	18	\$157,937	12,133	884	132,232	18.78
Santa Paula	9/1/14	14	\$4,417,136.70	6	\$1,611,281	11,900	867	24,473	9.65
Simi Valley	9/1/14	163	\$3,491,095.71	55	\$1,310,101	54,060	3,940	438,981	83.86
Thousand Oaks	9/1/14	119	\$1,427,146.46	36	\$368,230	60,308	4,395	420,143	71.28
Unincorporated County	9/1/14	85	\$2,374,700.94	28	\$837,846	36,243	2,641	112,223	44.86
Ventura County Total		559	\$19,514,776.94	239	\$6,333,227.94	273,050	19,899	1,494,004	343

12281  
61D  
\$1426  
23M  
3.54M  
645/yr

emPower 2015 Project Summary

Name	Launch Date	Completed Projects	EDC Loan	Non EDC Loan	Loan Amounts	Annual Energy Savings (KWh)	Annual Energy Savings (therms)	Annual Water Savings (gal)	Annual Emission Reduction (ton)
Camarillo	5/1/14	4		2		548	155		
Fillmore	5/1/14	1		1		30	9		
Moorpark	5/1/14	1		1		1,304	370		
Ojai	5/1/14	2		1		6215	166		
Oxnard	5/1/14	4		2		43	12		
Port Huememe	5/1/14	3		2		609	26		
San Buenaventura	5/1/14	3		2		30940	1738		
Santa Paula	5/1/14	3		2		2,476	0		
Simi Valley	5/1/14	11		8		39,689	2,476		
Thousand Oaks	5/1/14	32		19					
Unincorporated County									
Ventura County Total									