



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Community Services  
Department  
**Department No.:** 055  
**For Agenda Of:** July 25, 2017  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director  
Director(s) (805) 568-2467  
Contact Info: Ashley Watkins, emPower Central Coast Program Manager  
(805) 568-3514

**SUBJECT:** Amendment to emPower Loan Loss Reserve Agreement with CoastHills Credit Union

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the Fourth Amendment to the emPowerSBC Santa Barbara County Residential Energy Improvement Loan Program Energy Improvement Loan Loss Reserve Agreement Amended And Restated ("Fourth Amendment to 2014 LLR Agreement") (Attachment 1) between the County of Santa Barbara and CoastHills Credit Union ("CoastHills"); and
- B. Determine that the approval and execution of the Fourth Amendment to 2014 LLR Agreement is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption (Attachment 2).

**Summary Text:**

This item is on the agenda in order to execute the Fourth Amendment to 2014 LLR Agreement (Attachment 1) which would allow expansion of the 3.9% interest rate buy-down for the emPower loan product, currently only available in Santa Barbara County, to San Luis Obispo and Ventura Counties with funding received from the California Energy Commission (CEC).

The amendment also clarifies signatory authority within the Community Services Department required to reallocate or withdraw funds from CoastHills should funds need to be repurposed or returned to a funding source, e.g., the CEC.

Staff recommends authorizing execution of the Fourth Amendment to 2014 LLR Agreement in order to provide a uniform program throughout the Tri-County area and increase the affordability of the emPower loan product in San Luis Obispo and Ventura Counties.

**Background:**

On April 9, 2011, the Board authorized execution of agreements with CoastHills and directed emPower to establish a loan loss reserve and associated accounts held at CoastHills in Santa Barbara County's name with grant funding received from the Department of Energy (DOE).

On June 25, 2013, the Board authorized an agreement between the County of Santa Barbara and the County of Los Angeles, which awarded \$1.55 million in CEC funding to the County of Santa Barbara. The CEC award provided additional loan loss reserve credit enhancement funds to augment emPower's existing financing program.

On April 22, 2014, the Board authorized execution of the 2014 LLR Agreement that established the DOE Interest Rate Buy-down Account, which allowed for an interest rate buy-down to 3.9% in Santa Barbara County. Because the DOE funding was only approved to be used in Santa Barbara County, the interest rate buy-down could not be extended to San Luis Obispo and Ventura Counties, and the starting rate for the emPower loan product remained at 5.9% in those areas. Subsequently, the 2014 LLR Agreement has been extended on a yearly basis through various amendments, including the First Amendment to 2014 LLR Agreement, Second Amendment to 2014 LLR Agreement, and the Third Amendment to 2014 LLR Agreement.

On March 21, 2017, the Board authorized the extension and reprogramming of funds associated with the CEC agreement between the County of Los Angeles and Santa Barbara County. Among other changes, the revised CEC agreement allows for \$200,000 to be used towards establishing an interest rate buy-down to 3.9% for emPower's loan product.

The Fourth Amendment to 2014 LLR Agreement creates a new interest rate buy-down account funded via the CEC grant and allows the interest rate buy-down to be expanded to San Luis Obispo and Ventura Counties.

**Fiscal and Facilities Impacts:**

Budgeted: Yes The emPower program is externally funded and does not receive support from the General Fund. The program is currently funded by the Department of Energy, the California Public Utilities Commission via Southern California Gas Company, and the California Energy Commission via

Los Angeles County. The Fourth Amendment to 2014 LLR Agreement repurposes existing CEC funds in the amount of \$200,000 into a separate CEC Interest Rate Buy-down Account. Interest Rate Buy-down funds will be held at CoastHills Credit Union.

**Fiscal Analysis:**

The costs associated with the CEC Interest Rate Buy-down Account are fully budgeted in the fiscal year 2017-18 budget. While the addition of the CEC Interest Rate Buy-down Account is expected to take an estimated 25 hours a year and cost approximately \$3,000 a year in labor and an estimated \$50,000 in interest rate buy-downs, the costs will be covered in full with CEC awarded funds.

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total Project Cost</u></b>
General Fund	\$0	\$0	\$0
State	-	\$53,000	\$212,000
Federal	\$0	\$0	\$0
Fees	\$0	\$0	\$0
Other:	-	-	
<b>Total</b>	\$ -	\$ 53,000.00	\$ 212,000.00

**Staffing Impacts:**

No staffing impacts are anticipated.

**Special Instructions:**

Please send two copies of the signed Amendment and minute order to Roc Lowry.

**Attachments:**

- Attachment 1: Fourth Amendment to 2014 LLR Agreement
- Attachment 2: CEQA Exemption

**Authored by:**

Ashley Watkins, emPower Central Coast Program Manager  
 Roc Lowry, Contract and Fiscal Lead, Energy and Sustainability Initiatives Division