

emPowerSBC

Redesigned Implementation Plan

Board of Supervisors
December 14, 2010



The emPowerSBC Challenge

- Community demand for cost effective ways to retrofit their homes and businesses remains high
- emPowerSBC is designed to address two main barriers for consumers:
 1. Access to capital
 2. Market complexity

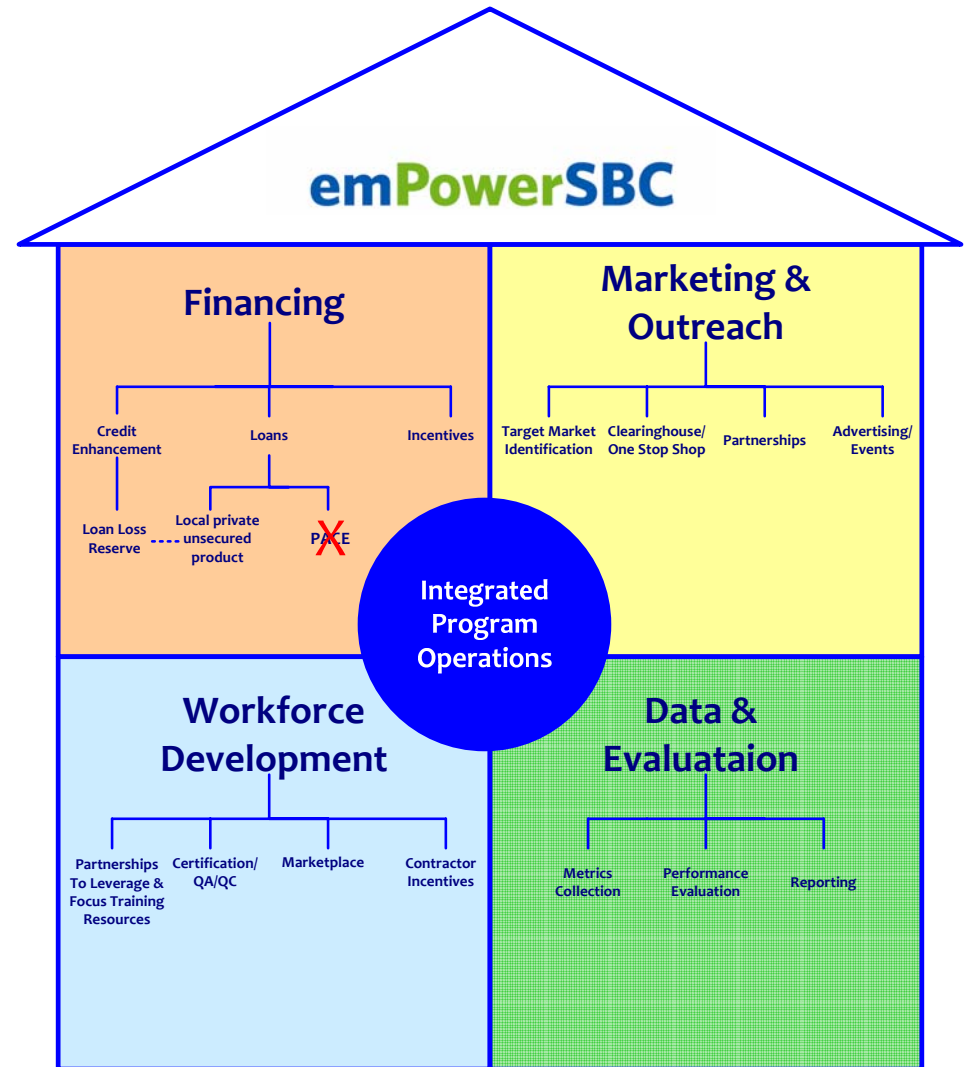


Addressing the Challenge

Four essential elements of a comprehensive program design:

- 1) Financing
- 2) Marketing & Outreach
- 3) Workforce Development
- 4) Data & Evaluation

** Staff is currently exploring partnerships to enhance program with add-on services*



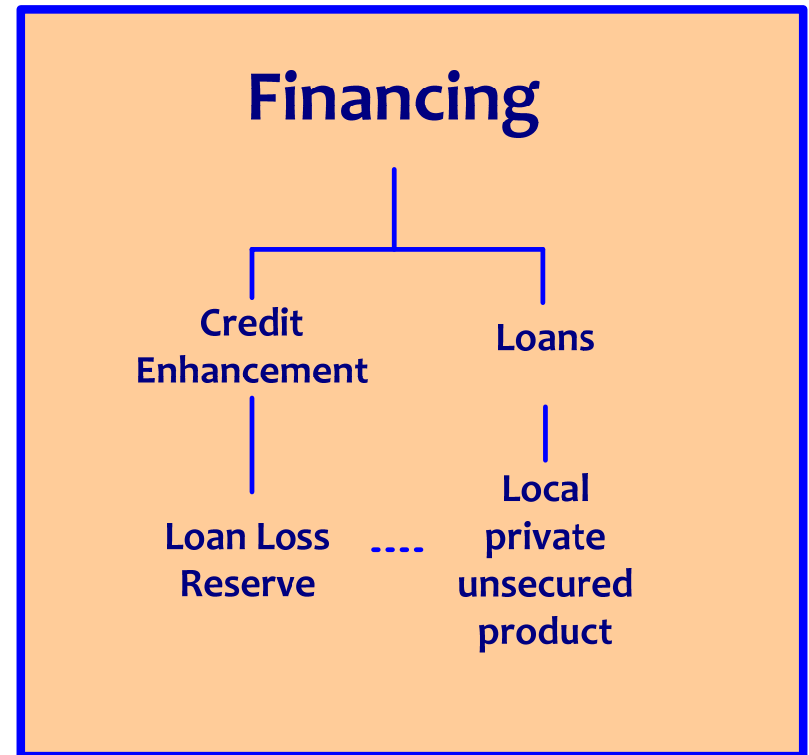
Goals

- Use \$3.2m in dedicated grants to operate a 3-year pilot
 - Test concept with minimal investment from County
 - New approach does not require \$5 million general fund advance
- Upgrade single-family homes throughout County to produce important local outcomes



Financing

- Public private partnership: emPowerSBC will seek to leverage DOE funding with local lender capital
- DOE funds will be used to establish a \$1 m **Loan Loss Reserve (LLR)**

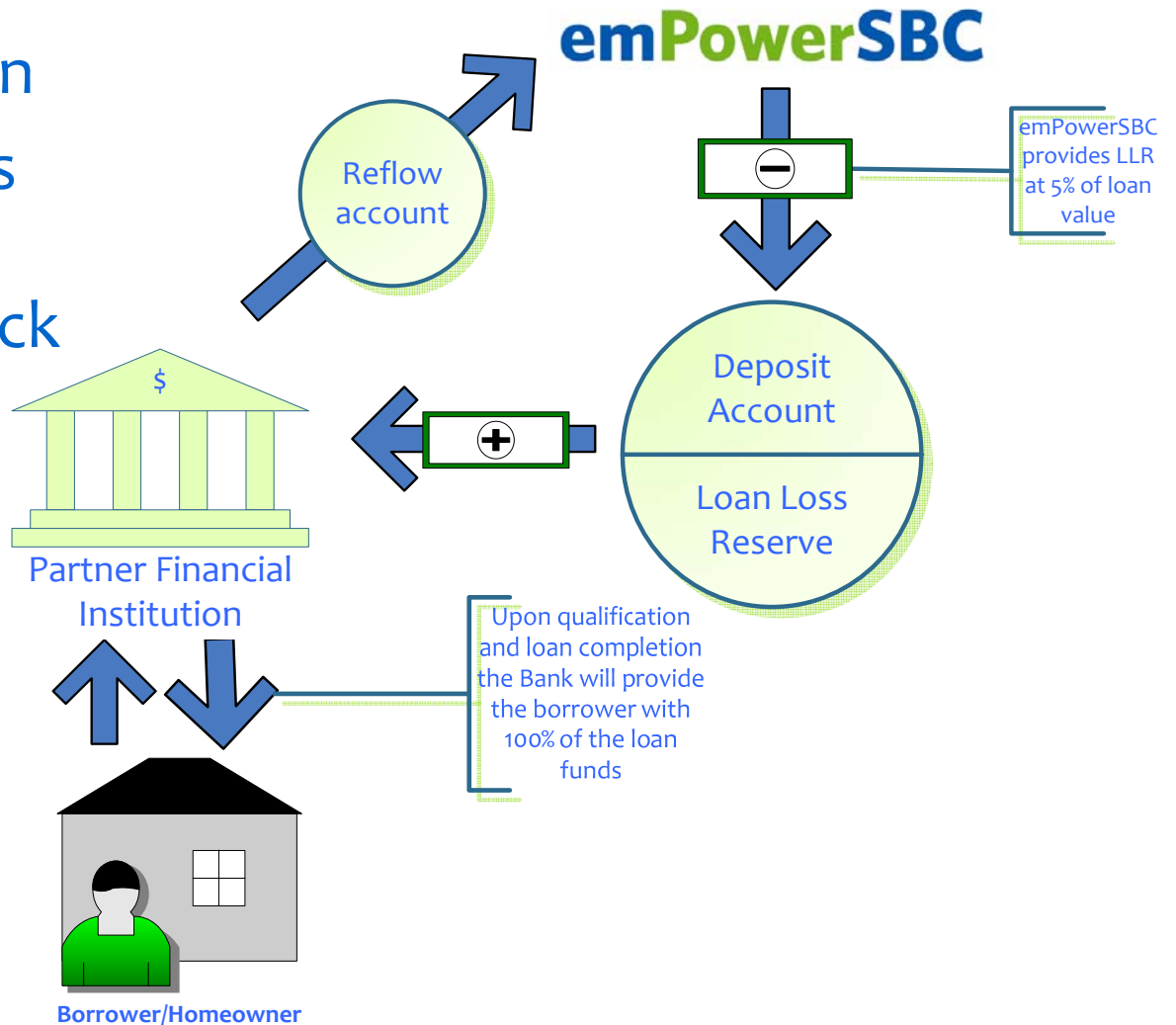


How the LLR works

1. Bank originates loan
2. emPowerSBC funds the LLR
3. Participant pays back loan

* LLR triggered if default occurs

- 90% of single loan repaid
- Limited to 5% of portfolio



Value to Lending Partners

- emPowerSBC can drive demand for loans through marketing
- A LLR reduces risk for partnering financial institutions in the case that a borrower defaults
 - Banks are required to retain capital to support loan losses
- These incentives lead to benefits for participants:
 - More attractive terms and rates
 - More capital available for loans



Program Budget

emPower Funding

Federal Grant Source	\$	2,401,309
State Grant Source		772,635
Southern California Edison		59,840
Total Grant Funding		3,233,784
General Fund Advance		995,182
Total EmPower Funding	\$	4,228,966

General Spending Plan

Salaries and Benefits	\$	882,235
Operations and Marketing		1,351,549
Loan Loss Reserve		1,000,000
Total Projected Expenditures	\$	3,233,784



Recommendations

- Receive and file a presentation outlining emPowerSBC's proposed redesigned implementation plan.
- Authorize a budget revision to remove the transfer of General Fund Strategic Reserves to the PACE Revolving Loan Program.
- Direct staff to return to the Board with a grant agreement revision request and finance partnership agreements in March.



Optional: Current Fiscal Status

Budgetary authority after approval of recommended action for Fund 1940:

Municipal Energy Program Fund 1940 Budgetary Status	
FYE June 30, 2011 Appropriated Revenue:	\$705,192
FYE June 30, 2011 Appropriated Expenditures:	\$900,975
FYE June 30, 2011 Spent to date (12/7/2010):	\$100,171
FYE June 30, 2011 Remaining Appropriations:	\$800,804

