DATE: July 13, 2010

TO: The Honorable Members of the City Council

FROM: Council Member Daniel K. Tabor

SUBJECT: Adoption of Resolution Authorizing Participation in the Los Angeles County Energy Program

1. Proposal:
It is recommended that the Council Members adopt the attached resolution authorizing participation in the Los Angeles County Energy Program and deliver a certified copy of the adopted resolution to the Los Angeles County Office of Sustainability, located at 1100 North Eastern Avenue, Los Angeles, California 90063.

2. Background Information:
Assembly Bill 811 (AB 811) was approved by the State Legislature and signed by the Governor on July 21, 2008. AB 811 and its amendments authorize local governments to provide financing to qualified property owners for the installation of energy and water efficiency improvements and distributed generation renewable energy sources that are permanently fixed to their respective properties. Participating property owners repay the cost of the improvements through an assessment levied against their property which is payable in semi-annual installments on property tax bills and a lien is filed against the property as security. The assessment remains with the property should the owner transfer or sell it.

On May 25, 2010 the County of Los Angeles approved an AB 811 voluntary contractual assessment program, LACEP, to finance the installation of such improvements within the unincorporated areas of the County. These voluntary contractual assessments may also be entered into by property owners in incorporated cities subsequent to the adoption of a resolution of participation in LACEP by the legislative body of the incorporated city.

LACEP Financing under AB 811 mitigates two key barriers that may prevent property owners from implementing a greater number of energy efficiency, water efficiency and renewable energy projects: 1) it eliminates the need for property owners to pay out of pocket up-front costs for improvements; and
2) it establishes a loan obligation that is attached to the property and not to the individual borrower. LACEP is intended to facilitate a significant industry shift in the region toward a greater energy efficiency and renewable energy resource economy. The availability of AB 811 financing can be a catalyst in spurring the local economy by creating green home energy retrofit jobs and stimulating development of local manufacturing, distribution, research and development activities. Energy retrofit improvements to existing properties in the County will allow property owners to reduce energy and water use as well as greenhouse gas emissions. At the same time, participants will reduce their ongoing costs for electricity, natural gas and water and improve the comfort and safety of their home. Additional benefits to participants and to the City are detailed below.

Benefits to property owners include:

- Up-front funding for improvements will be provided by the County, allowing many property owners who currently can’t afford to make such investments the opportunity to upgrade their property.
- Only property owners who choose to participate in the program will have assessments attached to their property.
- There currently may not be attractive private lending alternatives for many property owners to finance energy efficiency/water efficiency/renewable energy improvements.
- Even if private lending alternatives exist, most private loans are due upon sale of the property, which may make it difficult for property owners to match the life of the repayment obligation with the useful life of the financed improvements. Under LACEP, the assessment obligation will transfer to the new property owner upon sale.
- By virtue of countywide aggregation provided by LACEP, both residential and commercial properties will benefit from lower borrowing costs in the municipal bond market.

Benefits to the City of Ingleswood include:

- The city’s participation in LACEP is free.
- As in conventional assessment financing, the City is not obligated to repay the bonds issued by the County of Los Angeles or to pay the assessments levied on the participating properties.
- The County of Los Angeles handles all assessment administration, bond issuance and bond administration functions. As a participant, the City can provide property owners with access to financing of energy efficiency, water efficiency and renewable energy improvements through LACEP — thereby helping to meet its local environmental economic development goals — without committing staff time to design, implement and administer the program.
The first phase of LACEP will fund improvements to residential properties. It is anticipated that loans to eligible residential applicants will begin disbursement after September 1, 2010. A subsequent phase of LACEP will fund improvements to non-residential (commercial) properties following full implementation of residential financing. County staff and consultants are currently working with commercial building and financial industry stakeholders to design the non-residential program. Future implementation of the non-residential phase of LACEP will not require any additional approvals from the City. At that time, all non-residential property owners within participating cities will be eligible to apply for voluntary contractual assessment financing from LACEP.

Property owners will have access to LACEP information through a variety of sources, including access to a comprehensive website that includes an online loan application process. Basic marketing and outreach material templates will be provided by the County at no charge for use by the City in its own promotion of the program within the community.

The contractual assessment proceedings will be undertaken by the County of Los Angeles 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 energy efficiency, water efficiency and renewable energy improvements only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied and once property owners evidence their consent to the assessments by executing a contract with the County of Los Angeles.

The attached resolution authorizes the County of Los Angeles to accept applications from owners of property within the City of Inglewood for financing of energy efficiency, water efficiency and renewable energy improvements through LACEP. It also authorizes the County to conduct assessment proceedings and levy assessments against the property of participating owners within City boundaries. Finally, it authorizes miscellaneous related actions and makes certain findings and determinations required by law. The County of Los Angeles will undertake a judicial validation proceeding as part of its initiation of LACEP. The City can withdraw from LACEP at any time by passing a resolution rescinding the authorization.

- **Statement of Options**
  The Council Members have the following options:

  A) **Adopt Resolution**
  This option will allow authorize the City’s participation in the Los Angeles County Energy Program.
B) No action
If City Council chooses not to take action, the City will not participate in the Los Angeles County Energy Program.

- Financial/Funding Issues and Sources
There are no fiscal impacts to the City of Inglewood from adopting the attached resolution.

3. Description of any Attachments:
Resolution.
RESOLUTION NO.:_______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF INGLEWOOD, CALIFORNIA, CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE INCORPORATED AREA OF THE CITY IN THE LOS ANGELES COUNTY ENERGY PROGRAM TO FINANCE DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND ENERGY AND WATER EFFICIENCY IMPROVEMENTS, APPROVING THE REPORT SETTING FORTH THE PARAMETERS OF THE REFERENCED PROGRAM AND CERTAIN MATTERS IN CONNECTION THEREWITH

WHEREAS, California is again facing a huge deficit: a $17.9 billion general fund shortfall. The ongoing gap in revenues and spending puts thousands of private and public sector jobs at risk; and

WHEREAS, local governments have been hit especially hard, and throughout the state have shed over 20,000 jobs—including public safety positions; and

WHEREAS, the May Revise of the Governor’s Budget proposes $4.3 billion in Prop. 98 public school funding cuts; and

WHEREAS, the California Jobs Budget, introduced by Assembly Speaker John A. Pérez, takes a radically different approach toward resolving the state’s budget deficit. The entire focus is about creating and saving jobs and closing the deficit. This budget proposal includes a $10.1 billion jobs and economic stability fund that will protect against the loss of the 430,000 jobs threatened under other proposals; and

WHEREAS, the California Jobs Budget protects thousands of local police, fire and other local jobs by repaying $900 million owed to local governments for past mandates. This provides you with $900 million in discretionary funds to assist with local budget challenges and avoid layoffs for critical public service jobs; and
WHEREAS, the California Jobs Budget will ensure that $3.8 billion would be repaid to local school districts. This protects tens of thousands of jobs for teachers, aides and counselors—a step which is good for the local community and the local business community.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Inglewood, California, supports the California Jobs Budget as it was proposed, and encourages the State Legislature and the Governor to adopt this budget without delay.

Passed, approved, and adopted this ____ day of __________, 2010.

MAYOR PRO TEMPORE

Attest:

YVONNE HORTON,
CITY CLERK