

News Release

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Contact: Chris Andis
Email: Andisc@saccounty.net
Phone: 916-874-2691

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Sacramento County Creates District to Finance Energy Projects

Property Assessed Clean Energy (PACE)

Sacramento, CA. -- Today, the Board of Supervisors voted to create a Property Assessed Clean Energy (PACE) financing district within the unincorporated County. The district will allow property owners to voluntarily obtain financing for energy efficiency, water conservation and renewable energy upgrades at no up-front cost and repay the financing through their property tax bills.

The County is working with Ygrene, a nationwide third-party PACE administrator that provides program design, implementation, funding, contractor certification, marketing, administrative software and support at no cost to the County. Their compensation is derived from the interest rate and fees paid by applicants.

The financing district will benefit property owners who choose to take advantage of the resource by increasing property values and generating savings on utility bills that can far exceed the costs of the project over the long run. Projects financed through this district will benefit the broader community as well by increasing local investment in properties, reducing peak energy demand and stimulating the local economy. For every \$10 million invested in upgrades, the County expects 150 new jobs and \$25 million in economic stimulus.

“In addition to promoting energy efficiency, the PACE program will stimulate construction and building activity, and be instrumental in creating new jobs for Sacramento County and the region,” said Supervisor Phil Serna.

Sacramento County is the first county in the state to sign onto the transformative power of energy upgrade financing through Ygrene’s program,” said John Kaufman, regional director for Ygrene Energy Fund. “We look forward to working with the county and local partners to power local job growth and economic activity while helping property values recover and reducing energy costs.”

Background:

- Recent changes to state law (AB 811 and SB 555) enable cities and counties to set up property supported financing for energy and water related improvements.
- Building industry and environmental advocacy representatives have both spoken in favor of PACE financing districts.
- Property owners interested in obtaining PACE financing would voluntarily request to be annexed to the CFD via the unanimous written approval of the parcel owner(s). Property owners not interested in obtaining PACE financing would not be annexed into the CFD.
- Property owners within incorporated areas in the County would not be able to obtain PACE financing via the County's program unless the city in which they are located takes affirmative action to "opt-in" to the County's program. Cities within the County that want to "opt-in" can do so by passing a simple resolution.

Ygrene's model presents unique benefits at no cost to the County, including:

- Fully funded, turn-key program: Ygrene offers a complete, turn-key program which includes a \$100 million line of credit secured with local banks to finance Clean Energy Improvements.
- Ability to create regional consistency. The City of Sacramento contracted with Ygrene in 2011 and is close to launching their PACE program. Cities within the County can easily "opt-in" to the County's program, thereby creating consistency throughout the County.
- Strong local presence. Ygrene has hired full time Sacramento-based employees to administer local PACE programs and plans to open its first "Energy Center" in early November 2012. The Energy Center, located at 2600 Capital in Midtown Sacramento, will provide a physical location for customer support, community engagement and contractor certification while serving as a local program storefront and new technology showcase. Additional energy centers may be opened in the County as needed.
- Contractually-obligated performance standards/financing targets. Ygrene will be contractually obligated to fund at least \$5,500,000 in projects every 12 months. If Ygrene fails to achieve this financing target in any 12 month period, the County may terminate the agreement with Ygrene at no cost to the County.
- Contractor certification. Ygrene provides a four-phase contractor certification program to create a local sales force that is educated about the program, can confidently answer questions, and accurately assess properties and provide recommendations for energy savings projects. Contractors learn how to use

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Ygrene's proprietary software and how to take a project from the first interested property owner's questions to the final completion of the construction project.

- Proprietary software suite. Ygrene's software manages the project submission-and-approval process and tracks payments; provides contractors and property owners the ability to immediately determine if a property is pre-approved for financing and what amount of financing is available; provides standards to calculate the savings-to-investment ratio ("SIR") with audit and bid tools, and; provides data and reports related to the operation, status, and success of the overall program.
- Partnership with Willdan. Ygrene has contracted with Willdan to maintain a database of all parcels within the CFD, including APN, original project cost, annual special tax levy, amortization schedule, principle and interest allocation, and other relevant data. Willdan will use this database to submit the annual assessment levy to the County on the date specified by the Auditor-Controller for inclusion on the consolidated property tax bills. Willdan will verify inclusion of the levies on the tax roll for all participating properties in the CFD and will also review county records to identify delinquencies and prepare a delinquency detail report for Ygrene.

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