File No. 120546

Committee Item No. 2
Board Item No. _____

# COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

**Committee:** Budget and Finance Sub-Committee **Date** 7/25/12

**Board of Supervisors Meeting** **Date** _____

| Cmte | Board | |
|---|---|---|
| ☐ | ☐ | Motion |
| ☒ | ☐ | Resolution |
| ☐ | ☐ | Ordinance |
| ☐ | ☐ | Legislative Digest |
| ☐ | ☐ | Budget and Legislative Analyst Report |
| ☐ | ☐ | Legislative Analyst Report |
| ☐ | ☐ | Youth Commission Report |
| ☐ | ☐ | Introduction Form (for hearings) |
| ☐ | ☐ | Department/Agency Cover Letter and/or Report |
| ☐ | ☐ | MOU |
| ☒ | ☐ | Grant Information Form |
| ☒ | ☐ | Grant Budget |
| ☐ | ☐ | Subcontract Budget |
| ☒ | ☐ | Contract/Agreement |
| ☐ | ☐ | Form 126 – Ethics Commission |
| ☐ | ☐ | Award Letter |
| ☐ | ☐ | Application |
| ☐ | ☐ | Public Correspondence |

**OTHER** **(Use back side if additional space is needed)**

| | | |
|---|---|---|
| ☐ | ☐ | |
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**Completed by:** Victor Young **Date** July 19, 2012
**Completed by:** Victor Young **Date** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Accept and Expend Grant – GreenFinanceSF – $1,000,000]

**Resolution authorizing the Department of the Environment to retroactively accept and expend an American Recovery and Reinvestment Act of 2009 (ARRA) funded grant in the amount of $1,000,000 from the California Energy Commission's State Energy Program through the Local Government Commission to support GreenFinanceSF.**

WHEREAS, In 2009 the San Francisco Public Utilities Commission, working in conjunction with the Department of the Environment and the Controller's Office of Public Finance, submitted an application to the California Energy Commission (CEC) State Energy Program (SEP) for financial assistance on behalf of GreenFinanceSF, the City and County of San Francisco's municipal financing program for energy and water retrofits of privately-owned buildings; and

WHEREAS, On February 10, 2010, the CEC announced the awards under the State Energy Program, which included an award of up to $2,080,000 for GreenFinanceSF; and

WHEREAS, In its Resolution No. 59-10, this Board of Supervisors accepted the CEC State Energy Program grant award for GreenFinanceSF; and

WHEREAS, In its Resolution No. 008-10, this Board of Supervisors identified the Department of the Environment as the administrator of the GreenFinanceSF program on behalf of the City; and

WHEREAS, This Board of Supervisors has adopted legislation necessary to form an opt-in Mello-Roos special tax district and establish legal mechanisms and policies to govern the implementation of a municipal financing program for retrofits of privately-owned buildings, known as GreenFinanceSF; and

WHEREAS, This type of financing is known as Property Assessed Clean Energy or PACE; and

WHEREAS, As the result of 2010 statements by the Federal Housing Finance Agency and the Office of the Controller of the Currency questioning the security of residential PACE financing, the CEC altered its funding priority to focus on commercial properties only; and

WHEREAS, The CEC, in accordance with federal requirements under the American Recovery and Reinvestment Act, has amended the State Energy Program contract to extend the term for five years; and

WHEREAS, The City and County of San Francisco continues to recognize that it is vital for local, regional, state, and federal agencies to stimulate the economy; create and retain jobs; reduce fossil fuel emissions; and improve energy and water use efficiency; and

WHEREAS, Programs such as GreenFinanceSF will help to achieve these goals; and

WHEREAS, Funding from the CEC's State Energy Program through the Local Government Commission will provide continued funding to the Department of the Environment for use as a Loan Loss Reserve to support GreenFinanceSF for clean energy financing for buildings; and

WHEREAS, The State Energy Program has been funded as part of the American Recovery and Reinvestment Act; and

WHEREAS, Projects undertaken with this funding are in compliance with the California Environmental Quality Act (CEQA), California Public Resources Code Section 21000; and

WHEREAS, The grant does not require an Annual Salary Ordinance (ASO) amendment; and

WHEREAS, The Department of the Environment received additional funding for on-going administrative tasks under a prior program amendment; and

WHEREAS, The grant award does not include indirect costs; and

WHEREAS, The term of the amended State Energy Program grant agreement will be from April 1, 2012 through March 31, 2017; and

WHEREAS, A request for retroactive approval is being sought because the Department of the Environment was not notified of the grant award until May 9, 2012; now, therefore, be it

RESOLVED, That this Board of Supervisors hereby authorizes the Director of the Department of the Environment to retroactively amend and enter a State Energy Program grant award of $1,000,000 on behalf of the City, and to enter into all necessary contracts and agreements, and amendments thereto, on its behalf to implement and carry out GreenFinanceSF, including a residential program should that become available again; and, be it

FURTHER RESOLVED, The Director of the Department of the Environment is further authorized to furnish whatever additional information or assurances the funding agency may request in connection with this grant, and to execute any and all agreements necessary to carry out the purpose of the grant.

APPROVED: _____ APPROVED: _____

Mayor

Per Ben Rosenfield
Controller

RECOMMENDED:

By: Melanie Nutter, Director
Department of the Environment

| | |
|---|---|
| **TO:** | **Angela Calvillo, Clerk of the Board of Supervisors** |
| **FROM:** | **The Department of the Environment** |
| **DATE:** | **June 5, 2012** |
| **SUBJECT:** | **Accept and Expend Resolution for State Grant** |
| **GRANT TITLE:** | **California Energy Commission Grant passed through from ARRA for GreenFinanceSF** |

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Attached please find the original and 4 copies of each of the following:

_X_ Proposed grant resolution; original signed by Department, Mayor, Controller

_X_ Grant information form, including disability checklist

_X_ Grant budget

_X_ Grant application

_X_ Grant award letter from funding agency

_ _ Other (Explain):

**Special Timeline Requirements:**

**Departmental representative to receive a copy of the adopted resolution:**

Name: Rachel Buerkle Phone:415-355-3704

Interoffice Mail Address:

Certified copy required Yes ☐ No X

(Note: certified copies have the seal of the City/County affixed and are occasionally required by funding agencies. In most cases ordinary copies without the seal are sufficient).

**File Number:** _____ 220177 / EVCAGF-10
(Provided by Clerk of Board of Supervisors)

**Grant Resolution Information Form**
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Commercial Building Financing Program- GreenFinanceSF

2. Department: Department of the Environment

3. Contact Person: Rachel Buerkle Telephone: 415-355-3704

4. Grant Approval Status (check one):

[X ] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: $1,000,000

6a. Matching Funds Required: $ No
b. Source(s) of matching funds (if applicable):

7a. Grant Source Agency: USDOE/ California Energy Commission's State Energy Program

b. Grant Pass-Through Agency (if applicable): ): Local Government Commission(LGC)

8. Proposed Grant Project Summary: See attachment.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

Start-Date: April 1, 2012 End-Date: March 31, 2017

10a. Amount budgeted for contractual services: -0-
b. Will contractual services be put out to bid? N/A

c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? N/A

d. Is this likely to be a one-time or ongoing request for contracting out? N/A

11a. Does the budget include indirect costs? [] Yes [X] No

b1. If yes, how much?
b2. How was the amount calculated?

c1. If no, why are indirect costs not included?
[ ] Not allowed by granting agency [ ] To maximize use of grant funds on direct services
[X] Other (please explain):

Funds will reside in escro. .vith fiscal agent (debt service reserve . .d) and be used as credit enhancement for private investors providing project financing under the commercial GreenFinanceSF program. Indirect costs have been provided in a prior award for this grant.

c2. If no indirect costs are included, what would have been the indirect costs? See above.

12. Any other significant grant requirements or comments:

****Disability Access Checklist***(Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

[X ] Existing Site(s)
[ ] Rehabilitated Site(s)
[ ] New Site(s)

[ X] Existing Structure(s)
[ ] Rehabilitated Structure(s)
[ ] New Structure(s)

[X ] Existing Program(s) or Service(s)
[ ] New Program(s) or Service(s)

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

Claudia Molina, Departmental ADA Coordinator, Payroll Personnel Clerk

Date Reviewed: 6/4/12

Claudia Molina
(Signature Required)

**Department Head or Designee Approval of Grant Information Form:**

Melanie Nutter, Director, Department of the Environment

Date Reviewed: 5/31/12

Melanie Nutter
(Signature Required)

8. Proposed Grant Project Summary:

On February 10, 2010, the CEC State Energy Program awarded $2,080,000 for GreenFinanceSF, the City municipal financing program modeled on a Property Assessed Clean Energy (PACE) financing program. The Board of Supervisors accepted the CEC State Energy Program grant award for GreenFinanceSF (Resolution No. 59-10) and identified the Department of the Environment as the administrator of the GreenFinanceSF program on behalf of the City (Resolution No. 008-10). $372,600 was awarded to CCSF in 2010

The original funding was used for a Debt Service Reserve Fund, which will provide first mortgagees and retrofit lenders additional security. Currently, lenders may require a 5% loan loss reserve to provide additional security, which can be prohibitive to those seeking to do commercial retrofit work. Thus using CEC funds for a reserve removes an existing barrier to the implementation of commercial retrofits. The widespread implementation of the commercial assessment lien energy retrofit program is contingent on retrofit funds being advanced to interested commercial building property owners, and on first mortgagees consenting to the assessment lien. Additional funding of $200,608 was recently added for administration of the fund for a grant extension period of five years, and an additional $1,000,000 is now being added to the existing debt service reserve fund.

| San Francisco Department of the Environment - | | |
|---|---|---|
| **Grant from California Energy Commission-State Energy Program through the Local Government Commission** | | |
| **Item** | **Description** | **Amount** |
| | | |
| Debt Service Reserve Fund | Loan loss reserve | $ 1,000,000 |
| **TOTAL PROJECT** | | **$ 1,000,000** |

CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

STATE OF CALIFORNIA - NATURAL RESOURCES AGENCY

EDMUND G. BROWN JR., Gc

# LETTER OF AGREEMENT

## Local Government Commission: #400-10-004

April 27, 2012

The California Energy Commission (Energy Commission) and the Local Government Commission entered into Agreement Number 400-10-004 (Agreement), dated October 28, 2010. The purpose of the Agreement is to provide activities to stimulate market transformation in the residential energy upgrade market and to support the Energy Upgrade California program, funded in part through the American Recovery and Reinvestment Act (ARRA).

In support of those activities and consistent with the agreement Scope of Work, the Local Government Commission has entered into a sub-contractual agreement with the County of Sonoma to support activities outlined in the Exhibit A: Scope of Work of this agreement.

The purpose of this Letter of Agreement is to move $1 million from the Local Government Commission's (LGC) budget for the County of Sonoma to the City of San Francisco, another subcontractor under LGC with a continuing finance program. The County of Sonoma will remit the funds to the Energy Commission because the funds were already advanced to Sonoma. The County of Sonoma will continue to administer their revolving loan program consistent with the activities outlined in the attachment. The new subcontractor budget amount between the Local Government Commission and the County of Sonoma is $1 million, all of which currently is held by Sonoma County as a revolving loan fund.

This memo shall be in full force upon signature of both LGC and the Energy Commission.

Approved by:

**CONTRACTOR**

| | |
|---|---|
| Local Government Commission | |
| BY *(Authorized Signature)* | DATE SIGNED 4/27/12 |
| PRINTED NAME AND TITLE OF PERSON SIGNING<br>Linda Cloud, Managing Director, Local Government Commission | |

**STATE OF CALIFORNIA**

| | |
|---|---|
| **California Energy Commission (Energy Commission)** | |
| BY *(Authorized Signature)* | DATE SIGNED 4/27/12 |
| PRINTED NAME AND TITLE OF PERSON SIGNING<br>Drew Bohan, Chief Deputy Director, California Energy Commission | |

Attachment 1

Description of Continuing Activities in Sonoma County

The County of Sonoma is continuing to administer their existing revolving loan fund with the following program design elements:

1. The fund amount represented in the extension agreement of $2.5 million has been decreased to $1 million. The unspent original contract funds of $500,000 will not be available to Sonoma. The return of $1 million for use in SF has been requested recently and the transaction is pending the appropriate paperwork. These changes leave a $1 million balance for the Sonoma program extension.
2. The County of Sonoma will continue to offset the expenses associated with accomplishing energy audits to the participants of this revolving loan fund by providing energy analysis rebates at the time of disbursement for completed projects. Only projects whose project payments are disbursed through the CEC-Revolving Loan Fund (CEC-RLF) qualify for an energy analysis rebate.
3. The Commission expects projects that participate in the EUC Whole House Rebate program to be disbursed through the CEC-RLF. Projects qualifying for the EUC Whole House basic or advanced path rebates satisfy the loading order requirements of the CEC. The EUC rebate process complies with the estimated annual energy savings requirement of ARRA. CEC staff stated that the aggregate waste management plan could satisfy the ARRA waste management plan requirement. CEC staff allowed that homes that trigger the SHPO process will not be funded via the CEC-RLF or otherwise receive ARRA funds from the Energy Commission. Property owners not using the CEC-RLF but using PACE financing, which will not use any ARRA funds from the Energy Commission, will not be required to participate in the EUC Whole House Rebate Program or comply with any other ARRA and/or requirements under Master Agreement #400-10-004.
4. Sonoma understands that program income can be rolled back into the program for use consistent with these activities as long such actions comply with the terms of the Master Agreement #400-10-004. All program income will be required to be reported on pursuant to the ARRA guidelines and the terms and conditions of the Master Agreement #400-10-004.