



Western Riverside Council of Governments Executive Committee

REVISED AGENDA

**Monday, April 2, 2018
2:00 p.m.**

**County of Riverside
Administrative Center
4080 Lemon Street
1st Floor, Board Chambers
Riverside, CA 92501**

The following teleconference number is provided exclusively for members of the public wishing to address the Executive Committee directly during the public hearing portion of item 6.A on the agenda:

**Teleconference: (877) 336-1828
Access Code: 5233066**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Executive Committee meeting, please contact WRCOG at (951) 405-6703. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 450, Riverside, CA, 92501.

The Executive Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

- 1. CALL TO ORDER / ROLL CALL (Debbie Franklin, Chair)**
- 2. PLEDGE OF ALLEGIANCE**
- 3. PUBLIC COMMENTS**

At this time members of the public can address the Executive Committee regarding any items within the subject matter jurisdiction of the Executive Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Executive Committee in writing and only pertinent points presented orally.

4. MINUTES

- A. **Summary Minutes from the March 5, 2018, Executive Committee Meeting are Available for Consideration** **P. 1**

Requested Action: 1. *Approve the Summary Minutes from the March 5, 2018, Executive Committee meeting.*

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Executive Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Executive Committee request specific items be removed from the Consent Calendar.

Action items:

- A. **Amendments to Professional Services Agreements for On-Call Planning and Engineering Professional Services for Member Jurisdictions** **Christopher Gray** **P. 9**

Requested Actions: 1. *Approve the First Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and Alta Planning + Design, Inc., to provide WRCOG technical support and advisory services in an amount not to exceed \$50,000 for this Amendment and \$100,000 in total.*
2. *Approve the Second Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP to provide WRCOG technical support and advisory services in an amount not to exceed \$59,634 for this Amendment and \$294,634 in total.*

- B. **Continued Membership of the Riverside County Superintendent of Schools on WRCOG** **Rick Bishop** **P. 27**

Requested Action: 1. *Approve a one-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.*

- C. **1st Amendment to the Cost Sharing Agreements for Legal Services Related to California Public Utilities Commission Proceedings R17-06-026 for Power Cost Indifference Adjustment** **Barbara Spoonhour** **P. 33**

Requested Actions: 1. *Authorize the Executive Director to sign a 1st amendment to the cost sharing agreements (from not to exceed \$60,000, to \$130,000) with Desert Community Energy and Los Angeles County Community Choice Energy for legal services related to the California Public Utilities Commission Proceeding (17-06-026) Review of the Power Cost Indifference Adjustment, adding work on the Resource Adequacy Proceeding (17-09-020), and Investor-Owned Utilities Petition to Modify Code of Conduct (12-02-009).*

2. *Authorize the use of Fiscal Year 2015/2016 Agency carryover funds to initiate a budget amendment to increase legal services for the Community Choice Aggregation (CCA) Program from \$60,000 to \$130,000, recognizing WRCOG's portion of the costs will be \$40,000 and WRCOG will be reimbursed, once the CCA is operational.*

D. TUMF Program Reimbursement Agreements **Christopher Gray** **P. 39**

- Requested Actions:**
1. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Menifee for the Construction Phase of the Scott Road / I-215 Interchange Project in an amount not to exceed \$15,000,000.*
 2. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the County of Riverside for the Construction Phase of the Archibald Avenue Bridge Project in an amount not to exceed \$3,449,000.*
 3. *Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment with the City of Perris for the Construction Phase of the Nuevo Road / I-215 Interchange in an amount not to exceed \$1,664,603.*

E. Legislative Activities Update Including Request for a Support Position on AB 3027 **Jennifer Ward** **P. 101**

- Requested Action:**
1. *Adopt a support position for Assembly Bill (AB) 3027 (Chavez) and direct the Executive Director to send a letter indicating WRCOG's support for AB 3027.*

Information items:

F. Finance Department Activities Update **Ernie Reyna** **P. 107**

- Requested Action:**
1. *Receive and file.*

G. Western Riverside Energy Partnership Activities Update **Tyler Masters** **P. 113**

- Requested Action:**
1. *Receive and file.*

H. Western Community Energy Activities Update **Barbara Spoonhour** **P. 127**

- Requested Action:**
1. *Receive and file.*

I. WRCOG Committees and Agency Activities Update **Rick Bishop** **P. 193**

- Requested Action:**
1. *Receive and file.*

6. REPORTS / DISCUSSION

- A. **PACE Programs Activities Update, PACE Program Public Hearing, and Revisions to the Various PACE Provider's Program Reports and Handbooks** **Casey Dailey, WRCOG** **P. 207**
- Requested Actions:**
1. Receive WRCOG PACE Program Summary.
 2. Conduct a Public Hearing Regarding the inclusion of the City of Pleasanton.
 3. Adopt WRCOG Resolution Number 07-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered.
 4. Approve revisions to the overview statement that incorporates SB 242 and AB 1284 legislation for the WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and CA HERO Program Report, as well as the Program Handbooks for WRCOG HERO, CA HERO, CaliforniaFIRST, PACE Funding, and Spruce PACE Programs.
- B. **Report from the League of California Cities** **Erin Sasse, League of California Cities** **P. 343**
- Requested Action:**
1. Receive and file.
- C. **RIVCOconnect Presentation: Riverside County Broadband Initiative** **David Littell, RIVCOconnect Director** **P. 345**
- Requested Action:**
1. Receive and file.
- D. **Regional Streetlight Program Activities Update** **Tyler Masters, WRCOG** **P. 347**
- Requested Action:**
1. Authorize the Executive Director to enter into contract negotiations with the Evaluation Committee's recommended LED fixture providers, California Electric Supply and General Electric.
- ~~E. **Beaumont Settlement Agreement—Distribution of Funds from Third Party Claims** **Christopher Gray, WRCOG** **P. 353**~~
- ~~**Requested Actions:**~~
- ~~1. Direct staff to distribute revenues from Third Party Claims based on allocation formula pursuant to the 2016 TUMF Nexus Study.~~
 - ~~2. Direct staff to initiate an administrative amendment to the 2016 TUMF Nexus Study to review and adjust the I-10 Bypass and Cherry Valley Boulevard projects as backbone projects in the 2016 TUMF Nexus Study.~~
 - ~~3. Direct staff to collaborate with Riverside County Transportation Commission and the County of Riverside on the development of an Implementation Plan for interchange improvements along I-10 in the Pass area.~~
- E. **Public Service Fellowship Program Activities Update** **Cynthia Mejia, WRCOG** **P. 353**
- Requested Action:**
1. Receive and file.

7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

8. REPORT FROM COMMITTEE REPRESENTATIVES

SCAG Regional Council and Policy Committee representatives
SCAQMD, Ben Benoit
CALCOG, Brian Tisdale

9. REPORT FROM THE EXECUTIVE DIRECTOR *Rick Bishop*

10. ITEMS FOR FUTURE AGENDAS *Members*

Members are invited to suggest additional items to be brought forward for discussion at future Executive Committee meetings.

11. GENERAL ANNOUNCEMENTS *Members*

Members are invited to announce items / activities which may be of general interest to the Executive Committee.

12. CLOSED SESSION

Conference with Legal Counsel – Initiation of Litigation pursuant to Section 54956.9(d)(4).

13. NEXT MEETING: The next Executive Committee meeting is scheduled for Monday, May 7, 2018, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

14. ADJOURNMENT

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Western Riverside Council of Governments

4.A

Regular Meeting

~ Minutes ~

Monday, March 5, 2018

2:00 PM

County Administrative Center

1. CALL TO ORDER

The meeting was called to order by Chairwoman Debbie Franklin at 2:01 p.m. on March 5, 2018, at the Riverside County Administrative Center, 4080 Lemon Street, Riverside.

Jurisdiction	Attendee Name	Status	Arrived / Departed
City of Banning	Debbie Franklin	Present	1:14 PM
City of Beaumont	Nancy Carroll	Present	1:07 PM
City of Calimesa	Jeff Hewitt	Present	1:12 PM
City of Canyon Lake	Jordan Ehrenkranz	Present	1:08 PM
City of Corona	Eugene Montanez	Present	1:11 PM
City of Eastvale	Adam Rush	Present	2:00 PM
City of Hemet	Bonnie Wright	Present	1:08 PM
City of Jurupa Valley	Laura Roughton	Present	1:07 PM
City of Lake Elsinore	Brian Tisdale	Present	1:05 PM
City of Menifee	John Denver	Present	1:08 PM
City of Moreno Valley		Absent	
City of Murrieta	Kelly Seyarto	Present	1:06 PM
City of Norco	Kevin Bash	Present	1:11 PM
City of Perris	Tonya Burke	Present	1:11 PM
City of Riverside	Rusty Bailey	Present	1:10 PM / 2:45 PM
City of San Jacinto	Russ Utz	Present	2:05 PM
City of Temecula		Absent	
City of Wildomar	Ben Benoit	Present	1:12 PM
District 1		Absent	
District 2		Absent	
District 3		Absent	
District 5		Absent	
EMWD	David Slawson	Present	1:12 PM
WMWD	Brenda Dennstedt	Present	1:12 PM
Morongo Band of Mission Indians		Absent	
Office of Education	Judy White	Present	1:13 PM
TAC Chair		Absent	
Executive Director	Rick Bishop	Present	1:15 PM

Note: Times above reflect when the member logged in; they may have arrived at the meeting earlier.

2. PLEDGE OF ALLEGIANCE

Committee member Jeff Hewitt led members and guests in the Pledge of Allegiance.

3. SPECIAL PRESENTATION

John Rossi was presented with a Proclamation in honor of his recent retirement from serving as General Manager of the Western Municipal Water District.

13. CLOSED SESSION (This item was taken out of order)

There were no reportable actions.

4. PUBLIC COMMENTS

Arnold San Miguel, Southern California Association of Governments (SCAG), announced that SCAG's General Assembly is scheduled for May 3 and 4, 2018.

5. MINUTES

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of Murrieta
SECONDER:	City of Beaumont
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, EMWD, WMWD
ABSENT:	Moreno Valley, Temecula, District 1, District 2, District 3, District 5, Morongo Band of Mission Indians

A. Summary Minutes from the February 5, 2018, Executive Committee Meeting are Available for Consideration

Action: 1. *Approved the Summary Minutes from the February 5, 2018, Executive Committee meeting.*

6. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of Hemet
SECONDER:	City of Lake Elsinore
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, EMWD, WMWD
ABSENT:	Moreno Valley, Temecula, District 1, District 2, District 3, District 5, Morongo Band of Mission Indians

A. Support for Senate Concurrent Resolution 90 to Designate the 60/91/215 Interchange as the Joseph Tavaglione Interchange

Action: 1. *Supported SCR 90 (Roth) to designate the 60/91/215 Interchange as the Joseph Tavaglione Interchange.*

B. 2nd Quarter Draft Budget Amendment for Fiscal Year 2017/2018

Action: 1. *Approved the 2nd Quarter Draft Budget Amendment for Fiscal Year 2017/2018.*

C. Amendments to Transportation Department On-Call Engineering Professional Services Agreements

Actions: 1. *Approved the First Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and Kimley Horn to provide WRCOG technical support and advisory services in an amount not to exceed \$33,541 for this Amendment and \$133,541 in total.*
2. *Approved the First Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WG Zimmerman Engineering to provide TUMF Program technical support in an amount not to exceed \$50,000 for this Amendment and \$150,000 in total.*

D. Cajalco Road / I-15 Interchange Memorandum of Understanding

Action: 1. *Approved a Memorandum of Understanding with the City of Corona and the Riverside County Transportation Commission regarding a TUMF Improvement and Credit / Reimbursement Agreement for the Cajalco Road / I-15 Interchange.*

E. Finance Department Activities Update

Action: 1. *Received and filed.*

F. Regional Streetlight Program Activities Update

Action: 1. *Received and filed.*

G. Environmental Department Activities Update

Action: 1. *Received and filed.*

H. Western Community Energy Activities Update

Action: 1. *Received and filed.*

I. WRCOG Committees and Agency Activities Update

Action: 1. *Received and filed.*

J. Agency Office Move Update

Action: 1. *Received and filed.*

K. BEYOND Program Update and Project Spotlight – Cancer Treatment Task Force

Action: 1. *Received and filed.*

7. REPORTS / DISCUSSION**A. PACE Programs Activities Update, and PACE Program Public Hearing, Revisions to Commercial Program Lender Requirements, and Updated Consumer Protections**

Casey Dailey, WRCOG Director of Energy and Environmental Programs, reported that as of January 22, 2018, just under 86,000 projects have been completed statewide, totaling just over \$1.8 billion.

The HERO Program currently assesses a one-time administration fee of 4.99%, of which, 0.075% is set aside for a bond reserve, which is intended to cover any shortfalls to the bond holder when a property owner does not pay their annual assessment.

WRCOG's financial advisor, PFM, has conducted a bond review and determined that the current allocation of 0.075% is not adequate and recommends increasing it to 0.25%. This would increase the administrative fee from 4.99% to 5.17%.

David Taussig & Associates (DTA) is the Program's Assessment Administrator. PFM has recommended that DTA's assessment fee be increased by \$10.00 to adequately cover DTA's cost of doing business, and increase the assessment fee by an additional \$5.00 ensure the Program can service assessments over 25 years in the event the Program is terminated. The total change to the assessment fee increases from \$25.00 to \$40.00 per year.

The public hearing for the City of Pleasanton is being postponed to April 2018 due to notices not being published in a timely manner.

After adoption of Resolution Number 03-18 at this Committee's last meeting, it was discovered that the Resolution contained a typographical error; staff is presenting an amended Resolution for approval.

Actions:

1. *Received WRCOG PACE Summary.*
2. *Supported the Administration & Finance Committee's recommendation to approve the 1st Amendment to the Master Bond Purchase Agreement between WRCOG and Renovate America to increase the bond reserve amount from 0.075% to 0.25%.*
3. *Supported the Administration & Finance Committee's recommendation to approve the 2nd Amendment to the Professional Services Agreement between WRCOG and David Taussig & Associates to modify their compensation from \$10 to \$20 to cover their costs of doing business.*
4. *Adopted WRCOG Resolution Number 06-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments Postponing a Public Hearing for the City of Pleasanton.*
5. *Adopted amended WRCOG Resolution Number 03-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered.*

RESULT:	APPROVED AS RECOMMENDED [UNANIMOUS]
MOVER:	City of Wildomar
SECONDER:	City of Murrieta
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Wildomar, EMWD, WMWD
ABSENT:	Moreno Valley, Temecula, District 1, District 2, District 3, District 5, Morongo Band of Mission Indians

B. Final Report on the Fiscal Year 2015/2016 Operational Analysis of Renovate America

Barbara Spoonhour, Director of CCA Development, reported that in 2016 this Committee authorized an operational analysis of Renovate America to ensure that it is adhering to the PACE Program Report and Consumer Protections Policies. Baker Tilly was hired through a Request for Proposals process. Subsequent analyses will be conducted in ensuing years for other PACE providers under WRCOG's PACE umbrella.

There were 114 testing requirements outlined in the Scope of Work. Of the 5,271 individual transaction tests, 99%, or 5,223, testing points met the requirements.

Observations of differences included those in eligible product term, information covered during confirmed terms calls, who can sign the Contractor's Terms and Conditions, and the lack of an assigned maximum finance amount being assigned to a few eligible products, to name a few.

Baker Tilly recommended that Renovate improve its procedures for implementing new systems, that WRCOG consider hiring an independent auditor to perform an annual penetration testing – or that Renovate America's third-party contractor perform the penetration testing, and that Renovate America review its training program and procedures for consistency amongst all elderly applicants.

Action: 1. *Received and filed.*

C. Report from the League of California Cities

Erin Sasse, League of California Cities, reported that the League is asking for city resolutions of support on Propositions 68 and 69 – the park bond from SB 5 and the protection of new transportation revenues, respectively.

AB 1912 (Rodriguez) is currently a spot bill, and related to Joint Powers Agencies (JPA). If passed, this bill would require cities to pay for pension liabilities for JPAs still in existence, and would be retro-activated back to when the JPA began. The pension entity could sue the city to recoup the liabilities. If this becomes a regular bill, the League will take a strong position of opposition.

The League is sponsoring AB 1268 (Reyes), which would help restore funding for cities with annexations.

The League has released an action alert on SB 827 (Wiener), which would exempt certain housing projects from being locally developed, and adopt building height limitations. The Leagues is asking for letters of opposition.

SB 831 (Wieckowski) would allow for any lot which has construction done on a home could include accessory dwelling units, and the cities would not be able to leverage any impact fees, connection fees, capacity charges, etc., levied by a school district, local agencies, special districts, or water corporations.

The League opposes AB 3000 (Friedman), which would prohibit a city and/or county from imposing minimum parking requirements for new housing development where off street parking is permitted.

SB 946 (Lara) prohibits local authority when it comes to sidewalk vendors from selling food or merchandise in a park unless the jurisdiction first adopts a licensing program.

Last week the League and the California State Association of Cities released a joint report on the Homelessness Task Force. Two bills were introduced in the legislature to help with costs for housing the homeless; AB 3171 (Ting) and SB 912 (Bell).

The next General Membership meeting will be held on March 12, 2018, in the City of Canyon Lake.

Action: 1. *Received and filed.*

D. The Impact of Automation on Employment

Jennifer Ward, WRCOG Director of Government Relations, introduced Dr. Johannes Moenius, University of Redlands, Institute for Spatial Economic Analysis, to provide information on the impacts of automation.

Dr. Moenius reported that there are six drivers of automation – artificial intelligence, mobile robotics, edge computing, big data analytics, nanotechnology, and biotechnology.

Automation is entering the service sector, the largest sector of the economy. Amazon increases the use of robots in its warehouses by over 260% per year.

This region is one of the biggest logistics regions throughout the United States.

The deployment of household robots throughout the world has increased by approximately 70% per year, and predicted to continue over the next two to three years. If robots will be as productive in the future, manufacturing employment will decrease significantly. This will require an enormous effort to restructure this region's workforce. Healthcare is one workforce which will retain its size. Income inequality will be strongly affected.

The Riverside / San Bernardino / Ontario metropolitan areas are the most vulnerable areas in the state to job automation, and the 4th most vulnerable in the nation, with 63% of jobs potentially becoming automated over the next 20 years.

Regions need to recognize what their specific sector risks are and the impact on local taxes. There could potentially be public safety challenges. Educational facilities need to be ready to handle the coming challenges.

Committee member Ben Benoit asked when a full briefing on this matter can be obtained.

Dr. Moenius responded that he is scheduled to present at the upcoming Economic Forecast Conference.

Committee member Laura Roughton asked what the projections are for the construction industry.

Dr. Moenius responded that while he did not have the exact numbers with him, he could calculate which jobs within construction will be most affected.

Chair Franklin asked what type of careers the young people should be steered to.

Dr. Moenius responded that future non-automated careers include management, those which require critical thinking, communications, and expertise in computer-aided fields. Entry level career pathways will be evaporated. Pathways and the educational system will need to be reinvented.

Committee member Eugene Montanez commented that the findings of this study differ considerably from longstanding comments on the need for warehousing jobs from Dr. John Husing.

Ms. Ward concluded with a suggestion to convene a half-day workshop on this matter to dive into the details.

Action: 1. *Received and filed.*

8. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

The Technical Advisory Committee Chairman was not in attendance.

9. REPORT FROM COMMITTEE REPRESENTATIVES

Jordan Enhrenkranz, SCAG Energy and Environmental Committee representative, reported that there was a presentation on the current sea level rise.

Debbie Franklin, SCAG Community, Economic & Human Development Committee representative, reported that presentations included changes to CEQA Guidelines, precursors for the RHNA update, and rent stabilization.

Ben Benoit, South Coast Air Quality Management District (AQMD) representative, reported that a presentation was provided on a clean air action plan and a streetcar project in Orange County. AQMD is moving forward on Rule 1111, the furnace rule.

10. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop, Executive Director, reported that WRCOG is co-hosting a workshop on Public Engagement in the New Age of Technology on March 20, 2018. A tour of the Contra Costa Transportation Authority's GoMentum Station where autonomous vehicle testing is occurring is confirmed for May 11, 2018. This year's General Assembly guest speaker is Steve Forbes.

11. ITEMS FOR FUTURE AGENDAS

Chair Franklin reiterated the desire for an expanded presentation on the impacts of automation in the Riverside economy.

12. GENERAL ANNOUNCEMENTS

There were no general announcements.

14. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, April 2, 2018, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

15. ADJOURNMENT

The meeting adjourned at 3:18 p.m.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Amendments to Professional Services Agreements for On-Call Planning and Engineering Professional Services for Member Jurisdictions

Contact: Christopher Gray, Director of Transportation, cgray@wrcog.us, (951) 405-6710

Date: April 2, 2018

The purpose of this item is to request approval of an Amendment to the existing Professional Services Agreement for On-Call Planning Services with Alta Planning + Design, Inc. and an Amendment to the existing Professional Services Agreement for On-Call Engineering Services with WSP.

Requested Actions:

1. Approve the First Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and Alta Planning + Design, Inc., to provide WRCOG technical support and advisory services in an amount not to exceed \$50,000 for this Amendment and \$100,000 in total.
2. Approve the Second Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP to provide WRCOG technical support and advisory services in an amount not to exceed \$59,634 for this Amendment and \$294,634 in total.

Background

In October 2016, the Executive Committee directed and authorized the Executive Director to enter into agreements with four qualified consulting firms / teams for WRCOG on-call engineering services. In July 2017, the Administration & Finance Committee received and filed a staff report on the selection of 14 qualified consulting firms / teams for WRCOG on-call planning activities. Shortly after, WRCOG executed Professional Services Agreements (Agreements) with the qualified firms / teams.

The need for WRCOG on-call engineering and planning activities has become evident as WRCOG receives requests from member agencies for assistance on a variety of disciplines related jurisdictions' engineering and planning efforts. WRCOG identified disciplines to provide direct assistance to its member agencies. WRCOG has utilized some of the qualified firms / teams for on-call engineering and planning activities to assist member agencies and WRCOG.

Per WRCOG policy, the Executive Director has single signature authority for contracts up to \$50,000. Contracts between \$50,001 and \$100,000 are to be approved by the Administration & Finance Committee, and Contracts amounting to larger than \$100,000 are to be approved by the Executive Committee. Because the March 14, 2018, Administration & Finance Committee meeting was cancelled, staff is bringing forward the Alta Planning + Design, Inc. contract to the Executive Committee for consideration.

On-Call Planning Professional Services – Amendment to Alta Planning + Design Agreement

WRCOG entered into an Agreement for On-Call Professional Services with Alta Planning + Design in July 2017. This Agreement incorporated duties in the Transportation Planning and Grant Writing Assistance disciplines for On-Call Planning Services. WRCOG requested that Alta Planning + Design lead a series of

Complete Streets Design and Policy workshops for member agencies and stakeholders. The first workshop was held on March 8, 2018, and was tailored to Planning and Public Works Directors. Feedback provided by the attendees was positive. However, a majority of the Planning Directors Committee (PDC) members were not able to attend, so WRCOG would like to hold a workshop in the near future for the PDC. In addition, two additional workshops will be scheduled for May and June that are geared towards city staff and stakeholders. It is anticipated other workshops may be requested, so WRCOG is requesting Alta Planning + Design to prepare for these additional workshops. Alta Planning + Design is also analyzing the impact of active transportation infrastructure on adjacent properties. This question was posed in Committee meetings and WRCOG would like to provide research on this topic, as it is important with the amount of active transportation funds available.

On-Call Engineering Professional Services – Amendment to WSP Agreement

WRCOG entered into an Agreement for On-Call Professional Services with WSP, formerly WSP/Parsons Brinkerhoff (WSP/PB), in October 2016. This Agreement incorporated an “Other Duties as Assigned” task – this task included assistance with a potential Alternative Compliance Program (Water Quality Framework). Since October, WSP has provided technical support and advisory services as WRCOG continues to work on an Alternative Compliance Program to assist member agencies in meeting the greater requirements of the National Pollutant Discharge Elimination System (NPDES) Permit and Waste Discharge Requirements for Discharges from the Municipal Separate Storm Sewer Systems (MS4) Draining the Watersheds.

Through the original Agreement and First Amendment, WSP has provided technical support to the Riverside County Flood Control and Water Conservation District (RCFC) on the development of the Watershed Management Area Analysis (WMAA), which is identified in the MS4 Permit. WSP utilized the methodology referenced in the San Diego WMAA for developing two specific processes: 1) dominant hydrologic processes, and 2) coarse sediment yield analysis. In addition, WSP also provided ongoing input and recommendations to WRCOG regarding NPDES Stormwater Permit requirements in existing and pending MS4 Permits having jurisdictions over WRCOG member agencies.

The WMAA was submitted to the San Diego Regional Water Quality Control Board (RWQCB), and RWQCB staff has provided comments on the WMAA and requested further analysis on the dominant hydrologic processes and coarse sediment yield analysis. RCFC seeks WSP’s technical expertise to respond to the comments. In addition, WRCOG is looking to further develop a potential Alternative Compliance Program to assist member agencies attain the more stringent requirements of the MS4 Permits. WRCOG seeks to amend the Professional Services Agreement so that WSP will continue to provide technical expertise, specifically provide further analysis and conduct further analysis on capital projects that can be utilized for credit generating purposes in a possible Alternative Compliance Program. WSP will also continue to provide input and recommendations to WRCOG regarding NPDES Stormwater Permit requirements in existing and pending MS4 Permits.

Prior Actions:

- October 11, 2017: The Administration & Finance received and filed a Single Signature Authority Report that included Professional Services Agreement between the Western Riverside Council of Governments and Alta Planning + Design, Inc.
- October 3, 2016: The Executive Committee authorized and directed the Executive Director to enter into an Agreement for On-Call Engineering Services with WSP, formerly WSP/PB (Parson Brinkerhoff).

Fiscal Impact:

Expenditures for On-Call Engineering Services are included in the Fiscal Year 2017/2018 Agency Budget under the Transportation Department.

Attachments:

1. First Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and Alta Planning + Design, Inc.
2. Second Amendment to the Professional Services Agreement between the Western Riverside Council of Governments and WSP, formerly WSP/PB (Parsons Brinckerhoff).

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Item 5.A

Amendments to Professional
Services Agreements for On-Call
Planning and Engineering
Professional Services for Member
Jurisdictions

Attachment 1

First Amendment to the Professional
Services Agreement between the
Western Riverside Council of
Governments and Alta Planning +
Design, Inc.

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**FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
ALTA PLANNING + DESIGN, INC.**

1. PARTIES AND DATE.

This First Amendment is made and entered into this _____ day of April, 2018, by and between the Western Riverside Council of Governments, a California public agency ("WRCOG"), and Alta Planning + Design, Inc., a California Corporation ("Consultant"). WRCOG and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Master Agreement.

WRCOG and Consultant have entered into that certain Professional Services Agreement dated July 31, 2017 ("Master Agreement").

2.2 First Amendment.

WRCOG and Consultant desire to enter into this First Amendment for the purpose of providing additional compensation for Complete Streets Design and Policy workshop assistance ("Services").

3. TERMS.

3.1 Additional Compensation.

The maximum compensation for Services performed under this First Amendment shall not exceed Fifty Thousand Dollars (\$50,000) without written approval of WRCOG's Executive Director. Work shall be performed in manner that is consistent with the Scope of Services and Compensation set forth in Exhibits "A" and "B", respectively, to the Master Agreement. The Services shall be more particularly described in the individual Task Order issued by WRCOG or its designee. No Services shall be performed unless authorized by a fully executed Task Order.

The total not-exceed-value of the Master Agreement, and this First Amendment shall be increased from Fifty Thousand Dollars (\$50,000) to One-Hundred Thousand Dollars (\$100,000).

3.2 Continuation of Existing Provisions.

Except as amended by this First Amendment, all provisions of the Master Agreement, including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this First Amendment.

3.3 Counterparts.

This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[Signatures on the following page]

SIGNATURE PAGE TO
FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
ALTA PLANNING + DESIGN, INC.

IN WITNESS WHEREOF, the Parties hereto have made and executed this First Amendment as of the date first written above.

WRCOG

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

By: _____
Rick Bishop
Executive Director

CONSULTANT

ALTA PLANNING + DESIGN, INC.
a California corporation

By: _____
Greg Maher
Vice President, as duly authorized

Approved to Form:

By: _____
Steven C. DeBaun
General Counsel

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Item 5.A

Amendments to Professional
Services Agreements for On-Call
Planning and Engineering
Professional Services for Member
Jurisdictions

Attachment 2

Second Amendment to the
Professional Services Agreement
between the Western Riverside
Council of Governments and WSP

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**SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
WSP USA INC. (FORMERLY PARSONS BRINCKERHOFF, INC.)**

1. PARTIES AND DATE.

This Second Amendment is made and entered into this ____ day of April, 2018, by and between the Western Riverside Council of Governments, a public agency with its principal place of business at 3390 University Avenue, Suite 450, Riverside, California 92501-3679 ("WRCOG") and WSP ("Consultant"), a New York Corporation, whose address is 451 E. Vanderbilt Way, Suite 200, San Bernardino, California 92408, Telephone (909) 888-1106, Fax (909) 889-1884, E-mail Michael.Drennan@wsp.com, Federal Tax Identification Number 11-1531569. WRCOG and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Master Agreement.

WRCOG and Consultant have entered into that certain Professional Services Agreement dated October 3, 2016 ("Master Agreement").

2.2 First Amendment.

WRCOG and Consultant have entered into an Amendment No. 1 to the Master Agreement, dated August 31, 2017 for the purpose of providing new tasks, and providing additional compensation for the continued performance of the Services.

2.3 Second Amendment.

WRCOG and Consultant desire to enter into this Second Amendment for the purpose of providing new tasks, providing additional compensation for the continued performance of the Services, and revising the Master Agreement to reflect the name change of Parsons Brinckerhoff, Inc. to WSP USA Inc.

3. TERMS.

3.1 Task Order.

The Task Order included in Exhibit "C" of the Master Agreement is hereby deleted and replaced in its entirety by the version of the Task Order attached hereto as ATTACHMENT 1 and incorporated herein by reference.

3.2 Compensation.

Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Second Amendment at the rates set forth in Exhibit "B" attached to

this Second Amendment and incorporated herein by reference. The total compensation for Services performed under this Second Amendment shall not exceed Fifty-Nine Thousand, Six-Hundred Thirty-Four Dollars (\$59,634) without written approval of WRCOG's Executive Director. The total compensation for Services rendered under the Master Agreement, and this Second Amendment shall not exceed the maximum amount of Two Hundred Ninety-Four Thousand, Six-Hundred Thirty-Four Dollars (\$294,634).

3.3 Consultant.

As of the date first set forth above, all references in the Master Agreement to Parsons Brinckerhoff, Inc. as "Consultant" shall be interpreted to refer to WSP USA Inc.

3.4 Continuation of Existing Provisions.

Except as amended by this Second Amendment, all provisions of the Master Agreement, including without limitation the indemnity and insurance provisions, shall remain in full force and effect and shall govern the actions of the Parties under this Second Amendment.

3.5 Counterparts.

This Second Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute one instrument.

[Signatures on the following page]

SIGNATURE PAGE TO
SECOND AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
AND
WSP USA INC. (FORMERLY PARSONS BRINCKERHOFF, INC.)

IN WITNESS WHEREOF, the Parties hereto have made and executed this Ninth Amendment as of the date first written above.

WRCOG

CONSULTANT

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

WSP USA Inc.

By: _____
Rick Bishop
Executive Director

By: _____
Victor Martinez
Area Manager

Approved to Form:

By: _____
Steven C. DeBaun
General Counsel

ATTACHMENT 1

EXHIBIT “C”

TASK ORDER

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

Task Order No. 2018-06

Contract: WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS AGREEMENT FOR
ON-CALL PROFESSIONAL SERVICES

Consultant: WSP, formerly WSP/PB (Parsons Brinckerhoff)

TASK 1: SMR WMAA INTEGRATION

The purpose of this task is to expand and update the following sections of the SMR WMAA as follows:

- Introduction – Revise to include a discussion detailing the organization of the MR WMAA. Language will be added to integrate the SMR WMAA developed for San Diego County with the Draft Upper Santa Margarita River Hydrologic Response Unit and Critical Coarse Sediment Yield Analysis (WSP 2017) developed for the District. The language will describe how the SMR WMAA is organized and the purpose of each section in support of a comprehensive Watershed Management Area Analysis.
- Section 1.1 - Revise language to provide an explanation as to how the National Pollutant Discharge Elimination System (NPDES) Permit and Waste Discharge Requirements for Discharges from the Municipal Separate Storm Sewer Systems (MS4s) Draining the Watersheds within the San Diego Region, (MS4 Permit), (NPDES No. CAS0109266) does not exempt projects from implementing treatment control best management practices (BMPs)
- Section 2 - Clarify use of intermittent and perennial streams

TASK 2: HYDROMODIFICATION

SUB-TASK 2.1: UPDATE TECHNICAL SUMMARY FOR HYDROMODIFICATION EXEMPTIONS

The purpose of this sub-task is to provide a general less technical summary of the process used and the conclusions that were developed based on the analyses performed. This effort would also include a discussion of how the analysis performed relates to and is consistent with Technical Report 605 (Booth et al. 2010). Additional sections to be updated include: Section 4.2.2, 4.3.2, 4.3.3 and 4.5.2 – sections to be revised for clarity

SUB-TASK 2.2: SERVICES FOR HYDROMODIFICATION SEVEN SECTIONS

Under sub-task 2.2, WSP proposes a hydromodification screening field investigation for sections of the Santa Margarita River. While one additional cross section will provide an opportunity to capture varying channel characteristics, additional sections may still be necessary and will be included per Riverside County Flood Controls direction and available budget once a determination is made based on the analysis of a single section to characterize the Santa Margarita River. A single section has been identified in a meeting with Riverside County Flood Control at the north side of camp Pendleton. Additional sections will be considered once the results are obtained from the initial field investigation. A desktop evaluation will also be performed to define watershed properties such as contributing drainage area; mean annual precipitation; valley slope; and valley width.

A field analysis will then be implemented consistent with the methodology described in Technical Report 606, Hydromodification Screening Tools: Field Manual for Assessing Channel Susceptibility (Bledsoe et al. 2010). Susceptibility will then be gauged based on pebble count; vertical susceptibility; armoring potential; grade controls; and lateral susceptibility. This effort will be summarized in a Stream Susceptibility Technical Memo (TM). The TM will include a detailed description of Santa Margarita River and its existing and anticipated future conditions.

TASK 3: ALTERNATIVE COMPLIANCE ADVISORY SERVICES

The purpose of this task is to provide on-going alternative compliance advisory services through June of this year. The WSP Project Manager will continue to provide input and recommendations to WRCOG regarding NPDES Stormwater Permit requirements in existing and pending MS4 permits having jurisdiction over WRCOG member agencies. The Project Manager will also continue to provide regular updates regarding status of relevant legislative or other activities that could influence the outcome of pending MS4 permits, and provide recommended strategies and tactics to manage the liability and risk to WRCOG.

SCHEDULE

WSP is available and will provide these services upon a Notice to Proceed from WRCOG.

- Tasks 1 and 2: Services to be completed by April 2018.
- Task 3: Services to be completed by June 2018.

TASK DELIVERABLES

- Stream Susceptibility Technical Memo
- Attendance as needed at meetings
- Meeting Notes (as needed)
- Final RTC Matrix
- Final SMR WMAA
- Final Upper Santa Margarita River Hydrologic Response Unit and Critical Coarse Sediment Yield Analysis

BUDGET

Compensation for services performed under this Task Order scope of work will be billed on a time and material basis in the amounts shown in Table 1. Other direct costs include reimbursable expenses such as mileage and printing are indicated in Table 1.

Table 1. SMR Watershed Analysis Budget

1	WMAA INTEGRATION	Hours	Fee
1.1	Expand discussion; update Sections 1 and 2	40	\$7,248
2	HMP		
2.1	Update Sections 4.2.2, 4.3.2, 4.3.3 and 4.5.2	28	\$5,220
2.2	Hydromodification Analysis	68	\$12,320
2.2a	Sand Diego RWQCB Meeting	32	\$5,992
2.2b	Response to Comments Matrix	18	\$3,436
2.2c	Final SMR WMAA	62	\$8,925
3	ALTERNATIVE COMPLIANCE ADVISORY SERVICES	60	\$15,000
	Subtotals (Hours)	228	\$58,141
ODCs	Final Report		\$773
ODCs	HMP Site Visits		\$720
Total:			\$59,634

List any attachments: (Please provide if any.)

Dollar Amount of Task Order: Not to exceed \$59,634

Completion Date: June 30, 2018

The undersigned consultant hereby agrees that it will provide all equipment, furnish all materials, except as may be otherwise noted above, and perform all services for the work above specified in accordance with the Contract identified above and will accept as full payment therefore the amount shown above.

**WESTERN RIVERSIDE
COUNCIL OF GOVERNMENTS**

Consultant

Dated: _____

Dated: _____

By: _____

By: _____



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Continued Membership of the Riverside County Superintendent of Schools on WRCOG

Contact: Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701

Date: April 2, 2018

The purpose of this item is to recommend approval of the MOU between WRCOG and the Riverside County Superintendent of Schools providing for the Superintendent to continue serving as an ex-officio representative to the Executive Committee.

Requested Action:

1. Approve a one-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.

Background

WRCOG has a Memorandum of Understanding (MOU) with the Riverside County Superintendent of Schools for an advisory, ex-officio membership on the Executive Committee. The MOU provides for the Executive Committee to review the participation arrangement and expand the membership beyond ex-officio status. Alternatively, ex-officio membership would continue on an annual basis as authorized by a letter extending MOU by written agreement, to be executed by both parties. The Executive Director is authorized to execute said letter.

The Executive Director and the Riverside County Superintendent of Schools have discussed the ex-officio arrangement and are proposing to the Executive Committee that the current arrangement as articulated in the MOU be extended for another year. Attached is a draft MOU extension letter to be executed by both parties, upon approval by the Executive Committee.

Prior Actions:

- March 15, 2018: The Technical Advisory Committee recommended that the Executive Committee approve a one-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.
- December 5, 2016: The Executive Committee approved a one-year extension to the MOU between WRCOG and the Riverside County Superintendent of Schools for the Superintendent to serve as an ex-officio member of the Executive Committee.

Fiscal Impact:

The Riverside County Superintendent of Schools pays annual dues to WRCOG in the amount of \$17,000, which is budgeted in the General Fund.

Attachment:

1. Letter Extending MOU by Written Agreement.

Item 5.B

Continued Membership of the
Riverside County Superintendent of
Schools on WRCOG

Attachment 1

Letter Extending MOU by Written
Agreement

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Western Riverside Council of Governments

County of Riverside • City of Banning • City of Beaumont • City of Calimesa • City of Canyon Lake • City of Corona • City of Eastvale • City of Hemet
City of Jurupa Valley • City of Lake Elsinore • City of Menifee • City of Moreno Valley • City of Murrieta • City of Norco • City of Perris • City of Riverside
City of San Jacinto • City of Temecula • City of Wildomar • Eastern Municipal Water District • Western Municipal Water District • Morongo Band of Mission
Indians • Riverside County Superintendent of Schools

March 7, 2018

Dr. Judy D. White
Riverside County Superintendent of Schools
3939 Thirteenth Street
PO Box 868
Riverside, CA 92502

Subject: Letter of Third Extension of MOU by Written Agreement

Dear Superintendent White:

On November 7, 2011, the Riverside County Superintendent of Schools (Superintendent) and the Western Riverside Council of Governments (WRCOG) entered into a Memorandum of Understanding (MOU), which set forth the understanding of the parties regarding the Superintendent's position as an ex-officio, advisory member of WRCOG in order to help address the educational challenges of the region.

Pursuant to Section 3 of the MOU, the Superintendent and WRCOG may extend the ex-officio arrangement by written agreement. On December 5, 2016, a 2nd letter of extension was executed. This 3rd letter of extension constitutes the Superintendent and WRCOG's mutual written agreement to extend the ex-officio arrangement through December 31, 2018, unless earlier terminated as provided in the MOU.

To affirm and agree to the extension of Superintendent's position as an ex-officio, advisory member of WRCOG, as set forth in this letter, please sign both letters; keep one for your files and return the other to WRCOG.

Sincerely,

By:

Rick Bishop
Executive Director

Affirmed and Agreed:

RIVERSIDE COUNTY SUPERINTENDENT OF SCHOOLS

By:

Judy D. White, Ed.D.
Riverside County Superintendent of Schools

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Western Riverside Council of Governments

Executive Committee

Staff Report

Subject: 1st Amendment to the Cost Sharing Agreements for Legal Services Related to California Public Utilities Commission Proceedings R17-06-026 for Power Cost Indifference Adjustment

Contact: Barbara Spoonhour, Director of CCA Development, bspoonhour@wrcog.us, (951) 405-6760

Date: April 2, 2018

The purpose of this item is to request the Committee's authorization to enter into an agreement for cost sharing of legal services for the California Public Utilities Commission (CPUC) Proceeding R17-06-026.

Requested Actions:

1. Authorize the Executive Director to sign a 1st amendment to the cost sharing agreements (from not to exceed \$60,000, to \$130,000) with Desert Community Energy and Los Angeles County Community Choice Energy for legal services related to the California Public Utilities Commission Proceeding (17-06-026) Review of the Power Cost Indifference Adjustment, adding work on the Resource Adequacy Proceeding (17-09-020), and Investor-Owned Utilities Petition to Modify Code of Conduct (12-02-009).
2. Authorize the use of Fiscal Year 2015/2016 Agency carryover funds to initiate a budget amendment to increase legal services for the Community Choice Aggregation (CCA) Program from \$60,000 to \$130,000, recognizing WRCOG's portion of the costs will be \$40,000 and WRCOG will be reimbursed, once the CCA is operational.

Background

On October 11, 2017, the Administration & Finance Committee approved a cost sharing agreement and Budget Amendment for legal costs in the amount of \$60,000 to be shared amongst WRCOG, Desert Community Energy (DCE), and Los Angeles County Community Choice Energy (LACCE), for Best, Best & Krieger (BB&K) to provide services specific to the CPUC Proceeding (17-06-026) Review of the Power Cost Indifference Adjustment (PCIA). These services are a component of WRCOG's ongoing efforts to develop and launch Western Community Energy, a CCA program for Western Riverside County. The PCIA is also known as the "exit fee" paid by customers joining a CCA to compensate for costs incurred by remaining Investor-Owned Utility (IOU) customers.

Due to the complexity of the Proceeding and negotiations with Southern California Edison (SCE) on Resource Adequacy (RA) needs for 2018 and 2019, as well as the IOUs filing a petition to modify the CCA Code of Conduct, staff is requesting to expand the scope of services to include legal services for RA and the Code of Conduct modification, and to increase the legal budget from \$60,000 to \$130,000 (using Fiscal Year 2015/2016 Agency carryover revenues); the costs will be shared amongst WRCOG, DCE, and LACCE.

Summary of Services

In order to provide cost efficiencies for legal services, staff continues to work with staff from the Coachella Valley Association of Governments, which operates DCE, and staff with LACCE to share legal services for issues that are of common ground. WRCOG will continue to serve as the lead in the agreements, utilizing BB&K. Attached is the combined amendment for the Committee's review and comment.

When the original budget was set, these issues were not contemplated. Staff has provided the below justification for the additional services.

1. *CPUC Resolution E-4907 and Resource Adequacy Proceeding:* On February 8, 2018, the CPUC adopted Resolution E-4907, which sets a timeline on how CCAs participate in the mandatory forecast filings of the CPUC's Resource Adequacy Program to ensure that newly launched and expanding CCAs comply with RA requirements, as established by Section 380, before they serve customers. The Resolution provides a way for Western Community Energy to move forward with CCA formation through the submittal of a "waiver" to the CPUC for approval regarding the purchasing of RA from the IOU, or allowing the CPUC to administratively set the RA pricing through the RA Proceeding.

Due to the complexity of the issue, the need to negotiate with SCE, and participate in the RA Proceeding, additional legal time is needed. If no settlement can be reached with SCE (which seems to be the case at the time this staff report was written), WRCOG, CVAG, and LACCE will need to determine how the administrative price set by CPUC in the RA Proceeding affects the launch of its CCAs for 2018. To ensure that fair pricing is set in the RA Proceeding, it is essential to actively participate in the Proceeding. A decision from the CPUC on the RA Proceeding is expected by late May 2018.

2. *IOU Petition for Modification to the Code of Conduct:* On January 30, 2018, the IOUs, representing Pacific Gas and Electric (PG&E), San Diego Gas & Electric Company (SDG&E), and SCE, filed a petition to the CPUC for a modification to the Code of Conduct that would allow them to communicate with local governments and the media regarding CCAs. While the petition at face value seems reasonable (in that the IOUs would be able to answer direct questions regarding CCAs), a deeper examination indicates something far from that, with unknown implications that could allow the IOUs to unfairly influence a local government's decision regarding participation in a CCA.

Joint comments to the petition were filed on March 1, 2018 that outline that the IOUs presently have the ability to provide factual statements regarding CCAs; they also have the ability to lobby against CCAs using the CPUC guidelines. The Petition has re-opened the CPUC Proceeding

Prior Action:

October 11, 2017: The Administration & Finance Committee 1) authorized the Executive Director to enter into cost sharing agreements (not to exceed \$60,000) with Desert Community Energy and Los Angeles Community Choice Energy for legal services related to the California Public Utilities Commission Proceeding 17-06-026 Review of the Power Cost Indifference Adjustment; and 2) authorized the use of 2015/2016 HERO carryover funds to initiate a budget amendment to increase legal services for the Community Choice Aggregation (CCA) Program by \$60,000, recognizing WRCOG's portion of the costs will be \$20,000 and will be reimbursed, once the CCA is operational.

Fiscal Impact:

Staff will include the increase of legal services in the amount of \$70,000 in the 3rd Quarter budget amendment of FY 2017/2018; however, the costs will be split proportionally between WRCOG, Desert Community Energy, and Los Angeles Community Choice Energy with each entity's share being \$43,333.

Attachment:

1. 1st Amendment to the Cost Sharing Agreement between WRCOG, Desert Community Energy, and Los Angeles Community Choice Energy.

Item 5.C

1st Amendment to the Cost Sharing
Agreements for Legal Services
Related to California Public Utilities
Commission Proceedings R17-06-
026 for Power Cost Indifference
Adjustment

Attachment 1

1st Amendment to the Cost Sharing
Agreement between WRCOG,
Desert Community Energy, and Los
Angeles Community Choice Energy

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1st AMENDMENT TO COST SHARING AGREEMENT FOR LEGAL SERVICES

THIS FIRST AMENDMENT TO THE LEGAL SERVICES COST-SHARING AGREEMENT (“**Amendment**”) is made as of _____, 2018 (“**Effective Date**”), by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“**WRCOG**”), a California joint powers authority, COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS (“**CVAG**”), a California joint powers authority, and LOS ANGELES COMMUNITY CHOICE ENERGY (“**LACCE**”), a California joint powers authority.

RECITALS

A. WRCOG, CVAG and LACCE have previously entered into that certain agreement entitled *Cost Sharing Agreement for Legal Services*, dated November 1, 2017, agreeing to share certain costs for legal services with respect to regulatory issues associated with the respective development and implementation of their community choice aggregation programs.

B. The Parties are affected by and are parties to several California Public Utilities Commission proceedings that have a direct impact on the launch of their Programs, and they desire to increase the budget for legal services.

AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1. Shared Costs. The Parties hereby agree to increase the budget for legal counsel to \$130,000.
2. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.
3. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
4. Full Force. Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

**WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS**

Approved By:

Rick Bishop, Executive Director

Date

Approved As To Form:

General Counsel

**COACHELLA VALLEY ASSOCIATION
OF GOVERNMENTS**

Approved By:

Tom Kirk, Executive Director

Date

Approved As To Form:

General Counsel

**LOS ANGELES COMMUNITY CHOICE
ENERGY**

Approved By:

Ted Bardacke, Executive Director

Date

Approved As To Form:

General Counsel



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: TUMF Program Reimbursement Agreements

Contact: Christopher Gray, Director of Transportation, cgray@wrcog.us, (951) 405-6710

Date: April 2, 2018

The purpose of this item is to provide an update of TUMF Program activities related to projects underway with TUMF fund contributions.

Requested Actions:

1. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the City of Menifee for the Construction Phase of the Scott Road / I-215 Interchange Project in an amount not to exceed \$15,000,000.
2. Authorize the Executive Director to execute a TUMF Reimbursement Agreement with the County of Riverside for the Construction Phase of the Archibald Avenue Bridge Project in an amount not to exceed \$3,449,000.
3. Authorize the Executive Director to execute a TUMF Reimbursement Agreement Amendment with the City of Perris for the Construction Phase of the Nuevo Road / I-215 Interchange in an amount not to exceed \$1,664,603.

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March Joint Powers Authority (JPA) participate in the Program through an adopted ordinance, collect fees from new development, and remit the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of jurisdictions – referred to as TUMF Zones – based on the amount of fees collected in these groups, and the Riverside Transit Agency.

TUMF Reimbursement Agreements

Two Reimbursement Agreements and one Reimbursement Agreement Amendment for TUMF projects are summarized below.

City of Menifee (one agreement):

1. Scott Road / I-215 Interchange in the amount of \$15,000,000: This Project will reconfigure the existing freeway ramps, add loop on- and off-ramps, and construct freeway auxiliary lanes. A new overcrossing structure will be constructed to accommodate six lanes over I-215. The proposed bridge cross-section would include four through lanes, two dedicated on-ramp approach lanes, and shoulders. This Reimbursement Agreement is for the Construction phase of the Project, which is expected to start in summer 2018.

County of Riverside (one agreement):

1. Archibald Avenue Bridge in the amount of \$3,449,000: This Project provided for the replacement of an existing two-lane bridge with a reconstructed four-lane bridge and half a mile of approach roads. This Reimbursement Agreement is for the Construction phase of the Project.

City of Perris (one amendment):

1. Nuevo Road / I-215 Interchange Project in the amount of \$1,664,603: This Reimbursement Agreement amends an earlier agreement to provide funding for the Project's Construction phase, and increases the funding from \$1,364,603 to \$1,664,603.

Prior Action:

None.

Fiscal Impact:

TUMF Program activities are included in the Agency's adopted Fiscal Year 2017/2018 Budget under the Transportation Department.

Attachments:

1. Reimbursement Agreement with the City of Menifee for the Construction Phase of the Scott Road / I-215 Interchange.
2. Reimbursement Agreement with the County of Riverside for the Construction Phase of the Archibald Avenue Bridge.
3. Reimbursement Agreement Amendment with the City of Perris for the Construction Phase of the Nuevo Road / I-215 Interchange.

Item 5.D

TUMF Program Reimbursement Agreements

Attachment 1

Reimbursement Agreement with the
City of Menifee for the Construction
Phase of the Scott Road / I-215
Interchange

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**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
SCOTT ROAD/I-215 INTERCHANGE
CONSTRUCTION PHASE**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and the **City of Menifee**, a California municipal corporation (“AGENCY”). WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

A. WRCOG is the Administrator of the Transportation Uniform Mitigation Fee Program of Western Riverside County (“TUMF Program”).

B. WRCOG has identified and designated certain transportation improvement projects throughout Western Riverside County as projects of regional importance (“Qualifying Projects” or “Qualifying Projects”). The Qualifying Projects are more specifically described in that certain WRCOG study titled “TUMF Nexus Study”, as may be amended from time to time. Qualifying Projects can have Regional or Zonal significance as further described in the TUMF Nexus Study.

C. The TUMF Program is funded by TUMF fees paid by new development in Western Riverside County (collectively, “TUMF Program Funds”). TUMF Program Funds are held in trust by WRCOG for the purpose of funding the Qualifying Projects.

D. The AGENCY proposes to implement a Qualifying Project, and it is the purpose of this Agreement to identify the project and to set forth the terms and conditions by which WRCOG will release TUMF Program Funds.

E. The Parties recognize that the AGENCY is implementing the Project, as defined below, in cooperation with the Riverside County Transportation Commission (“THE COUNTY OF RIVERSIDE”), and THE COUNTY OF RIVERSIDE is the entity that has or will engage a consultant to provide the Work, as defined below. Therefore, the AGENCY has requested and WRCOG has agreed to direct reimbursements for authorized Project (as that term is defined below) costs, as set forth herein, to THE COUNTY OF RIVERSIDE. The AGENCY shall require THE COUNTY OF RIVERSIDE to comply with any provisions of this Agreement applicable to THE COUNTY OF RIVERSIDE as the direct recipient of reimbursements hereunder.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for **Scott Road / I-215 Interchange**, (the “Project”), a

Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

4) CON – Construction

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to THE COUNTY OF RIVERSIDE, on behalf of AGENCY, on the terms and conditions set forth herein, a sum not to exceed **Fifteen Million Dollars (\$15,000,000)**, to be used for reimbursing THE COUNTY OF RIVERSIDE for eligible Project expenses incurred on behalf of AGENCY as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

3. Project Costs Eligible for Advance/Reimbursement. The total Project costs (“Total Project Cost”) may include the following items, provided that such items are included in the scope of work attached hereto as Exhibit “A” (“Scope of Work”): (1) AGENCY, THE COUNTY OF RIVERSIDE and/or consultant costs associated with direct Project coordination and support; (2) funds expended in preparation of preliminary engineering studies; (3) funds expended for preparation of environmental review documentation for the Project; (4) all costs associated with right-of-way acquisition, including right-of-way engineering, appraisal, acquisition, legal costs for condemnation procedures if authorized by the AGENCY or THE COUNTY OF RIVERSIDE, and costs of reviewing appraisals and offers for property acquisition; (5) costs reasonably incurred if condemnation proceeds; (6) costs incurred in the preparation of plans, specifications, and estimates by AGENCY, THE COUNTY OF RIVERSIDE or consultants; (7) AGENCY costs associated with bidding, advertising and awarding of the Project contracts; (8) construction costs, including change orders to construction contract approved by the AGENCY; (9) construction management, field inspection and material testing costs; and (10) any AGENCY or THE COUNTY OF RIVERSIDE administrative cost to deliver the Project.

4. Ineligible Project Costs. The Total Project Cost shall not include the following items which shall be borne solely by the AGENCY without reimbursement: (1) any AGENCY administrative fees attributed to the reviewing and processing of the Project; and (2) expenses for items of work not included within the Scope of Work in Exhibit “A”.

5. Procedures for Distribution of TUMF Program Funds to AGENCY.

(a) Initial Payment by the AGENCY. The AGENCY, or THE COUNTY OF RIVERSIDE, as applicable, shall be responsible for initial payment of all the Project costs as they are incurred. Following payment of such Project costs, the AGENCY or THE COUNTY OF RIVERSIDE shall submit invoices to WRCOG requesting reimbursement to THE COUNTY OF RIVERSIDE of eligible Project costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the AGENCY or THE COUNTY OF

RIVERSIDE, as applicable, and documents evidencing the AGENCY's or THE COUNTY OF RIVERSIDE's payment of the invoices or demands for payment. Documents evidencing the AGENCY'S or THE COUNTY OF RIVERSIDE's payment of the invoices shall be retained for four (4) years and shall be made available for review by WRCOG. The AGENCY or THE COUNTY OF RIVERSIDE shall submit invoices not more often than monthly and not less often than quarterly.

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY or THE COUNTY OF RIVERSIDE, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to THE COUNTY OF RIVERSIDE within thirty (30) days. In the event that WRCOG disputes the eligibility of the AGENCY or THE COUNTY OF RIVERSIDE for reimbursement of all or a portion of an invoiced amount, the Parties (including THE COUNTY OF RIVERSIDE) shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the AGENCY may appeal WRCOG's decision as to the eligibility of one or more invoices to WRCOG's Executive Director. The WRCOG Executive Director shall provide his/her decision in writing. If the AGENCY disagrees with the Executive Director's decision, the AGENCY may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the AGENCY submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. THE COUNTY OF RIVERSIDE shall be permitted to exercise the appeal rights of the AGENCY as set forth herein. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the AGENCY's or THE COUNTY OF RIVERSIDE's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(c) Funding Amount/Adjustment. If a post Project audit or review indicates that WRCOG has provided reimbursement to THE COUNTY OF RIVERSIDE in an amount in excess of the Maximum TUMF Share of the Project, or has provided reimbursement of ineligible Project costs, the AGENCY shall reimburse WRCOG for the excess or ineligible payments within 30 days of notification by WRCOG.

6. Increases in Project Funding. The Funding Amount may, in WRCOG's sole discretion, be augmented with additional TUMF Program Funds if the TUMF Nexus Study is amended to increase the maximum eligible TUMF share for the Project. Any such increase in the Funding Amount must be approved in writing by WRCOG's Executive Director. In no case shall the amount of TUMF Program Funds allocated to the AGENCY exceed the then-current maximum eligible TUMF share for the Project. No such increased funding shall be expended to pay for any Project already completed. For purposes of this Agreement, the Project or any portion thereof shall be deemed complete upon its acceptance by WRCOG's Executive Director which shall be communicated to the AGENCY in writing.

7. No Funding for Temporary Improvements. Only segments or components of the construction that are intended to form part of or be integrated into the Project may be funded by TUMF Program Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, tapers or drainage facilities, shall be funded with TUMF Program Funds, except as needed for staged construction of the Project.

8. AGENCY's Funding Obligation to Complete the Project. In the event that the TUMF Program Funds allocated to the Project represent less than the total cost of the Project, the AGENCY shall provide such additional funds as may be required to complete the Project.

9. AGENCY's Obligation to Repay TUMF Program Funds to WRCOG; Exception For PA&ED Phase Work. Except as otherwise expressly excepted within this paragraph, in the event that: (i) the AGENCY, for any reason, determines not to proceed with or complete the Project; or (ii) the Project is not timely completed, subject to any extension of time granted by WRCOG pursuant to the terms of this Agreement; the AGENCY agrees that any TUMF Program Funds that were distributed to the AGENCY for the Project shall be repaid in full to WRCOG, and the Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism. If the Project involves work pursuant to a PA&ED phase, AGENCY shall not be obligated to repay TUMF Program Funds to WRCOG relating solely to PA&ED phase work performed for the Project.

10. AGENCY's Local Match Contribution. AGENCY local match funding is not required, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects.

11. Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until the earlier of the following: (i) the date WRCOG formally accepts the Project as complete, pursuant to Section 6; (ii) termination of this Agreement pursuant to Section 15; or (iii) the AGENCY has fully satisfied its obligations under this Agreement. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

12. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates **Armando G. Villa, City Manager**, or his or her designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

13. Expenditure of Funds by AGENCY Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the AGENCY or THE COUNTY OF RIVERSIDE from expending funds on the Project prior to the execution of the Agreement, or from being reimbursed by WRCOG for such expenditures. However, the AGENCY understands and acknowledges that any expenditure of funds on the Project prior to the execution of the Agreement is made at the AGENCY's sole risk, and that some expenditures by the AGENCY or THE COUNTY OF RIVERSIDE may not be eligible for reimbursement under this Agreement.

14. Review of Services. The AGENCY shall allow WRCOG's Representative to inspect or review the progress of the Project at any reasonable time in order to determine whether the terms of this Agreement are being met.

15. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. In the event that WRCOG terminates this Agreement, WRCOG shall, within 90 days, distribute to the AGENCY TUMF Program Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the AGENCY regarding the Project at the time of the notice of termination; provided, however, that WRCOG shall be entitled to exercise its rights under Section 5(b), including but not limited to conducting a review of the invoices and requesting additional information. Upon such termination, the AGENCY and/or THE COUNTY OF RIVERSIDE shall, within 180 days, complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. This Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

(c) Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

16. Prevailing Wages. The AGENCY and any other person or entity hired to perform services on the Project are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The AGENCY shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Project. The AGENCY shall defend, indemnify, and hold harmless WRCOG, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys' fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

17. Progress Reports. WRCOG may request the AGENCY to provide WRCOG with progress reports concerning the status of the Project.

18. Indemnification.

(a) AGENCY Responsibilities. In addition to the indemnification required under Section 16, the AGENCY agrees to indemnify and hold harmless WRCOG, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of the AGENCY, THE COUNTY OF RIVERSIDE or their subcontractors. The AGENCY will reimburse WRCOG for any expenditures, including reasonable attorneys' fees, incurred by WRCOG, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of the AGENCY.

(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

(c) Effect of Acceptance. The AGENCY shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Project. WRCOG's review, acceptance or funding of any services performed by the AGENCY or any other person or entity under this Agreement shall not be construed to operate as a waiver of any rights WRCOG may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the AGENCY shall be and remain liable to WRCOG, in accordance with applicable law, for all damages to WRCOG caused by the AGENCY's negligent performance of this Agreement or supervision of any services provided to complete the Project.

19. Insurance. The AGENCY shall require, at a minimum, all persons or entities hired to perform the Project to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the AGENCY and WRCOG. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last.

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:

(i) Name WRCOG and AGENCY, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Project and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

(ii) Be primary with respect to any insurance or self-insurance programs covering WRCOG and AGENCY, and/or their respective officials, officers, employees, agents, and consultants; and

(iii) Contain standard separation of insured provisions.

(b) Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

20. Project Amendments. Changes to the characteristics of the Project, including the deadline for Project completion, and any responsibilities of the AGENCY or WRCOG may be requested in writing by the AGENCY and are subject to the approval of WRCOG's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Project shall be approved in the sole discretion of WRCOG's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

21. Conflict of Interest. For the term of this Agreement, no member, officer or employee of the AGENCY or WRCOG, during the term of his or her service with the AGENCY or WRCOG, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

22. Limited Scope of Duties. WRCOG's and the AGENCY's duties and obligations under this Agreement are limited to those described herein. WRCOG has no obligation with respect to the safety of any Project performed at a job site. In addition, WRCOG shall not be liable for any action of AGENCY, the COUNTY OF RIVERSIDE, or its contractors relating to the condemnation of property undertaken by AGENCY or COUNTY OF RIVERSIDE or construction related to the Project.

23. Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Project under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties

for at least four (4) years following termination of this Agreement, and they shall have access to such information during the four-year period for the purposes of examination or audit.

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

25. Governing Law. This Agreement shall be governed by and construed with the laws of the State of California.

26. Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

27. Time of Essence. Time is of the essence for each and every provision of this Agreement.

28. Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

29. Public Acknowledgement. The AGENCY agrees that all public notices, news releases, information signs and other forms of communication shall indicate that the Project is being cooperatively funded by the AGENCY and WRCOG TUMF Program Funds.

30. No Joint Venture. This Agreement is for funding purposes only and nothing herein shall be construed to make WRCOG a party to the construction of the Project or to make it a partner or joint venture with the AGENCY for such purpose.

31. Compliance With the Law. The AGENCY shall comply with all applicable laws, rules and regulations governing the implementation of the Qualifying Project, including, where applicable, the rules and regulations pertaining to the participation of businesses owned or controlled by minorities and women promulgated by the Federal Highway Administration and the Federal Department of Transportation.

32. Notices. All notices hereunder and communications regarding interpretation of the terms of this Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to AGENCY:	City of Menifee 29714 Haun Road Menifee, CA 92586 Attention: Armando G. Villa, City Manager
---------------	--

Telephone: 951-672-6777

If to WRCOG:

Western Riverside Council of Governments
Riverside County Administrative Center
4080 Lemon Street, Third Floor
Riverside, California 92501-3609
Attention: Christopher Gray, Director of Transportation
Telephone: (951) 955-8304
Facsimile: (951) 787-7991

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

33. Integration; Amendment. This Agreement contains the entire agreement between the PARTIES. Any agreement or representation respecting matters addressed herein that are not expressly set forth in this Agreement is null and void. This Agreement may be amended only by mutual written agreement of the PARTIES.

34. Severability. If any term, provision, condition or covenant of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

35. Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the Agreement.

36. Independent Contractors. Any person or entities retained by the AGENCY or any contractor shall be retained on an independent contractor basis and shall not be employees of WRCOG. Any personnel performing services on the Project shall at all times be under the exclusive direction and control of the AGENCY or contractor, whichever is applicable. The AGENCY or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Project and as required by law. The AGENCY or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

37. Effective Date. This Agreement shall not be effective until executed by both Parties. The failure of one party to execute this Agreement within forty-five (45) days of the other party executing this Agreement shall render any execution of this Agreement ineffective.

38. No Third Party Beneficiaries. THE COUNTY OF RIVERSIDE shall be a third party beneficiary as to each provision of this Agreement which expressly refers to THE COUNTY

OF RIVERSIDE. Except as set forth in the foregoing sentence, there are no intended third party beneficiaries of any right or obligation assumed by the Parties.

39. Incorporation of Recitals. The recitals set forth above are true and correct and are incorporated into this Agreement by reference as if fully set forth herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective on the day and year first above-written.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

CITY OF MENIFEE

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____
Armando G. Villa
City Manager

Approved to Form:

Approved as to Form:

By: _____ Date: _____
Steven C. DeBaun
General Counsel

By: _____ Date: _____
Jeffrey T. Melching
City Attorney

EXHIBIT “A”**SCOPE OF WORK****SCOPE OF WORK:**

The Project phase to be funded under this Agreement consists of the Construction phase only. Funding for the other project phases may be added at a future date by addendum or by separate agreement, as applicable.

The Scott Road/I-215 Interchange is located within southwestern Riverside County and is mostly in the City of Menifee except for one quadrant that is in the City of Murrieta. The existing Scott Road/I-215 Interchange configuration is commonly referred to as a “diamond” interchange.

The proposed Project consists of reconstructing the Scott Road/I-215 Interchange utilizing a flopped partial cloverleaf interchange configuration. This will involve reconfiguring the existing freeway ramps, adding a loop on-ramp, a loop off-ramp, adding freeway auxiliary lanes and replacing the existing bridge over Interstate 215. The new overcrossing structure is planned to be six lanes wide spanning over I-215. The proposed bridge cross-section would include four through lanes, two dedicated on-ramp approach lanes and shoulders.

Scott Road will be improved between Haun Road and Antelope Road. The proposed widening on Scott Road will vary to accommodate the proposed geometry of the interchange modifications. Improvements on Scott Road will also include new traffic signals at the freeway ramp intersections and at the intersections of Scott Road/Haun Road and Scott Road/Antelope Road.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	FEDERAL	TOTAL
PA&ED				
PS&E				
RIGHT OF WAY				
CONSTRUCTION	\$15,000,000	(See Note 1) \$20,280,000	(See Note 2) \$8,000,000	\$43,280,000
TOTAL	\$15,000,000	\$20,280,000	\$8,000,000	\$43,280,000

Notes:

- Local Funds are shown for information only and not intended to represent a local match contribution. Local Funds are comprised of the following:
 - \$14,280,000 – City of Menifee funds
 - \$4,000,000 – Scott Road CFD 05-8 (contingent on future CFD bond sale)
 - \$2,000,000 – Developer Fees from Tract 36785 (contingent on future development)
- Federal Funds are Surface Transportation Program (STP).

EXHIBIT “A-2”**PROJECT SCHEDULE**

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION	FY 20/21	\$43,280,000	
TOTAL		\$43,280,000	

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. For professional services, WRCOG recommends that the AGENCY incorporate this Exhibit “B-1” into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the AGENCY and ultimately to WRCOG for reimbursement of AGENCY contractor costs.
2. Each month the AGENCY shall submit an invoice for eligible Project costs incurred during the preceding month. The original invoice shall be submitted to WRCOG’s Executive Director with a copy to WRCOG’s Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-2”.
3. For jurisdictions with large construction projects (with the total construction cost exceeding \$10 million) under construction at the same time, may with the approval of WRCOG submit invoices to WRCOG for payment at the same time they are received by the jurisdiction. WRCOG must receive the invoice by the 5th day of the month in order to process the invoice within 30 days. WRCOG will retain 10% of the invoice until all costs have been verified as eligible and will release the balance at regular intervals not more than quarterly and not less than semi-annually. If there is a discrepancy or ineligible costs that exceed 10% of the previous invoice WRCOG will deduct that amount from the next payment.
4. Each invoice shall include documentation from each contractor used by the AGENCY for the Project, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or subcontractor for the month and for the entire Project to date. Samples of acceptable task level documentation and progress reports are attached as Exhibits “B-4” and “B-5”. All documentation from the Agency’s contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-3”.
5. If the AGENCY is seeking reimbursement for direct expenses incurred by AGENCY staff for eligible Project costs, the AGENCY shall provide the same level of information for its labor and any expenses as required of its contractors pursuant to Exhibit “B” and its attachments.
6. Charges for each task and milestone listed in Exhibit “A” shall be listed separately in the invoice.
7. Each invoice shall include a certification signed by the AGENCY Representative or his or her designee which reads as follows:

"I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the contractors or subcontractors listed.

Signed _____

Title _____

Date _____

Invoice No. _____

8. WRCOG will pay the AGENCY within 30 days after receipt by WRCOG of an invoice. If WRCOG disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.
9. The final payment under this Agreement will be made only after: (I) the AGENCY has obtained a Release and Certificate of Final Payment from each contractor or subcontractor used on the Project; (ii) the AGENCY has executed a Release and Certificate of Final Payment; and (iii) the AGENCY has provided copies of each such Release to WRCOG.

EXHIBIT “B-1”
[Sample for Professional Services]

For the satisfactory performance and completion of the Services under this Agreement, Agency will pay the Contractor compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT____) (\$____INSERT NUMERICAL DOLLAR AMOUNT____) without written approval of Agency’s City Manager [or applicable position] (“Total Compensation”).

1. ELEMENTS OF COMPENSATION.

Compensation for the Services will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Contractor's personnel directly engaged in performance of the Services under the Agreement. (The range of hourly rates paid to the Contractor's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal Ratio of Allowable Overhead Costs to the Contractor Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3) _____

1.2 FIXED FEE.

1.2.1 The fixed fee is \$_____.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

<u>ITEM</u>	<u>REIMBURSEMENT RATE</u>
	[__insert charges__]
Per Diem	\$ /day
Car mileage	\$ /mile
Travel	\$ /trip
Computer Charges	\$ /hour
Photocopies	\$ /copy
Blueline	\$ /sheet
LD Telephone	\$ /call
Fax	\$ /sheet
Photographs	\$ /sheet

Travel by air and travel in excess of 100 miles from the Contractor's office nearest to Agency's office must have Agency's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

- 2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.
- 2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Contractor's adjustments to individual compensation. The Contractor shall notify Agency in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

<u>POSITION OR CLASSIFICATION</u>	<u>RANGE OF HOURLY RATES</u>
-----------------------------------	------------------------------

[__sample__]

Principal	\$.00 - \$.00/hour
Project Manager	\$.00 - \$.00/hour
Sr. Engineer/Planner	\$.00 - \$.00/hour
Project Engineer/Planner	\$.00 - \$.00/hour
Assoc. Engineer/Planner	\$.00 - \$.00/hour
Technician	\$.00 - \$.00/hour
Drafter/CADD Operator	\$.00 - \$.00/hour
Word Processor	\$.00 - \$.00/hour

- 2.3 The above rates are for the Contractor only. All rates for subcontractors to the Contractor will be in accordance with the Contractor's cost proposal.

3. INVOICING.

- 3.1 Each month the Contractor shall submit an invoice for Services performed during the preceding month. The original invoice shall be submitted to Agency's Executive Director with two (2) copies to Agency's Project Coordinator.
- 3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by Agency's Representative.
- 3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Services, shall be listed separately. The charges for each individual assigned by the Contractor under this Agreement shall be listed separately on an attachment to the invoice.

- 3.4 A charge of \$500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to Agency such as invoices, telephone logs, etc.
- 3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.
- 3.6 If applicable, each invoice shall indicate payments to DBE subcontractors or supplies by dollar amount and as a percentage of the total invoice.
- 3.7 Each invoice shall include a certification signed by the Contractor's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____
 Title _____
 Date _____
 Invoice No. _____

4. PAYMENT

- 4.1 Agency shall pay the Contractor within four to six weeks after receipt by Agency of an original invoice. Should Agency contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.
- 4.2 The final payment for Services under this Agreement will be made only after the Contractor has executed a Release and Certificate of Final Payment.

EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
Western Riverside Council of Governments
Riverside County Administrative Center
4080 Lemon Street, Third Floor
Riverside, California 92501-3679
Attention: Deputy Executive Director
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY’s invoice for professional and technical services that was rendered by our contractors in connection with the 2002 Measure “A” Local Streets and Roads Funding per Agreement No. _____ effective (Month/Day/Year) . The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year .

Total Authorized Agreement Amount:	\$0,000,000.00
Total Invoiced to Date:	\$0,000,000.00
Total Previously Invoiced:	\$0,000,000.00
Balance Remaining:	\$0,000,000.00

Amount due this Invoice:	\$0,000,000.00 =====
---------------------------------	--------------------------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

Western Riverside Council of Governments
 Riverside County Administrative Center
 4080 Lemon Street, Third Floor
 Riverside, California 92501-3679
 Attention: Deputy Executive Director
 Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]** This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
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Total Invoice to Date:	\$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00

Amount Due this Invoice:	\$000,000.00
	=====

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
 Name
 Title

**EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)**

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
 PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

Item 5.D

TUMF Program Reimbursement Agreements

Attachment 2

Reimbursement Agreement with the
County of Riverside for the
Construction Phase of the Archibald
Avenue Bridge

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**TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM
AGREEMENT TO REIMBURSE TUMF FUNDS
RIVER ROAD (ARCHIBALD) BRIDGE
CONSTRUCTION PHASE**

THIS REIMBURSEMENT AGREEMENT (“Agreement”) is entered into as of this day of ____, 20__, by and between the Western Riverside Council of Governments (“WRCOG”), a California joint powers authority and the County of Riverside, a subdivision of the State of California (“AGENCY”). WRCOG and AGENCY are sometimes hereinafter referred to individually as “Party” and collectively as “Parties”.

RECITALS

A. WRCOG is the Administrator of the Transportation Uniform Mitigation Fee Program of Western Riverside County (“TUMF Program”).

B. WRCOG has identified and designated certain transportation improvement projects throughout Western Riverside County as projects of regional importance (“Qualifying Projects” or “Projects”). The Qualifying Projects are more specifically described in that certain WRCOG study titled “TUMF Nexus Study”, as may be amended from time to time. Qualifying Projects can have Regional or Zonal significance as further described in the TUMF Nexus Study.

C. The TUMF Program is funded by TUMF fees paid by new development in Western Riverside County (collectively, “TUMF Program Funds”). TUMF Program Funds are held in trust by WRCOG for the purpose of funding the Qualifying Projects.

D. The AGENCY proposes to implement a Qualifying Project, and it is the purpose of this Agreement to identify the project and to set forth the terms and conditions by which WRCOG will release TUMF Program Funds.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. Description of the Qualifying Project. This Agreement is intended to distribute TUMF Program Funds to the AGENCY for the **RIVER ROAD (ARCHIBALD) BRIDGE** (the “Project”), a Qualifying Project. The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit “A” attached hereto and incorporated herein by reference and, pursuant to Section 20 below, is subject to modification if requested by the AGENCY and approved by WRCOG. The work shall be consistent with one or more of the defined WRCOG Call for Projects phases detailed herein as follows:

1) CON – Construction

2. WRCOG Funding Amount. WRCOG hereby agrees to distribute to AGENCY, on the terms and conditions set forth herein, a sum not to exceed **THREE MILLION FOUR HUNDRED FORTY NINE THOUSAND DOLLARS (\$3,449,000)**, to be used for

reimbursing the AGENCY for eligible Project expenses as described in Section 3 herein (“Funding Amount”). The Parties acknowledge and agree that the Funding Amount may be less than the actual cost of the Project. Nevertheless, the Parties acknowledge and agree that WRCOG shall not be obligated to contribute TUMF Program Funds in excess of the maximum TUMF share identified in the TUMF Nexus Study (“Maximum TUMF Share”), as may be amended from time to time.

3. Project Costs Eligible for Advance/Reimbursement. The total Project costs (“Total Project Cost”) may include the following items, provided that such items are included in the scope of work attached hereto as Exhibit “A” (“Scope of Work”): (1) AGENCY and/or consultant costs associated with direct Project coordination and support; (2) funds expended in preparation of preliminary engineering studies; (3) funds expended for preparation of environmental review documentation for the Project; (4) all costs associated with right-of-way acquisition, including right-of-way engineering, appraisal, acquisition, legal costs for condemnation procedures if authorized by the AGENCY, and costs of reviewing appraisals and offers for property acquisition; (5) costs reasonably incurred if condemnation proceeds; (6) costs incurred in the preparation of plans, specifications, and estimates by AGENCY or consultants; (7) AGENCY costs associated with bidding, advertising and awarding of the Project contracts; (8) construction costs, including change orders to construction contract approved by the AGENCY; (9) construction management, field inspection and material testing costs; and (10) any AGENCY administrative cost to deliver the Project.

4. Ineligible Project Costs. The Total Project Cost shall not include the following items which shall be borne solely by the AGENCY without reimbursement: (1) any AGENCY administrative fees attributed to the reviewing and processing of the Project; and (2) expenses for items of work not included within the Scope of Work in Exhibit “A”.

5. Procedures for Distribution of TUMF Program Funds to AGENCY.

(a) Initial Payment by the AGENCY. The AGENCY shall be responsible for initial payment of all the Project costs as they are incurred. Following payment of such Project costs, the AGENCY shall submit invoices to WRCOG requesting reimbursement of eligible Project costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the AGENCY, and documents evidencing the AGENCY’s payment of the invoices or demands for payment. Documents evidencing the AGENCY’S payment of the invoices shall be retained for four (4) years and shall be made available for review by WRCOG. The AGENCY shall submit invoices not more often than monthly and not less often than quarterly.

(b) Review and Reimbursement by WRCOG. Upon receipt of an invoice from the AGENCY, WRCOG may request additional documentation or explanation of the Project costs for which reimbursement is sought. Undisputed amounts shall be paid by WRCOG to the AGENCY within thirty (30) days. In the event that WRCOG disputes the eligibility of the AGENCY for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the AGENCY may appeal WRCOG’s decision as to the eligibility of one or more invoices to WRCOG’s Executive Director. The WRCOG Executive Director shall

provide his/her decision in writing. If the AGENCY disagrees with the Executive Director's decision, the AGENCY may appeal the decision of the Executive Director to the full WRCOG Executive Committee, provided the AGENCY submits its request for appeal to WRCOG within ten (10) days of the Executive Director's written decision. The decision of the WRCOG Executive Committee shall be final. Additional details concerning the procedure for the AGENCY's submittal of invoices to WRCOG and WRCOG's consideration and payment of submitted invoices are set forth in Exhibit "B", attached hereto and incorporated herein by reference.

(c) Funding Amount/Adjustment. If a post Project audit or review indicates that WRCOG has provided reimbursement to the AGENCY in an amount in excess of the Maximum TUMF Share of the Project, or has provided reimbursement of ineligible Project costs, the AGENCY shall reimburse WRCOG for the excess or ineligible payments within 30 days of notification by WRCOG.

6. Increases in Project Funding. The Funding Amount may, in WRCOG's sole discretion, be augmented with additional TUMF Program Funds if the TUMF Nexus Study is amended to increase the maximum eligible TUMF share for the Project. Any such increase in the Funding Amount must be approved in writing by WRCOG's Executive Director. In no case shall the amount of TUMF Program Funds allocated to the AGENCY exceed the then-current maximum eligible TUMF share for the Project. No such increased funding shall be expended to pay for any Project already completed. For purposes of this Agreement, the Project or any portion thereof shall be deemed complete upon its acceptance by WRCOG's Executive Director which shall be communicated to the AGENCY in writing.

7. No Funding for Temporary Improvements. Only segments or components of the construction that are intended to form part of or be integrated into the Project may be funded by TUMF Program Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, tapers or drainage facilities, shall be funded with TUMF Program Funds, except as needed for staged construction of the Project.

8. AGENCY's Funding Obligation to Complete the Project. In the event that the TUMF Program Funds allocated to the Project represent less than the total cost of the Project, the AGENCY shall provide such additional funds as may be required to complete the Project.

9. AGENCY's Obligation to Repay TUMF Program Funds to WRCOG; Exception For PA&ED Phase Work. Except as otherwise expressly excepted within this paragraph, in the event that: (i) the AGENCY, for any reason, determines not to proceed with or complete the Project; or (ii) the Project is not timely completed, subject to any extension of time granted by WRCOG pursuant to the terms of this Agreement; the AGENCY agrees that any TUMF Program Funds that were distributed to the AGENCY for the Project shall be repaid in full to WRCOG, and the Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism. If the Project involves work pursuant to a PA&ED phase, AGENCY shall not be obligated to repay TUMF Program Funds to WRCOG relating solely to PA&ED phase work performed for the Project.

10. AGENCY's Local Match Contribution. AGENCY local match funding is not required, as shown in Exhibit "A" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects.

11. Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until the earlier of the following: (i) the date WRCOG formally accepts the Project as complete, pursuant to Section 6; (ii) termination of this Agreement pursuant to Section 15; or (iii) the AGENCY has fully satisfied its obligations under this Agreement. All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

12. Representatives of the Parties. WRCOG's Executive Director, or his or her designee, shall serve as WRCOG's representative and shall have the authority to act on behalf of WRCOG for all purposes under this Agreement. The AGENCY hereby designates **PATRICIA ROMO, DIRECTOR OF TRANSPORTATION**, or his or her designee, as the AGENCY's representative to WRCOG. The AGENCY's representative shall have the authority to act on behalf of the AGENCY for all purposes under this Agreement and shall coordinate all activities of the Project under the AGENCY's responsibility. The AGENCY shall work closely and cooperate fully with WRCOG's representative and any other agencies which may have jurisdiction over or an interest in the Project.

13. Expenditure of Funds by AGENCY Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the AGENCY from expending funds on the Project prior to the execution of the Agreement, or from being reimbursed by WRCOG for such expenditures. However, the AGENCY understands and acknowledges that any expenditure of funds on the Project prior to the execution of the Agreement is made at the AGENCY's sole risk, and that some expenditures by the AGENCY may not be eligible for reimbursement under this Agreement.

14. Review of Services. The AGENCY shall allow WRCOG's Representative to inspect or review the progress of the Project at any reasonable time in order to determine whether the terms of this Agreement are being met.

15. Termination.

(a) Notice. Either WRCOG or AGENCY may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other Party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

(b) Effect of Termination. In the event that the AGENCY terminates this Agreement, the AGENCY shall, within 180 days, repay to WRCOG any unexpended TUMF Program Funds provided to the AGENCY under this Agreement and shall complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. In the event that WRCOG terminates this Agreement, WRCOG shall, within 90 days, distribute to the

AGENCY TUMF Program Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the AGENCY regarding the Project at the time of the notice of termination; provided, however, that WRCOG shall be entitled to exercise its rights under Section 5(b), including but not limited to conducting a review of the invoices and requesting additional information. Upon such termination, the AGENCY shall, within 180 days, complete any portion or segment of work for the Project for which TUMF Program Funds have been provided. This Agreement shall terminate upon receipt by the non-terminating Party of the amounts due to it hereunder and upon completion of the segment or portion of Project work for which TUMF Program Funds have been provided.

(c) Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

16. Prevailing Wages. The AGENCY and any other person or entity hired to perform services on the Project are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The AGENCY shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Project. The AGENCY shall defend, indemnify, and hold harmless WRCOG, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

17. Progress Reports. WRCOG may request the AGENCY to provide WRCOG with progress reports concerning the status of the Project.

18. Indemnification.

(a) AGENCY Responsibilities. In addition to the indemnification required under Section 16, the AGENCY agrees to indemnify and hold harmless WRCOG, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of the AGENCY or its subcontractors. The AGENCY will reimburse WRCOG for any expenditures, including reasonable attorneys' fees, incurred by WRCOG, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of the AGENCY.

(b) WRCOG Responsibilities. WRCOG agrees to indemnify and hold harmless the AGENCY, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to negligent acts, errors or omissions or willful misconduct of WRCOG or its sub-consultants. WRCOG will reimburse the AGENCY for any expenditures, including reasonable attorneys' fees, incurred by the AGENCY, in defending against claims ultimately determined to be due to negligent acts, errors or omissions or willful misconduct of WRCOG.

(c) Effect of Acceptance. The AGENCY shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Project. WRCOG's review, acceptance or funding of any services performed by the AGENCY or any other person or entity under this Agreement shall not be construed to operate as a waiver of any rights WRCOG may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the AGENCY shall be and remain liable to WRCOG, in accordance with applicable law, for all damages to WRCOG caused by the AGENCY's negligent performance of this Agreement or supervision of any services provided to complete the Project.

19. Insurance. The AGENCY shall require, at a minimum, all persons or entities hired to perform the Project to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the AGENCY and WRCOG. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Project, whichever occurs last.

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Project or be no less than two times the occurrence limit. Such insurance shall:

(i) Name WRCOG and AGENCY, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Project and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

(ii) Be primary with respect to any insurance or self-insurance programs covering WRCOG and AGENCY, and/or their respective officials, officers, employees, agents, and consultants; and

(iii) Contain standard separation of insured provisions.

(b) Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than \$1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

(c) Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than \$1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

(d) Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than \$1,000,000.00 each accident.

20. Project Amendments. Changes to the characteristics of the Project, including the deadline for Project completion, and any responsibilities of the AGENCY or WRCOG may be requested in writing by the AGENCY and are subject to the approval of WRCOG's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Project shall be approved in the sole discretion of WRCOG's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Project without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 *et seq.*), if applicable, but the necessity of compliance with CEQA and/or NEPA shall not justify, excuse, or permit a delay in completion of the Project.

21. Conflict of Interest. For the term of this Agreement, no member, officer or employee of the AGENCY or WRCOG, during the term of his or her service with the AGENCY or WRCOG, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

22. Limited Scope of Duties. WRCOG's and the AGENCY's duties and obligations under this Agreement are limited to those described herein. WRCOG has no obligation with respect to the safety of any Project performed at a job site. In addition, WRCOG shall not be liable for any action of AGENCY or its contractors relating to the condemnation of property undertaken by AGENCY or construction related to the Project.

23. Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Project under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least four (4) years following termination of this Agreement, and they shall have access to such information during the four-year period for the purposes of examination or audit.

24. Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

25. Governing Law. This Agreement shall be governed by and construed with the laws of the State of California.

26. Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

27. Time of Essence. Time is of the essence for each and every provision of this Agreement.

28. Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

29. Public Acknowledgement. The AGENCY agrees that all public notices, news releases, information signs and other forms of communication shall indicate that the Project is being cooperatively funded by the AGENCY and WRCOG TUMF Program Funds.

30. No Joint Venture. This Agreement is for funding purposes only and nothing herein shall be construed to make WRCOG a party to the construction of the Project or to make it a partner or joint venture with the AGENCY for such purpose.

31. Compliance With the Law. The AGENCY shall comply with all applicable laws, rules and regulations governing the implementation of the Qualifying Project, including, where applicable, the rules and regulations pertaining to the participation of businesses owned or controlled by minorities and women promulgated by the Federal Highway Administration and the Federal Department of Transportation.

32. Notices. All notices hereunder and communications regarding interpretation of the terms of this Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

If to AGENCY: County of Riverside
Transportation Department
4080 Lemon Street,
Riverside, CA 92501
Attention: Patricia Romo, Director of Transportation
Telephone: (951) 955-7985
Facsimile: (951) 955-3198

If to WRCOG: Western Riverside Council of Governments
Riverside County Administrative Center
4080 Lemon Street, Third Floor
Riverside, California 92501-3609
Attention: Christopher Gray, Director of Transportation
Telephone: (951) 955-8304
Facsimile: (951) 787-7991

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

33. Integration; Amendment. This Agreement contains the entire agreement between the PARTIES. Any agreement or representation respecting matters addressed herein that are not expressly set forth in this Agreement is null and void. This Agreement may be amended only by mutual written agreement of the PARTIES.

34. Severability. If any term, provision, condition or covenant of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

35. Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the Agreement.

36. Independent Contractors. Any person or entities retained by the AGENCY or any contractor shall be retained on an independent contractor basis and shall not be employees of WRCOG. Any personnel performing services on the Project shall at all times be under the exclusive direction and control of the AGENCY or contractor, whichever is applicable. The AGENCY or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Project and as required by law. The AGENCY or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

37. Effective Date. This Agreement shall not be effective until executed by both Parties. The failure of one party to execute this Agreement within forty-five (45) days of the other party executing this Agreement shall render any execution of this Agreement ineffective.

38. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective on the day and year first above-written.

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

COUNTY OF RIVERSIDE

Recommended for Approval

By: _____ Date: _____
Rick Bishop
Executive Director

By: _____ Date: _____
Patricia Romo
Director of Transportation

Approved to Form:

Approved as to Form:

By: _____ Date: _____
Steven C. DeBaun
General Counsel

By: _____ Date: _____
County Counsel

Approved By:

By: _____ Date: _____
Chairman, Riverside County Board
of Supervisors

Attest:

Kecia Harper-Ihem
Clerk of the Board

By: _____ Date: _____

EXHIBIT “A”**SCOPE OF WORK****SCOPE OF WORK:**

The Project phase to be funded under this Agreement consists of the Construction phase only.

The River Road Bridge crosses the Santa Ana River at the southern terminus of Archibald Avenue where it becomes River Road to the south. The Project is located on the border between the City of Norco and City of Eastvale.

The Project provided for the replacement of an existing two-lane bridge 642 feet long with a four-lane bridge 1,200 feet in length and reconstructed 2,000 feet of approach roads. The Project:

- Raised the roadway profile to provide an adequate bridge waterway to convey the 100 year base flood.
- Significantly reduced the need for sediment removal.
- Provided a state of the art, structurally and seismically sound bridge in a liquefaction prone area.
- Provided standard shoulders, adequate capacity for future traffic volumes by doubling the number of traffic lanes, improving the safety for pedestrians, bicycle and vehicular traffic.
- Included the relocation of two major utilities; Edison transmission lines paralleling the bridge and a 30” force main operated by Western Riverside County Regional Wastewater Authority was relocated into the new bridge.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	FEDERAL	TOTAL
PA&ED				
PS&E				
RIGHT OF WAY				
CONSTRUCTION	\$3,449,000	\$4,215,000	\$30,636,000	\$38,300,000
TOTAL	\$3,449,000	\$4,215,000	\$30,636,000	\$38,300,000

EXHIBIT “A-2”
PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION	May 2011	\$38,300,000	See Note 1
TOTAL		\$38,300,000	

Notes:

1. Actual work was completed in May 2011. Board approved NOC was 11/5/2013.

Elements of Compensation

EXHIBIT “B”

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. For professional services, WRCOG recommends that the AGENCY incorporate this Exhibit “B-1” into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the AGENCY and ultimately to WRCOG for reimbursement of AGENCY contractor costs.
2. Each month the AGENCY shall submit an invoice for eligible Project costs incurred during the preceding month. The original invoice shall be submitted to WRCOG’s Executive Director with a copy to WRCOG’s Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-2”.
3. For jurisdictions with large construction projects (with the total construction cost exceeding \$10 million) under construction at the same time, may with the approval of WRCOG submit invoices to WRCOG for payment at the same time they are received by the jurisdiction. WRCOG must receive the invoice by the 5th day of the month in order to process the invoice within 30 days. WRCOG will retain 10% of the invoice until all costs have been verified as eligible and will release the balance at regular intervals not more than quarterly and not less than semi-annually. If there is a discrepancy or ineligible costs that exceed 10% of the previous invoice WRCOG will deduct that amount from the next payment.
4. Each invoice shall include documentation from each contractor used by the AGENCY for the Project, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or subcontractor for the month and for the entire Project to date. Samples of acceptable task level documentation and progress reports are attached as Exhibits “B-4” and “B-5”. All documentation from the Agency’s contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit “B-3”.
5. If the AGENCY is seeking reimbursement for direct expenses incurred by AGENCY staff for eligible Project costs, the AGENCY shall provide the same level of information for its labor and any expenses as required of its contractors pursuant to Exhibit “B” and its attachments.
6. Charges for each task and milestone listed in Exhibit “A” shall be listed separately in the invoice.
7. Each invoice shall include a certification signed by the AGENCY Representative or his or her designee which reads as follows:

"I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the contractors or subcontractors listed.

Signed _____

Title _____

Date _____

Invoice No. _____

8. WRCOG will pay the AGENCY within 30 days after receipt by WRCOG of an invoice. If WRCOG disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.
9. The final payment under this Agreement will be made only after: (I) the AGENCY has obtained a Release and Certificate of Final Payment from each contractor or subcontractor used on the Project; (ii) the AGENCY has executed a Release and Certificate of Final Payment; and (iii) the AGENCY has provided copies of each such Release to WRCOG.

EXHIBIT “B-1”
[Sample for Professional Services]

For the satisfactory performance and completion of the Services under this Agreement, Agency will pay the Contractor compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT____) (\$__INSERT NUMERICAL DOLLAR AMOUNT__) without written approval of Agency’s City Manager [or applicable position] (“Total Compensation”).

1. ELEMENTS OF COMPENSATION.

Compensation for the Services will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Contractor's personnel directly engaged in performance of the Services under the Agreement. (The range of hourly rates paid to the Contractor's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal Ratio of Allowable Overhead Costs to the Contractor Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3) _____

1.2 FIXED FEE.

1.2.1 The fixed fee is \$_____.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

<u>ITEM</u>	<u>REIMBURSEMENT RATE</u>
	<u>[__insert charges__]</u>
Per Diem	\$ /day
Car mileage	\$ /mile
Travel	\$ /trip
Computer Charges	\$ /hour
Photocopies	\$ /copy
Blueline	\$ /sheet
LD Telephone	\$ /call
Fax	\$ /sheet
Photographs	\$ /sheet

Travel by air and travel in excess of 100 miles from the Contractor's office nearest to Agency's office must have Agency's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

- 2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.
- 2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Contractor's adjustments to individual compensation. The Contractor shall notify Agency in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

<u>POSITION OR CLASSIFICATION</u>	<u>RANGE OF HOURLY RATES</u>
-----------------------------------	------------------------------

[__sample__]

Principal	\$.00 - \$.00/hour
Project Manager	\$.00 - \$.00/hour
Sr. Engineer/Planner	\$.00 - \$.00/hour
Project Engineer/Planner	\$.00 - \$.00/hour
Assoc. Engineer/Planner	\$.00 - \$.00/hour
Technician	\$.00 - \$.00/hour
Drafter/CADD Operator	\$.00 - \$.00/hour
Word Processor	\$.00 - \$.00/hour

- 2.3 The above rates are for the Contractor only. All rates for subcontractors to the Contractor will be in accordance with the Contractor's cost proposal.

3. INVOICING.

- 3.1 Each month the Contractor shall submit an invoice for Services performed during the preceding month. The original invoice shall be submitted to Agency's Executive Director with two (2) copies to Agency's Project Coordinator.
- 3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by Agency's Representative.
- 3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Services, shall be listed separately. The charges for each individual assigned by the Contractor under this Agreement shall be listed separately on an attachment to the invoice.

- 3.4 A charge of \$500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to Agency such as invoices, telephone logs, etc.
- 3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.
- 3.6 If applicable, each invoice shall indicate payments to DBE subcontractors or supplies by dollar amount and as a percentage of the total invoice.
- 3.7 Each invoice shall include a certification signed by the Contractor's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____
 Title _____
 Date _____
 Invoice No. _____

4. PAYMENT

- 4.1 Agency shall pay the Contractor within four to six weeks after receipt by Agency of an original invoice. Should Agency contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.
- 4.2 The final payment for Services under this Agreement will be made only after the Contractor has executed a Release and Certificate of Final Payment.

EXHIBIT B-2
Sample Cover Letter to WRCOG

Date
 Western Riverside Council of Governments
 Riverside County Administrative Center
 4080 Lemon Street, Third Floor
 Riverside, California 92501-3679
 Attention: Deputy Executive Director
 ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the AGENCY's invoice for professional and technical services that was rendered by our contractors in connection with the 2002 Measure "A" Local Streets and Roads Funding per Agreement No. _____ effective (Month/Day/Year). The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Authorized Agreement Amount:	\$0,000,000.00
Total Invoiced to Date:	\$0,000,000.00
Total Previously Invoiced:	\$0,000,000.00
Balance Remaining:	\$0,000,000.00

Amount due this Invoice:	\$0,000,000.00 =====
---------------------------------	--------------------------------

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
 Name
 Title

cc:

EXHIBIT B-3
Sample Letter from Contractor to AGENCY

Month/Date/Year

Western Riverside Council of Governments
 Riverside County Administrative Center
 4080 Lemon Street, Third Floor
 Riverside, California 92501-3679
 Attention: Deputy Executive Director
 Attn: Accounts Payable

Invoice # _____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]**
 This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	\$000,000.00
Authorized Extra Work (if Applicable)	\$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	\$000,000.00
 Total Invoice to Date:	 \$000,000.00
Total Previously Billed:	\$000,000.00
Balance Remaining:	\$000,000.00
 Amount Due this Invoice:	 \$000,000.00
	=====

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
 Name
 Title

EXHIBIT B-4
SAMPLE TASK SUMMARY SCHEDULE
(OPTIONAL)

EXHIBIT B-5
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
 PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL

1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL

1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

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Item 5.D

TUMF Program Reimbursement Agreements

Attachment 3

Reimbursement Agreement Amendment with the City of Perris for the Construction Phase of the Nuevo Road / I-215 Interchange

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**AMENDMENT NO. 1 TO TRANSPORTATION UNIFORM MITIGATION FEE
PROGRAM AGREEMENT**

**NUEVO ROAD / I-215 INTERCHANGE
CONSTRUCTION PHASE**

This Amendment No. 1 to Transportation Uniform Mitigation Fee Program Agreement (“Amendment No. 1”) is entered into this _____ day of _____, 2018, by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (“WRCOG”) and **the City of Perris** (“AGENCY”). WRCOG and the AGENCY are sometimes referred to individually as “Party” and collectively as “Parties.”

RECITALS

A. WRCOG and AGENCY have entered into an agreement titled “Transportation Uniform Mitigation Fee Program Agreement” that is dated **July 20, 2016** (“Agreement”). The Agreement provides the terms and conditions, scope of work, schedule and funding amount for the construction of the **Nuevo Road / I-215 Interchange** (hereinafter the “Project”).

B. The Parties desire to amend the Agreement by increasing the funding amount pursuant to Sections 6 and 33 of the Agreement.

C. The additional funding is necessary to cover the unanticipated project cost increases that can be reimbursed to the City of Perris per the TUMF Zone funding availability programmed in the five-year TUMF Central Zone for the Nuevo Road / I-215 Interchange in Fiscal Year 2017/2018.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the

conditions contained herein, the Parties hereby agree as follows:

1. The Funding Amount contained in Section 2 of the Agreement is hereby increased by **Three Hundred Thousand Dollars (\$300,000)** from **One Million, Three Hundred Sixty Four Thousand, Six Hundred Three Dollars (\$1,364,603)** to an amount not to exceed **One Million, Six Hundred Sixty Four Thousand, Six Hundred and Three Dollars (\$1,664,603)**.

2. The foregoing increase in the Funding Amount is within the Maximum TUMF Share.

3. Section 10 of the Agreement is hereby deleted in its entirety and replaced with the following provision:

AGENCY's Local Match Contribution. The AGENCY shall provide at least **One Million, Six Hundred Sixty Eight Thousand, Seven Hundred Seventy Two Dollars and 51 cents (\$1,668,772.51)** of funding toward the Work, as shown in Exhibit "A-1" and as called out in the AGENCY's Project Nomination Form submitted to WRCOG in response to its Call for Projects. The local match is being increased by Sixty Eight Thousand, Seven Hundred Seventy Two and Fifty One Cents (\$68,772.51), from One Million, Six Hundred Thousand (\$1,600,000) to One Million Six Hundred Sixty Eight Thousand, Seven Hundred Seventy Dollars and Fifty One Cents (\$1,668,772.51).

4. Exhibits "A", "A-1", and "A-2" of the Agreement, as amended by Amendment No. 1 are hereby replaced in their entirety by Exhibits "A", "A-1", and "A-2" of this Amendment No. 1, which are attached hereto and incorporated by reference.

5. The above-stated Recitals are hereby fully incorporated into this Amendment No. 1.

6. Except to the extent specifically modified or amended hereunder, all of the terms,

covenants and conditions of the Agreement shall remain in full force and effect between the Parties hereto.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed by their duly authorized representatives to be effective on the day and year first written above.

**WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS**

CITY OF PERRIS

By: _____
Rick Bishop, Executive Director

By: _____
Richard Belmudez, City Manager

Approved to Form:

Approved to Form:

By: _____
**Steven C. DeBaun
General Counsel**

By: _____
**Eric L. Dunn
Agency Counsel**

Attest:

By: _____
Nancy Salazar, City Clerk

Exhibit A

SCOPE OF SERVICES

NUEVO ROAD / I-215 INTERCHANGE

Widening of northbound and southbound off-ramps to provide additional lanes as well as restriping Nuevo Road in the vicinity of the interchange to provide two left turn lanes in each direction onto both the northbound and southbound directions of I-215.

EXHIBIT “A-1”**ESTIMATE OF COST**

Phase	TUMF	LOCAL	TOTAL
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION	\$1,664,603.00	\$1,668,772.51	\$3,333,375.51
TOTAL	\$1,664,603.00	\$1,668,772.51	\$3,333,375.51

EXHIBIT “A-2”**PROJECT SCHEDULE****TIMETABLE:**

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED			
PS&E			
RIGHT OF WAY			
CONSTRUCTION	November 2017	\$3,333,375.51	Start of Cons. Was Jan 2017. Project Complete
TOTAL		\$3,333,375.51	



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Legislative Activities Update Including Request for a Support Position on AB 3027

Contact: Jennifer Ward, Director of Government Relations, jward@wrcog.us, (951) 405-6750

Date: April 2, 2018

The purpose of this item is to seek Executive Committee support one item of legislation pending in the 2018-2019 legislative cycle that is relevant to the positions listed within WRCOG's adopted Legislative Platform.

Requested Action:

1. Adopt a support position for Assembly Bill (AB) 3027 (Chavez) and direct the Executive Director to send a letter indicating WRCOG's support for AB 3027.

Overview of AB 3027

The California Environment Quality Act (CEQA) requires that public agencies disclose environmental impacts of their actions through a formalized process. When there are disputes over this disclosure process, one recourse is the filing of a lawsuit by other parties, which can include both public and private parties.

One criticism regarding this process is that it is relatively easy for any party to file a CEQA lawsuit, which can lead to increased costs to public agencies and significant delays for both public and private parties. In many instances, these cases are brought forward by parties such as homeowners who are directly impacted by a proposed project or by a public entity that is representing the interests of its residents. There is anecdotal evidence, however, that some of these lawsuits are brought solely for financial gain since CEQA allows for the recovery of attorney's fees and costs associated with these suits. When WRCOG undertook a review of active CEQA cases in 2016 and 2017, the analysis determined that approximately one-third of active CEQA cases at that time were brought forward by parties that did not appear to be directly impacted by a proposed project.

Because of these types of issues occurring throughout the state, Assembly Member Chavez introduced AB 3027. This proposed legislation adds the following language to Section 21177 of the Public Resources Code, relating to CEQA:

In an action or proceeding brought pursuant to this division, a court may award attorney's fees pursuant to Section 1021.5 of the Code of Civil Procedure only to a prevailing plaintiff or petitioner that is either of the following:

- (a) A homeowner, property owner, or business owner located within one of the following:
 - (1) The mailing radius established pursuant to paragraph (4) of subdivision (a) of Section 65091 of the Government Code.
 - (2) A mailing radius otherwise established by the public agency for purposes of providing notice pursuant to this division.
- (b) A nonprofit organization that qualifies under Section 501(c)(3) of the Internal Revenue Code with an active membership of at least 50,000 formed solely for the purpose of protecting the environment.

This legislation does not limit the ability of any party to bring a lawsuit against another party based on CEQA issues. Persons who would be directly impacted by a proposed project could still pursue relief through a lawsuit under CEQA and recover their attorney fees and costs. The proposed legislation would significantly limit the ability of a third-party group who is not impacted by CEQA to bring a lawsuit and then receive a financial windfall from their action.

WRCOG Support of AB 3027

In 2013, the Executive Committee adopted WRCOG Resolution Number 13-13, supporting CEQA modernization, and authorized the Executive Committee Chair to sign and transmit the Resolution to the Governor and members of the Legislature.

The 2017-2018 WRCOG Legislative Platform contains references to CEQA reform, specifically stating the following:

Support legislative action that streamlines the California Environmental Quality Act (CEQA) process and modernizes CEQA law.

For these reasons, staff recommends the Executive Committee adopt a position of “Support” for AB 3027.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

1. AB 3027 (Chavez) Bill Text.

Item 5.E

Legislative Activities Update
Including Request for a Support
Position on AB 3027

Attachment 1

AB 3027 (Chavez) Bill Text

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ASSEMBLY BILL

No. 3027

Introduced by Assembly Member Chávez

February 16, 2018

An act to add Section 21177.8 to the Public Resources Code, relating to environmental quality.

LEGISLATIVE COUNSEL'S DIGEST

AB 3027, as introduced, Chávez. California Environmental Quality Act: attorney's fees.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant impact on the environment or to adopt a negative declaration if it finds that the project will not have that impact. CEQA establishes procedures by which certain parties may file an action or proceeding challenging the lead agency's action on the ground of noncompliance with CEQA.

Existing law authorizes the court, upon the motion of a party, to award attorney's fees to a prevailing party in an action that has resulted in the enforcement of an important right affecting the public interest if 3 specified conditions are met.

This bill would, for a prevailing party that is a plaintiff or petitioner in an action or proceeding under CEQA, limit the awarding of attorney's fees to certain entities.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 21177.8 is added to the Public Resources
2 Code, to read:
3 21177.8. In an action or proceeding brought pursuant to this
4 division, a court may award attorney's fees pursuant to Section
5 1021.5 of the Code of Civil Procedure only to a prevailing plaintiff
6 or petitioner that is either of the following:
7 (a) A homeowner, property owner, or business owner located
8 within one of the following:
9 (1) The mailing radius established pursuant to paragraph (4) of
10 subdivision (a) of Section 65091 of the Government Code.
11 (2) A mailing radius otherwise established by the public agency
12 for purposes of providing notice pursuant to this division.
13 (b) A nonprofit organization that qualifies under Section
14 501(c)(3) of the Internal Revenue Code with an active membership
15 of at least 50,000 formed solely for the purpose of protecting the
16 environment.

O



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Ernie Reyna, Chief Financial Officer, ereyna@wrcog.us, (951) 405-6740

Date: April 2, 2018

The purpose of this item is to provide an update on the Fiscal Year (FY) 2018/2019 Agency budget development process, the 3rd Quarter budget amendment schedule for FY 2017/2018, and the Agency financial report summary through January 2018.

Requested Action:

1. Receive and File.

FY 2018/2019 Agency Budget Development Process

Staff has begun the process of creating the FY 2018/2019 Agency Budget; below is the schedule of presentations for review and action to the various Committees, including the General Assembly:

April 11, 2018:	Administration & Finance Committee (first review)
April 19, 2018:	Technical Advisory Committee (first review)
April 26, 2018:	Finance Directors Committee (first review)
May 7, 2018:	Executive Committee (first review)
May 9, 2018:	Administration & Finance Committee (<i>second review</i>)
May 17, 2018:	Technical Advisory Committee (<i>second review</i>)
June 4, 2018:	Executive Committee (<i>second review</i>)
June 21, 2018:	General Assembly (<i>action</i>)

3rd Quarter Budget Amendment

March 31, 2018, will mark the end of the third quarter of FY 2017/2018. The Administration & Finance Committee will receive an amendment report on April 11, 2018. It is anticipated the Technical Advisory Committee will consider the amendment report on April 19, 2018, and the Executive Committee will consider the report on May 7, 2018.

Financial Report Summary through January 2018

The Agency Financial Report summary through January 2018, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

March 15, 2018: The Technical Advisory Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

1. Financial Report summary – January 2018.

Item 5.F

Finance Department Activities Update

Attachment 1

Financial Report summary – January 2018

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending January 31, 2018

	Approved 6/30/2018 Budget***	Thru 1/31/2018 Actual	Remaining 6/30/2018 Budget
Revenues			
General Assembly	300,000	18,800	281,200
WRCOG HERO Residential Revenue	816,771	607,061	209,710
CA HERO Residential Revenue	5,800,000	2,484,292	3,315,708
The Gas Company Partnership	50,000	6,521	43,479
SCE WREP Revenue	75,000	21,302	53,698
WRCOG HERO Residential Recording Revenue	182,775	115,445	67,330
CA HERO Residential Recording Revenue	1,000,000	411,070	588,930
CA First Residential Revenue	167,000	25,785	141,215
CA First Residential Recording Revenue	86,000	8,910	77,090
Other Misc Revenue	-	1,318	(1,318)
Solid Waste	117,100	48,892	68,208
Active Transportation Revenue	150,000	80,567	69,433
RIVTAM Revenue	25,000	25,000	-
Air Quality-Clean Cities	137,500	119,000	18,500
LTF	726,000	726,000	-
Commercial/Service - Admin Portion	101,097	45,141	55,956
Retail - Admin Portion	118,867	86,597	32,270
Industrial - Admin Portion	249,133	279,230	(30,097)
Residential/Multi/Single - Admin Portion	1,045,779	691,415	354,364
Multi-Family - Admin Portion	129,787	79,009	50,778
Commercial/Service - Non-Admin Portion	2,426,945	1,128,514	1,298,430
Retail - Non-Admin Portion	2,852,820	2,164,931	687,889
Industrial - Non-Admin Portion	5,979,195	6,980,745	(1,001,550)
Residential/Multi/Single - Non-Admin Portion	25,098,070	17,285,371	7,812,699
Multi-Family - Non-Admin Portion	3,114,890	1,975,227	1,139,663
Total Revenues	60,574,824	35,416,142	25,158,682
Expenditures			
Wages & Salaries	2,584,095	1,508,407	1,075,688
Fringe Benefits	739,956	482,256	257,700
Total Wages and Benefits	3,384,051	1,990,663	1,393,388
			-
Overhead Allocation	2,219,371	1,294,633	924,738
General Legal Services	597,394	512,289	85,105
Audit Fees	27,500	20,200	7,300
Bank Fees	29,000	32,863	(3,863)
Commissioners Per Diem	62,500	30,000	32,500
Office Lease	427,060	147,228	279,832
WRCOG Auto Fuel	750	320	430
WRCOG Auto Maintenance	100	29	71
Parking Validations	4,785	2,620	2,165
Event Support	109,600	61,594	48,006
General Supplies	25,976	14,449	11,527
Computer Supplies	11,076	6,652	4,424
Computer Software	23,126	22,100	1,026
Rent/Lease Equipment	35,100	17,473	17,627

Membership Dues	32,850	17,844	15,006
Subscriptions/Publications	5,500	279	5,221
Meeting Support/Services	18,273	5,972	12,301
Postage	4,285	3,830	455
Storage	11,000	7,800	3,200
Computer Hardware	2,643	1,692	951
Misc. Office Equipment	688	688	(0)
EV Charging Equipment	-	5,975	(5,975)
Communications-Regular	2,571	9,535	(6,964)
Communications-Long Distance	500	192	308
Communications-Cellular	12,961	7,603	5,358
Communications-Comp Sv	75,009	33,138	41,871
Communications-Web Site	6,600	7,208	(608)
Equipment Maintenance - General	10,000	5,737	4,263
Equipment Maintenance - Computers	25,600	11,662	13,938
Insurance - General/Business Liason	73,335	66,526	6,809
WRCOG Auto Insurance	1,570	3,457	(1,887)
PACE Recording Fees	1,354,775	695,073	659,702
Seminars/Conferences	26,250	9,722	16,529
General Assembly Expenditures	300,000	20,154	279,846
Travel - Mileage Reimbursement	24,950	12,711	12,239
Travel - Ground Transportation	8,350	2,159	6,191
Travel - Airfare	31,936	6,271	25,665
Lodging	17,319	6,410	10,909
Meals	10,700	3,509	7,191
Other Incidentals	10,123	8,007	2,116
Training	17,171	9,060	8,111
Supplies/Materials	65,492	281	65,211
Ads	51,571	40,525	11,046
Education Reimbursement	25,000	2,500	22,500
Consulting Labor	4,450,276	924,669	3,525,607
Consulting Expenses	96,466	4,443	92,023
TUMF Project Reimbursement	39,000,000	8,698,005	30,301,995
BEYOND Expenditures	2,052,917	470,214	1,582,703
Computer Equipment Purchases	43,704	14,608	29,096
Office Furniture Purchases	312,500	265,488	47,012
Total General Operations	61,587,358	13,545,394	48,041,964
Total Expenditures	64,971,409	15,536,057	49,435,352

***Includes 1st quarter budget amendments



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Western Riverside Energy Partnership Activities Update

Contact: Tyler Masters, Program Manager, tmasters@wrcog.us, (951) 405-6732

Date: April 2, 2018

The purpose of this item is to provide the Committee with information on the 2017 Partnership savings, 2018 Direct Install Program, 2018 Statewide Energy Efficiency Forum, and 2018 Cool Planet Award

Requested Action:

1. Receive and file.

The Western Riverside Energy Partnership (WREP) responds to Executive Committee direction for WRCOG, Southern California Edison (SCE), and SoCal Gas to seek ways to improve marketing and outreach to the WRCOG subregion regarding energy efficiency. WREP is designed to help local governments set an example for their communities to increase energy efficiency, reduce greenhouse gas emissions, increase renewable energy usage, and improve air quality.

2017 Partnership Savings

One of the goals that the Partnership has each year is to capture and achieve both electricity and therm (i.e., natural gas) savings. This goal is met by implementing various energy efficiency projects at municipal facilities. On the gas side of the Partnership, the final therm savings for 2017 were over 9,800 therms. This was achieved through implementation of several pool cover projects at the Cities of Corona and Temecula, which reduce heat loss from the pools and lowers the energy costs of keeping the pools warm. Additionally, the City of Murrieta installed a natural gas pool heater at their community pool. For the electric side, the Partnership achieved over 130,000 kWh in savings, accomplished through several interior and exterior lighting projects implemented by the Cities of Corona and Murrieta.

Utility	Partnership Savings	Greenhouse Gas Equivalency*
Southern California Edison	133,700 kWh	CO ₂ Emissions from 7 homes' electricity use for one year
Southern California Gas Company	9,800 Therms	CO ₂ Emissions from 5 homes' energy use for one year

*Data from EPA Greenhouse Gas Equivalencies Calculator <https://www.epa.gov/>

2018 Direct Install Program

In recent years, SCE has worked with Local Government Partnerships such as WREP to implement its Direct Install (DI) Program, which provides both municipal facilities and commercial businesses the opportunity to receive no-cost energy efficiency measures through a consultation by a certified SCE vendor. Measures implemented as part of this DI program include the following items: energy efficient lighting, plug load

occupancy sensor, open / close LED signage, and lighting occupancy sensor (wall-mounted motion sensing light switch).

For 2018, both SCE and SoCal Gas are working on a joint DI Program that will be offered to municipal facilities and commercial businesses. The electricity saving measures that will be provided include interior LED lighting, variable speed pool pumps, auto-door closer for cooler and freezers, and insulation for bare suction pipes. Gas savings measures will also be included, but the list of measures is still in development. Participation in the DI Program is simple, as jurisdictions need only to provide the account number and service address for any facilities under both SCE and SoCal Gas to enroll.

Staff will work with member jurisdictions to solicit participation in the 2018 Program and will assist with the development of facility lists to aid the certified SCE and SoCal Gas consultants with their audit on the facilities.

2018 SEEC Forum

The 9th Annual Statewide Energy Efficiency Forum (SEEC) will be held in Sacramento on June 20 and 21, 2018, at the Sheraton Grand Sacramento (1230 J Street, Sacramento, CA). This year's event is offered at no-cost for local government staff and officials. The SEEC Forum aims to provide learning, sharing, and networking opportunities to help local governments save energy, reduce greenhouse gas emissions in their communities and learn about new technologies for the field of sustainability.

Last year's forum focused on bridging the gap and featured topics on local energy / sustainability action plans to implement, policies, and technology updates in the field of sustainability. The 2017 Forum had over 280 participants that included attendees from cities, counties, local government partnerships, non-profit organizations, utilities, and private sector companies from across California. The theme and topics for the 2018 forum are still being developed and will be shared once finalized.

Further information about the event is available on the Local Government Commission's website at <http://californiaseec.org/forum/2018-forum/>. Through the Partnership, WRCOG will reimburse the travel costs for member jurisdictions who attend the Forum

2018 Cool Planet Award

SCE and The Climate Registry recently announced the application process for the 2018 Cool Planet Award (Attachment 1). This annual award recognizes the valuable contributions that SCE customers have achieved in the field of energy and carbon management. All Cool Planet Award recipients and honorable mentions will be recognized at the SCE Cool Planet Award Ceremony scheduled for October 19, 2018, at Sony Pictures Studios in Culver City, CA.

Two participating WREP jurisdictions were recognized in previous award cycles. The Cities of Hemet and Moreno Valley both received awards from the Climate Registry for their involvement / success in the field of sustainability. The City of Hemet received the Champion's Award for its involvement SCE's Energy Leader Partnership, achieving over 500,000 kWh savings (2013 – 2016), and participating in over 130 SCE Demand Response Program events. The City of Moreno Valley received a Cool Planet Award for its involvement in SCE's Energy Leadership Partnership, and achieving over 300,000 kWh savings (2013 – 2016). The Partnership looks to replicate this success in 2018 by submitting nomination forms for several of its partner jurisdictions to be recognized in October 2018 at the awards ceremony.

The deadline to submit nominations is June 15, 2018, and the application form is provided as Attachment 1. WRCOG staff will coordinate with WREP member jurisdictions and SCE Account Managers to submit an application on their behalf with the goal of obtaining recognition at the Cool Planet Awards Ceremony.

Prior Action:

February 5, 2018: The Executive Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

1. 2018 Cool Planet Award.

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Item 5.G

Western Riverside Energy
Partnership Activities Update

Attachment 1

2018 Cool Planet Award

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2018 COOL PLANET AWARD

Recognizing Excellence in Energy and Carbon Management



PREVIOUS AWARD RECIPIENTS INCLUDE:

Aquarium of the Pacific
Bacara Resort & Spa
Balboa Bay Club
City of Culver City
City of Fullerton
Comcast NBCUniversal
Cucamonga Valley Water District
Hyatt Regency, Huntington Beach
Jet Propulsion Laboratory
LBA Realty
MillerCoors LLC
Safeway
Torrance Memorial Medical Center
University of California Santa Barbara

View the full list at:
www.theclimateregistry.org, and visit
The Climate Registry's Facebook page
to view more pictures from the event.

SOUTHERN CALIFORNIA EDISON (SCE) & THE CLIMATE REGISTRY are pleased to announce the 2018 Cool Planet Award. This annual award recognizes the valuable contribution of SCE business customers who demonstrate exemplary leadership in energy and carbon management within their business size and industry sector.

All Cool Planet Award recipients and honorable mentions will be recognized at the SCE Cool Planet Award Ceremony on October 19, 2018 at Sony Pictures Studios in Culver City, California. All nominees and respective SCE Account Managers will be invited to attend the award ceremony. Attendees will have the opportunity to network with other award nominees and representatives from SCE, The Climate Registry, and other SCE third party partner organizations.



City of Culver City



Balboa Bay Resort and Club



Cucamonga Valley Water District

DEADLINE TO SUBMIT NOMINATIONS JUNE 15, 2018

Award recipients are chosen using a point-based system, which evaluates the total number of points earned for kWh energy efficiency savings, participation in SCE Demand Response programs, and other sustainability activities as detailed on the nomination form.



811 West 7th Street, 12th Floor, Los Angeles, CA 90017 | 866.523.0764 | theclimateregistry.org



2018 COOL PLANET AWARD



INDUSTRY SECTORS

Aerospace
Agriculture
Data Management
Education
Energy
Government & Institutional
Healthcare
Hospitality & Leisure
Manufacturing
Media
Office/Professional Services
Retail
Real Estate
Technology
Telecommunications
Transportation
Water & Wastewater

ADDITIONAL INFORMATION

- ⦿ All nominees must have an active customer account with Southern California Edison
- ⦿ Eligible SCE energy efficiency projects must be completed and installed between the dates of January 1, 2015 and March 31, 2018
- ⦿ Enrollment in a SCE Demand Response program must be current
- ⦿ Award recipients may be asked to provide related supporting documentation
- ⦿ Nomination forms must be signed by your SCE Account Manager prior to submitting to The Climate Registry. An email from your SCE Account Manager is sufficient
- ⦿ 2016 and 2017 Cool Planet Award recipients are not eligible to apply for a 2018 Cool Planet Award
- ⦿ Honorable Mention recipients are eligible to submit a nomination form
- ⦿ Incomplete applications will not be considered for an award

BUSINESS SIZE

(Based on annual budget for public institutions)

SMALL

Annual revenue/budget less than \$250 million

MEDIUM

Annual revenue/budget \$250-\$500 million

LARGE SIZE

Annual revenue/budget greater than \$500 million



Comcast NBCUniversal



LA County Arboretum Sustainability Tour

Submit completed and signed nomination forms to:

Nola Hastings at

nhastings@theclimateregistry.org by

June 15, 2018

For questions and assistance,
please contact Nola at 714.296.2740

The Cool Planet program provides utility business customers with education and technical training to measure and manage their energy use and greenhouse gas emissions. The Cool Planet program is funded by California utility rate payers and administered under the auspices of the California Public Utilities Commission, through a contract awarded to The Climate Registry. California customers who choose to participate in this program are not obligated to purchase any additional services offered by the contractor. This program is offered on a first-come, first-served basis from 1/1/2014-12/31/2018 or until funds are depleted. Terms and conditions apply. The trademarks used herein are the property of their respective owner.



811 West 7th Street, 12th Floor, Los Angeles, CA 90017 | 866.523.0764 | theclimateregistry.org



2018 COOL PLANET AWARD



Submit completed and signed nomination forms to: Nola Hastings at
nhastings@theclimateregistry.org by June 15, 2018. To complete the sections below,
please use the "Fill & Sign" option in the upper right corner of Adobe Reader.
For questions and assistance, please contact Nola at 714.296.2740

NOMINEE INFORMATION

Customer/Organization Name: _____

Contact Name & Title: _____

Phone: _____

Email: _____

Address _____

Please indicate your business size (based on annual budget for public institutions):

- ☐ Small Size - annual revenue less than \$250 million
- ☐ Medium Size - annual revenue \$250-\$500 million
- ☐ Large Size - annual revenue greater than \$500 million

Please check the box for your organization's industry sector:

- | | |
|---|---|
| ☐ Aerospace | ☐ Media |
| ☐ Agriculture | ☐ Office/Professional Services |
| ☐ Data Management | ☐ Retail |
| ☐ Education | ☐ Real Estate |
| ☐ Energy | ☐ Technology |
| ☐ Government & Institutional | ☐ Telecommunications |
| ☐ Healthcare | ☐ Transportation |
| ☐ Hospitality & Leisure | ☐ Water & Wastewater |
| ☐ Manufacturing | |

*If you are unsure of your organization's industry sector, please check with your
SCE Account Manager.*



The following criteria are points-based. ONLY provide information on your organization's environmental leadership efforts completed **JANUARY 1, 2015 - MARCH 31, 2018**. For assistance identifying your SCE project information, contact your SCE Account Manager.

1) What is your organization's aggregated kilowatt-hour (kWh) savings for SCE energy efficiency projects installed between the dates of January 1, 2015 and March 31, 2018.

- ☐ Greater than 100,000 kWh (10 points)
 - ☐ Greater than 200,000 kWh (15 points)
 - ☐ Greater than 500,000 kWh (25 points)
 - ☐ Greater than 1 million kWh (35 points)
 - ☐ Greater than 2 million kWh (45 points)
 - ☐ Greater than 3 million kWh (55 points)

Please list the requested information for each project below and/or attach as a spreadsheet.

SCE PROJECT TYPE	SCE PROJECT NUMBER	kWh SAVINGS
	TOTAL kWh SAVINGS	



2018 COOL PLANET AWARD



**2) Has your organization participated in a SCE energy management program?
Please select all that apply. (5 points per program)**

- | | |
|--|--|
| ☐ California Solar Initiative | ☐ Mid-Market Peak Plus |
| ☐ Chemical Products | ☐ Mid-size Industrial Customers Program |
| ☐ Community Energy Partnership | ☐ Net Energy Metering |
| ☐ Cool Schools (Public K-12) | ☐ Non-Metallic Minerals & Products |
| ☐ Commercial Utility Building Efficiency (CUBE) | ☐ Oil Production |
| ☐ Customized Solutions | ☐ Petroleum Refining |
| ☐ Data Centers EE PProgram (DCEEP) | ☐ Pre-Cool Program |
| ☐ Direct Install | ☐ Primary & Fabricated Metals |
| ☐ Energy Leadership Partnership Program | ☐ Pump Test Efficiency Testing |
| ☐ Entertainment Centers | ☐ RCx Offering |
| ☐ Express Solutions | ☐ Savings By Design |
| ☐ Food & Kindred Products | ☐ Schools EE Program |
| ☐ Healthcare EE Program (HEEP) | ☐ Water Infrastructure Systems Efficiency |
| ☐ HVAC Optimization Program | ☐ Wireless Energy Management Systems |
| ☐ Lodging EE Program (LEEP) | ☐ Other: _____ |

**3) Is your organization currently enrolled in a SCE Demand Response program
(10 points per program)?**

☐ YES ☐ NO

If yes, please include the following information and/or attach as a spreadsheet.

NAME OF SCE DEMAND RESPONSE PROGRAM(S)



2018 COOL PLANET AWARD



- 4) Has your organization participated in one or more SCE Demand Response event(s) between the dates of January 1, 2017 - March 31, 2018 (2 points per participation date)

☐ YES ☐ NO

If yes, please include the following information and/or attach as a spreadsheet.

NAME OF SCE DEMAND RESPONSE PROGRAM	DATE OF PARTICIPATION

- 5) Has your organization conducted a SCE energy audit during the dates of January 1, 2015 - March 31, 2018 (5 points per audit, max of 25 points total)

☐ YES ☐ NO

If yes, please include the following information and/or attach as a spreadsheet.

DATE	FACILITY	AUDIT NUMBER

BONUS POINT QUESTION:

Did the recommendations in the SCE energy audit lead to the submission of a SCE incentive application? (10 bonus points)

☐ YES ☐ NO



2018 COOL PLANET AWARD



6) Does your organization have a formal energy management plan? (10 points)

☐ YES ☐ NO

If yes, please also answer the following questions. Include any supporting/additional information in a separate attachment.

Does the plan include energy reduction targets and timelines?

☐ YES ☐ NO

Does your organization have a dedicated energy team?

☐ YES ☐ NO

Does that plan have a regular maintenance schedule in place?

☐ YES ☐ NO

Does the plan include annual energy consumption metrics, benchmarking, analytics, and/or other performance evaluation?

☐ YES ☐ NO

Is there an annual budget for energy improvements/upgrades?

☐ YES ☐ NO

Does the plan include employee education?

☐ YES ☐ NO

BONUS POINT QUESTION:

Is the plan publically available on your organization's website and/or in a Corporate Sustainability Report? (5 bonus points)

☐ YES ☐ NO

If yes, please include a copy of the plan as an attachment and/or a website link.



2018 COOL PLANET AWARD



7) Does your organization have a formal Climate Action/Carbon Management Plan?
(10 points)

☐ YES ☐ NO

If yes, please also answer the following questions. Include any supporting/additional information in a separate attachment.

Does your organization have a dedicated green team?

☐ YES ☐ NO

Does the plan have annual reporting and/or monitoring systems?

☐ YES ☐ NO

Does the plan have carbon reduction targets and timelines?

☐ YES ☐ NO

Does the plan have reduction programs, such as energy efficiency, green power, water & waste management, clean transportation, and supply chain initiatives?

☐ YES ☐ NO

Does the plan utilize analytics and evaluation to track progress?

☐ YES ☐ NO

Does the plan include employee education?

☐ YES ☐ NO

BONUS POINT QUESTION:

Is the plan publically available on your organization's website and/or in a Corporate Sustainability Report? (5 bonus points)

☐ YES ☐ NO

If yes, please include a copy of the plan as an attachment and/or a website link.



2018 COOL PLANET AWARD



8) Has your organization ever published its carbon footprint? Publishing a carbon footprint requires the reporting of at least Scope 1 and Scope 2 emissions. (10 points)
☐ YES ☐ NO

9) Is your organization a current member of The Climate Registry? (5 points)
☐ YES ☐ NO

BONUS POINT QUESTION:

Has your organization ever verified its carbon footprint with The Climate Registry?
(10 bonus points)
☐ YES ☐ NO

10) Has your organization participated in SCE's Cool Planet Project during the 2015-2018 program cycle? (10 points)
☐ YES ☐ NO

SCE Account Manager (Please Print):

SCE Account Manager Signature, or please attach email
with SCE Account Manager's approval:

Thank you for your time and effort to complete this application.

Submit completed and signed nomination forms to:
Nola Hastings at nhastings@theclimateregistry.org by **June 15, 2018**
For questions and assistance, please contact Nola at 714.296.2740



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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Western Community Energy Activities Update

Contact: Barbara Spoonhour, Director of Community Choice Aggregation Development, bspoonhour@wrcog.us, (951) 405-6760

Date: April 2, 2018

The purpose of this item is to provide the Committee with an update on the status of implementing Western Community Energy (WCE), a Community Choice Aggregation for participating jurisdictions in the subregion.

Requested Action:

1. Receive and file.

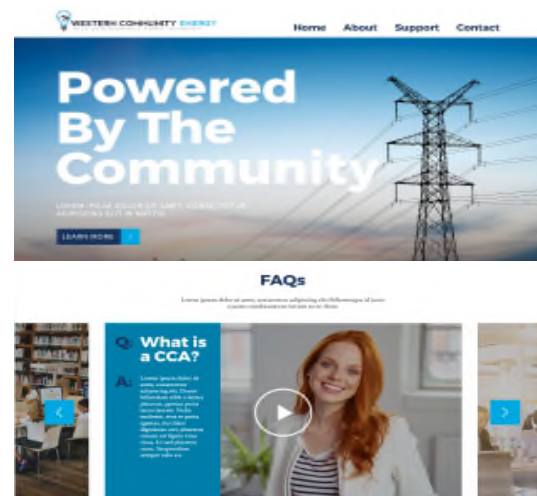
Community Choice Aggregation (CCA) allows cities and counties to aggregate their buying power to secure electrical energy supply contracts on a region-wide basis. In California, CCA (Assembly Bill 117) was chaptered in September 2002 and allows for local jurisdictions to form a CCA for this purpose. Several local jurisdictions throughout California are pursuing the formation of CCAs as a way to provide local control in rate-making, and potentially lower energy costs and/or provide a “greener” energy supply. WRCOG’s Executive Committee has directed staff to pursue a separate agency for the implementation of CCA for Western Riverside County.

Website

Staff has been working with The Creative Bar to design Western Community Energy’s (WCE) website, which is due to launch in early April 2018. The website will contain a library of short Frequently Asked Questions (FAQ) videos, which will provide the community with information in an easy to understand manner of what a CCA is and how it can benefit the community.

In addition, a campaign of three different videos to introduce WCE to the public and its local representatives is being created. These videos will be leveraged across all social media and digital platforms, as well as PR placements and local government meetings.

The videos will align with WCE’s brand character and voice, as well as appeal to the various community-driven and economical arguments for the Program. Videos will be filmed in multiple western Riverside County locations, so that the region is promoted as being a leader in the industry.



IOU Petition for Modification to the Code of Conduct

On January 30, 2018, the Joint Utilities (IOUs), representing Pacific Gas and Electric (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison (SCE), filed a petition (Attachment 1) to the

California Public Utilities Commission (CPUC) for a modification to the Code of Conduct that would allow them to communicate with local governments and the media regarding CCAs. While the petition at face value seems reasonable (in that the IOUs would be able to answer direct questions regarding CCAs), a deeper examination indicates something far from that, with unknown implications that could allow the IOUs to unfairly influence a local government's decision regarding participation in a CCA.

Background on the Code of Conduct: Senate Bill 790 (Chaptered in 2012) required the CPUC to adopt a code of conduct, associated rules, and enforcement procedures, to govern the conduct of the IOUs treatment of Community Choice Aggregators, and established an expedited complaint procedure applicable to complaints filed by CCAs against such corporations. The rules and procedures are intended to provide CCAs with the opportunity to compete on a fair and equal basis with other load serving entities, and to prevent investor-owned electric utilities from using their position or market power to undermine the development or operation of aggregators. The Code of Conduct was also established to assist customers by enhancing their ability to make educated choices among authorized electric providers.

On March 1, 2018, Desert Community Energy, Los Angeles County Clean Energy, and WRCOG filed joint comments which outlined that the IOUs presently have the ability to provide factual statements regarding CCAs; they also have the ability to lobby against CCAs using the CPUC guidelines.

Power Charge Indifference Adjustment (PCIA) Update

As background, on June 29, 2017, the CPUC opened a proceeding (R17-06-026, which WRCOG and CVAG are party to) to consider alternatives to the amount that CCA and Direct Access customers pay in order to keep remaining IOU customers financially unaffected by their departure, which is required by legislation. Legislation also requires that departing customers do not experience cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load. The PCIA is the mechanism to ensure that customers who remain with the utility do not end up taking on the long-term financial obligations the utility incurred on behalf of now-departed customers. Examples of such financial obligations include utility expenditures to build power plants and, more commonly, long-term power purchase contracts with independent power producers.

The Administrative Law Judge (ALJ) who is overseeing the Proceeding, recently revised the PCIA schedule, as follows:

Schedule for Track 2: Evaluation and Possible Modification of the PCIA Methodology				
Event	Original Schedule	Joint Parties' Request	Joint IOUs' Compromise	Revised Schedule
Utility production of ALJ-requested data template		2/22/18		3/2/18
Testimony served and submitted to Supporting Documents	3/12/18	4/16/18	3/26/18	4/2/18
Concurrent rebuttal testimony served	4/2/18	5/7/18	4/23/18	4/23/18
Evidentiary Hearings Commission Courtroom 505 Van Ness Avenue San Francisco, California	4/16/18	5/21/18	5/7/18	5/7/18
Hearings end	4/20/18	5/25/18	5/11/18	5/11/18
Concurrent opening briefs/ Request for final oral argument filed and served	5/11/18	6/15/18	6/1/18	6/1/18
Concurrent reply briefs	5/25/18	6/29/18	6/15/18	6/15/18
Proposed Decision mailed for comment	July, 2018	8/10/18	7/20/18	Late July, 2018

Jurisdictional Meetings

Staff continues to meet one-on-one with elected officials throughout the subregion to provide a high level overview of the Program. Once these meetings conclude, staff is requesting to provide presentations at either a Working Group, Study Session, and/or City Council meeting to gain comments from the community and to determine whether the Council wants to direct its staff to come back with an action.

- March 13, 2018: staff provided a presentation to the Hemet City Council.

Upcoming Events

Community Choice Energy Summit

April 24 – 26, 2018

Marriott San Diego La Jolla

Infocast is coordinating the 2018 Community Choice Energy Summit, which will take a deeper look into renewable power planning, procurement and financial strategies, initiatives for developing local energy resources and projects, and emerging advanced methods including customer analytics, energy portfolio risk management, and demand energy resources (DERs). This year also features a special session designed to provide executives from working CCAs, and Mayors, City Managers and Committee / Task Force Chairs from prospective CCAs, an opportunity to network and share insights, best practices and concerns, and a panel focused just on Southern California CCAs and municipalities.

For more information, please visit <http://infocastinc.com/event/community-choice-energy/>.

The Business of Local Energy Symposium

June 4 – 5, 2018

Sheraton Hotel, Sacramento

The Center for Climate Protection, along with the Local Government Commission and the Local Government Sustainable Energy Coalition are organizing the 3rd Business of Local Energy Symposium. This year's theme, "Community Choice: Power with Purpose," looks at accelerating CCA adoption, sharing best practices, and creating more benefits for communities. There will also be a pre-symposium workshop on the afternoon of June 4th on distributed energy resource projects that build local resiliency, provide unique customer services, and contribute to local economic development.

For more information, please visit <https://climateprotection.org/business-local-energy-symposium-2018/>.

Prior Actions:

March 15, 2018: The Technical Advisory Committee received and filed.

January 10, 2018: The Administration & Finance Committee created an SCE negotiations Ad Hoc Committee to work through the Draft Resolution issues with Southern California Edison.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

1. Joint Utilities Petition to Modify the Code of Conduct.

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Item 5.H

Western Community Energy
Activities Update

Attachment 1

Joint Utilities Petition to Modify the
Code of Conduct

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Pursuant to
Senate Bill No. 790 to Consider and Adopt a
Code of Conduct, Rules and Enforcement
Procedures Governing the Conduct of
Electrical Corporations Relative to the
Consideration, Formation and Implementation
of Community Choice Aggregation Programs.

Rulemaking 12-02-009
(Filed February 16, 2012)

**PETITION FOR MODIFICATION OF DECISION 12-12-036 OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39-E),
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) AND
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

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January 30, 2018

**PETITION FOR MODIFICATION OF DECISION 12-12-036 OF PACIFIC GAS AND
ELECTRIC COMPANY (U 39-E), SAN DIEGO GAS & ELECTRIC COMPANY
(U 902-E) AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

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**PETITION FOR MODIFICATION OF DECISION 12-12-036 OF PACIFIC GAS AND
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(U 902-E) AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

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(U 902-E) AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Pursuant to Senate Bill No. 790 to Consider and Adopt a Code of Conduct, Rules and Enforcement Procedures Governing the Conduct of Electrical Corporations Relative to the Consideration, Formation and Implementation of Community Choice Aggregation Programs.

Rulemaking 12-02-009
(Filed February 16, 2012)

**PETITION FOR MODIFICATION OF DECISION 12-12-036 OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39-E),
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) AND
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Pacific Gas and Electric Company (“PG&E”), San Diego Gas & Electric Company (“SDG&E”), and Southern California Edison Company (“SCE”) (each a “utility” and collectively, the “Joint Utilities”) respectfully submit this Petition for Modification of Decision (“D.”) 12-12-036

I.

EXECUTIVE SUMMARY

The Joint Utilities ask the Commission to allow electrical corporations (“utilities”) to communicate with local governments regarding Community Choice Aggregators or Aggregation (“CCAs”). In D.12-12-036, the Commission adopted a Code of Conduct that imposes substantial restrictions on such communications, which the Code classifies as “lobbying.” Modifying these restrictions would advance the public interest, would be consistent with California law, and is

necessary to ensure that the Code complies with the United States Constitution. For these same reasons, the Joint Utilities also request that the Commission confirm that the Code of Conduct does not restrict the Joint Utilities' right to communicate with the press—newspapers, television stations, and radio stations—regarding CCAs.¹

The Joint Utilities' goal in filing this petition is not to prevent CCA formation. To the contrary, the Joint Utilities support customers' right to choose CCAs, as long as bundled service customers are not allocated costs that should be borne by CCA customers. Accordingly, in this petition, the Joint Utilities do not seek any changes to the Code of Conduct's "marketing" provisions, which restrict their ability to communicate with customers "regarding the [utility's] and community choice aggregators' energy supply services and rates."² Instead, this petition concerns only communications with local governments and the press.

Modifying the Code of Conduct's lobbying restrictions is in the public interest. Utility customers are not well served if localities make uninformed decisions because they have been able to hear only from certain constituencies. Without complete information regarding CCA formation and operation, localities may adopt or implement CCA programs without a full understanding of the benefits, risks, and costs of their decisions. This could result in unintended negative consequences for utility customers served by the CCA, as well as for bundled service customers who may face additional costs as a result of a CCA program's flaws or the return of customers to bundled service. In both cases, the Joint Utilities' customers would be negatively affected.³

¹ This petition does not seek any change the Code's marketing restrictions on a utility's ability to communicate with customers through paid advertising. *See* Code of Conduct Rule 1(a).

² The Joint Utilities do not believe that the Code's "marketing" restrictions, by their terms, prohibit utilities from communicating with customers or correcting misleading statements about the utilities' *own* services and rates (so long as such communications do not reference CCA services and rates). But to the extent the Code is interpreted otherwise, it would raise significant free speech concerns.

³ CCA customers are also utility customers because they continue to receive transmission, distribution, and other services from a utility.

Allowing the Joint Utilities to communicate with local governments regarding CCA programs is particularly important with respect to localities' decisions to form or join CCAs. CCA formation involves numerous complex issues, including Commission-approved tariff rules that govern utility services to CCAs, the rules and obligations governing procurement by load serving entities in California (including CCAs), resource planning, long-term planning assumptions (e.g., forecasting market conditions and resource costs), rate-setting issues (such as the status of default time-of-use (TOU) rate implementation for residential customers), cost recovery, the operation of departing load charges such as the Power Charge Indifference Adjustment ("PCIA") or its successor, and the need for adequate financial security requirements for involuntary returns of CCA customers to utility service.

It appears, however, that localities in SCE's and SDG&E's service areas are not always receiving the necessary information, and in some instances have received information that is incomplete, inaccurate, and potentially misleading. Indeed, some local public officials have expressed frustration to the Joint Utilities about their inability to more fully comment on the benefits and costs of proposed CCA programs.⁴ Absent access to information from the utility, local governments' primary source of information is often external advisory firms that potentially anticipate having a role in implementing the CCA entity after the feasibility study.

Allowing the Joint Utilities to communicate with local governments in connection with their deliberations on CCA formation will promote informed decision-making by these governments and mitigate the risk of unanticipated costs and outcomes that customers may incur resulting from CCA formations based on incomplete or inaccurate information.

The PG&E-area situation is somewhat different. PG&E already serves over 1.1 million CCA customers today, and by January 2019, approximately half of PG&E's electric customers will likely be served by CCAs. Accordingly, as compared to the SCE-area and SDG&E-area, PG&E has less of a need to discuss CCA-related issues with communities that are deciding

⁴ See, e.g., Declaration of J. Christopher Thompson ¶ 8.

whether to adopt CCA programs. Nevertheless, PG&E is interested in discussing CCA-related issues with local government officials of the communities it serves even after CCAs begin service.

The Code of Conduct's restrictions on CCA-related communications between the Joint Utilities and local government officials appear to be an outlier. Although some states impose certain limits on marketing to CCA customers, the Joint Utilities are not aware of any jurisdiction that restricts a utility from communicating with local government officials regarding CCAs.

The Commission also should confirm that the Code of Conduct does not restrict the Joint Utilities' right to communicate with the press regarding CCA-related issues. The Code currently does not directly address such communications, but the Joint Utilities are concerned that some may allege that communications with the press could be deemed to constitute prohibited "lobbying" or "marketing." Just as local governments will benefit from receiving information from utilities regarding the issues surrounding CCA formation and operation, so too will the press for its communications with the public at large. Preventing the Joint Utilities from commenting on or providing the press with the Joint Utilities' perspective on these issues is not in the public interest because it would result in these discussions being informed only by certain constituencies and by incomplete information.

In addition, the Commission should grant the relief requested in this petition to avoid a violation of the Joint Utilities' First Amendment rights to communicate on a matter of public concern and to be free of content-based restrictions on their speech. The restrictions on lobbying also violate the Joint Utilities' right to communicate with local government representatives.

The relief requested in this petition is consistent with California law, which does not require the Commission to retain the Code of Conduct's lobbying restrictions or restrict the Joint Utilities' communications with the press. California Public Utilities Code § 707, the statute that requires the Commission to adopt a Code of Conduct, directs the Commission to "[e]nsure that an electrical corporation does not *market* against a community choice aggregation program,

except through an independent marketing division.”⁵ Section 707 does not mention lobbying communications with local government officials, or communications with the press.

Because many local governments in the Joint Utilities’ service areas are currently considering CCA programs, the Commission should act promptly on this petition so that the Joint Utilities can communicate with these governments in a timely manner and so that local government officials will have access to as much information as possible to help them make informed decisions on issues that impact CCA formation and operation. Accordingly, the Joint Utilities respectfully request that the Commission decide this petition by June 1, 2018, in accordance with the Proposed Schedule described in Part IV, below.

II.

BACKGROUND

Public Utilities Code § 707 (a) directs the Commission to adopt a “code of conduct” to “govern the conduct of the electrical corporations relative to the consideration, formation, and implementation of community choice aggregation programs.” As relevant here, this code of conduct must:

Ensure that an electrical corporation does not market against a community choice aggregation program, except through an independent marketing division that is funded exclusively by the electrical corporation’s shareholders and that is functionally and physically separate from the electrical corporation’s ratepayer-funded divisions.⁶

The code must also “limit” the independent marketing division’s “use of support services from the electrical corporation’s ratepayer-funded divisions”; require that this division be allocated any costs of any permissible support services from the “ratepayer-funded divisions on a

⁵ Cal. Pub. Util. Code § 707 (a) (emphasis added). All subsequent statutory references in this petition are to the California Public Utilities Code.

⁶ Cal. Pub. Util. Code § 707 (1).

fully allocated embedded cost basis”⁷; and require that this division not have access to competitively sensitive information.⁷

In D.12-12-036, the Commission adopted the Code of Conduct. Rule 2 of the Code states:

No electrical corporation shall market or lobby against a community choice aggregation program, except through an independent marketing division that is funded exclusively by the electrical corporation’s shareholders and that is functionally and physically separate from the electrical corporation’s ratepayer-funded divisions.⁸

Rule 2 largely tracks § 707(a) (1), except that it applies to both “market[ing]” and “lobby[ing],” while the statute mentions only “market[ing].” The Code of Conduct defines “lobby” as communicating “with public officials or the public or any portion of the public for the purpose of convincing a government agency not to participate in, or to withdraw from participation in, a [CCA] program.”⁹ Lobbying does not include the following:

- i) Provision of factual answers about utility programs or tariffs, including but not limited to rate analyses, in answer to questions from a government agency or its representative.
- ii) Provision of information to potential Community Choice Aggregators related to Community Choice Aggregation program formation rules and processes.¹⁰

The Code of Conduct defines “[m]arket” to mean “communicate with customers . . . regarding the electrical corporation’s and community choice aggregators’ energy supply services and rates.”¹¹ Marketing does not include the following:

- i) Communications provided by the electrical corporation throughout all of its service territory to its retail electricity customers that do not reference community choice aggregation programs.

⁷ § 707(a) (2)-(3). As an alternative, section 707 also allows the Commission “to require that any marketing against a community choice aggregation plan shall be conducted by an affiliate of the electrical corporation . . . subject to affiliate transaction rules to be developed by the Commission.” § 707(c). The Commission has not taken any actions pursuant to this provision.

⁸ Code of Conduct Rule 2.

⁹ Code of Conduct Rule 1(b).

¹⁰ *Id.*

¹¹ Code of Conduct Rule 1(a).

ii) Communications that are part of a specific program that is authorized or approved by the California Public Utilities Commission (CPUC), . . . renewable energy rebate, or tariffed programs

iii) Provision of factual answers about utility programs or tariffs, including but not limited to rate analyses, in answer to the questions of individual customers.¹²

The Code of Conduct also imposes various restrictions on any independent marketing division that is created by a utility to conduct marketing and lobbying in compliance with Rule 2. The independent marketing division shall not have access to a utility’s “competitively sensitive information.” Nor may the division access the utility’s “market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports.”¹³ Apart from shared support services, utility employees may not be employed by the independent marketing division¹⁴ and may not speak on behalf of the independent marketing division.¹⁵

The formation of an independent marketing division also is subject to other significant restrictions. The independent marketing division must be physically separated from the utility.¹⁶ The independent marketing division may not share equipment, services, and systems (including information technology systems) with the utility, except as necessary to perform corporate support services.¹⁷ Transfers of employees between the utility and the independent marketing division are restricted and subject to a transfer fee.¹⁸

The utility and the independent marketing division are subject to audits for compliance with the rules.¹⁹ And the Code also provides an expedited complaint procedure that generally

¹² *Id.*

¹³ Code of Conduct Rules 5, 8.

¹⁴ Code of Conduct Rule 15.

¹⁵ Code of Conduct Rule 9.

¹⁶ Code of Conduct Rules 2, 11.

¹⁷ Code of Conduct Rule 11.

¹⁸ Code of Conduct Rule 16.

¹⁹ Code of Conduct Rule 23.

requires any complaints filed against utilities by CCAs to be resolved in no more than 180 days.²⁰

The combined effect of these restrictions is to discourage the utility from communicating to localities, unless specifically asked, crucial information—including information about market structure and challenges, impacts of future market conditions, rate-setting and cost recovery issues, and rules and policies applicable to CCAs—that is understood by utility employees who are subject-matter experts on these issues but who cannot speak for (and are restricted from transferring relevant information to) an independent marketing division.

III.

JUSTIFICATION FOR PETITION FOR MODIFICATION

The Commission has broad authority to “amend any order or decision made by it” at “any time, upon notice to the parties[] and with opportunity to be heard.”²¹ In compliance with Rule 16.4 (b) of the Commission’s Rules of Practice and Procedure, Section A, below, proposes the specific wording to carry out the Joint Utilities’ requested modifications to the Code of Conduct.

Sections B, C, D, and E, below, provide a concise justification for the requested relief. Section B explains why § 707 does not require the Commission to restrict the Joint Utilities’ communications with local governments or the press. Section C explains why the requested modifications to the Code of Conduct would improve local governments’ access to information regarding CCA programs and promote more informed decision-making, which would be in customers’ interest. Section D explains why allowing the Joint Utilities to communicate with the press regarding CCA-related issues is in the public interest. Section E explains why the relief requested in this petition is necessary to comply with the First Amendment.

²⁰ Code of Conduct Rule 24.

²¹ §1708; *see also* D.12-04-012 at 3 (“Pursuant to [§ 1708], the Commission has broad authority to modify decisions after notice to parties to the prior proceeding.”)

Finally, in compliance with Rule 16.4 (d), Section F explains why this “petition could not have been presented within one year of the effective date of” D.12-12-036.

A. Description of the Requested Modifications

1. Modifying the Code of Conduct’s Lobbying Restrictions

The Joint Utilities request that the Commission eliminate the restrictions on lobbying from the Code of Conduct. Consistent with Rule 16.4 (b), Exhibit A to this Petition shows the requested modifications to the Code of Conduct in the form of a markup to the existing Code. As a result of these modifications, a utility’s communications with local government officials regarding CCA-related issues would be treated on the same footing as a utility’s communications with this Commission regarding CCA-related issues; on the same footing as a utility’s communications with local government officials regarding any other issue or concern; and on the same footing as CCA consultants’ communications with local government officials about CCA formation.

If the Commission declines to eliminate the restrictions on lobbying in their entirety, SCE and PG&E submit that the Commission should at a minimum narrow these restrictions to allow utilities to share useful and timely information with localities. SCE and PG&E ask the Commission to clarify that the lobbying restrictions encompass only express advocacy against CCA programs. Such a clarification would provide at least incremental certainty that the Joint Utilities can communicate important information to local governments without running the risk that they will later be deemed to have had the “purpose” of dissuading CCA participation. SDG&E does not believe that this narrowing solves the constitutional problems with the Commission’s lobbying restrictions and does not support this approach.

No specific changes to the language of the Code are necessary in order for the Commission to clarify that the Code’s lobbying restrictions apply only to express advocacy. Rather, the Commission could simply issue a decision containing the following language or its

equivalent: “An electrical corporation shall not be deemed to have the purpose of convincing a government agency not to participate in, or to withdraw from participation in, a Community Choice Aggregation program unless the electrical corporation expressly advocates against participation in such a program.”

While no change to the wording of the Code is necessary to address utility communications with the press, the Joint Utilities ask the Commission to issue a decision that confirms that such communications are not restricted. The Joint Utilities propose that the Commission use the following language: “Nothing in the Code of Conduct is intended to restrict an electrical corporation’s right to communicate with the press, including newspapers, television stations, and radio stations.”

B. Section 707 Does Not Require the Commission to Restrict the Joint Utilities’ Communications with Local Governments or the Press

Section 707(a) requires the Commission to “[e]nsure that an electrical corporation does not *market* against a community choice aggregation program, except through an independent marketing division.”²² Section 707(a) does not mention lobbying or communications with local government officials. Accordingly, § 707(a) neither instructs nor requires the Commission to adopt any rules regarding an electrical corporation’s communications with local government officials. Nor does § 707(a) mention communications with the press.

No other provision of § 707 prevents the Commission from granting the requested modification to the Code’s lobbying provisions or confirming that the Code does not apply to communications with the press. Section 707(a) (5) states that the Commission may adopt any rules it finds “necessary or advisable to protect a ratepayer’s right to be free from forced speech.” But this provision does not mandate the adoption of any specific rules regarding communications with local government officials or the press. In particular, it does not mandate that the

²² § 707(a) (emphasis added).

Commission require that any communications with local government officials or the press be conducted solely through an independent marketing division. And in any event, as further described in Section E, below, a utility's communications with local government officials or the press would not infringe upon a "ratepayer's right to be free from forced speech," and the Code of Conduct's existing restriction on utility lobbying is not necessary to prevent any such infringement.

In addition, in § 707(a) (4)(B) the Legislature expressed its "intent" that the Code of Conduct "include, in whole or in part, the rules approved by the commission in D.97-12-088 and D.08-06-016." Again, this provision does not mandate the adoption of any specific rules regarding communications with local government officials or the press. Indeed, the Legislature expressly provided that this provision "does not limit the authority of the commission . . . to modify any rule adopted in those decisions."²³ Nor do the Decisions referenced by the Legislature impose any requirement that an electrical corporation conduct all communications with local government officials or the press through an independent marketing division or affiliate.²⁴

Because § 707 does not require the Commission to allow utilities to communicate with local government officials or the press only through an independent marketing division or affiliate, the Joint Utilities' request that the Commission exempt communications with local

²³ § 707(a) (4)(C).

²⁴ In D.97-12-088 the Commission adopted standards of conduct governing relationships between utilities and their affiliates. These standards of conduct limit a utility's ability to share certain services and engage in certain transactions with an affiliate, but they do not restrict a utility's ability to engage in lobbying activities or communicate with the press. *See* D.97-12-088, Appendix A. In D.08-06-016, the Commission adopted a settlement between a CCA, the San Joaquin Valley Power Authority ("SJVPA"), and PG&E. The settlement required both parties to limit themselves to truthful marketing and lobbying, and required functional separation of PG&E's marketing division, but it did not require PG&E to engage in lobbying or communications with the press solely through this marketing division. D.08-06-016 at 5-7. Indeed, the settlement expressly did not prevent PG&E "from timely communicating with the city and county governments participating in SJVPA's CCA program." *Id.* at 6.

government officials or the press from the scope of the Code of Conduct is permissible under § 707.

C. Modifying “Lobbying” in the Code of Conduct Will Inform Local-Government Decision-Making

1. Local governments do not always have complete information about CCA programs

Many localities in California have recently considered or are currently considering taking on electrical power procurement obligations through a CCA program, including the cities of Long Beach, Huntington Beach, Laguna Beach, Palmdale, Murrieta, Wildomar, and Desert Hot Springs, in SCE’s service area. The County of Los Angeles and cities of Rolling Hills Estates and South Pasadena are in the process of implementing Los Angeles Community Choice Energy (LACCE), and are inviting other localities to consider joining LACCE.²⁵

A CCA formation decision involves important complex questions, including whether the CCA can deliver lower cost and/or greener power over time, operate independent of system planning requirements and existing utility commitments, and what risks the CCA and its sponsoring locality must undertake in attempting to do so. Among these complex issues are the following:

- Procurement:

CCAs will be required to deliver a significant amount of the energy required by the Renewables Portfolio Standard (“RPS”) from long-term contracts (i.e., contracts with terms of ten year or longer) to comply with Senate Bill (SB) 350.²⁶ CCAs also have to meet Local and

²⁵ LACCE submitted a supplemental implementation plan on December 29, 2017, to add 21 jurisdictions: Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Carson, Claremont, Culver City, Downey, Hawaiian Gardens, Hawthorne, Malibu, Manhattan Beach, Ojai, Paramount, Santa Monica, Sierra Madre, Temple City, Thousand Oaks, West Hollywood, and County of Ventura.

²⁶ See § 399.13(b).

Flex Resource Adequacy (“RA”) requirements, which may become more challenging (particularly for Local) as additional load serving entities are created and enter the market seeking to purchase a limited amount of Local and Flex RA supply. Utility personnel can identify questions and issues that localities should raise with their CCA consultants in order to ensure that they have a broad understanding of the benefits and risks associated with long-term resource procurement and Resource Adequacy requirements.

For example, some of the feasibility studies presented to localities by consultants do not appear to address risks associated with the need to enter into long-term supply contracts, such as credit and collateral requirements, or the ability of the CCA to recover above-market costs of long-term contracts from customers that depart CCA service for other procurement options.²⁷ Some studies mention the need to enter into long-term supply contracts only in passing; others mention that the CCA can and should enter into such contracts for a term, but do not address the risk to the CCA associated with changes in market conditions or credit requirements.²⁸

- Resource Mix:

Utilities have contracted resources that provide important reliability services to the electric grid, such as Local Capacity Requirements and New Generation resources. The current electric grid cannot be reliably and safely operated with only RPS and short-term spot resources. Local government officials should have a full understanding of the need for integration services, ancillary services, voltage and short circuit duty, black start, and energy supply for hours in which renewables generation is insufficient, which will create additional system costs for localities that only consider the purchase cost of renewables and short-term spot markets in their CCA formation decisions.²⁹

²⁷ Declaration of Colin E. Cushnie ¶ 8.

²⁸ *Id.*

²⁹ Declaration of Colin E. Cushnie ¶ 9.

The Joint Utilities have observed a number of representations that CCAs will be greener than utilities.³⁰ This representation may be incomplete if it is not also explained that the utilities will also have portfolios that exceed 50% RPS consistent with the requirements of SB 350.³¹

- Projected Cost Savings:

Projected cost savings from CCA formation are often based on a comparison of the utility's generation rate, which is based on a portfolio of resources contracted over time, to current market prices. Based on current market conditions, such comparisons will show lower potential direct costs for the CCA as compared to the utility's legacy portfolio costs. But these comparisons should also account for the fact that, in order to ensure that the utility's remaining bundled service customers are indifferent to CCA formation—as is required by California law—the PCIA (or successor charge) will need to account for the difference between legacy costs and current market costs.³² This topic is discussed in further detail below.³³ Additionally, such comparisons should also reflect that utilities will be purchasing in the same market environment as a newly formed CCA and all other CCAs, and therefore it is not reasonable to expect a meaningful cost difference for new procurement.

- Customer Migration:

Local government officials also may not fully understand the potential migration of customers and the impact of such migration on their ability to recover costs, or the rules regarding the return of customers to the utility's procurement service. In addition, § 394.25(e) requires CCAs to post a bond or demonstrate sufficient insurance to cover the costs resulting from an involuntary return of customers to bundled service. The consultants' feasibility studies

³⁰ Declaration of Colin E. Cushnie ¶ 9.

³¹ § 399.15(b)(2)(B). Additionally, some utilities have large hydroelectric resources that do not produce GHG emissions, but which are not included in RPS-eligible energy procurement results.

³² See § 366.2(a)(4), (c)(5).

³³ See pp. 18-21, below (discussing the Cost Responsibility Surcharge).

that SCE has reviewed generally do not address—or address only in passing—potential changes to the bond requirement and the impact of these changes on the locality and the CCA.³⁴

- Cost Responsibility Surcharge:

A CCA’s customers must pay a Cost Responsibility Surcharge (“CRS”) sufficient to ensure that the utility’s remaining customers are indifferent to the departure of the customers who will be served by the CCA.³⁵ The current CRS is established through a Commission-adopted methodology, and is recovered through the PCIA and the CTC rates.³⁶ The Commission recently opened a docket to consider modifications to the current methodology for calculating the CRS in order to more accurately implement this statutory directive.³⁷

It is critically important that localities accurately and completely understand this statutory requirement and its implications for CCA customers. To the extent there is currently an opportunity for a CCA to underprice a utility’s generation rate, that difference may be due in whole or in part to the PCIA’s failure to capture accurately the difference between market prices and the cost of the utility’s legacy generation portfolio. When the Commission addresses that issue in its Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the PCIA (Rulemaking (R.)17-06-026), the CCA’s opportunity to underprice the utility’s generation rate may change.

Localities apparently are not being fully informed on these issues. In its recent comments in R.17-06-026, The Utility Reform Network (“TURN”) noted:

Many municipalities and Joint Powers Authorities are currently considering whether to pursue CCA formation. Unfortunately, local public officials may not be aware of the possible impact of changes to the PCIA on the total costs of service to be offered by a new CCA. Given the Code of Conduct prohibition on marketing or lobbying by an IOU, local governments are forced to rely almost exclusively on the representations of CCA proponents when attempting to

³⁴ Declaration of Colin E. Cushnie ¶ 7.

³⁵ See § 366.2(c)(5), (d)-(i) (AB 117); D.05-12-041 at 23-25.

³⁶ The CTC rates recover competition transition costs. See § 367.

³⁷ See Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment, R.17-06-026 (July 10, 2017).

understand the role of the PCIA in assessing the competitiveness of alternative service that may be offered to their businesses and residents.³⁸

In addition, some consultant reports have told localities to expect a declining PCIA, which is inconsistent with their simultaneous predictions of declining market prices.³⁹ Because the PCIA is calculated to recover the above market costs of a fixed vintaged portfolio,⁴⁰ the PCIA generally varies inversely to current market prices. In a declining market price environment, the PCIA will increase as the difference between market value and the cost of the above-market, long-term commitments in the vintaged portfolio(s) applicable to the CCA customers increases. However, at least one consultant report SCE has reviewed suggests that a CCA could obtain savings through lower market energy prices, but fails to note that lower market prices would typically correspond with a higher PCIA for the CCA's customers (and other departing load).⁴¹

The relationship between current market prices and the PCIA can be complicated, and it is important that utilities be allowed to engage officials of localities considering CCA formation to discuss these issues to allow for more informed decision-making.

All of the foregoing examples, and other important issues relating to CCA formation, operation, and procurement, involve core aspects of the utility business that directly affect utility customers.

³⁸ Comments of The Utility Reform Network on the Order Instituting Rulemaking, R.17-06-026 (July 31, 2017).

³⁹ Declaration of Colin E. Cushnie ¶ 6.

⁴⁰ Pursuant to D.08-09-012, departing load customers are only responsible for the above-market costs of the resources that were procured on their behalf. As such, customers are subject to a "vintaged" PCIA rate that corresponds with the "vintaged portfolio" that was procured prior to their departure. See D.08-09-012, at 4 n. 8.

⁴¹ Declaration of Colin E. Cushnie ¶ 6.

2. Eliminating the Code of Conduct’s “lobbying” restrictions would allow the Joint Utilities to provide local governments with information relevant to their decisions about CCA programs

The Joint Utilities have significant expertise regarding many of the issues relevant to CCA programs and would like to share that information with local governments. For example, the Joint Utilities could explain the bond requirement to local governments and explain how the Commission’s actions could affect that requirement. Similarly, by providing local governments with specific comments on a feasibility analysis conducted by a consultant, the Joint Utilities could identify inaccuracies, inconsistent or flawed assumptions, or unidentified risks. And the Joint Utilities could provide local governments guidance on how the PCIA is calculated, how changes in market prices affect the PCIA, and how the utilities’ proposals and Commission’s actions could affect the PCIA.

By considering the information provided by the Joint Utilities—along with all the information provided by consultants and others—local governments will be in a better position to critically and carefully evaluate their assumptions and models regarding CCA programs and to assess the benefits and risks of any particular option. The Joint Utilities’ communications with local governments about CCA-related issues would benefit potential CCA customers and remaining bundled service customers. Local governments can be more fully informed with utility engagement in their deliberations on CCA programs, and use that knowledge to construct their CCA programs in a manner intended to increase the likelihood of success. More informed decision-making should reduce the risk that a CCA program fails or elects to terminate service to all or a substantial portion of its customers. A failing CCA program creates a high risk of cost-shifting to bundled service customers under the current, inadequate interim CCA bond requirement because bundled service customers may be forced to subsidize the reentry costs of the CCA customers who are involuntarily returned to a utility’s procurement service.

The Joint Utilities have restricted their communications with local government officials because of the broad sweep of the Code of Conduct's restrictions on lobbying and the risk that any communications with such officials regarding CCA formation may be deemed to violate the Code. Initially, the Code of Conduct defines "lobby" as communication "for the purpose of convincing a government agency not to participate in, or to withdraw from participation in, a community choice aggregation program."⁴² The Joint Utilities' goal in providing information to localities is not to persuade localities not to form CCAs; rather, the Joint Utilities' goal is to ensure that localities have relevant information the utility can provide. But to the extent the Joint Utilities provide information that describes the risks associated with a CCA program, the Joint Utilities run the risk under the Code that a party will claim that the true motivation was to convince the locality not to participate in the program. Given the difficulty associated with proving state of mind, any communication regarding CCA programs is, as a practical matter, fraught with peril.

This is not a hypothetical concern. Even where the Joint Utilities have engaged in speech that is plainly permissible under the Code, certain CCA proponents have complained to the Commission about such speech and have requested that the Commission initiate burdensome and expensive investigations and audits. Recently, California Choice Energy Authority ("CCEA"), submitted a letter (attached as Exhibit B) to the Commission accusing SCE of violating the Code of Conduct by communicating with community leaders and others regarding certain issues pending before this Commission. Specifically, SCE communicated with these leaders to encourage them to support SCE's efforts to reform the PCIA in the pending rulemaking before the Commission.⁴³ Nothing in the Code of Conduct prohibits such communications, which were made to draw attention to a current regulatory issue and encourage participation in the Commission's pending rulemaking. Nevertheless, CCEA requested that the Commission initiate

⁴² Code of Conduct Rule 1(b).

⁴³ See generally R.17-06-026.

an “audit” and “thorough review” of SCE’s speech, suggesting that it might violate the “letter” or “spirit” of the Code. Even meritless complaints can create a chilling effect on protected utility speech.

As a result of the risk of being accused of violating the Code, the Joint Utilities have self-censored their communication to localities regarding CCA programs based on their legitimate concern that these communications might be deemed a violation of the Code of Conduct.

For example, SCE has not answered certain CCA-related questions from local government officials due to the risk that an answer could be alleged to violate the Code’s lobbying restrictions.⁴⁴ Similarly, SCE has generally been unable to comment on the substance of the CCA feasibility studies submitted to local governments because of the risk that any comments might be alleged to run afoul of the Code.⁴⁵ As a result, SCE employees have not told local government officials about information that was inaccurate or incomplete that these officials were provided or were considering.⁴⁶ Some localities have expressed to SCE that they would like more information and the perspective of the utility on CCA formation, including specific feedback on the feasibility studies that localities receive from CCA consultants.⁴⁷

The two express exceptions to the definition of “lobby” in the Code of Conduct do not ameliorate the risk utilities face when communicating with local government officials regarding CCA-related issues because they do not provide adequate safe harbors from the chilling effect of the Code’s “lobbying” restriction. The first exception to the definition of “lobby” is limited to providing “factual answers about utility programs or tariffs” in response to “questions from a government agency.”⁴⁸ This exception is of limited use because local governments may not ask a utility for its comments for numerous reasons, including because they are not aware that they have received incomplete or inaccurate information or that the utility could provide useful

⁴⁴ Declaration of J. Christopher Thompson ¶ 8.

⁴⁵ *Id.*; Declaration of Colin E. Cushnie ¶ 10.

⁴⁶ Declaration of J. Christopher Thompson ¶ 8; Declaration of Colin E. Cushnie ¶ 10.

⁴⁷ Declaration of J. Christopher Thompson ¶ 8.

⁴⁸ Code of Conduct Rule 1(b)(i).

information. In addition, even in response to a question, the Joint Utilities are limited to providing information regarding “utility programs or tariffs.” And the Code of Conduct also does not provide any guidance on what would constitute a “factual answer” that could qualify for this exception as opposed to a non-factual opinion that would not qualify.

Similarly, the information that may be provided under the second exception to the definition of “lobby” is limited in scope: a utility may provide information regarding “[CCA] formation rules and processes.”⁴⁹ Accordingly, this exception does not create a safe harbor that would allow the Joint Utilities to provide local officials with a more complete set of information relevant to decisions regarding CCA programs.

Finally, the Code’s exemption for communications by an independent marketing division does not avoid the Code’s significant burden on the Joint Utilities’ communications with local government officials. The Joint Utilities would need to endure the burdens associated with an independent marketing division or an affiliate in order to communicate with local governments, even though the risk that the Joint Utilities would be seeking to address is a customer-related risk, and not a shareholder risk.⁵⁰ Nor are these burdens minor. To the contrary, an independent marketing division would create significant financial and logistical burdens. To speak to local officials, a utility would have to create the division, hire additional employees for the division, and maintain and operate additional office space. The utility would also have to comply with the extensive regulations that apply to independent marketing divisions and affiliates.

And even if the utility were to attempt to create an independent marketing division or affiliate, it would still obtain only a limited ability to communicate with local government officials. Utility employees with the most knowledge and understanding of issues related to

⁴⁹ Code of Conduct Rule 1(b)(ii).

⁵⁰ CCA formation creates opportunities and risks for the customers that take service from the new CCA, and introduces re-entry and cost allocation risk for remaining bundled service customers. Generally, the Joint Utilities do not have cost recovery risk for their approved contract resources, and therefore can focus on providing important information to help local governments make more informed CCA-related decisions.

CCAs and energy procurement contracts would remain unable to speak to local government officials or provide relevant information to the independent marketing division or affiliate.

3. Modifying the Code of Conduct’s lobbying restrictions would still promote the dissemination of useful information to local governments

In light of the benefits of allowing utilities to communicate with local governments regarding CCA programs, and taking into account the constitutional concerns raised by the Code’s lobbying restrictions, the Commission should eliminate the Code’s lobbying restrictions in their entirety.

Absent a complete elimination of the lobbying restrictions, SCE and PG&E (but not SDG&E) submit that the Commission should clarify that these restrictions apply only to *express advocacy* against CCA programs. As noted above, the Joint Utilities are concerned that the Code’s lobbying restrictions turn on whether a communication is “for the purpose of convincing” a local government not to participate in a CCA program. A purpose-based test is inherently fraught with peril because of the subjectivity of such a test and the difficulty in discerning an entity’s state of mind. Even where communications are factually accurate and helpful to the local government, a party could claim that the utility’s true motivation was to convince the locality not to participate in a CCA program. Clarifying that the Code applies only to express advocacy would incrementally lessen this risk while still preventing a utility from advocating against CCA formation.⁵¹

⁵¹ See e.g., *Buckley v. Valeo*, 424 U.S. 1, 77 (1976) (narrowly construing a statute that applied to expenditures of money for the purpose of influencing the nomination or election of candidates for federal office to apply only to “expenditures for communications that expressly advocate the election or defeat of a clearly identified candidate”); also *Yamada v. Snipes*, 786 F.3d 1182, 1188 (9th Cir. 2015) (narrowly construing a similar state campaign finance statute to apply only to “communications or activities that constitute express advocacy or its functional equivalent”); also *Wisconsin Right To Life, Inc. v. Barland*, 751 F.3d 804, 833 (7th Cir. 2014) (narrowly interpreting a similar statute to apply only to “express advocacy” for or against a candidate).

D. Utility Communications with the Press Regarding CCA Issues Are in the Public Interest

The Code of Conduct does not prohibit the Joint Utilities from communicating with the press regarding CCA-related issues. There is no express provision in the Code that addresses such communications.⁵² Nor would such communications fall within the Code’s definition of “market” or “lobby.” The definition of “market” covers only direct communications with customers, such as “letters, delivery of printed materials, phone calls, spoken word, emails, and advertising,” not communications with the press.⁵³ The definition of “lobby” is similarly limited to communications with the “public” or with “public officials,” and is also limited to communications that have the purpose of “convincing a government agency not to participate in, or to withdraw from participation in, a [CCA] program.”⁵⁴ A communication with the press cannot reasonably be construed as “lobbying,” regardless of its content or purpose. Moreover, given the serious free speech issues at stake, the Code should not be construed to limit communications with the press absent an unmistakably clear statement to that effect, which does not exist.

Nevertheless, the Joint Utilities are concerned that they could be accused of violating the Code of Conduct by communicating with the press regarding CCA-related issues. Given the Code of Conduct’s expedited enforcement procedure, burdensome audit rules, and penalty provisions, the Joint Utilities seek confirmation that communications with the press are not covered by the Code of Conduct.

Allowing the Joint Utilities to communicate with the press regarding CCA-related issues is in the public interest. As noted above, CCA-related issues, particularly concerning formation,

⁵² While nothing in the Code prohibits communications with the press, the Code’s marketing restrictions do restrict a utility’s ability to communicate with customers through paid advertising. *See* Code of Conduct Rule 1(a). This petition does not seek any change to that provision of the Code.

⁵³ Code of Conduct Rule 1(a).

⁵⁴ Code of Conduct Rule 1(b).

procurement, and the PCIA are complex. These issues are also currently matters of significant public concern, and they are being examined and debated by the Legislature, before the Commission, and in local communities. The Joint Utilities can help inform this debate with their perspective, which is based on decades of experience in California's energy markets, and by providing more complete information regarding these issues. By contrast, to the extent the Joint Utilities are unable to communicate with the press, the public debate on CCA-related issues may be informed by the unchallenged views of only some constituencies.

E. The Requested Relief Is Necessary to Comply with the First Amendment⁵⁵

1. The Code of Conduct is subject to “strict scrutiny” under the First Amendment

The Free Speech clause of the First Amendment to the United States Constitution, as incorporated against the states by the Fourteenth Amendment, “guarantee[s] that no State shall abridge the freedom of speech.”⁵⁶ Because the Supreme Court has “rejected the argument” that a speaker’s “status as a regulated utility company lessens its right to be free from state regulation that burdens its speech,” the Joint Utilities are entitled to the full protection of the First Amendment.⁵⁷

⁵⁵ To the Joint Utilities’ knowledge, the Commission has not previously considered whether the Code’s restrictions on lobbying or similar restrictions are consistent with the First Amendment. As noted in footnote 21, above, in D.08-06-016, the Commission adopted a settlement between SJVPA and PG&E. Although that settlement did address lobbying activities, it was primarily aimed at PG&E’s marketing activities. The settlement did not require PG&E to engage in lobbying solely through an independent marketing division. D.08-06-016 at 5-7. And the settlement expressly did not prevent PG&E “from timely communicating with the city and county governments participating in SJVPA’s CCA program.” *Id.* at 6.

⁵⁶ *Consolidated Edison Co. of N.Y. v. Pub. Serv. Comm’n of N.Y.*, 447 U.S. 530, 534 (1980) (internal quotation marks and alterations omitted).

⁵⁷ *Pacific Gas & Elec. Co. v. Pub. Utilities Comm’n of California* (“PG&E I”), 475 U.S. 1, 17 n. 14 (1986) (plurality opinion); *see Consolidated Edison*, 447 U.S. at 534 n.1; *Pacific Gas & Elec. Co. v. Pub. Utilities Comm’n* (“PG&E II”), 85 Cal. App. 4th 86, 93 (2000).

Although the Code of Conduct permits lobbying and other speech by a utility's independent marketing division, it is nonetheless subject to scrutiny under the First Amendment because it burdens the Joint Utilities' ability to speak—"[i]t is of no moment that the [Code] does not impose a complete prohibition" on speech.⁵⁸ Financial, logistical, or administrative burdens on speech are all sufficient to trigger First Amendment scrutiny.⁵⁹

In *Citizens United*, for example, the Supreme Court struck down certain campaign finance laws applicable to corporations as inconsistent with the First Amendment "notwithstanding the fact that a PAC [(a Political Action Committee)] created by a corporation can still speak."⁶⁰ The Supreme Court noted that the financial and logistical burdens associated with PACs would burden a corporation's speech because PACs are "expensive to administer and subject to extensive regulations."⁶¹ Like the campaign finance restrictions at issue in *Citizens United*, the Code of Conduct burdens the Joint Utilities' ability to communicate. Not unlike PACs, independent marketing divisions and affiliates create financial and logistical burdens. As noted above, to speak to local officials a utility would have to create the division, hire additional employees for the division, lease additional office space, and comply with the extensive regulations that apply to such divisions, or address the burdens associated with affiliates. These burdens are especially acute given that the utility's goal is to improve the quality of CCA-related decisions on behalf of all utility customers, including CCA customers.

Not only is the Code of Conduct subject to scrutiny under the First Amendment, it is subject to "strict scrutiny"—the most searching standard of review available—because it regulates speech based on its content. "Content-based laws—those that target speech based on

⁵⁸ *United States v. Playboy Entm't Grp.*, 529 U.S. 803, 812 (2000).

⁵⁹ See *Citizens United v. Fed. Election Comm'n*, 558 U.S. 310, 324 (2010); see, e.g., *Watchtower Bible & Tract Soc'y of N.Y., Inc. v. Village of Stratton*, 536 U.S. 150, 154 (2002) (requirement that canvassers obtain a permit was subject to First Amendment scrutiny, even though the permit was free and issued routinely); *Simon & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd.*, 502 U.S. 105, 115 (1991) (requirement that publisher of book deposit money due to author in escrow account under certain conditions).

⁶⁰ *Citizens United*, 558 U.S. at 337.

⁶¹ *Id.*

its communicative content—are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests.”⁶²

A regulation is “content based” if it “applies to particular speech because of the topic discussed or the idea or message expressed.”⁶³

The Commission’s Code of Conduct is unquestionably a content-based restriction on the Joint Utilities’ communications. Because the Code applies only to communications that “lobby against a community choice aggregation program,” it applies “different restrictions” based on the “topic discussed . . . or message expressed.”⁶⁴ Communications lobbying for or against non-CCA-related issues are not subject to the Code. Nor are non-lobbying communications and non-marketing communications subject to the Code.

In addition, the Code of Conduct is subject to strict scrutiny for a second reason: it restricts the Joint Utilities’ ability to communicate regarding a matter of public concern. “[S]peech on matters of public concern is at the heart of the First Amendment’s protection.”⁶⁵ “The First Amendment reflects a profound national commitment to the principle that debate on public issues should be uninhibited, robust, and wide-open.”⁶⁶ In *Consolidated Edison*, for example, a public utility’s bill inserts that discussed topics of public concern, such as “the benefits of nuclear power,” were accorded full protection under the First Amendment and a regulation prohibiting them was subject to strict scrutiny.⁶⁷ Similarly, a court would accord full protection under the First Amendment to speech regarding the benefits, costs, and risks of CCA programs.

⁶² *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2226 (2015).

⁶³ *Id.* at 2227.

⁶⁴ *Id.*

⁶⁵ *Snyder v. Phelps*, 562 U.S. 443, 451-52 (2011) (citation, internal quotation marks and alterations omitted).

⁶⁶ *Id.* at 452 (citation and internal quotation marks omitted).

⁶⁷ *See Consolidated Edison*, 447 U.S. at 532, 535, 540-41 (internal quotation marks omitted).

Because the Code of Conduct is subject to strict scrutiny, it can be upheld only if it is “narrowly tailored to serve compelling state interests.”⁶⁸ As discussed below, the Code does not survive this demanding test.

Finally, as relevant to the Joint Utilities’ communications with local government officials, the First Amendment protects not only speech, but also the right to “petition the Government for a redress of grievances.” As the Supreme Court has described it, lobbying the government is a “fully protected” right under the First Amendment.⁶⁹ The Supreme Court has explained that providing “information upon which government must act” is protected petitioning activity.⁷⁰ Accordingly, the Joint Utilities’ communications with local government officials are protected not only by the Free Speech clause of the First Amendment, but also by the Right to Petition clause.

2. The Code of Conduct is not narrowly tailored to serve a compelling government interest

As discussed above, the Code of Conduct cannot be upheld unless it is narrowly tailored to serve a compelling government interest.⁷¹ At a minimum, for a regulation to meet this standard, “the curtailment of free speech must be actually necessary” to solve an “actual problem.”⁷² And the restriction must be the “least restrictive means to further” the government’s asserted interest.⁷³ In describing this “demanding standard,” the Supreme Court has explained

⁶⁸ *Reed*, 135 S. Ct. at 2226. Nor is the Code subject to a more relaxed level of scrutiny reserved for certain kinds of commercial speech. Commercial speech is speech that “does no more than propose a commercial transaction.” *Hunt v. City of Los Angeles*, 638 F.3d 703, 715 (9th Cir. 2011) (internal quotation marks omitted). The Joint Utilities’ speech does “more than propose a commercial transaction” because it is directed at government officers in their policy-making capacity. Instead of proposing a transaction with the government, the Joint Utilities’ speech provides information relevant to a policy choice that affects the residents and businesses in the government’s jurisdiction.

⁶⁹ *F.T.C. v. Superior Court Trial Lawyers Ass’n* 493 U.S. 411, 426 (1990).

⁷⁰ *Eastern R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 139 (1961).

⁷¹ *Reed*, 135 S. Ct. at 2226.

⁷² *Brown v. Entertainment Merchants Ass’n*, 564 U.S. 786, 799 (2011).

⁷³ *A.C.L.U. of Nevada v. City of Las Vegas*, 466 F.3d 784, 792 (9th Cir. 2006) (internal quotation marks omitted); *Sable Communications of California, Inc. v. FCC.*, 492 U.S. 115, 126 (1989).

that it is “rare that a regulation restricting speech because of its content will ever be permissible.”⁷⁴

The Commission has noted that the Code of Conduct is designed to prevent utilities from using their “structural advantages” to influence decisions regarding CCA adoption.⁷⁵ These structural advantages are purported to be: (1) the “inherent market power” that utilities have, including, (2) their “well-developed relationship with customers in their service territories,” (3) their “name recognition,” and (4) their “access to competitive customer information.”⁷⁶ According to the Commission, by limiting utility marketing and lobbying activities the Code of Conduct will provide CCAs “with the opportunity to compete on a fair and equal basis” with investor-owned electric utilities.⁷⁷

The “structural advantages” identified by the Commission appear to relate solely to speech between utilities and their customers. A utility’s alleged market power might give it certain marketing advantages, but those advantages – if they exist at all – would potentially affect its communications with customers, not its speech to government officials or the press.⁷⁸ Similarly, even assuming that a utility’s “well-developed relationship” with customers or its “name recognition” would give it an advantage in influencing customers selecting between the utility and a CCA, that consideration does not justify restricting its communications with government officials or the press. Although access to customer information may allow a utility to better target its messages to customers, the Commission did not identify how this information would unduly affect the utility’s communications with local government officials or the press.

Indeed, many local governments have significant resources and market power of their own. For example, in addition to its regulatory powers, Los Angeles County manages a budget

⁷⁴ *Brown*, 564 U.S. at 799 (internal quotation marks omitted).

⁷⁵ D.12-12-036, at 8-9, 37.

⁷⁶ *Id.* (internal quotation marks omitted).

⁷⁷ *Id.*

⁷⁸ While local governments are, of course, customers of the utility, communications regarding CCA formation are directed to governments in their capacity as policymakers for their residents and businesses.

of \$25.44 billion.⁷⁹ By contrast, Edison International, the parent holding company of SCE, had total revenues of \$11.69 billion.⁸⁰ Even assuming that the Joint Utilities have certain structural advantages, it is unclear how these advantages could overwhelm a local government's independent decision-making abilities.

In any event, neutralizing the Joint Utilities' "structural advantages" is not a cognizable interest that can justify restrictions on the Joint Utilities' speech. The Supreme Court has squarely rejected the notion that government has a compelling interest in "leveling the playing field" in the context of free speech.⁸¹ As the Court has explained, "[t]he concept that government may restrict the speech of some elements of our society in order to enhance the relative voice of others is wholly foreign to the First Amendment."⁸²

The Commission has also justified the Code of Conduct on the basis that "[i]t is reasonable and consistent with [§ 707] to require that marketing or lobbying against CCAs is supported by shareholder funds, not ratepayer funds."⁸³ This statement appears to be a reference to § 707(a)(5), which instructs the Commission to adopt any rules it determines to be necessary or advisable to "protect a ratepayer's right to be free from forced speech."

But utility communications with local government officials or the press would not constitute forced speech for two reasons. First, "[t]he United States Constitution protects individual rights only from *government* action, not from *private* action."⁸⁴ For purposes of constitutional analysis, government-regulated utilities like the Joint Utilities are generally treated

⁷⁹ <http://budget.lacounty.gov/#!/year/default>.

⁸⁰ Edison International and Southern California Edison, 2016 Annual Report at 1, *available at* <https://www.edison.com/content/dam/eix/documents/> <https://www.edison.com/content/dam/eix/documents/investors/corporate-governance/2016-annual-report.pdf>.

⁸¹ *See Arizona Free Enter. Club's Freedom Club PAC v. Bennett*, 564 U.S. 721, 749 (2011) (internal quotation marks omitted).

⁸² *Citizens United*, 558 U.S. at 350 (internal quotation marks and citation omitted).

⁸³ D.12-12-036 at 39.

⁸⁴ *Single Moms, Inc. v. Montana Power Co.*, 331 F.3d 743, 746 (9th Cir. 2003).

as private actors, not government actors.⁸⁵ Accordingly, the United States Court of Appeals for the Ninth Circuit has held that an electric and natural gas utility did not violate customers' First Amendment rights by lobbying for deregulation.⁸⁶

Second, even if the Joint Utilities' speech were assumed to be state action, expenditures of money for speech that is "germane" to a utility's mission would not infringe on a customer's right to be free from forced speech.⁸⁷ "Expenditures are 'germane' to an organization's purpose where they 'are necessarily or reasonably incurred for the purpose' of the organization."⁸⁸ Communicating with local governments or the press on CCA-related issues is germane to a utility's organizational mission. Such communications mitigate the risk of cost-shifting to a utility's remaining bundled service customers, may involve questions about how to maintain the reliability of the statewide grid, and promote understanding of the relationship between the CCA and the utility. Additionally, CCA customers continue to receive their electric distribution services from the utility, including metering and billing. As such, CCA formation and operations involve operating concerns of the utility, and communicating regarding such concerns is therefore germane to the utility's mission. Indeed, issues regarding the procurement of electricity, including costs, supply mix, resource adequacy, and the like go to the very heart of what utilities do for their customers. It is difficult to imagine any topic more "germane" to the mission of a utility.

In any event, the Code of Conduct's restrictions go well beyond regulating the source of funding for CCA-related speech. In particular, the Code's burdensome regulations regarding the use of information, employees, and facilities are not narrowly tailored to address any potential concern regarding the source of funding for CCA-related speech.

⁸⁵ See *id.*; *Jackson v. Metro. Edison Co.*, 419 U.S. 345, 350-51 (1974).

⁸⁶ See *Single Moms*, 331 F.3d at 746.

⁸⁷ *Braintree Elec. Light Dep't v. F.E.R.C.*, 550 F.3d 6, 14 (D.C. Cir. 2008); see also *Keller v. State Bar of California*, 496 U.S. 1, 14 (1990).

⁸⁸ *Braintree Elec. Light Dep't*, 550 F.3d at 14.

F. This Petition for Modification Could Not Have Been Presented Within One Year of the Effective Date of D.12-12-036

This Petition for Modification is being filed more than one year after the effective date of D.12-12-036. But this post-one-year filing is justified by significant changed circumstances. When D.12-12-036 was adopted, relatively few localities were considering CCA formation.⁸⁹ Now, five years later, dozens of localities have recently considered or are considering adopting CCA programs. As localities have begun to consider this option, the Joint Utilities have become aware that localities may not be receiving complete or accurate information regarding CCA formation. These changed circumstances have convinced the Joint Utilities that they should communicate with local governments to ensure that they have more complete and accurate information relevant to their decisions on CCA formation and operations. But, at the same time, the Joint Utilities have come to understand that, as a practical matter, the Code of Conduct effectively prohibits them from providing such information to local government officials.⁹⁰

Moreover, the Code of Conduct was the Commission's first attempt to craft a comprehensive set of rules to satisfy § 707. When first adopted, these rules were untested and their impact uncertain. Indeed, the Commission phrased its understanding of the impact of these rules in tentative terms: "[W]e *believe* that such a Code of Conduct *should* benefit customers by preserving their ability to make educated choices among authorized electric providers."⁹¹ It is only natural that, over time, the effect of the Code of Conduct would become more certain and additional clarification or refinement would become necessary.⁹²

As shown above, this petition's proposed refinements to the Code of Conduct are both narrow and necessary.

⁸⁹ Declaration of Colin E. Cushnie ¶ 4; Declaration of J. Christopher Thompson ¶ 3.

⁹⁰ Declaration of Colin E. Cushnie ¶¶ 4-10.

⁹¹ D.12-12-036 at 6 (emphasis added).

⁹² Additionally, it has recently become clear that the effects of the PCIA will become increasingly problematic as departing load increases, and that the Commission will need to address the current PCIA methodology, which it is currently doing in R.17-06-026.

IV.

PROPOSED SCHEDULE

Many localities in the Joint Utilities' service areas are currently in the process of considering forming or joining CCAs, including Long Beach, Huntington Beach, Laguna Beach, Palmdale, Murrieta, Wildomar, and Desert Hot Springs, in SCE's service area; and Solana Beach in SDG&E's service area.⁹³ To ensure they have an opportunity to communicate with these localities before they make a final decision, the Joint Utilities respectfully request that the Commission take prompt action on this petition and set the following schedule:

- **Responses to Petition Due:** March 1, 2018.⁹⁴
- **The Joint Utilities' Reply Due:** March 12, 2018, if permission to file a reply is granted.⁹⁵
- **Proposed Decision Issued:** June 1, 2018.

As required by Rule 16.4 (c) of the Commission's Rules of Practice and Procedure, the Joint Utilities have served this petition on all parties to R.12-02-009, the proceeding that resulted in D.12-12-036. The Joint Utilities have also served all parties to R.03-10-003 and R.17-06-026.

⁹³ Declaration of J. Christopher Thompson ¶ 4.

⁹⁴ Thirty days from the filing of this Petition, as required by Rule 16.4 (f) of the Commission's Rules of Practice and Procedure.

⁹⁵ Ten days from the date Responses to this Petition are due, as set forth in Rule 16.4 (g) of the Commission's Rules of Practice and Procedure.

Respectfully submitted,

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Dated: January 30, 2018

EXHIBIT A

Proposed Revisions to D.12-12-036

PROPOSED REVISIONS TO D.12-12-036

8.1 Rules of Conduct for Electrical Corporations Relative to Community Choice

Aggregation Programs

- 1) The following definitions apply for the purposes of these rules:
 - a) “Market” means communicate with customers, whether in oral, electronic, or written form, including but not limited to letters, delivery of printed materials, phone calls, spoken word, emails, and advertising (including on the Internet, radio, and television), regarding the electrical corporation’s and community choice aggregators’ energy supply services and rates. Marketing under this definition does not include the following:
 - i) Communications provided by the electrical corporation throughout all of its service territory to its retail electricity customers that do not reference community choice aggregation programs.
 - ii) Communications that are part of a specific program that is authorized or approved by the California Public Utilities Commission (CPUC), including but not limited to customer energy efficiency, demand response, SmartMeter™, and renewable energy rebate, or tariffed programs such as the California Solar Initiative and other similar CPUC-approved or authorized programs. (See Decision (D.) 08-06-016, Appendix A.
 - iii) Provision of factual answers about utility programs or tariffs, including but not limited to rate analyses, in answer to the questions of individual customers.
 - ~~b) “Lobby” means to communicate whether in oral, electronic, or written form, including but not limited to letters, delivery of printed materials, phone calls, spoken word, emails, and advertising (including on the Internet, radio, and television), with public officials or the public or any portion of the public for the purpose of convincing a government agency not to participate in, or to withdraw from participation in, a community choice aggregation program.~~

~~(Cf. D.08-06-016, Appendix A.)¹ Lobbying under this definition does not include~~

- ~~i) Provision of factual answers about utility programs or tariffs, including but not limited to rate analyses, in answer to questions from a government agency or its representative.~~
- ii) Provision of information to potential Community Choice Aggregators related to Community Choice Aggregation program formation rules and processes.

- e) b) "Promotional or political advertising" means promotional or political advertising as defined in 16 U.S.C. Sec. 2625(h).
 - d) c) "Competitively sensitive information" means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services. This includes, without limitation, information about which customers have or have not chosen to opt out of community choice aggregation service. (See D.97-12-088, App. A, Part I.D.)
- 2) No electrical corporation shall market ~~or lobby~~ against a community choice aggregation program, except through an independent marketing division that is funded exclusively by the electrical corporation's shareholders and that is functionally and physically separate from the electrical corporation's ratepayer-funded divisions.² (See Pub. Util. Code § 707(a)(1).)
- 3) [No Change]
 - 4) [No Change]
 - 5) [No Change]
 - 6) [No Change]
 - 7) [No Change]
 - 8) [No Change]

¹ The language from D.08-06-016, Appendix A has been modified to cover the conduct of electrical corporations relative to consideration and formation of community choice aggregation programs, as required by Cal. Pub. Util. Code § 707(a). All statutory references are to the California Public Utilities Code unless otherwise stated.

² In the case of a holding company that owns two or more regulated utility entities (e.g., Sempra Energy), one regulated utility cannot market ~~or lobby~~ against a CCA in the service area of the other utility, except as provided for in this paragraph (e.g., through an independent marketing division funded exclusively by shareholders and separate from ratepayer-funded divisions).

- 9) [No Change]
- 10) [No Change]
- 11) [No Change]
- 12) [No Change]
- 13) As a general principle, an electrical corporation may share with its independent marketing division joint corporate oversight, governance, support systems and support personnel; provided that support personnel shall not include any persons who are themselves involved in marketing ~~or lobbying~~. Any shared support shall be priced, reported and conducted in accordance with applicable Commission pricing and reporting requirements. As a general principle, such joint utilization shall not allow or provide a means for the transfer of competitively sensitive information from the electrical corporation to the independent marketing division, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of the independent marketing division. (See D.97-12-088, App. A, Part V.E.)
- 14) [No Change]
- 15) [No Change]
- 16) [No Change]
- 17) [No Change]
- 18) [No Change]
- 19) [No Change]
- 20) [No Change]
- 21) No later than March 31, 2013, each electrical corporation that intends to market ~~or lobby~~ against a CCA shall submit a compliance plan demonstrating to the Commission that there are adequate procedures in place that will preclude the sharing of information with its independent marketing division that is prohibited by these rules, and is in all other ways in compliance with these rules. The electrical corporation shall submit its compliance plan as a Tier 1 advice letter to the Commission's Energy Division and serve it on the parties to this proceeding. The electrical corporation's compliance plan shall be in effect between the submission and Commission disposition of the advice letter.
 - a) An electrical corporation shall submit a revised compliance plan thereafter by Tier 2 advice letter served on all parties to this

proceeding whenever there is a proposed change in the compliance plan for any reason. Energy Division may reject the Tier 2 advice letter and require resubmission as a Tier 3 advice letter if Energy Division believes the change requires an additional level of review.

- b) An electrical corporation that does not intend to ~~lobby or~~ market against any community choice aggregation program shall file a Tier 1 advice letter no later than March 31, 2013, stating that it does not intend to engage in any such ~~lobbying or~~ marketing.
 - (i) If such an electrical corporation thereafter decides that it wishes to ~~lobby or~~ market against any community choice aggregation program, it shall not do so until it has filed and received approval of a compliance plan as described above, with its compliance plan filed as a Tier 2 advice letter with Energy Division. (See D.97-12-088, App. A, Part VI.A.)
 - c) Any CCA alleging that an electrical corporation has 1) violated the terms of its filed compliance plan or 2) has engaged in ~~lobbying and/or~~ marketing after filing an advice letter stating that it does not intend to conduct such activities, may file a complaint under the expedited complaint procedure authorized in § 366.2(c)(11).
- 22) [No Change]

8.2 Rules Regarding Enforcement Procedures

[No Change]

EXHIBIT B

Copy of CCEA's September 25, 2017 Letter



R. Rex Parris Chair
Marvin E. Crist Vice Chair
Ken Mann Authority Member
Angela E. Underwood-Jacobs Authority Member
Raj Malhi Authority Member
Mark B. Bozigian Executive Director

September 25, 2017

Assigned Commissioner Michael Picker
Assigned Commissioner Carla Peterman

Dear Commissioners Picker and Peterman:

I am writing to you in your respective roles as assigned commissioners over two rulemaking proceedings involving issues central to Community Choice Aggregation (CCA) programs. This letter briefly describes recent actions by Southern California Edison Company (SCE) raising questions that should be examined openly before the California Public Utilities Commission (CPUC), since the questions involve industry-related rules pertaining to all CCA programs. I am also copying other CPUC commissioners and the service lists in the two rulemaking proceedings.

I serve as Executive Director for the California Choice Energy Authority (CCEA). CCEA is a joint powers authority among several cities in southern California. CCEA was formed for the purpose of providing support services for cities considering CCA programs. Under the model established by CCEA, individual cities maintain the role of Community Choice Aggregators, ensuring local control and governance, with CCEA providing various back-office, regulatory and procurement services.

SCE has initiated a formal campaign, known as *Equitable Energy Choice for Californians* (EECC Coalition), to lobby the CPUC on matters affecting CCA programs, principally the Power Charge Indifference Adjustment (PCIA). SCE's government affairs representatives are actively communicating with local government and community leaders, urging these leaders to support regulatory reform needed to address the rise of CCA programs. In certain situations, SCE is communicating with local government officials who will be making decisions on CCA programs. I have attached sample documents. The primary message in this round of lobbying is that "the rise in California customers served by Community Choice Aggregators" has created problems with cost allocation mechanisms – problems that jeopardize "California's progress in meeting [] clean energy and environmental goals" that were "kick-started" by SCE and the other utilities. SCE's communications and its efforts are problematic on several levels, and emblematic of key concerns.

First and foremost, SCE's communications and its lobbying efforts appear to be funded exclusively by SCE's ratepayers, including customers receiving or expected to receive service from Community Choice Aggregators. In similar contexts, SCE has stated that its regulatory and government affairs costs are allocated predominantly (84%) to the distribution function. Since CCA customers pay distribution rates, SCE's allocation methodology results in CCA customers paying for SCE's lobbying activities. This is problematic, and raises broader questions on the appropriateness of using SCE's resources and attributes (including SCE's name-recognition) for lobbying and competition-related activities. The California Legislature expressed similar

Assigned Commissioner Michael Picker
Assigned Commissioner Carla Peterman
September 25, 2017
Page 2

concerns about the utilities' use of their "*inherent market power* derived from, among other things, name recognition among customers, longstanding relationships with customers, . . . and the potential to cross-subsidize competitive generation services." (Senate Bill 790 [2011]; Sec. 2(c).) CCEA urges the CPUC in the context of its two rulemaking proceedings to broadly examine cost-allocation issues and the appropriateness of CCA customers funding SCE's activities and attributes that principally benefit competitive generation services, including SCE's lobbying and regulatory campaigns.

Second, although SCE's communications are squarely aimed at CCA programs and implicate a host of lobbying issues, the communications appear to be unrestricted and lacking in regulatory oversight. If not violative of the *letter* of the CCA Code of Conduct, these activities appear to implicate the *spirit* of the code. Adopted in CPUC Decision (D.)12-12-036, the CCA Code of Conduct sets forth requirements for utility actions vis-à-vis CCA programs. For utility communications that are considered marketing or lobbying in nature, funding should be exclusively provided by the utility's shareholders, and the utility would additionally need to form an independent division and be subject to further regulatory oversight. Even *non*-marketing utilities, however, are subject to audit requirements. If nothing else, SCE's actions with respect to the EECC Coalition warrant particular scrutiny as part of a formal audit. In light of SCE's role in the EECC Coalition and the model that could be set for future CCA-related lobbying by other utilities, CCEA specifically requests that the SCE's audit under D.12-12-036 be initiated immediately, and that the scope of the audit include a thorough review of SCE's involvement in the EECC Coalition. (See D.12-12-036; Ordering Paragraph 4.)

Thank you in advance for your consideration of these matters, and your ongoing efforts to ensure that the utilities' inherent market power does not unfairly thwart the development of CCA programs.

Respectfully,

/s/ Mark Bozigian

Mark Bozigian
Executive Director
CALIFORNIA CHOICE ENERGY AUTHORITY

Attachments: Sample SCE and EEUC Coalition lobbying material
(See also <http://equitablechoice.com>)

Copy: CPUC Commissioner Martha Guzman Aceves
CPUC Commissioner Liane Randolph
CPUC Commissioner Clifford Rechtschaffen
Service Lists: R.17-07-026 and R.03-10-003

----- Forwarded message -----

From: Salvador Ramirez <Salvador.Ramirez@sce.commailto:Salvador.Ramirez@sce.com>>

Date: Tue, Sep 19, 2017 at 12:25 PM

Subject: Equitable Energy Choice for Californians (EECC)

To: [REDACTED] g>>

Dear [REDACTED],

It was great speaking with you last night. Specifically, I'm following up on the discussion we had regarding the CPUC Proceeding on the Power Charge Indifference Adjustment (PCIA), and to obtain your organizations support.

This is an energy issue that will likely be of interest to you and your organization. If no changes are made to current regulations, hundreds of thousands of electricity customers could end up paying extra in their monthly bills for clean energy contracts and other power that was purchased for other customers. The CPUC recognizes that the current cost-allocation mechanism isn't working so they have opened up a formal proceeding.

We have formed a coalition called Equitable Energy Choice for Californians (EECC) to engage at the CPUC and in other efforts to ensure cost equity among all customers. The attached fact sheet provides additional information on the PCIA. We are approaching you and other organizations to alert you to the issue and encourage you to support the coalition.

If you are in support of joining the EECC coalition please fill out the attached EECC Coalition Sign-up Form and return it to Salvador.Ramirez@sce.commailto:Salvador.Ramirez@sce.com>.

Attached is the current list of the organization who have signed on to the Equitable Energy Choice for Californians (EECC) coalition. Please share with other organizations you believe may be interested in joining this list.

Thank you for your continual support. Should you have any questions feel free to call me at (626) 320-9845<tel:(626)%20320-9845>.

Sincerely,

Sal Ramirez
Government Affairs Manager
Local Public Affairs and Government Affairs
Phone: 626-320-9845<tel:(626)%20320-9845>
1000 Potrero Grande Drive, Monterey Park, CA 91755

[REDACTED]

Fact Sheet

Tell the CPUC you believe all energy consumers should share equitably in the cost of investments in clean energy and other resources

California is a leader in clean energy and environmental climate change goals. We are on track to meet our mandated goal of 50% renewable energy by 2030, thanks to the leadership of our state's elected officials and regulators, and in large part to the long-term investments in renewable energy made by customers of the state's investor-owned utilities. These investments helped kick-start renewable energy technologies to make them far more affordable and accessible today than when the legislature first mandated utilities purchase increasing amounts of clean energy.

However, the way people buy energy is changing and more customers are buying power from sources other than their utility. If we are to continue California's progress in meeting our clean energy and environmental goals, we must ensure that all customers continue to contribute equitably in the costs of clean energy and other resources purchased on their behalf.

Current law requires that no customer be required to pay for power purchased for other customers. However, the mechanism established to protect customers is not working. As a result, some are paying more than they should. To address this problem, the CPUC recently opened a formal proceeding to review the mechanism often referred to as the Power Charge Indifference Adjustment or PCIA.

As part of this announcement, the CPUC acknowledged that:

- "Investor-owned utilities and Community Choice Aggregators both have stated that the current cost allocation is inequitable."
- "The rise in California customers served by Community Choice Aggregators makes the cost allocation more important to customer bills."
- "...stakeholders have identified cost allocation issues as the most urgent topic in electric retail choice in California."

Urge the CPUC to create rules that ensure all customers equitably share in the cost of clean power

The CPUC needs to hear from diverse constituencies that want to preserve customer choice, while ensuring all customers equitably contribute to meeting our renewable energy and climate action goals. Please consider signing on to the attached letter so we can tell the CPUC:

Current laws to protect customers from paying for power investments made on behalf of others are not working.

- It has been estimated that some customers who now receive power through an alternative energy provider may on average only pay roughly 65% of the cost of clean energy that was purchased on their behalf.
- As a result, some customers who do not use an alternative energy provider could end up paying roughly \$150 extra per year to pay for power purchased for others.
- This is not sustainable. In all cases, as more alternative energy providers form, there are going to be fewer remaining utility customers left paying an increasing cost for power purchased for others.

The CPUC must establish rules to ensure all customers share equitably in the costs of renewable and other energy.

- To ensure that the move to more customer choice is both sustainable and equitable, the CPUC must reform the current mechanism, including the PCIA, to ensure all customers share equitably in the costs of the long-term investments in renewable and other resources that were purchased on their behalf when they were a utility customer.
- That means all customers – whether they move to an alternative power provider or stay with the utility – will share equitably for past purchases made on their behalf, and no customer shall be left paying for power purchased for others.
- We all benefit from the clean energy investments that have been made to improve our air quality and environment, so no customers should be forced to pay more than their fair share.

EXHIBIT C
Supporting Declarations

**Declaration of Colin E. Cushnie In Support Of The Joint Utilities' Petition For
Modification Of Decision 12-12-036**

1. I, Colin E. Cushnie, make this declaration to state new and changed facts in support of the Joint Utilities' Petition for Modification of Decision (D.) 12-12-036. The statements in this declaration are true and correct to the best of my knowledge.

2. I am currently Vice President, Energy Procurement & Management at Southern California Edison Company (SCE). My responsibilities include overseeing SCE's wholesale energy contracting and management activities and wholesale energy market operations. Before my current position, I was Director of Portfolio Planning & Analysis in SCE's Power Supply Unit. In that position, my responsibilities included energy portfolio analysis and risk assessment and demand and price forecasting. I have also served as Director of Regulatory Affairs for SCE and, in that capacity, I represented SCE before the California Public Utilities Commission on energy procurement and market design issues.

3. Based on my decades of experience at SCE, I am very familiar with energy procurement, long-term energy contracts, demand and price forecasting, resource planning, the Commission's Resource Adequacy rules, the Renewables Portfolio Standard, and other procurement compliance obligations. I believe that my expertise on these topics and the expertise of other subject matter experts on my team at SCE on these and other topics could be helpful to localities in SCE's service area considering the costs and benefits of, and procurement and other obligations associated with, forming a Community Choice Aggregator ("CCA"), or considering the feasibility of implementing a CCA program.

4. My team and I are aware of the significant increase over approximately the last eighteen months in localities' interest in CCA programs as compared to five years ago, when D. 12-12-036 was adopted. At least some of this interest appears to be spurred by consulting firms

that are in the business of providing localities with analyses, reports, or feasibility studies that promote the benefits of CCA programs.

5. In my experience, the information received by local governments from consultants or from other sources regarding the costs and benefits of CCAs is not always accurate or complete.

6. In some cases, local governments receive inaccurate or incomplete information regarding the Power Charge Indifference Adjustment (“PCIA”) or other departing load customer obligations. I have reviewed reports in which consultants have told localities to expect both the PCIA and market prices for energy to decline over time. But this is unlikely because the PCIA generally varies inversely with market prices. Similarly, at least one report suggested that a CCA could obtain savings through lower market costs, but failed to note that lower market costs would lead to higher PCIA charges. In addition, some reports assume a locked-in PCIA rate, assume the Commission will stabilize the PCIA rate, or do not mention the fact that the Commission could modify the PCIA in response to arguments made by SCE and others that the PCIA does not adequately ensure indifference for bundled service customers.

7. My team and I have also reviewed reports or analyses that do not address the re-entry bond or insurance requirements that apply to CCAs pursuant to Public Utilities Code Section 394.25(e). The Commission currently requires CCAs to pay an interim bond amount, but the Commission in Rulemaking 03-10-003 is currently evaluating how to implement the requirements of Section 394.25(e). A change in the interim bond requirement could affect the cost of forming a CCA, but many of the feasibility reports I have reviewed do not discuss this issue, at all.

8. Some of the feasibility studies that I have reviewed do not disclose that CCAs will need to enter into long-term contracts to comply with the Renewables Portfolio Standard pursuant to Senate Bill 350 (2015), and some do not consider the price differential between “brown” and renewable power in estimating savings for the CCA. Other reports mention the need to enter into long-term contracts, but do not address the financial risks associated doing so. Some studies do not address the credit requirements for entering into long-term contracts.

9. I have also reviewed reports that state that CCAs will be “greener” than investor owned utilities, but that do not provide additional context for this claim. Some CCAs may ultimately achieve lower greenhouse gas emissions on a MWh-served basis, but these reports often compare what a CCA could achieve in the long term with what the investor owned utility has achieved today. They do not account for the fact that utilities will also increase their relative use of renewables over time to comply with the Renewables Portfolio Standard. And many studies that I have reviewed do not consider some of the other costs associated with renewable energy, including for integration services, ancillary services, voltage and shortage circuit duty, black start, and energy supply for hours in which renewables generation is insufficient. Nor do many of these studies address the obligations that CCAs have, or should expect to have, with respect to supporting the Commission’s Integrated Resource Planning (IRP) process.

10. Although I have seen inaccuracies and omissions in the information received by local governments, my team and I have generally not affirmatively approached local governments to discuss these concerns, or provided comments or additional information to local governments even though some local government officials have sought our views on certain issues or feasibility studies, due to the concern that any such communications could be deemed to violate the Code of Conduct established by D. 12-12-036.

11. Because CCA formation has considerable financial implications, and will impact resource development and grid operations, it is important that knowledgeable SCE personnel have more ability to communicate with local government officials as part of their CCA formation deliberations.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 24, 2018, at Rosemead, California.



COLIN E. CUSHNIE

**Declaration of J. Christopher Thompson In Support Of The Joint Utilities' Petition For
Modification Of Decision 12-12-036**

1. I, J. Christopher Thompson, make this declaration to state new and changed facts in support of the Joint Utilities' Petition for Modification of Decision (D.) 12-12-036. The statements in this declaration are true and correct to the best of my knowledge.

2. I am currently Vice President, Local Public Affairs for Southern California Edison Company ("SCE"). My responsibilities include staying apprised of developments at the local government level in SCE's service area that could impact SCE's operations or customers and, where appropriate, communicating with local government officials regarding these developments. Based on my work at SCE, I am aware that certain local governments in SCE's service area are considering or have recently considered forming or joining a Community Choice Aggregator ("CCA").

3. I am informed by my team and believe that in 2012, when D.12-12-036 was adopted by the California Public Utilities Commission, there was a comparatively lower level of interest in CCA formation.

4. Today, there appears to be a significantly greater interest in CCA formation or adoption. Many localities in California, including in SCE's service area, are considering whether to form or join CCAs. These localities include the cities of Long Beach, Huntington Beach, Laguna Beach, Palmdale, Murrieta, Wildomar, and Desert Hot Springs, in SCE's service area.

5. Recently, SCE's Local Public Affairs staff have observed a growing cottage industry of consultants and advisors advocating in favor of CCAs. I am informed that, in some cases, the information presented to local governments by these consultants is not accurate or complete.

6. When a locality is considering an issue that could significantly affect SCE's customers or its operations, SCE will often proactively engage with the locality to provide local government officials with information and resources, including access to subject-matter experts from SCE. But, with respect to CCA formation or adoption, the Code of Conduct adopted by D.12-12-036 has curtailed SCE's ability to provide local governments with information regarding the costs and benefits of CCA programs or to correct inaccurate or incomplete information provided to local governments.

7. Because of the breadth of the Code of Conduct and the risk that any communications with local governments regarding CCA issues could be alleged to violate the Code, SCE has limited its communications with local governments regarding CCA formation or adoption. As a result of the Code of Conduct, SCE has instructed its Local Public Affairs staff to avoid providing information on the veracity of a prospective CCA's or CCA consultant's representations about the CCA's services, its rates, and its feasibility.

8. SCE has limited its communications with local governments regarding CCA formation or adoption even when local government officials have asked SCE for additional information. For example, when one local government official asked SCE how a CCA could procure energy at cheaper rates than SCE, my staff declined to respond to avoid any perceived violation of the Code. Similarly, when officials from one locality asked my staff questions regarding the benefits of adopting a CCA, we did not comment and, instead, directed the officials to speak to the prospective CCA. That locality also invited SCE to present at a meeting at which the prospective CCA planned to present, but SCE declined this invitation to avoid being accused of a Code of Conduct violation. And when one city manager asked SCE detailed questions regarding CCA energy procurement and whether a CCA could offer power at a lower cost than

SCE, SCE declined to answer the city manager's questions. Some local government officials have asked SCE for its views on CCA consultants' representations, or for comments on CCA feasibility studies, but SCE has declined or limited the scope of its responses because of the Code of Conduct. Several local government officials have expressed concerns to my team regarding the limitations on SCE's ability to communicate with them about CCA adoption. Others have stated that they would like SCE to share its views on CCAs.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 26, 2018, at Rosemead, California.


J. CHRISTOPHER THOMPSON

**Declaration of Mitch Mitchell In Support of Petition for Modification of
Decision 12-12-036 Of Pacific Gas and Electric Company (U 39-E), San
Diego Gas & Electric Company (U 902-E) and Southern California Edison
Company (U 338-E)**

1. I, Eugene "Mitch" Mitchell, make this declaration to state new and changed facts in support of the above-referenced Petition for Modification. The statements in this declaration are true and correct to the best of my knowledge.

2. I am currently Vice President, State Governmental Affairs and External Affairs for San Diego Gas & Electric ("SDG&E") and Southern California Gas Company ("SoCalGas"). I am responsible for state governmental affairs for both companies and I oversee all external affairs activities for SDG&E. Based on my work at SDG&E, I am aware that certain local governments in SDG&E's service area are considering or have recently considered forming or joining a Community Choice Aggregator ("CCA").

3. I am informed by my team and am aware that many localities in California, including in SDG&E's service area, are considering or have recently considered whether to join or form CCAs. These localities include the City of San Diego, County of San Diego, City of Del Mar, City of Chula Vista, and City of Encinitas. The City of Solana Beach has submitted a formation plan to the Commission.

4. Increasingly since 2015, city, county, and state representatives have communicated to SDG&E asking for information to help inform their decision on whether to adopt or join a local CCA. For example, in September 2017, the San Diego Associations of Government ("SANDAG") contacted SDG&E's Public Affairs team requesting to discuss 100% renewable energy goals. In October 2017, the San Diego County Taxpayers Association contacted SDG&E Public Affairs requesting to discuss "renewable energy options" and the city's

Climate Action Plan. These examples reflect a broader local government sentiment of wanting to hear about issues that also bear on CCAs matters.

5. There have been discussions like these in which members of SDG&E's Public Affairs team declined to speak to avoid any perceived violation of the Code of Conduct adopted in D.12-12-036 ("Code of Conduct").

6. Local media sources have also implicated SDG&E in their discussions of CCAs, largely advocating for adoption of CCAs. In some cases, the information disseminated through these media sources is not accurate or complete.

7. When the local press comments about or discusses SDG&E, SDG&E has provided information to correct or complete the messaging and avoid the spread of misinformation. But SDG&E has not talked broadly about CCA issues to the press, even when asked by reporters about issues relating to CCA. SDG&E does not believe that correcting misstatements made by the media is within the scope of the Code of Conduct, but out of an abundance of caution, has self-regulated its communications with the press to the detriment of the public's understanding of the topic.

8. Third, there have been instances where local government could substantively benefit from the insight and input of the utility, but SDG&E has been prevented from providing information out of cautious regard for the Code of Conduct. When a locality is considering an issue that could significantly affect SDG&E's customers or its operations, SDG&E would normally engage with the locality to provide local government officials with information and resources, including access to subject-matter experts from SDG&E. But, with respect to CCA formation or adoption, the Code of Conduct has curtailed SDG&E's ability to provide local

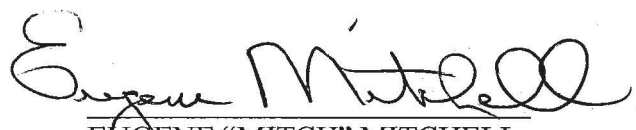
governments with information regarding the costs and benefits of CCA programs or to correct inaccurate or incomplete information provided to local governments.

9. For example, the City of San Diego prepared a CCA feasibility study in July 2017. SDG&E determined internally on review that the study contained questionable assumptions and relied on poorly chosen sources. To avoid alleged violations of the Code of Conduct, SDG&E did not bring these study flaws to the attention of the City.

10. The utility's insights would be substantively valuable to local governments' assessments of CCA-related issues and to the benefit of ratepayers. SDG&E has been constrained as to its perspective and insights because of the Code of Conduct. The Code of Conduct has also caused SDG&E to forgo rectifying misinformation spread through various media.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 25, 2018, at San Diego, California.


EUGENE "MITCH" MITCHELL



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: WRCOG Committees and Agency Activities Update

Contact: Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701

Date: April 2, 2018

The purpose of this item is to update the Technical Advisory Committee on noteworthy actions and discussions held in recent standing Committee meetings, and to provide general project updates.

Requested Action:

1. Receive and file.

Attached are summaries of actions and activities from recent WRCOG standing Committee meetings that have taken place since the March 2018 Executive Committee meeting.

Prior Actions:

March 15, 2018: The Technical Advisory Committee received and filed.

March 8, 2018: The Planning Directors Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachments:

1. WRCOG Committees Activities Matrix (Action items only).
2. Summary recaps from recent Committee meetings.

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Item 5.I

WRCOG Committees and Agency
Activities Update

Attachment 1

WRCOG Committees Activities Matrix
(Action items only)

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WRCOG Committees Activities Matrix (Action Items Only)		Executive Committee	Administration & Finance Committee	Technical Advisory Committee	Planning Directors Committee	Public Works Committee	Finance Directors Committee	Solid Waste Committee
Date of Meeting:		3/5/18	Did not meet	3/15/18	3/8/18	Did not meet	Did not meet	Did not meet
Current Programs / Initiatives:								
	Regional Streetlights Program	Received and filed.						
	Property Assessed Clean Energy (PACE) Programs	1) Received WRCOG PACE Program Summary; 2) supported the Administration & Finance Committee's recommendation to approve the 1st Amendment to the Master Bond Purchase Agreement between WRCOG and Renovate America to increase the bond reserve amount from 0.075% to 0.25%; 3) supported the Administration & Finance Committee's recommendation to approve the 2nd Amendment to the Professional Services Agreement between WRCOG and David Taussig & Associates to modify their compensation from \$10 to \$20 to cover their costs of doing business; 4) adopted WRCOG Resolution Number 06-18; and 5) adopted amended WRCOG Resolution Number 03-18;		Received and filed.	n/a			
	Community Choice Aggregation (CCA) / Western Community Energy	n/a		Received and filed.	n/a			
	TUMF	n/a		n/a	n/a			
	Fellowship	n/a		n/a	n/a			
New Programs / Initiatives:								
	EXPERIENCE	n/a		n/a	Received and filed.			

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Item 5.1

WRCOG Committees and Agency
Activities Update

Attachment 2

Summary recaps from recent
Committee meetings

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Western Riverside Council of Governments Executive Committee Meeting Recap March 5, 2018

Following is a summary of key items discussed at the last Executive Committee meeting. To review the full agenda and staff reports for all items, click [here](#). To review the meeting PowerPoint presentations, click [here](#).

Renovate America Fiscal Year 2015/2016 Operational Analysis

- Per WRCOG's PACE Consumer Protection Policies, WRCOG conducted an operational analysis of Renovate America, the HERO Program PACE Provider. Baker Tilly was the firm retained to conduct the analysis.
- There were a total of 114 testing requirements outlined in the Scope of Work, of which 61 were sample-based transaction testing and 53 were based on an evaluation of Renovate America's processes compared to the applicable Consumer Protection Policy.
- To demonstrate a thorough analysis, 5,274 individual transaction tests were performed across the 61 requirements. The results show that 99%, or 5,223 testing points met the requirements of the applicable Consumer Protection Policy.
- Baker Tilly made 7 observations in the transaction testing and 4 observations in the Program Process. WRCOG. It should be noted that during the reporting period, Renovate America made a number of enhancements which included additional scrutiny on contractor participation, enhanced confirmed terms calls with property owners, and ensuring the automated system developed to approve projects is accurate. Due to the changes, many of the observations have been addressed.

Impacts of Automation – Report from University of Redlands

- Researchers from the University of Redlands spoke on how data on future jobs that will likely become automated will impact Riverside County's economic industries and employment.
- Automation and the advance of robotics will have heavy impacts on many of Riverside County's core industries, including: service, retail, logistics, and manufacturing. The data projects that 60% of this region's jobs are at risk of becoming automated. According to the researchers, the Inland Region is regarded to be the 4th most vulnerable region in the country to the impacts of automation.
- Due to consequences such as increased unemployment, workforce dissatisfaction, and homelessness, researchers recommend that public officials get a head start in preparing for these issues.
- Strategies include continuing to evaluate automation risks by sector, preparing public safety infrastructure for addressing homelessness issues, analyzing impacts on local tax structure, and conducting inventory of educational facilities and infusing the automation conversation into future workforce development efforts.

FY 2017/2018 2nd Quarter Budget Amendment

- The Committee approved minor budget amendments for the Agency's 2nd Quarter, which included small adjustments to the Administration, Government Relations, Transportation, Energy, and Environment Departments. In each Department budget, there was no net increase in expenditures.

Cajalco Road / I – 15 Interchange TUMF Agreement

- The Committee approved a Memorandum of Understanding (MOU) with the City of Corona and Riverside County Transportation Commission issuing a TUMF credit to a developer in Corona in exchange for the developer's monetary contributions to a TUMF facility; in this case the Cajalco Road / I 15 Interchange will be constructed at the sole cost of the developer.

Regional Streetlight Program Advances

- Through the Regional Streetlight Program, WRCOG will help 11 jurisdictions acquire their Southern California Edison (SCE)-owned streetlights (nearly 48,000 in total) and retrofit them to energy efficient LED bulbs.
- These 11 jurisdictions are currently in the process of securing necessary approvals from the California Public Utilities Commission (CPUC), after which the transfer of SCE streetlights to local control will take place.
- Concurrently, staff are working with jurisdictions to select the best LED technologies that will be used in the retrofit of all eligible streetlights in the subregion, achieving improved visibility, public safety, energy efficiency, and utility cost savings.

Upcoming Events

- March 7, 1:00 p.m.: The League of California Cities and the California State Association of Counties will host a webinar regarding their joint report on homelessness. The report is available [online](#).
- March 12, 5:30 p.m.: The League of California Cities – Riverside Division dinner will be held in Canyon Lake. RSVP [here](#).
- March 20, 9 a.m. to 1 p.m.: WRCOG, in partnership with the League of California Cities and the Davenport Institute for Public Engagement at Pepperdine University will host a workshop on Technology and Public Engagement. The workshop will be facilitated by Pete Peterson, Dean of the Pepperdine School of Public Policy. The location will be announced this week, and the cost is \$30. RSVP [here](#).
- May 11, 8 a.m. to 12 p.m.: WRCOG, in conjunction with the Contra Costa Transportation Commission, will hold a tour of the Contra Costa County autonomous vehicle testing facility. The tour is free for WRCOG Executive Committee members. RSVP [here](#).
- June 21, 4 p.m. to 9 p.m.: WRCOG will host its 27th Annual General Assembly & Leadership Address featuring Steve Forbes at Morongo, free for WRCOG member jurisdictions. RSVP [here](#).



Western Riverside Council of Governments Technical Advisory Committee Meeting Recap March 15, 2018

Following is a summary of key items discussed at the last Technical Advisory Committee meeting. To review the full agenda and staff reports for all items, click [here](#). To review the meeting PowerPoint presentations, click [here](#).

Regional Streetlight Program Advances

- Through the Regional Streetlight Program, WRCOG will help 11 jurisdictions acquire their Southern California Edison (SCE)-owned streetlights (nearly 48,000 in total) and retrofit them to energy efficient LED bulbs.
- These 11 jurisdictions are currently in the process of securing necessary approvals from the California Public Utilities Commission (CPUC), after which the transfer of SCE streetlights to local control will take place.
- Concurrently, staff are working with jurisdictions to select the best LED technologies that will be used in the retrofit of all eligible streetlights in the subregion, achieving improved visibility, public safety, energy efficiency, and utility cost savings.

BEYOND Program – Spotlight on Regional Cancer Services Task Force

- The BEYOND Program is providing \$4.1 million in funding for local economic development and sustainability projects through Round I (\$1.8 million) and Round II (\$2.3 million) of the Program, with over 20 projects completed thus far. Staff is launching a campaign to spotlight completed BEYOND projects to share successes and lessons learned with the region, beginning with the Regional Cancer Services Task Force (Task Force).
- The Task Force was a joint effort between five jurisdictions (the Cities of Lake Elsinore, Menifee, Murrieta, Temecula, and the County of Riverside) who pooled their BEYOND Round II resources and convened to identify opportunities to support the region's cancer patients by reducing their need to travel outside of the area for premiere treatment.
- The Task Force accomplished many goals, including achieving accreditation for Loma Linda Hospital in Murrieta from the American Cancer Society, and is going to continue meeting after the term of the BEYOND funds expire to continue its work in the subregion.

Public Service Fellowship

- The Fellowship launched in 2016 and is administered by WRCOG in partnership with the University of California, Riverside (UCR), California Baptist University (CBU), and, beginning in 2018, California State University, San Bernardino (CSUSB).
- Round I placed 17 Fellows in member agencies for an intensive, 9 month learning experience, and to staff's knowledge, nearly all alumni Fellows are gainfully employed, with at least eight working for public agencies in Riverside County.
- Round II Fellowships conclude in April 2018, and of the 19 Fellows placed in member agencies, several have already been hired or are in the process of securing employment locally.

- The Executive Committee previously allocated funding for the Fellowship to continue, and TAC members are asked to submit interest forms to cmejia@wrcog.us requesting a Round III Fellow by March 30, 2018. Round III Fellows will begin work in their host agencies in July 2018.

Santa Ana Municipal Separate Storm Sewer System (MS4) Permit Compliance

- Riverside County Flood Control and Water Conservation District provided their bi-annual update to the TAC members on MS4 permit compliance and other mandates for addressing stormwater management in the region.
- These permits, issued pursuant to the federal Clean Water Act, are designed to protect local lakes, rivers and streams from pollution (such as sediment, oils, grease, fertilizers, animal and human waste, trash and dissolved metals) associated with urban land use.
- WRCOG staff is working closely with Flood Control on alternative approaches to cost-effectively address stormwater management in Western Riverside County.

Alternative Compliance Program (ACP)

- Under new more stringent stormwater management regulations, Regional Water Quality Control Boards (RWQCB) may allow alternative compliance programs for jurisdictions to implement in response to these new regulations.
- WRCOG convened an effort to explore the feasibility of an ACP in the subregion, and will be drafting an ACP Guidance Manual, which will include information pertinent to ACP components, such as document recording, credit / deficit recording, collecting fee-in-lieu and annual fees, and assuring ongoing maintenance and compliance.
- The next step is to examine potential options for implementing an ACP in the Santa Ana Watershed region.

Upcoming Events

- May 11, 8 a.m. to 12 p.m.: WRCOG, in conjunction with the Contra Costa Transportation Commission, will hold a tour of the Contra Costa County autonomous vehicle testing facility. The tour is free for WRCOG Executive Committee members. RSVP [here](#).
- June 21, 4 p.m. to 9 p.m.: WRCOG will host its 27th Annual General Assembly & Leadership Address featuring Steve Forbes at Morongo, free for WRCOG member jurisdictions. RSVP [here](#).



Western Riverside Council of Governments Planning Directors Committee Meeting Recap March 8, 2018

Following is a summary of key items discussed at the last PDC meeting. To review the full agenda and staff reports for all items, click [here](#). To review the meeting PowerPoint presentations, click [here](#). For additional information, contact Andrea Howard at ahoward@wrcog.us or (951) 405-6751.

Affordable Housing Package Follow-up

- In follow-up to a presentation received in January, members received additional information and clarifications regarding the requirements and funding opportunities established by bills in the 2017 Affordable Housing Package.
- The California Department of Housing and Community Development (HCD) clarified that under Assembly Bill (AB) 879, HCD is responsible for conducting a state-wide study to assess the reasonableness of fees; local jurisdictions are not responsible for this.
- Every jurisdiction must prepare an annual progress report on the jurisdiction's status and progress in implementing its housing element, due April 1 of each year (covering the previous calendar year). Under AB 879, Annual Progress Reports covering calendar year 2018 and beyond will require additional information. Note, calendar year 2017 progress reports, due April 1, 2018, will use the old form.
- Information was shared regarding the details and anticipated timing of funding availability through Senate Bill (SB) 2, Building Homes and Jobs Act, and SB 3, Veterans & Affordable Housing Bonds Act.
- Members directed staff to coordinate a workshop, facilitated by HCD, regarding how to properly implement all legislation included in the Housing Package.

Regional Housing Element

- Members received a presentation on the potential applications of a regional housing element for the WRCOG Subregion, as an option for the 6th Regional Housing Needs Allocation (RHNA) Cycle.
- Three models exist for regional housing element applications: (1) a single plan is developed for a region, (2) a regional framework is used to guide development of individual plans, and (3) a single regional plan is developed from local plans and processes.
- A case study was presented on use of the single regional plan application, led by Fresno COG, which resulted in certified housing elements for each of the 13 participating jurisdictions.
- Benefits of a regional element include cost savings, streamlining, regional consistency, and increased collaboration.
- Members discussed the potential challenges and opportunities of a regional plan and directed staff to return with additional information.

Assistance to Local Jurisdictions on SCAG RTP/SCS Data Review

- SCAG prepared draft [Data / Map Books](#) for each jurisdiction, which will inform the development of the 2020 RTP/SCS and 6th Cycle RHNA. Jurisdictions are asked to provide input on this data by October 1, 2018.
- WRCOG is utilizing its on-call consultants to assist local jurisdictions with the data review process, up to a certain cost to WRCOG.

- To receive assistance, local jurisdictions will submit a form indicating what type of assistance is needed. The form can be downloaded [here](#) and should be submitted by April 6, 2018.

Experience Regional Innovation Center Feasibility Analysis Update

- Staff introduced the concept of “Experience,” a regional innovation center that would be an outgrowth of the WRCOG Economic Development and Sustainability Framework.
- WRCOG is in the midst of performing a Feasibility Analysis to assess the viability of bringing Experience to life.
- To guide the Feasibility Analysis, staff convened a Steering Committee, composed of Executive Committee members, member agency staff, and regional stakeholders, which has met twice and will convene four more times over the next five months to provide feedback at major milestones of the Analysis.
- Staff will return to PDC with regular updates on the Analysis’ progress.

Next Meeting

- The next meeting of the WRCOG Planning Directors Committee will convene on Thursday, April 12, 2018 at WRCOG’s office, located at 3390 University Avenue, Suite 450, Riverside.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: PACE Programs Activities Update, PACE Program Public Hearing, and Revisions to the Various PACE Provider's Program Reports and Handbooks

Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720

Date: April 2, 2018

The purpose of this item is to hold a public hearing for the City of Pleasanton and to approve revisions to the WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and CA HERO Program Report, as well as the Program Handbooks for WRCOG HERO, CA HERO, CaliforniaFIRST, PACE Funding, and Spruce PACE Programs.

Requested Actions:

1. Receive WRCOG PACE Program Summary.
2. Conduct a Public Hearing Regarding the inclusion of the City of Pleasanton.
3. Adopt WRCOG Resolution Number 07-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered.
4. Approve revisions to the overview statement that incorporates SB 242 and AB 1284 legislation for the WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report and CA HERO Program Report, as well as the Program Handbooks for WRCOG HERO, CA HERO, CaliforniaFIRST, PACE Funding, and Spruce PACE Programs.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, and water conserving improvements to their homes and businesses. Improvements must be permanently fixed to the property and must meet certain criteria to be eligible for financing. Financing is paid back through a lien placed on the property tax bill. The HERO Program was initiated in December 2011 and has been expanded (an effort called "California HERO") to allow for jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers CaliforniaFIRST, Greenworks, Spruce PACE, and PACE Funding as additional PACE Programs under the WRCOG PACE umbrella.

Greenworks Lending Launches

As the newest PACE Program to launch under the WRCOG PACE Umbrella, commercial PACE Provider Greenworks Lending has completed and funded a project for \$1.7M to retrofit a warehouse and distribution center in the City of Lathrop, located in San Joaquin County. The improvements include the installation of a new cool roof and high efficiency lighting. Both WRCOG and Greenworks look forward to retrofitting more commercial buildings across California.

Overall PACE Program Update

The following table provides a summary of all residential projects that have been completed under the

residential WRCOG PACE Programs through March 19, 2018:

PACE Program	Projects Completed	Total Project Value	Product Type Installed
WRCOG HERO	25,959	\$513,028,177	HVAC: 31.9%; Solar: 26.1%; Windows / Doors: 18.2%; Roofing: 9.2%; Landscape: 4.4%
California HERO	58,421	\$1,268,857,432	HVAC: 29.3%; Solar: 27.5%; Windows / Doors: 17.9%; Roofing: 10.1 %; Landscape: 5.5%
CaliforniaFIRST	136	\$4,286,354	HVAC: 14.1%; Solar: 45%; Windows / Doors: 15.2%; Roofing: 12.5%; Landscape: 7.5%
PACE Funding	23	\$536,130	HVAC: 33.3%; Solar: 33.3%; Windows / Doors: 25%; Roofing: 6.3%; Landscape: 0.0%
Total:	84,539	\$1,786,708,093	

The following table provides a summary of the total estimated economic and environmental impacts for projects completed in both the WRCOG and the California HERO Programs to date and more information is available in the HERO snapshots (Attachments 1 & 2):

Economic and Environmental Impacts Calculations	
KW Hours Saved – Annually	874 GWh
GHG Reductions – Annually	174,459 tons
Gallons Saved – Annually	445 Million
\$ Saved – Annually	92 Million
Projected Annual Economic Impact	\$ 2.7 Billion
Projected Annual Job Creation/Retention	16,051 Jobs

Public Hearing for CA HERO and Related Resolution

On June 3, 2013, the Executive Committee, acting in accordance with Chapter 29 of the Part 3, Division 7 of the Streets and Highways Code (“Chapter 29”), conducted a public hearing to consider formally establishing the Program. At the conclusion of the public hearing the Executive Committee adopted its Resolution Number 10-13 confirming the Program Report for the Program and establishing the Program.

Recently, the City of Pleasanton took action to become an Associate Member of WRCOG, thereby enabling the Executive Committee to undertake proceedings to increase the area within which voluntary contractual assessments may be offered pursuant to the Program (the “Program Area”) to include the jurisdictions of such Associate Members.

On February 5, 2018, the Executive Committee adopted its Resolution Number 04-18 setting a public hearing to be held on March 5, 2018, as required pursuant to Chapter 29, to consider the modification of the Program Report to increase the Program Area to include the jurisdictional boundaries of such additional Associate Members.

Due to the notice of public hearing for the City of Pleasanton not being published in its respective county on time, the public hearing regarding the inclusion of the City of Pleasanton needed to be continued to the until the April 2, 2018, Executive Committee meeting.

For the April 2, 2018, Executive Committee meeting, staff is presenting the revised Appendix B “Boundary Map” from the Program Report for consideration and potential approval; the Executive Committee will hold a public hearing to consider increasing the Program Area to include the aforementioned Associate Member and, following the closing of the public hearing, will be asked to consider the adoption of WRCOG Resolution Number 07-18 (Attachment 4), approving the revised Appendix B “Boundary Map” from the Program Report (Attachment 5).

SB 242 and AB 1284 Legislation Added to PACE Provider Program Reports and Handbooks

On October 4, 2017, Governor Jerry Brown signed into law two PACE-related bills – SB 242 (Skinner) and AB 1284 (Dababneh). SB 242, establishes and codifies enhanced consumer protections for PACE Programs throughout the state, while AB 1284 creates a regulatory framework for statewide oversight of PACE providers and contractors through the California Department of Business Oversight (DBO).

SB 242 implements and codifies several enhanced consumer protections, including requiring a confirm terms call prior to a property owner signing an assessment contract, which is something WRCOG already conducts for all HERO participants

AB 1284 requires that Residential PACE administrators (Renovate America, Renew Financial, CaliforniaFIRST, Spruce, etc.) register and maintain a license with the DBO and provide training to their participating contractors. Additionally, AB 1284 also establishes new underwriting standards predicated on income verification and ability-to-pay.

WRCOG is committed to ensuring the laws established are upheld. As many of the regulations established in SB 242 and AB 1284 are also essential components of the WRCOG Consumer Protection Policy, staff collaborated with Best Best & Krieger and its PACE providers to update the overview statement of the WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report, CA HERO Program Report, as well as the Program Handbooks for all WRCOG PACE Programs (Attachments 6-12). For brevity, only the affected sections of the Program Report and Handbooks have been attached for approval.

Staff is requesting the Executive Committee approve the revised language to the overview statement of the WRCOG HERO and CA HERO Program Report as well as all Residential WRCOG PACE Programs Handbooks.

Prior Actions:

March 15, 2018: The Technical Advisory Committee received and filed.

March 5, 2018: The Executive Committee 1) received WRCOG PACE Program Summary; 2) supported the Administration & Finance Committee's recommendation to approve the 1st Amendment to the Master Bond Purchase Agreement between WRCOG and Renovate America to increase the bond reserve amount from 0.075% to 0.25%; 3) supported the Administration & Finance Committee's recommendation to approve the 2nd Amendment to the Professional Services Agreement between WRCOG and David Taussig & Associates to modify their compensation from \$10 to \$20 to cover their costs of doing business; 4) adopted WRCOG Resolution Number 06-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments Postponing a Public Hearing for the City of Pleasanton; and 5) adopted amended WRCOG Resolution Number 03-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachments:

1. WRCOG HERO Program Summary Update.
2. WRCOG HERO Snapshot.
3. CA HERO Snapshot.

4. WRCOG Resolution Number 07-18; A Resolution of the Executive Committee of the Western Riverside Council of Governments confirming modification of the California HERO Program Report so as to expand the Program area within which contractual assessments may be offered.
5. Revised Exhibit B of the California HERO Program Report Revised April 2, 2018.
6. Redlined WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report, Amended April 2018.
7. Redlined CA HERO Program Report, Amended April 2018.
8. Redlined WRCOG HERO Residential Handbook, Amended April 2018.
9. Redlined CA HERO Residential Handbook, Amended April 2018.
10. Redlined CaliforniaFIRST Residential Handbook, Amended April 2018.
11. Redlined PACE Funding Residential Handbook, Amended April 2018.
12. Redlined Spruce Residential Handbook, Amended April 2018.

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 1

WRCOG HERO Program Summary
Update

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WRCOG HERO Program Summary Update

(Launch through 3/19/18)

City	Approved Apps	Approved Amount
Banning	587	\$16,712,377
Calimesa	187	\$7,866,991
Canyon Lake	588	\$31,857,967
Corona	3,383	\$191,617,322
County	6,606	\$335,983,524
Eastvale	903	\$59,201,763
Hemet	1,297	\$35,043,769
Jurupa Valley	2,229	\$96,789,212
Lake Elsinore	1,558	\$63,504,107
Menifee	2,845	\$107,809,616
Moreno Valley	5,170	\$184,205,057
Murrieta	2,896	\$141,464,551
Norco	763	\$45,878,554
Perris	1,118	\$38,200,073
Riverside	6,439	\$283,908,162
San Jacinto	828	\$25,201,149
Temecula	2,719	\$145,334,111
Wildomar	992	\$40,906,759
	41,108	\$1,851,485,064

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Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
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Attachment 2

WRCOG HERO Snapshot

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22,043

Homes Improved

12/14/2011

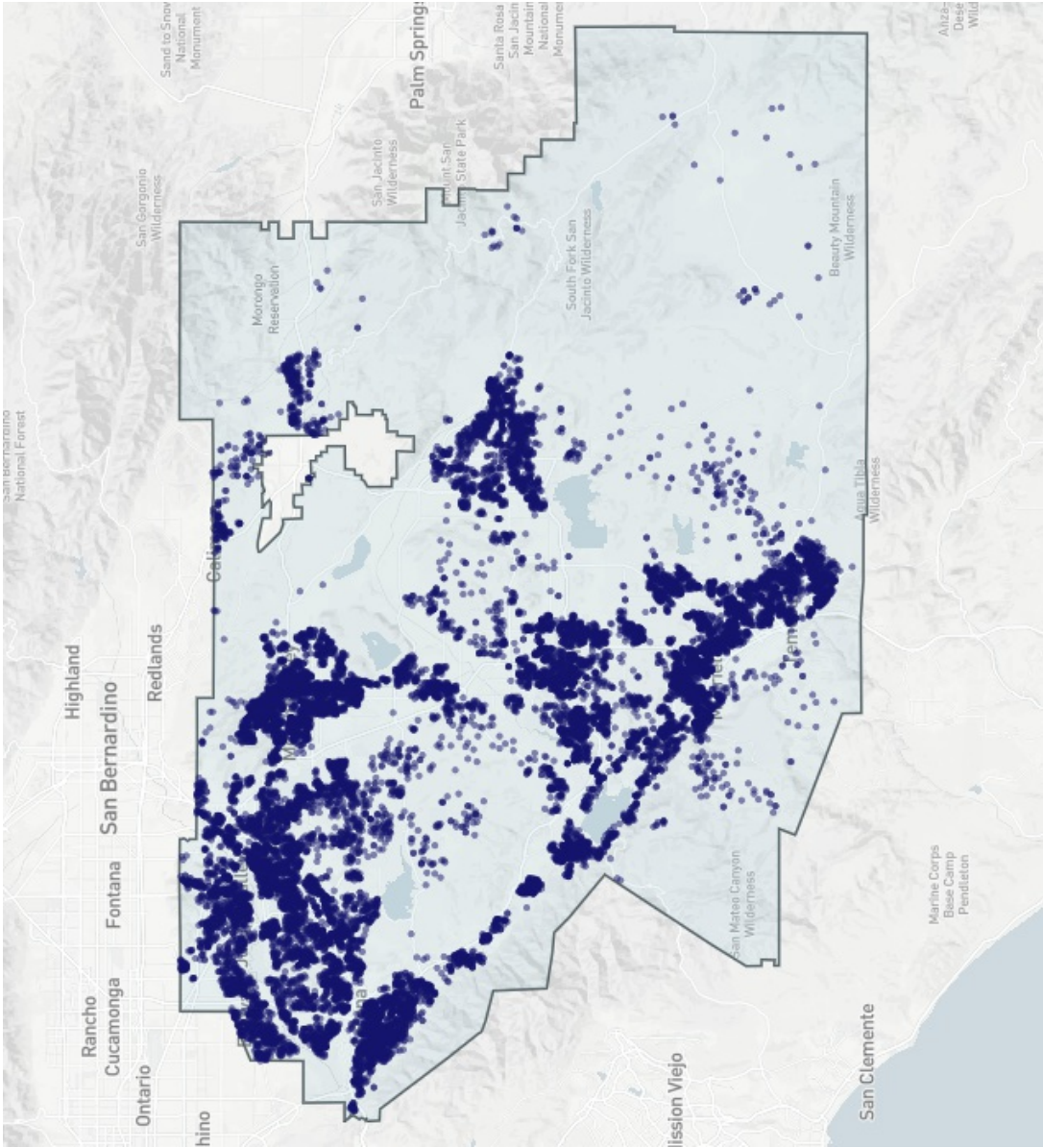
HERO Launch Date

461,637

Housing Count

01/01/2011 - 03/19/2018

Report Range



Improvements

Type	Total Installed	Bill Savings
Energy	29.7K	\$263M
Solar	14.3K	\$412M
Water	2,226	\$19.4M

Lifetime Impact

Applications Submitted	60.4K
Applications Approved	41.1K
Funded Amount	\$513M
Economic Stimulus	\$792M
Jobs Created	4,622
Energy Saved	3.67B kWh
Emissions Reduced	993K tons
Water Saved	2.05B gal

Learn how these numbers are calculated at <https://www.herogov.com/faq>

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Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 3

CA HERO Snapshot

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51,517

Homes Improved

02/10/2014

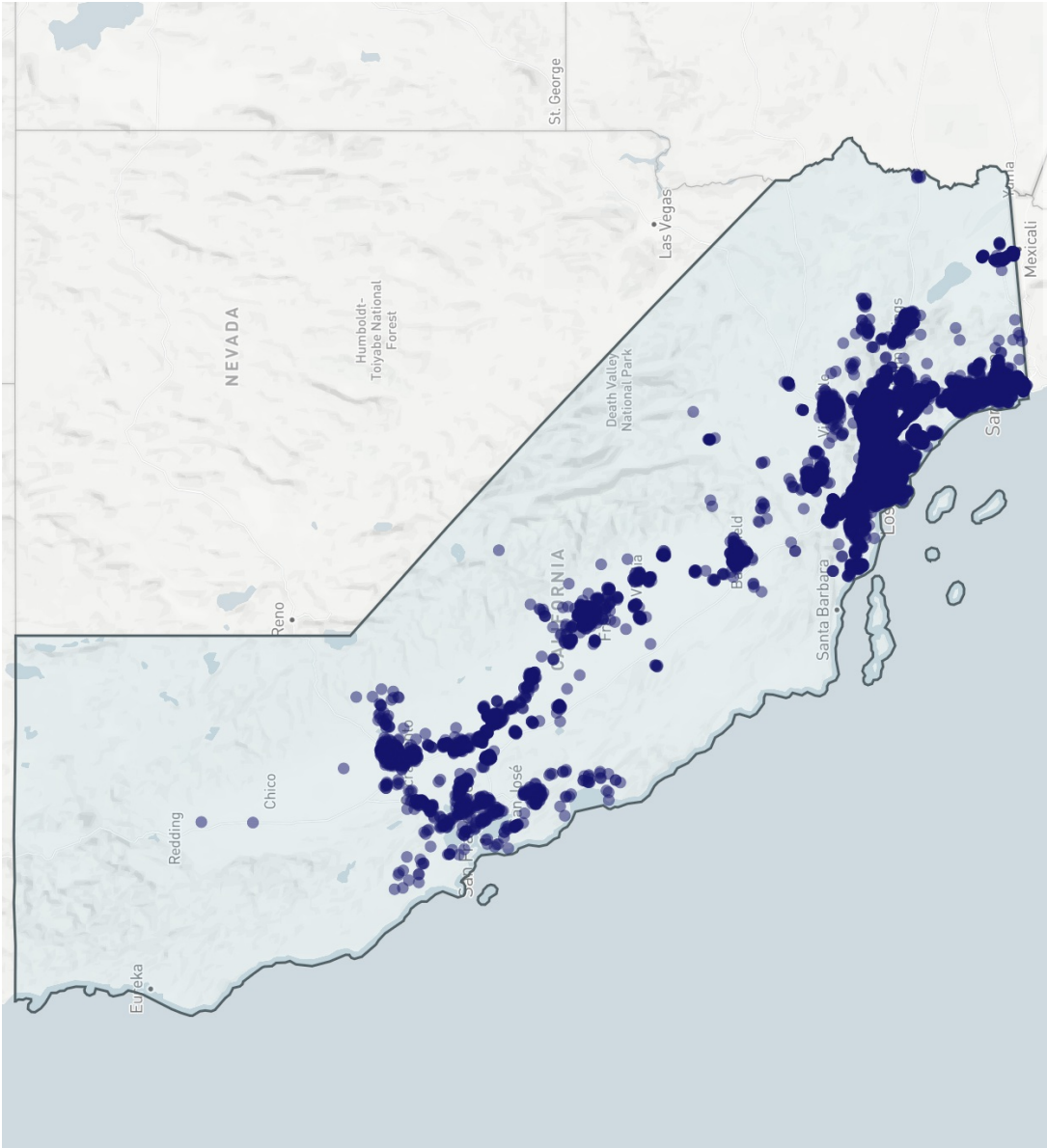
HERO Launch Date

64373646

Housing Count

02/10/2014 - 03/19/2018

Report Range



Type	Total Installed	Bill Savings
Energy	73.7K	\$701M
Solar	29.7K	\$963M
Water	5,356	\$47.0M

Lifetime Impact

Applications Submitted	142K
Applications Approved	105K
Funded Amount	1.27B
Economic Stimulus	\$1.96B
Jobs Created	11.4K
Energy Saved	8.14B kWh
Emissions Reduced	2.15M tons
Water Saved	4.94B gal

Learn how these numbers are calculated at <https://www.herogov.com/faq>

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Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 4

WRCOG Resolution Number 07-18;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments confirming
modification of the California HERO
Program Report so as to expand the
Program area within which
contractual assessments may be
offered

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RESOLUTION NUMBER 07-18

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS CONFIRMING MODIFICATION OF THE CALIFORNIA HERO PROGRAM REPORT SO AS TO EXPAND THE PROGRAM AREA WITHIN WHICH CONTRACTUAL ASSESSMENTS MAY BE OFFERED

WHEREAS, the Executive Committee of the Western Riverside Council of Governments (WRCOG) previously undertook proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29") to permit the provision of property assessed clean energy (PACE) services within those cities that had taken action to become Associate Members of WRCOG as of the date of the initiation of such proceedings, ordered the preparation of a report (the "Program Report") addressing all of the matters set forth in Section 5898.22 and 5898.23 of Chapter 29, held a public hearing on June 3, 2013, on the proposed PACE program and the Program Report and did, by the adoption of its Resolution Number 10-13 on such date (the "Resolution Confirming the Program Report") following such public hearing, approve and establish and order the implementation of a voluntary contractual assessment program to be known as the "California HERO Program" (the "Program") to assist property owners within the jurisdictional boundaries of such Associate Members with the cost of installing distributed generation renewable energy sources, energy and water efficient improvements and electric vehicle charging infrastructure that are permanently fixed to their properties ("Authorized Improvements"); and

WHEREAS, in approving the Program Report, the Executive Committee also established the jurisdictional boundaries of such Associate Members as the initial territory within which voluntary contractual assessments may be offered (the "Program Area") to provide for financing of the installation of Authorized Improvements on properties within such Program Area; and

WHEREAS, subsequent to the establishment of the Program, the Executive Committee has undertaken proceedings pursuant to Chapter 29 to expand the Program Area within which contractual assessments may be offered to include the jurisdictions of certain counties and additional cities that had taken action to become Associate Members of WRCOG since the establishment of the Program; and

WHEREAS, now the legislative body of the City of Pleasanton, has taken action to become an Associate Member of WRCOG and thereby enable the Executive Committee to consider further modifying the Program Report by increasing the Program Area to include the jurisdiction of such new Associate Members so as to enable voluntary contractual assessments to be offered pursuant to the Program to the owners of properties within such jurisdictions to finance the installation of Authorized Improvements on such properties; and

WHEREAS, the Executive Committee did, by the adoption of its Resolution Number 04-18 (the "Resolution of Intention") and Resolution Number 06-18, initiate proceedings pursuant to Chapter 29 to modify the Program Report to include the jurisdictions of the City of Pleasanton, ordered a public hearing to be held on April 2, 2018, for the purposes of affording all persons who are present an opportunity to comment upon, object to, or present evidence with regard to such proposed modification of the Program Report; and

WHEREAS, as required by Section 5898.24 of Chapter 29 and the Resolution of Intention, the Secretary of the Executive Committee caused publication of notice of public hearing for the purpose of allowing interested persons to comment upon, object to or inquire about the proposed modification of the Program Report; and

WHEREAS, on this date, the Executive Committee held the duly noticed public hearing as required by Chapter 29, at which the proposed modification of the Program Report so as to modify the Program Area to include the City of Pleasanton, was summarized and all persons who were present were given an opportunity to comment upon, object to, or present evidence with regard to the proposed modification of the Program Report.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the Western Riverside Council of Governments as follows:

Section 1. Recitals. The above recitals are true and correct.

Section 2. Confirmation of Modification of the Program Report. The modification of the Program Report so as to modify the Program Area to the City of Pleasanton, in the California HERO Program is hereby approved and confirmed.

Section 3. Effective Date of Resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Executive Committee of the Western Riverside Council of Governments held on April 2, 2018.

Deborah Franklin, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Best Best & Krieger, LLP
WRCOG Bond Counsel

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 5

Revised Exhibit B of the California
HERO Program Report Revised
April 2, 2018

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PROGRAM REPORT

CITIES/TOWNS OF ALBANY, ALHAMBRA, ALISO VIEJO, AMADOR, AMERICAN CANYON, ANAHEIM, ANTIOCH, ARCADIA, ARCATA, ARVIN, ATHERTON, ATWATER, AVALON (COMMERCIAL ONLY), AVENAL, AZUSA, BAKERSFIELD, BALDWIN PARK, BEAUMONT, BELL GARDENS (COMMERCIAL ONLY), BELLFLOWER, BELMONT, BELVEDERE, , BENICIA, BERKLEY, BISHOP, BLUE LAKE, BLYTHE, BRADBURY, BRAWLEY, BREA, BRENTWOOD, BRISBANE, BUENA PARK, BURLINGAME, CALABASAS (COMMERCIAL ONLY), CALEXICO, CALIFORNIA CITY, CALIPATRIA, CALISTOGA, CAMARILLO, CAMPBELL, CAPITOLA, CARLSBAD, CARMEL, CARSON, CATHEDRAL CITY, CERES, CHICO, CHOWCHILLA, CHULA VISTA, CITRUS HEIGHTS, CLAREMONT, CLAYTON, CLOVERDALE, CLOVIS, COACHELLA, COALINGA, COLMA, COMMERCE, CONCORD, CORCORAN, CORNING, CORONADO, COSTA MESA, COTATI, COVINA, CRESCENT CITY, CUPERTINO, CYPRESS, DALY CITY, DANVILLE, DAVIS, DEL MAR, DEL REY OAKS, DELANO, DESERT HOT SPRINGS, DIAMOND BAR, DINUBA, DIXON, DORRIS, DOS PALOS, DUBLIN ,DUNSMUIR, EL CAJON, EL CENTRO, EL CERRITO, EL MONTE, EL SEGUNDO, ELK GROVE, ENCINITAS, ESCONDIDO, ETNA, EUREKA, EXETER, FAIRFAX, FAIRFIELD, FARMERSVILLE, FERNDAL, FILLMORE, FIREBAUGH, FORT BRAGG, FORTUNA, FOSTER, FOUNTAIN VALLEY, FOWLER, FREMONT, FRESNO, GALT, GARDEN GROVE, GARDENA, GILROY, GLEN DORA, GONZALES, GRASS VALLEY, GREENFIELD, GROVER BEACH, GUSTINE, HALF MOON BAY, HANFORD, HAWTHORNE, HAYWARD, HEALDSBURG, HERMOSA BEACH, HILLSBOROUGH, HOLTVILLE, HUGHSON, HUNTINGTON BEACH, HURON, IMPERIAL BEACH, IMPERIAL, INDIAN WELLS, INDIO, INDUSTRY, INGLEWOOD, IONE, IRWINDALE, ISLETON, JACKSON, KERMAN, KING CITY, KINGSBURG, LA CANADA FLINTRIDGE, LA HABRA, LA MESA, LA PALMA, LA QUINTA, LA VERNE, LAFAYETTE, LAGUNA BEACH, LAGUNA HILLS, LAKE FOREST, LANCASTER, LARKSPUR, LATHROP, LAWDALE, LEMON GROVE, LEMOORE, LINDSAY, LIVE OAK, LIVINGSTON, LODI, LOMITA, LOMPOC, LONG BEACH (COMMERCIAL ONLY), LOS BANOS, LOYALTON, MADERA, MALIBU, MAMMOTH LAKES, MANTECA, MARTINEZ, MARYSVILLE, MCFARLAND, MENDOTA, MENLO PARK, MERCED, MILL VALLEY, MILLBRAE, MILPITAS, MISSION VIEJO, MODESTO, MONROVIA, MONTEBELLO, MONTEREY PARK, MONTEREY, MOORPARK, MORAGA, MORGAN HILL, MORRO BAY, MOUNT SHASTA, MOUNTAIN VIEW, NAPA, NATIONAL CITY, NEVADA CITY, NEWARK, NEWMAN, NEWPORT BEACH, NOVATO, OAKDALE, OAKLAND, OAKLEY, OCEANSIDE, OJAI, ORANGE COVE, ORLAND, OROVILLE, OXNARD, PACIFIC GROVE, PACIFICA, PALM DESERT, PALM SPRINGS, PALMDALE, PARADISE, PARLIER, PASO ROBLES, PATTERSON, PETALUMA, PIEDMONT, PINOLE, PITTSBURG, PLACENTIA, PLACERVILLE, PLEASANT HILL, [PLEASANTON](#), PLYMOUTH, POINT ARENA, POMONA, PORT HUENEME, PORTERVILLE, PORTOLA VALLEY, POWAY, RANCHO CORDOVA, RANCHO MIRAGE, RANCHO PALOS VERDES, RANCHO SANTA MARGARITA, REDDING, REDONDO BEACH, REDWOOD CITY, REEDLEY, RICHMOND, RIDGECREST, RIO VISTA, RIPON, RIVERBANK, ROHNERT PARK, ROLLING HILLS ESTATES, ROLLING HILLS, ROSEMEAD, SACRAMENTO, SALINAS, SAN ANSELMO, SAN BRUNO, SAN BUENAVENTURA, SAN CARLOS, SAN CLEMENTE, SAN DIEGO, SAN DIMAS, SAN FERNANDO, SAN GABRIEL, SAN JOAQUIN, SAN JOSE, SAN JUAN BAUTISTA, SAN LEANDRO, SAN LUIS OBISPO, SAN MARCOS, SAN MARINO, SAN MATEO, SAN PABLO, SAN RAFAEL, SAN RAMON, SAND CITY, SANGER, SANTA ANA, SANTA CLARA, SANTA CRUZ, SANTA MONICA, SANTA PAULA, SANTA ROSA, SANTEE, SAUSALITO, SCOTTS VALLEY, SEASIDE, SEBASTOPOL, SELMA, SHAFER, SHASTA LAKE, SIERRA MADRE, SIMI VALLEY, SOLANA BEACH, SONOMA, SOUTH EL MONTE, SOUTH LAKE TAHOE, SOUTH PASADENA, SOUTH SAN FRANCISCO, ST. HELENA, STANTON, STOCKTON, SUISUN CITY, SUSANVILLE, SUTTER CREEK, TAFT, TEHACHAPI, TEHAMA, TEMPLE CITY, THOUSAND OAKS, TIBURON, TORRANCE, TRACY, TRINIDAD, TRUCKEE, TULARE, TURLOCK, TUSTIN, UKIAH, UNION CITY, VACAVILLE, VALLEJO, VISALIA, VISTA, WALNUT, WALNUT CREEK, WASCO, WATERFORD, WATSONVILLE, WEED, WEST COVINA, WEST SACRAMENTO, WESTMINSTER, WHEATLAND, WINDSOR, WINTERS, WOODLAKE, WOODLAND, WOODSIDE, YORBA LINDA, YOUNTVILLE , YREKA, AND YUBA CITY, AND

THE UNINCORPORATED COUNTIES OF ALAMEDA, AMADOR, BUTTE, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, GLENN, HUMBOLDT, IMPERIAL, KERN, KINGS, MADERA, MARIN, MARIPOSA, MENDOCINO, MERCED, MONO, MONTEREY, NAPA, NEVADA, RIVERSIDE, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SAN JOAQUIN, SAN LUIS OBISPO, SAN MATEO, SANTA CRUZ, SHASTA, SISKIYOU, SOLANO, SONOMA, TEHAMA, TULARE, YOLO, AND YUBA.

ADOPTED JUNE 3, 2013 - REVISED JULY 15, 2013 - REVISED AUGUST 5, 2013 - REVISED SEPTEMBER 9, 2013 – REVISED NOVEMBER 4, 2013 - REVISED DECEMBER 2, 2013 - REVISED JANUARY 6, 2014 REVISED FEBRUARY 3, 2014 - REVISED MARCH 3, 2014 - REVISED APRIL 7, 2014 - REVISED MAY 5, 2014 REVISED JUNE 2, 2014 – AMENDED JUNE 9, 2014 - REVISED JULY 7, 2014 – REVISED AUGUST 4, 2014 – REVISED SEPTEMBER 8, 2014 – REVISED OCTOBER 6, 2014 -REVISED NOVEMBER 3, 2014 REVISED DECEMBER 1, 2014 – REVISED JANUARY 5, 2015 - REVISED FEBRUARY 2, 2015, REVISED MARCH 2, 2015- REVISED APRIL 6, 2015 – REVISED MAY 4, 2015 – REVISED JUNE 1, 2015 – REVISED JULY 6, 2015 – REVISED AUGUST 3, 2015 – REVISED SEPTEMBER 14, 2015 – REVISED OCTOBER 5, 2015 – REVISED NOVEMBER 2, 2015 – REVISED DECEMBER 7, 2015 – REVISED JANUARY 4, 2016 – REVISED FEBRUARY 1, 2016 – REVISED MARCH 7, 2016 – REVISED APRIL 4, 2016 – REVISED MAY 2, 2016 – REVISED JUNE 6, 2016 – REVISED JULY 11, 2016 – REVISED AUGUST 1, 2016 – REVISED DECEMBER 5, 2016– REVISED JANUARY 9, 2017 – REVISED APRIL 3, 2017 – REVISED JUNE 5, 2017– REVISED JULY 10, 2017– REVISED AUGUST 7, 2017– REVISED SEPTEMBER 11, 2017– REVISED OCTOBER 2, 2017– REVISED DECEMBER 4, 2017– REVISED FEBRUARY 5, 2018 – [REVISED APRIL 2, 2018](#)

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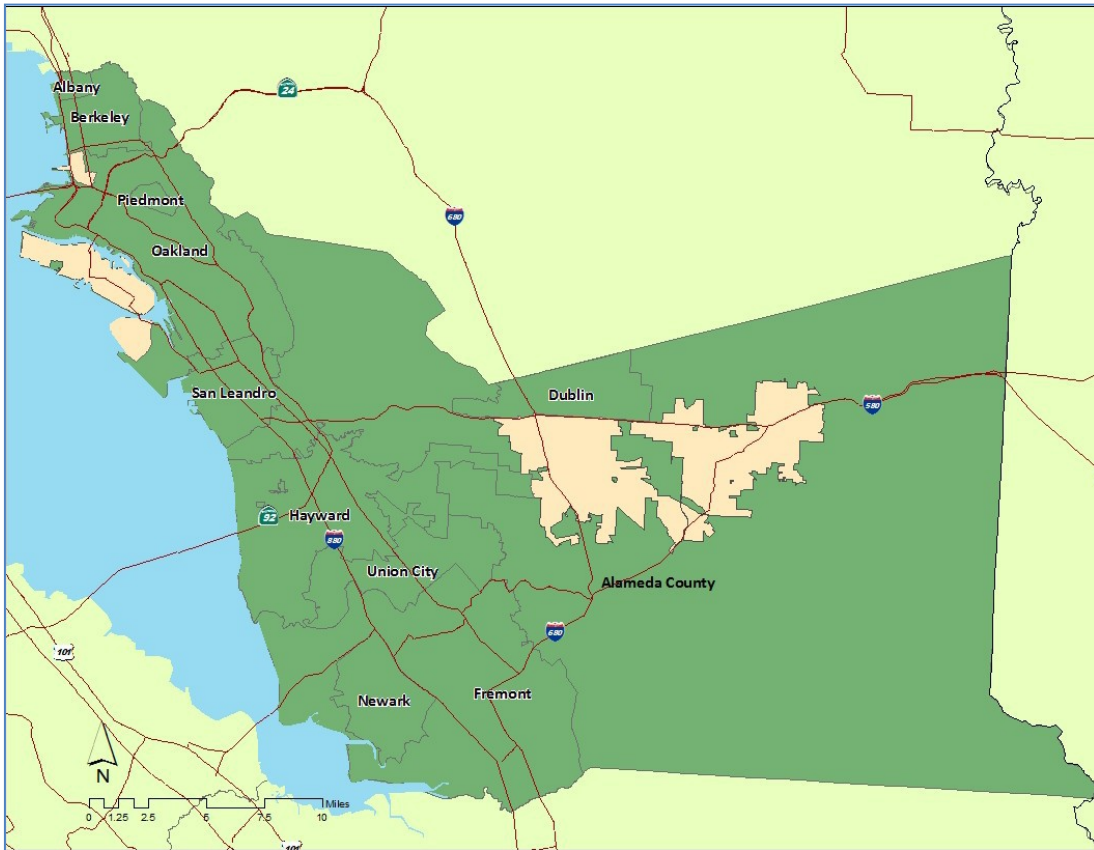
Appendix B

MAP OF PROGRAM AREA (~~February 5, 2018~~[April 2, 2018](#))

The territories within which voluntary contractual assessments are authorized to be offered pursuant to the California hero program are the jurisdictional boundaries of Albany, Alhambra, Aliso Viejo, Amador, American Canyon, Anaheim, Antioch, Arcadia, Arcata, Arvin, Atherton, Atwater, Avalon (Commercial Only), Avenal, Azusa, Bakersfield, Baldwin Park, Beaumont, Bell Gardens (Commercial Only), Bellflower, Belmont, Belvedere, Benicia, Berkley, Bishop, Blue Lake, Blythe, Bradbury, Brawley, Brea, Brentwood, Brisbane, Buena Park, Burlingame, Calabasas (Commercial Only), Calexico, California City, Calipatria, Calistoga, Camarillo, Campbell, Capitola, Carlsbad, Carmel, Carson, Cathedral City, Ceres, Chico, Chowchilla, Chula Vista, Citrus Heights, Claremont, Clayton, Cloverdale, Clovis, Coachella, Coalinga, Colma, Commerce, Concord, Corcoran, Corning, Coronado, Costa Mesa, Cotati, Covina, Crescent City, Cupertino, Cypress, Daly City, Danville, Davis, Del Mar, Del Rey Oaks, Delano, Desert Hot Springs, Diamond Bar, Dinuba, Dixon, Dorris, Dos Palos, Dublin, Dunsmuir, El Cajon, El Centro, El Cerrito, El Monte, El Segundo, Elk Grove, Encinitas, Escondido, Etna, Eureka, Exeter, Fairfax, Fairfield, Farmersville, Ferndale, Fillmore, Firebaugh, Fort Bragg, Fortuna, Foster, Fountain Valley, Fowler, Fremont, Fresno, Galt, Garden Grove, Gardena, Gilroy, Glendora, Gonzales, Grass Valley, Greenfield, Grover Beach, Gustine, Half Moon Bay, Hanford, Hawthorne, Hayward, Healdsburg, Hermosa Beach, Hillsborough, Holtville, Hughson, Huntington Beach, Huron, Imperial Beach, Imperial, Indian Wells, Indio, Industry, Inglewood, Ione, Irwindale, Isleton, Jackson, Kerman, King City, Kingsburg, La Canada Flintridge, La Habra, La Mesa, La Palma, La Quinta, La Verne, Lafayette, Laguna Beach, Laguna Hills, Lake Forest, Lancaster, Larkspur, Lathrop, Lawndale, Lemon Grove, Lemoore, Lindsay, Live Oak, Livingston, Lodi, Lomita, Lompoc, Long Beach (Commercial Only), Los Banos, Loyalton, Madera, Malibu, Mammoth Lakes, Manteca, Martinez, Marysville, McFarland, Mendota, Menlo Park, Merced, Mill Valley, Millbrae, Milpitas, Mission Viejo, Modesto, Monrovia, Montebello, Monterey Park, Monterey, Moorpark, Moraga, Morgan Hill, Morro Bay, Mount Shasta, Mountain View, Napa, National City, Nevada City, Newark, Newman, Newport Beach, Novato, Oakdale, Oakland, Oakley, Oceanside, Ojai, Orange Cove, Orland, Oroville, Oxnard, Pacific Grove, Pacifica, Palm Desert, Palm Springs, Palmdale, Paradise, Parlier, Paso Robles, Patterson, Petaluma, Piedmont, Pinole, Pittsburg, Placentia, Placerville, Pleasant Hill, [Pleasanton](#), Plymouth, Point Arena, Pomona, Port Hueneme, Porterville, Portola Valley, Poway, Rancho Cordova, Rancho Mirage, Rancho Palos Verdes, Rancho Santa Margarita, Redding, Redondo Beach, Redwood City, Reedley, Richmond, Ridgecrest, Rio Vista, Ripon, Riverbank, Rohnert Park, Rolling Hills, Rolling Hills Estates, Rosemead, Sacramento, Salinas, San Anselmo, San Bruno, San Buenaventura, San Carlos, San Clemente, San Diego, San Dimas, San Fernando, San Gabriel, San Joaquin, San Jose, San Juan Bautista, San Leandro, San Luis Obispo, San Marcos, San Marino, San Mateo, San Pablo, San Rafael, San Ramon, Sand City, Sanger, Santa Ana, Santa Clara, Santa Cruz, Santa Monica, Santa Paula, Santa Rosa, Santee, Sausalito, Scotts Valley, Seaside, Sebastopol, Selma, Shafter, Shasta Lake, Sierra Madre, Simi Valley, Solana Beach, Sonoma, South El Monte, South Lake Tahoe, South Pasadena, South San Francisco, St. Helena, Stanton, Stockton, Suisun City, Susanville, Sutter Creek, Taft, Tehachapi, Tehama, Temple City, Thousand Oaks, Tiburon, Torrance, Tracy, Trinidad, Truckee, Tulare, Turlock, Tustin, Ukiah, Union City, Vacaville, Vallejo, Visalia, Vista, Walnut, Walnut Creek, Wasco, Waterford, Watsonville, Weed, West Covina, West Sacramento, Westminster, Wheatland, Windsor, Winters, Woodlake, Woodland, Woodside, Yorba Linda, Yountville, Yreka, and Yuba City, And The Unincorporated Counties Of Alameda, Amador, Butte, Colusa, Contra Costa, Del

Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Kern, Kings, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Monterey, Napa, Nevada, Riverside, Sacramento, San Diego, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Siskiyou, Solano, Sonoma, Tehama, Tulare, Yolo, and Yuba.

Cities of Albany, Berkeley, Dublin, Fremont, Hayward, Newark, Oakland, Piedmont, [Pleasanton](#), San Leandro, Union City, and Alameda County unincorporated areas located in Alameda County, California



Item 6.A

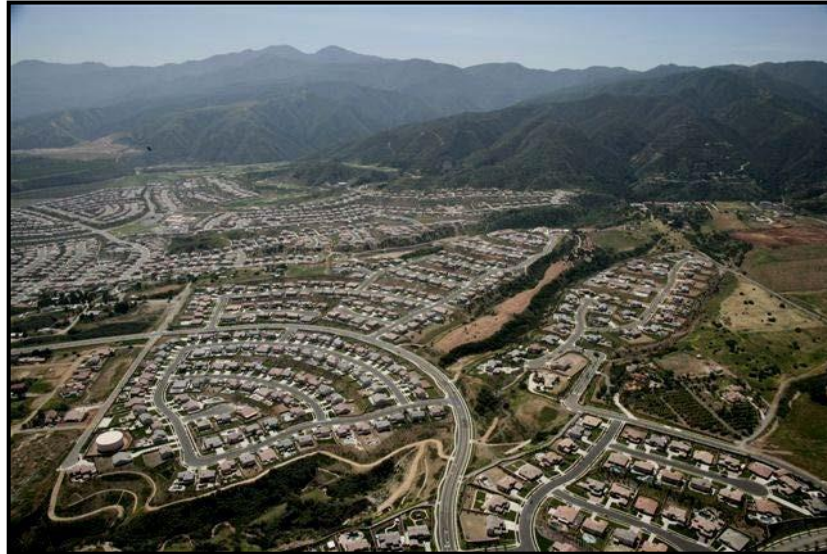
PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 6

Redlined WRCOG Energy Efficiency
and Water Conservation
Administrative Guidelines and
Program Report, Amended April
2018

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ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY



ADMINISTRATIVE GUIDELINES AND PROGRAM REPORT

ADOPTED: JUNE 7, 2010 - AMENDED: JANUARY 12, 2011 - AMENDED: JUNE 6, 2011
AMENDED: JULY 29, 2011 - AMENDED: SEPTEMBER 12, 2011 - REVISED OCTOBER 7, 2011
REVISED OCTOBER 11, 2011 - REVISED JUNE 3, 2013 - REVISED FEBRUARY 3, 2014
AMENDED JUNE 9, 2014 - AMENDED AUGUST 4, 2014
AMENDED OCTOBER 6, 2014 – REVISED NOVEMBER 4, 2014
AMENDED DECEMBER 1, 2014 – REVISED APRIL 4, 2016 – REVISED – JUNE 6, 2016 -
AMENDED SEPTEMBER 12, 2016 – REVISED MARCH 6, 2017 – AMENDED MARCH 7, 2017-
REVISED APRIL 3, 2017 - AMENDED APRIL 4, 2017 – REVISED JULY 11, 2017– REVISED
OCTOBER 2, 2017-~~REVISED JANUARY 8, 2018~~ – REVISED
APRIL 2, 2018



PREPARED BY:
Western Riverside Council of Governments
3390 University Avenue, Suite 450
Riverside, CA 92501
PHONE: (951) 405-6700
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WWW.WRCOG.US



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On August 7, 2017, the WRCOG Executive Committee directed and authorized the WRCOG Executive Director to enter into contract negotiations and execution of any necessary documents to include PACE Funding Group LLC ("PACE Funding") under WRCOG's PACE umbrella.

On November 6, 2017, the WRCOG Executive Committee directed and authorized the WRCOG Executive Director to enter into contract negotiations and execution of any necessary documents to include Greenworks Lending LLC ("Greenworks") under WRCOG's PACE umbrella.

B. Overview Statement For Program Report

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the "State") and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

B.C. GOAL

WRCOG will assist property owners of improved real property with making significant investments in the long-term health of the local, state, and national economy and global environment by providing a financing mechanism for eligible renewable energy, energy efficiency, and water conservation/efficiency improvements.

The overall goal of the Program is to retrofit 10% of pre-2000 constructed homes in the subregion and save the region approximately 464 billion Btu's or 45 million kWhs and assist non-residential property owners with the construction of renewable energy improvements, such as solar photovoltaic systems, that allow the generation of electricity by alternative and renewable resources.

G.D. PROGRAM BENEFITS

The Program provides multiple benefits by enabling property owners to take responsible energy and conservation actions, and potentially reduce their utility bills. Concurrently, the Program will boost the local economy, maximize the effectiveness of the California power grid and water supply, address protection of national and global energy interests, and make it possible for Western Riverside County to fulfill energy and water conservation/efficiency and climate protection commitments.

From WRCOG's perspective, the Program will be a key element in achieving greenhouse gas reduction and water conservation/efficiency goals. The Program provides a significant tool to provide practical resources in the region's transition to greater energy and water conservation/efficiency and renewable energy. Lower energy and water use translates directly into reduced greenhouse gas emissions and helps secure our energy future.

The Program further provides an alternative means of financing seismic strengthening improvements that otherwise may not be affordable due to the upfront costs of making such improvements.

For property owners, the Program offers:

- Access to financing that may not be readily available through traditional means, such



II. PROGRAM REQUIREMENTS FOR PARTICIPATION IN HERO FINANCING FOR RESIDENTIAL

If HERO financing is provided for the Program by Renovate America, Inc., the following eligibility requirements will apply to HERO financing applicants:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- ~~The property is not subject to any notices of default. The property that will be subject to the assessment contract may not have any recorded or outstanding liens in excess of \$1,000.~~
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed ~~9097~~% of the market value of the property. For projects funding on or after January 1, 2015, the maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,0000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property. For projects funding prior to January, 2015, the maximum assessment amount shall not exceed the lesser of (a) less than 10% of the value of the property or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- ~~The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~
- Additionally, the Program Administrator must make a good faith determination of the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water improvements are desired by the owner and the eligibility



V. Program Requirements for Participating in Renew Financial PACE Financing for Residential Properties

If financing is provided for the Program by Renew Financial for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts.
- The property is not subject to any notices of default or foreclosure in the past 2 years.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed ~~909~~7% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- ~~○ The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~
- Minimum financing amount is \$5,000 and the maximum financing amount is \$250,000.
- Additionally, the Program Administrator must make a good faith determination of the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



VII. Program Requirements for Participating in Spruce PACE Financing for Residential Properties

If financing is provided for the Program by Spruce PACE for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) for less than three (3) years).
- Property owner(s) must be current on all property debt of the subject property at the time of application and cannot have had more than one 30-day mortgage late payment over the prior 12 months.
- ~~Property must not have any liens greater than \$1,000 other than lender debt or liens recorded by community facilities districts or similar financing districts. The property that will be subject to the assessment contract may not have recorded or outstanding involuntary liens in excess of one thousand dollars (\$1,000).~~
- The property is not subject to any notices of default.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed ~~99.7~~ % of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- ~~The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~
- Additionally, the Program Administrator must make a good faith determination of the property owner's ability to repay the PACE assessment utilizing monthly income, housing expenses, and debt obligations.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



VIII. Program Requirements for Participating in PACE Funding PACE Financing for Residential Properties

If financing is provided for the Program by PACE Funding for residential properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) for less than three (3) years).
- Property owner(s) must be current on all property debt of the subject property at the time of application and cannot have had more than one 30-day mortgage late payment over the prior 12 months.
- ~~Property must not have any liens greater than \$1,000 other than lender debt or liens recorded by community facilities districts or similar financing districts. The property that will be subject to the assessment contract may not have any recorded or outstanding involuntary liens in excess of one thousand dollars (\$1,000).~~
- The property is not subject to any notices of default.
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- ~~The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Property owners may make more than one application for funding under the Program if additional energy and water Eligible Products are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.



X. Program Requirements for Participating in Standard Financing

If financing for the Program (or a particular group of applicants within the Program) is provided through the issuance of municipal bonds other than through the HERO, Samas, Renew Financial PACE, Spruce PACE, PACE Funding, or Greenworks Financing Plans, the following Program requirements will apply:

- ***ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES***

For residential properties:

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of residential property which pays real property taxes. Certain eligibility criteria must be satisfied and financing may be approved only if the all of the following criteria are met. This criteria is consistent with meeting the California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) PACE Loss Reserve Program:

- Property owner(s) must be the property owner(s) of record.
- Property owner(s) must be current on their property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property taxes more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the prior 12 months.
- ~~Property must not have any liens other than lender debt or liens recorded by community facilities districts or similar financing districts. The Property that will be subject to the assessment contract may not have recorded or outstanding involuntary liens in excess of one thousand dollars (\$1,000).~~
- Property owner(s) have not been involved in a bankruptcy proceeding during the past seven (7) years and the property may not currently be an asset in a bankruptcy proceeding; provided, however, that if the bankruptcy is more than two years old, and if the property owner has no additional late payments more than 60 days past due in the last 24 months, the property owner may be approved.
- Mortgage-related debt on the property must not exceed ~~99~~97% of the value of the property. The maximum assessment amount shall not exceed the lesser of (a) than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter or (b) a combined mortgage and Assessment Contract amount of 100% of the value of the property.
- ~~The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.~~

For Commercial properties:

Property owners may be individuals, associations, business entities, cooperatives,

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Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 7

Redlined CA HERO Program Report,
Amended April 2018

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PROGRAM REPORT

CITIES/TOWNS OF ALBANY, ALHAMBRA, ALISO VIEJO, AMADOR, AMERICAN CANYON, ANAHEIM, ANTIOCH, ARCADIA, ARCATA, ARVIN, ATHERTON, ATWATER, AVALON (COMMERCIAL ONLY), AVALON, AZUSA, BAKERSFIELD, BALDWIN PARK, BEAUMONT, BELL GARDENS (COMMERCIAL ONLY), BELLFLOWER, BELMONT, BELVEDERE, , BENICIA, BERKLEY, BISHOP, BLUE LAKE, BLYTHE, BRADBURY, BRAWLEY, BREA, BRENTWOOD, BRISBANE, BUENA PARK, BURLINGAME, CALABASAS (COMMERCIAL ONLY), CALEXICO, CALIFORNIA CITY, CALIPATRIA, CALISTOGA, CAMARILLO, CAMPBELL, CAPITOLA, CARLSBAD, CARMEL, CARSON, CATHEDRAL CITY, CERES, CHICO, CHOWCHILLA, CHULA VISTA, CITRUS HEIGHTS, CLAREMONT, CLAYTON, CLOVERDALE, CLOVIS, COACHELLA, COALINGA, COLMA, COMMERCE, CONCORD, CORCORAN, CORNING, CORONADO, COSTA MESA, COTATI, COVINA, CRESCENT CITY, CUPERTINO, CYPRESS, DALY CITY, DANVILLE, DAVIS, DEL MAR, DEL REY OAKS, DELANO, DESERT HOT SPRINGS, DIAMOND BAR, DINUBA, DIXON, DORRIS, DOS PALOS, DUBLIN ,DUNSMUIR, EL CAJON, EL CENTRO, EL CERRITO, EL MONTE, EL SEGUNDO, ELK GROVE, ENCINITAS, ESCONDIDO, ETNA, EUREKA, EXETER, FAIRFAX, FAIRFIELD, FARMERSVILLE, FERNDALE, FILLMORE, FIREBAUGH, FORT BRAGG, FORTUNA, FOSTER, FOUNTAIN VALLEY, FOWLER, FREMONT, FRESNO, GALT, GARDEN GROVE, GARDENA, GILROY, GLENDORA, GONZALES, GRASS VALLEY, GREENFIELD, GROVER BEACH, GUSTINE, HALF MOON BAY, HANFORD, HAWTHORNE, HAYWARD, HEALDSBURG, HERMOSA BEACH, HILLSBOROUGH, HOLTVILLE, HUGHSON, HUNTINGTON BEACH, HURON, IMPERIAL BEACH, IMPERIAL, INDIAN WELLS, INDIO, INDUSTRY, INGLEWOOD, IONE, IRWINDALE, ISLETON, JACKSON, KERMAN, KING CITY, KINGSBURG, LA CANADA FLINTRIDGE, LA HABRA, LA MESA, LA PALMA, LA QUINTA, LA VERNE, LAFAYETTE, LAGUNA BEACH, LAGUNA HILLS, LAKE FOREST, LANCASTER, LARKSPUR, LATHROP, LAWDALE, LEMON GROVE, LEMOORE, LINDSAY, LIVE OAK, LIVINGSTON, LODI, LOMITA, LOMPOC, LONG BEACH (COMMERCIAL ONLY), LOS BANOS, LOYALTON, MADERA, MALIBU, MAMMOTH LAKES, MANTECA, MARTINEZ, MARYSVILLE, MCFARLAND, MENDOTA, MENLO PARK, MERCED, MILL VALLEY, MILLBRAE, MILPITAS, MISSION VIEJO, MODESTO, MONROVIA, MONTEBELLO, MONTEREY PARK, MONTEREY, MOORPARK, MORAGA, MORGAN HILL, MORRO BAY, MOUNT SHASTA, MOUNTAIN VIEW, NAPA, NATIONAL CITY, NEVADA CITY, NEWARK, NEWMAN, NEWPORT BEACH, NOVATO, OAKDALE, OAKLAND, OAKLEY, OCEANSIDE, OJAI, ORANGE COVE, ORLAND, OROVILLE, OXNARD, PACIFIC GROVE, PACIFICA, PALM DESERT, PALM SPRINGS, PALMDALE, PARADISE, PARLIER, PASO ROBLES, PATTERSON, PETALUMA, PIEDMONT, PINOLE, PITTSBURG, PLACENTIA, PLACERVILLE, PLEASANTON, PLEASANT HILL, PLYMOUTH, POINT ARENA, POMONA, PORT HUENEME, PORTERVILLE, PORTOLA VALLEY, POWAY, RANCHO CORDOVA, RANCHO MIRAGE, RANCHO PALOS VERDES, RANCHO SANTA MARGARITA, REDDING, REDONDO BEACH, REDWOOD CITY, REEDLEY, RICHMOND, RIDGECREST, RIO VISTA, RIPON, RIVERBANK, ROHNERT PARK, ROLLING HILLS ESTATES, ROLLING HILLS, ROSEMEAD, SACRAMENTO, SALINAS, SAN ANSELMO, SAN BRUNO, SAN BUENAVENTURA, SAN CARLOS, SAN CLEMENTE, SAN DIEGO, SAN DIMAS, SAN FERNANDO, SAN GABRIEL, SAN JOAQUIN, SAN JOSE, SAN JUAN BAUTISTA, SAN LEANDRO, SAN LUIS OBISPO, SAN MARCOS, SAN MARINO, SAN MATEO, SAN PABLO, SAN RAFAEL, SAN RAMON, SAND CITY, SANGER, SANTA ANA, SANTA CLARA, SANTA CRUZ, SANTA MONICA, SANTA PAULA, SANTA ROSA, SANTEE, SAUSALITO, SCOTTS VALLEY, SEASIDE, SEBASTOPOL, SELMA, SHAFTER, SHASTA LAKE, SIERRA MADRE, SIMI VALLEY, SOLANA BEACH, SONOMA, SOUTH EL MONTE, SOUTH LAKE TAHOE, SOUTH PASADENA, SOUTH SAN FRANCISCO, ST. HELENA, STANTON, STOCKTON, SUISUN CITY, SUSANVILLE, SUTTER CREEK, TAFT, TEHACHAPI, TEHAMA, TEMPLE CITY, THOUSAND OAKS, TIBURON, TORRANCE, TRACY, TRINIDAD, TRUCKEE, TULARE, TURLOCK, TUSTIN, UKIAH, UNION CITY, VACAVILLE, VALLEJO, VISALIA, VISTA, WALNUT, WALNUT CREEK, WASCO, WATERFORD, WATSONVILLE, WEED, WEST COVINA, WEST SACRAMENTO, WESTMINSTER, WHEATLAND, WINDSOR, WINTERS, WOODLAKE, WOODLAND, WOODSIDE, YORBA LINDA, YOUNTVILLE , YREKA, AND YUBA CITY, AND THE UNINCORPORATED COUNTIES OF ALAMEDA, AMADOR, BUTTE, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, GLENN, HUMBOLDT, IMPERIAL, KERN, KINGS, MADERA, MARIN, MARIPOSA,

MENDOCINO, MERCED, MONO, MONTEREY, NAPA, NEVADA, RIVERSIDE, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SAN JOAQUIN, SAN LUIS OBISPO, SAN MATEO, SANTA CRUZ, SHASTA, SISKIYOU, SOLANO, SONOMA, TEHAMA, TULARE, YOLO, AND YUBA.

ADOPTED JUNE 3, 2013 - REVISED JULY 15, 2013 - REVISED AUGUST 5, 2013 - REVISED SEPTEMBER 9, 2013 – REVISED NOVEMBER 4, 2013 - REVISED DECEMBER 2, 2013 - REVISED JANUARY 6, 2014 REVISED FEBRUARY 3, 2014 - REVISED MARCH 3, 2014 - REVISED APRIL 7, 2014 - REVISED MAY 5, 2014 REVISED JUNE 2, 2014 – AMENDED JUNE 9, 2014 - REVISED JULY 7, 2014 – REVISED AUGUST 4, 2014 – REVISED SEPTEMBER 8, 2014 – REVISED OCTOBER 6, 2014 -REVISED NOVEMBER 3, 2014 REVISED DECEMBER 1, 2014 – REVISED JANUARY 5, 2015 - REVISED FEBRUARY 2, 2015, REVISED MARCH 2, 2015- REVISED APRIL 6, 2015 – REVISED MAY 4, 2015 – REVISED JUNE 1, 2015 – REVISED JULY 6, 2015 – REVISED AUGUST 3, 2015 – REVISED SEPTEMBER 14, 2015 – REVISED OCTOBER 5, 2015 – REVISED NOVEMBER 2, 2015 – REVISED DECEMBER 7, 2015 – REVISED JANUARY 4, 2016 – REVISED FEBRUARY 1, 2016 – REVISED MARCH 7, 2016 – REVISED APRIL 4, 2016 – REVISED MAY 2, 2016 – REVISED JUNE 6, 2016 – REVISED JULY 11, 2016 – REVISED AUGUST 1, 2016 – REVISED DECEMBER 5, 2016– REVISED JANUARY 9, 2017 – REVISED APRIL 3, 2017 – REVISED JUNE 5, 2017– REVISED JULY 10, 2017– REVISED AUGUST 7, 2017– REVISED SEPTEMBER 11, 2017– REVISED OCTOBER 2, 2017– REVISED DECEMBER 4, 2017– REVISED JANUARY 8, 2018– REVISED FEBRUARY 5, 2018 – REVISED APRIL 2, 2018

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PROGRAM INTRODUCTION

This California HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the California HERO Program (the "California HERO Program", "HERO," "SAMAS Commercial", "Greenworks", or "Program") for cities and counties that elect to participate in the California HERO Program.

A Residential Program Handbook and a Commercial Program Handbook (collectively "Handbooks") are incorporated herein by reference into this Program Report and supplement and provide further details on the Program.

OVERVIEW STATEMENT FOR PROGRAM REPORT

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the "State") and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

PURPOSE OF THE CALIFORNIA HERO PROGRAM

The Western Riverside Council of Governments ("WRCOG" or "Agent") is making the California HERO Program available to every city and county in California to encourage installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. The Agent has partnered with Renovate America for residential and SAMAS Capital and Greenworks LLC for commercial to make HERO available throughout the State.

The California HERO Program is an economic development program available at no cost to participating cities and counties. HERO finances improvements which decrease energy, create clean renewable energy, or decrease water consumption. In addition to these direct benefits, HERO helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

HERO first launched its residential program in western Riverside County in December 2011 and has received several awards across the state. The commercial Program launched in December 2012.



Southern California Association of Governments
2012 President's Award for Excellence (Highest Honor)
<http://www.compassblueprint.org/toolbox/videos/12awards/wrcog>



U.S. Green Building Council
2012 Best Residential Partnership Program in California
<http://www.usgbc.org/ShowFile.aspx?DocumentID=18852>

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 8

Redlined WRCOG HERO Residential
Handbook, Amended April 2018

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WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County

Residential HERO Program Handbook

~~December 2017~~ April 2018

A low cost financing program provided by
the Western Riverside Council of Governments

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- Section 6: Financial Terms outlines the cost of the Program;
- Section 7: Program Process provides a **detailed** description of the Program process;
- Section 8: Dispute Resolution provides summary of steps to take if an applicant wishes to dispute decisions by the Program;
- Section 9: Additional Requirements and Terms provides information about additional Program requirements and terms; and
- Appendices: Appendices provide important forms, definitions and Eligible Products List, which are required by the Program.

For purposes of the handbook, all references to “days” are in calendar days, unless otherwise specified.

1.3 Other Terms and Disclaimers

All applicants must (and interested parties such as contractors should) read the Additional Terms and Requirements section in Appendix B. This section outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating property owners and Program staff.

2 Program Contact Information

2.1 Program Website

The Program website will provide a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, and Program news and events. In addition, residential property owners will be able to apply online and contractors will be able to register online. Frequently Asked Questions, the Eligible Products List, and certain other documents will also be available for download. The Program website address is www.renovateamerica.com.

2.2 Program Offices

The Program office is located in WRCOG’s headquarters at [4080 Lemon Street, 3rd Floor, MS10323390 University Avenue, Suite 450](#), Riverside, CA 92501-3609. The offices are currently open from 7 am to 6 5 pm, Monday through Thursday, excluding holidays. Property owners and contractors may visit the WRCOG offices to ask questions about the Program, pick up and submit hard copy applications or Program brochures, and so on.

2.3 Program Call Center

Property owners and contractors may call 855-HERO-411 to ask questions about the Program or request a copy of the application by mail or email. Program Call Center hours are:

Monday through Thursday	8 am to 10 pm
Friday	8 am to 9 pm

Saturday
Sunday

10 am to 8 pm
10 am to 6 pm

Please see the Program website at www.renovateamerica.com for recent updates about the call center operation times, phone number and other relevant information.

2.4 Program Contact Information and Other Useful Resources

General questions about the Program can be answered by visiting the Program website at www.renovateamerica.com, visiting the WRCOG offices, calling the Program's toll free number at 855-HERO-411, or clicking "Chat Now" at the top of any WRCOG HERO Program webpage.

Program Administrators

WRCOG	Phone Number(s): (951) 405-6700 (800) 350-4645	Program Address: Riverside County Administrative Center Annex 3390 University Avenue, Suite 450 Riverside, CA 92501-3609
Renovate America, Inc.	Program Call Center Number: 855-HERO-411 Program Fax Number: (858) 815-6860 Program Email: wrcog@heroprogram.com	Address: 16409 W. Bernardo Drive, San Diego, CA, 92127
	Contractor Email: contractor@heroprogram.com	

Other Useful Information

California Solar Initiative (Go Solar California)	The California Solar Initiative(CSI) is the solar rebate program for California consumers that are customers of the investor-owned utilities, including Southern California Edison (SCE).	http://www.GoSolarCalifornia.ca.gov (866) 584-7436 (technical) Solar PV – SC Edison (800) 799-4177 (general) Solar PV – SC Edison (800) 799-4177 Solar Thermal – SC Edison (800) Gas-2000 Solar Thermal -- SoCalGas
Southern California Edison	SCE is an investor-owned utility that provides electricity services to most of Riverside County.	http://www.sce.com (800) 655-4555 24-Hour Customer Service
Southern California Gas Company	SCG is an investor-owned utility that provides gas services to most of Riverside County.	http://www.socalgas.com (800) 427-2200
Corona Department of Water and Power	Corona DWP provides electric and water services to certain residents within the City of Corona.	http://www.coronautilities.org (951) 736-2321

3 Future Program Changes

WRCOG reserves the right to change the Program and its terms at any time; however, any such change will not affect a property owner's existing obligation to pay the contractual assessment agreed to in an executed Assessment Contract.

A property owner's participation in the Program will be subject to this Handbook and other documents signed as part of the Program. If any provisions of this Handbook are determined to be unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the Handbook and shall not affect the validity and enforceability of any remaining provisions.

4 Program Eligibility

In accordance with California law, the Program maintains certain minimum standards regarding property valuation and underwriting. The Program's underwriting criteria take into consideration the Property Owner's debts, expenses, and verified income.

All financed properties must be located in a city or county that has signed up to be a HERO community. To see if your city or county is a participating HERO community, visit www.renovateamerica.com. If your city (or county if your home is located in an unincorporated area) has not yet signed up, we recommend you contact one of your local elected officials and ask them to contact us so you can obtain HERO Financing.

4.1 Eligible Products

The Program offers financing for various energy efficiency, renewable energy, and water efficiency products ("Eligible Products").

4.1.1 Eligible Products Must Be Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by the Program financing. Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location are not eligible. Previously installed products are not eligible for Program financing. Also, products that are not permanently fixed are ineligible, including appliances, light bulbs and other non-fixtures.

4.1.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for residential properties is available on the Program website. Property owners are responsible for verifying that all products installed are either on the Eligible Products List or approved as part of a Custom Project. **THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS ARE IN NO WAY RESPONSIBLE FOR THE ELIGIBILITY OF PRODUCTS INSTALLED.**

Before ordering or installing Products, contractors or property owners are required to obtain approval of proposed Eligible Products, which they can do by calling the Program (see Section: Contact Call Center for Product Approval). When calling in, contractors or property owners will need to have all details such as manufacturer, model number, and other typical identification information readily available in order to complete eligibility approval in a timely manner. Before calling the Program to get approval, contractors or property owners may also explore both Eligible Products and eligible models on the Program website www.renovateamerica.com.

WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN MANUFACTURE, OR OPERATION OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY, OR RELIABILITY, OR ELIGIBILITY OF THE PRODUCTS INSTALLED ELIGIBLE PRODUCTS.

A select listing of contractors registered for the Program can be found on the Program website at www.renovateamerica.com.

If an Eligible Product is self-installed, financing will not be available for the property owner's labor and property owner(s) must first sign a Self-Install Agreement before beginning the project.

4.4 Eligible Rebate Programs and Tax Credits

For energy efficiency, renewable energy, and water efficiency Eligible Products, various federal tax credits, state and local rebates, and incentive programs exist.

Not all Eligible Products eligible under the Program will qualify for federal tax credits and/or state or local utility rebates.

For information on rebates and tax credits, please visit the rebates pages listed in Section 2.4 above, including Energy Upgrade California at <https://energyupgradeca.org/county/riverside/overview>, which allows a zip code search for a comprehensive list of different types of rebates available in the area. Other resources include a "Rebate Locator" on the Energy Star website (<http://www.energystar.gov>) and a "Rebate Finder" on the WaterSense website (<http://www.epa.gov/WaterSense/>).

4.4.1 Deductions from Financing Amount

All available up front federal, state, or utility rebates that are assignable to the contractor should be deducted from the assessment amount at the time of financing.

Performance-based incentives which are paid over time, such as the CSI PBI rebate, do not need to be deducted. State or federal tax credits and rebates that are not assignable to the contractor also do not need to be deducted from the assessment amount, but property owners may wish to consider these additional benefits in determining the amount of their financing request.

4.4.2 Solar Rebates and Program Participation

Property owners in Southern California Edison's service territory who plan to install solar photovoltaic ("solar PV") or solar thermal water heating systems must be eligible for and should participate in the appropriate California Solar Initiative ("CSI") rebate program, unless rebates are not available or the property is currently not connected to the utility grid (solar PV only). Most solar installers can assist property owners with applying for these rebates.

4.95 Eligible Number of Assessments

A property owner may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program for a particular property owner still meet all Program guidelines as to maximum assessment limits.

5 Program Requirements

5.1 Contractor Registration

All contractors who install Program-financed Eligible Products must register with the Program.

Any contractor who is licensed by the State of California and is in good standing with the Contractors State License Board (“CSLB”), including meeting all applicable bonding and insurance requirements, and who meets any fraud check requirements, is eligible to register with the Program.

Contractors must also agree to abide by all Program terms and conditions, including:

- Pulling permits as required by the local building department;
- Obtaining approval of proposed Eligible Products in advance by calling the Program or completing the Custom Product Application process;
- Installing Eligible Products that meet the required eligibility specifications;
- Obtaining a business license in each jurisdiction where the contractor does Program-financed work; and
- Only installing Eligible Products for which he/she has the correct contractor’s license

Select contractors will be listed on the Program website.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE AGENT, RENOVATE AMERICA AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENT AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

5.2 Self-Install Agreement

For property owners who choose to self-install Program-financed Eligible Products, those property owners will need to sign a Self-Install Agreement where they agree to follow the Program requirements, including:

- Pulling permits as required by the local building department;
- Obtaining approval of proposed Eligible Products in advance by calling the Program or by completing the Custom Product Application process; and
- Only installing Eligible Products that meet the required eligibility specifications.

5.3 Building Permits and Inspection

Property owners are responsible for obtaining any required building permits for Eligible Products, including final inspection sign off by the appropriate City or County Building Department. Property owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. Property owners should speak with their contractors to determine if their Eligible Products will require a permit and/or inspection and the requirements that must be met.

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

~~Property owners should speak with their contractors to determine if their Eligible Products will require a permit and/or inspection.~~

~~Program staff may also schedule an on-site validation visit to confirm that the approved Eligible Product was fully and permanently installed before approving a submitted Completion Certificate.~~

5.4 Fraudulent Activity

Any misrepresentations made to the Program in the application, the contractor's bid or any other document at any time during the Program is likely to cause the property owner and/or the contractor to be terminated from the Program and may result in legal action. For example, this may result in a refused application, a notification that any installed Eligible Products will be at the expense of the property owners, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

5.5 Required Documents

Required documents must be submitted at different steps in the Program process. For a list of required documents which must be submitted and when they need to be submitted, please see Section: Program Process.

6 Financial Terms

6.1 Costs to Apply

There are no costs to apply for HERO Financing.

6.2 Assessment Costs

Below are the costs to utilize Program financing for the installation of Eligible Products on your property. Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Agent or tax sale of the property by the County Tax Collector.

Recordation of the assessment lien on the property will establish a continuing annual lien. As with other property taxes, the property owner may pay the entire annual amount on the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.

If the property owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with assessments. Under the HERO Program, when a property owner sells or refinances their property, the Agent and the County in which the owner's property is located will permit their assessment to stay with the property; however, the seller's lender or the buyer's lender may

require that the seller pay off the remaining outstanding balance of their assessment when the property owner refinances their home or sells their property. Accordingly, depending upon the requirements of the lenders, the assessment lien may be able to remain (or in the case of a refinancing allow it to remain with the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance. Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.

If a property owner uses an impound account to pay his or her taxes, he or she can contact his or her lender to increase monthly impound payments by an amount equal to the total annual assessment divided by twelve (12) months.

The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing administrative fees and the effective interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments attached to the Assessment Contract.

6.2.1 Interest Rate

Interest will be applied to the assessment principal amount. The final interest rate will be reflected in the Financing Documents and sent to the property owners.

6.2.2 Interest Before First Payment

Interest will be added to the property owner's assessment amount for the period between the closing date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. The maximum amount of interest will be disclosed in the property owner's Financing Documents. Depending on the date the assessment is recorded on the property owner's property, the first assessment payment may not be due until the following tax year.

6.2.3 One-time Program Administration Fee

The One-time Program Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Program Administration Fee covers the cost of issuing bonds by the Agent to finance the installation of Eligible Products and the costs to approve and fund installation of such Eligible Products. The amount of the One-time Program Administration Fee is identified in the Financing Documents.

6.2.4 One-time Assessment Administration Fee

The One-time Assessment Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Assessment Administration Fee covers the administration costs of levying the assessment lien. The One-time Assessment Administration Fee is identified in the Financing Documents.

6.2.5 Annual Assessment Administration Fee

Each tax year an Annual Assessment Administration Fee will be added to the Assessment Installment on the property tax bills for collection. This fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The maximum Annual Assessment Administration Fee may be adjusted annually. The Annual Assessment Administration Fee is identified in the Financing Documents.

6.2.6 County Recording Fees



Property owners will pay for all fees that the Riverside County charges to record the assessment lien documents and related notices on the property. Recording fees charged by Riverside County in connection with levying the assessment are added to the assessment amount or paid upfront by the property owner at closing. Applicable recording fees are identified in the Financing Documents.

6.3 Annual Repayments

Property owners will repay principal and interest over 5, 10, 15, 20, or 25 years, depending on their approved assessment term. Payment will be billed and paid through a separate line item on the property owner's property tax bill. As with other property taxes, the assessment payment is due in one or two installments each year (each payment an "Assessment Installment"). The estimated not-to-exceed payment schedule will be attached to the Assessment Contract that property owners sign, which sets forth the estimated maximum annual payments due during the assessment term. The final payment schedule will be provided to each property owner prior to the Disbursement Date pertaining to such property owner's Assessment Contract. Failure to pay the Assessment Installments and the Annual Assessment Administration Fees when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and the sale of the property of the delinquent property owner.

6.4 Prepayments and Discharge

Property owners may choose to pay off their assessment amount at any time in full, or in any amount of at least \$2,500.

A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the second business day of the second month following the date the prepayment is made. The Property Owner will be required to pay recording fees charged by the County in connection with a prepayment or discharge of the assessment.

In order to prepay, the property owner will need to contact the Program to initiate the prepayment process.

7 Program Process

~~The Program Process section describes the entire process for residential property owners, contractors, and Program Representatives from before the project begins, through all steps of the financing process.~~

The Program includes the following steps. Additional Program information can be found at www.renovateamerica.com.

1. **Application.** Property owner(s) submit application.
2. **Product Approval.** Contractor provides product details online or over the phone before installing products.
3. **Sign Financing Documents.** Renovate America emails the property owner(s) Financing Documents which must be signed and returned.
4. **Install Eligible Products.** The contractor and property owner must sign and submit a Completion Certificate indicating installation is satisfactorily completed along with any required attachments.
5. **Payment Issued.** After the completion certification is submitted and Renovate America has approved the project for payment, funding can be issued to the entity(ies) listed in the Completion Certificate(s).

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the County in which the property is located. The Program will then annually submit a tax roll that identifies the assessment lien and any applicable administrative fees (as identified in the Financing Documents). This assessment payment will appear as a separate line item on a property owner's property tax bills for the term of the financing.

7.1—Scope of Project – Obtain Quote

Property owners must determine which Eligible Product(s) they wish to finance through the Program.

Property owners can work directly with an energy/water auditor and/or contractors to determine the scope of their project. Funding is only available for products listed on the Eligible Products List and Custom Products, if approved by the WRCOG Executive Committee.

Contractors or self-installing property owners may explore what products and models are eligible on the Program website at www.renovateamerica.com.

7.1.1—Energy Audit and Solar Site Evaluation

It is highly recommended that property owners perform a comprehensive energy/water audit on their property before considering any Eligible Products. A comprehensive audit applies building science principles from data collected on the subject property utilizing sophisticated diagnostic equipment including a blower door, duct blaster, and digital infrared camera to precisely detect the cause and measure the effects of building performance related problems.

To find an energy auditor, contact the California Building Performance Contractors Association (CBPCA), Building Performance Institute (BPI), CalCERTS, or RESNET. Some energy auditors also provide home performance contracting work and specialize in energy efficiency products.

As some homes may not have proper solar exposure or the structural framework to support the weight of a system, property owners who are considering the installment of a solar PV or solar thermal system are encouraged to contact one or more qualified solar system installers for a free solar site evaluation. Also, property owners should register and then complete the rebate process for their solar PV projects with CSI, or the appropriate local utility, when available.

7.1.2—Eligible Product Look Up

Prior to submitting an application, contractors and property owners may do preliminary research to determine whether a product is eligible on the Program website at www.renovateamerica.com. However, property owners may not purchase or install Eligible Products until they have received an email from the Program with an attached Completion Certificate, listing the approved Eligible Products (including the particular model and its cost) for all of the items they plan to install.

7.2—Process Overview

The chart below shows the steps for the completion of a residential project financed through the Program:

1

Apply

Property owner submits application online, through a contractor, or by hard copy.

2

Product Approval

Contractor or property owner calls WRCOG HERO Program Representative with specific product details before installing products.

3

Sign Financing Documents

Property owner is emailed Financing Documents, which they sign, notarize, and return.

4

Install Eligible Products

After Financing Documents are approved and the contractor and property owner receive a Notice to Proceed, the contractor may start work.

5

Submit Completion Certificate

Once all work and permits have been completed, the contractor and property owner must sign and submit a Completion Certificate within 90 days.

6

Assessment and Payment Issued

After WRCOG HERO Program receives the signed Completion Certificate, the assessment lien documents are recorded and payment is issued.

7.3—Apply for the Program

7.3.1—Application

~~Each property owner will need to complete an application and pay the application fee, if applicable.~~

~~Property owners have the option of submitting the application:~~

- ~~1. online: <http://www.heroprogram.com>,~~
- ~~2. phone: 855-HERO-411,~~
- ~~3. fax: (858) 815-6860,~~
- ~~4. email: wrcog@heroprogram.com,~~
- ~~5. mail or in person: WRCOG HERO Program, 4080 Lemon Street, 3rd Floor, MS 1032, Riverside, CA 92501-3609, or~~
- ~~6. through a contractor registered with the Program.~~

Submission of an application does not guarantee that a property owner will be approved for financing. Also, if a property owner proceeds with installation of any Eligible Products prior to receiving approval, the property owner risks becoming ineligible for Program financing. Furthermore, if a property owner is approved for financing but then installs products that are not eligible, that project will not be funded.

By submitting an application, property owners are specifically authorizing and agreeing that the Program staff has permission to obtain a credit report for each property owner and any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify the property owners' declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program.

7.3.1.1 — Secure Online Application

A secure online application for the Program is available on the Program website www.renovateamerica.com. The online application is a step-by-step process where each applicant provides personal and property information and, if applicable, allows the applicant to pay the application fee online. Applicants who receive an "approved" response to their application may then obtain approval of the proposed Eligible Products by calling the Program at 855-HERO-411 (see Section: Contact Call Center for Product Approval for details). Applicants who receive a "conditionally approved" or "in review" message regarding their application will be contacted by a Program Representative once the application has been reviewed, but may also correspond with the Program either by email at wrcog@heroprogram.com or through the call center at 855-HERO-411. Applicants will also receive notification emails regarding their application status.

7.3.1.2 — Hard Copy Application

In addition to the online application, a hard copy application is also available for property owners to fill out. The applicant may obtain the hard copy application by downloading it from the Program website, calling Program Representatives at 855-HERO-411, emailing Program representatives at wrcog@heroprogram.com, or visiting the WRCOG office at 4080 Lemon Street, 3rd Floor, Riverside, CA 92501. Program information and documents are available through these same methods. Once completed, a property owner may submit a hard copy application by mail, e-mail, facsimile, or in person to the contact information stated above.

7.3.1.3 — Contractor Call In

Contractors who have registered with the Program may call in an application to the Program and receive approval over the phone. The property owner must fill out the hard copy application, provide that information over the phone, and then fax, email or mail a signed version of the application copy emailed by the Program to the property owner. As with the online application, calling in and then faxing or emailing the signed application allows quick processing and official notification of financing eligibility.

7.4 — Application Review

Program staff will review the application and issue a notification of status as set forth below.

7.4.1—Application Review Results

Applicants will receive official notification of the status of their applications immediately if applying through the online system or through the contractor call in method (with a confirming email). If applying through a hard copy application, the Program will notify applicants of the application status determination by email or mail once the application is processed. There are four possible application review results:

Approved. An application will be approved if Program staff has verified all of the items listed in the Eligibility Requirements for properties and property owners. An “approved” applicant will receive an Approval Letter with instructions about the next steps for obtaining Program approval of Eligible Products, signing Financing Documents, installation of Eligible Products, and submitting the Completion Certificate. An “approved” applicant must comply with all Program requirements for these items, or will not be approved for funding at a later date.

Conditionally Approved. An application will be conditionally approved if all the submitted information meets the underwriting eligibility requirements, but, based on certain information that was encountered during processing, additional information or documentation is required. If the property owner complies with the listed additional conditions, the application will then be approved. Examples of “conditions” that might be required are trust documents for property in a trust’s name or corporate authorization documentation when the property is owned by a corporation. It is within the Program staff’s discretion to request specific types of documentation depending on the issues with the application.

In Review. An application will be reviewed if the Program staff and/or the automated underwriting system is unable to connect the property with the property owner using the information that was submitted by the applicant or any issues arise during verification of eligibility requirements. “In review” applicants will be notified by email or mail of the issues that need to be resolved before the application can move forward. If the applicant has any questions, he or she can always call the Program to speak with a Program representative at 855-HERO-411.

Denied. An application will be denied if Program staff determines the applicants or the property do not meet the eligibility requirements. A property owner will be notified in writing by mail or email of the specific reason(s) why his or her application was denied. If the property owner believes there has been an error based on the stated reasons in the declination letter and is unable to resolve it quickly by contacting Program staff, the property owner must follow the steps set forth in Section 8, Dispute Resolution, in order to formally contest the Program’s decision.

If an application is approved, the Program will email or mail an approval letter with instructions for next steps. When the property owner(s) signs the Financing Documents, he/she must sign pages 3 and 4 of a printed copy of the application.

7.5—Obtain Program Approval for Eligible Products

Property owners must obtain approval of all Eligible Products to be installed PRIOR to installation.

7.5.1—Contact Call Center for Product Approval

Contractors or property owners will need to call the Program at 855-HERO-411 to obtain approval of specific Eligible Products and installation costs before Financing Documents are emailed to the property owner and Eligible Products are installed. The installation cost provided by the contractor or property owner is a “Not to Exceed” amount and the final invoiced amount of the project may not exceed this amount.

This process should be followed for each Eligible Product included in the project. If a different Eligible Product or model needs to be installed, the contractor or property owner must contact the Program representatives again and repeat the process outlined above.

To help determine which Eligible Products to install, the current Eligible Products List and the minimum specifications and/or installation requirements for each Eligible Product is available on the Program website www.renovateamerica.com.

7.5.2—Custom Products

If a property owner wishes to finance a Custom Product, he or she must request approval for the Custom Product after financing has been approved. To do so, the property owner must complete the Custom Product Application and provide attachments that support information regarding:

- (a) the Custom Product they wish to install;
- (b) the cost to install; and
- (c) the basis for eligibility (energy savings, water savings, or renewable energy production).

During Custom Product review, Program Representatives may request additional documentation or additional contractor(s)' bid(s) for proposed Custom Products for any reason, including if the Program determines that the submitted bid(s) appear to be unreasonable as to cost or scope.

All Custom Product Applications must be approved by the WRCOG Executive Committee at one of their regularly scheduled meetings.

The Program reserves the right to deny any Custom Product Application. Reasons for denial may include any of the following: if it appears that the proposed Custom Product is not cost effective, is too experimental or unreliable, the claimed energy or water savings or renewable energy generation product is not clearly supported, the costs do not appear to be in conformance with industry standards, or installation of the product may violate local laws or regulations. The Program will provide a written explanation for any denial of a Custom Product Application.

7.6—Financing Documents

After products are approved, Program Representatives will email property owners their Financing Documents, which must be signed and received by the Program at 4080 Lemon Street, 3rd Floor, Riverside, CA 92501 by the date stated on the signature page of the Assessment Contract:

- 1.—Signed Financing Summary

- ~~2. Signed Assessment Contract with exhibitsthereto;~~
- ~~3. Signed Application;and~~
- ~~4. Acknowledged Right to Cancel.~~

~~The due date on the signature page of the Assessment Contract will generally be ten (10) calendar days from the date of issuance of the Financing Documents. This means that the original, executed Financing Documents must be received by the Program by the close of business on the stated due date.~~

~~If all property owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents may need to be issued. Repeated delays requiring repeated reissuance of Financing Documents, however, may result in a cancellation of approval for Program financing.~~

~~The Property Owner and Contractor can update the details of an Assessment Contract through an Addendum to the Assessment Contract.~~

~~Samples of all the HERO Financing Documents referenced in Section 7.6 can be found on the HERO Program website.~~

~~Spanish translations of the sample HERO Financing Documents can also be found on the HERO Program website. Links to the sample Financing Documents in English and Spanish are located in Appendix C.~~

~~7.7—Installation of Eligible Products~~

~~After Financing Documents are approved and the Assessment Contract is countersigned by WRCOG, the property owner and contractor will receive a Notice to Proceed, which informs the property owner and contractor that they may begin their project.~~

~~Installation may only be completed by a contractor who has registered with the Program or by a self-installing property owner. Eligible contractors may register with the Program if they have met all the requirements and sign an agreement to comply with all Program terms and conditions. Property owners who are self-installing must notify the Program when they call in for Eligible Product approval that they are self-installing and must submit a signed Self-Install Agreement with the Completion Certificate. See Section: Program Eligibility.~~

~~All Eligible Product installations, inspections or validations, and submission of the Completion Certificate and required attachments must be completed within the date indicated on the Completion Certificate. Applicants who are completing larger projects and/or who believe they need more time may contact the Program to come to an agreement on an appropriate completion period.~~

~~If the approval period expires without the Program agreeing to an extension in writing, the property owner may be required to submit a new application with a new application fee.~~

~~THE PROGRAM, WRCOG, THE AGENT, RENOVATE AMERICA, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.~~

~~7.7.1 Building Permit Requirements~~

~~Property owners are responsible for obtaining building permits and completing inspections, including final inspection sign-off, by the appropriate City or County Building Department. Property owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. Property owners should speak with their contractors to determine if their Eligible Products require a building permit and/or inspection and what requirements must be met.~~

~~The Program has the right to schedule an on-site validation visit once the Completion Certificate is submitted for any installed, Program-financed Eligible Products (see Section: Submit Completion Certificate).~~

~~7.8 Submit Completion Certificate~~

~~Once installation is complete, the property owner must submit an executed Completion Certificate and all required attachments to the Program for approval. To do so, the following conditions must be met: (1) all installed Eligible Products or Custom Products have been specifically approved by the Program in advance of installation and listed in one or more Completion Certificate(s); (2) all Eligible Products or Custom Products to be financed have been completed and installed in compliance with Program rules; and, (3) property owner(s) are submitting a complete Completion Certificate within the financing period set forth in the application approval letter.~~

~~In executing the Completion Certificate the property owner is certifying, among other things, that:~~

- ~~❑ The products installed on such owner's property are completed to such owner's satisfaction; and~~
- ~~❑ The property owner understands that the selection of the contractor and acceptance of the materials used and the work performed is such owner's responsibility and that the Agent, Renovate America, each of the Participating Entities and their respective officers, employees and agents do not endorse or recommend contractors who register with the Program nor do they guarantee, warranty or otherwise insure the completion of the installation of the eligible products by such contractors or the operation of the eligible products or any other person involved with the installed products, the design or manufacture of such products, or the economic value, energy savings, safety, durability or reliability of such products.~~

~~If any property owner has any questions regarding the certifications contained in the Completion Certificate or concerns regarding the effect of executing such Completion Certificate, the property owner is advised to consult such property owner's own legal counsel prior to executing the Completion Certificate.~~

~~The Completion Certificate must be submitted with signatures from the contractor and property owner(s) and may additionally require the following documents:~~

- ~~1. A fully executed home improvement contract, including all pages and addendums from all contractor(s), a product invoice(s) if self-installed, or a lease agreement for solar prepaid lease installation projects;~~
- ~~2. If required by the jurisdiction, a pulled (initial) permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products, unless additional permitting requirements are specifically required below. The Program reserves the right to require a final permit at any time for all permitted Eligible Products or Custom Products, as determined by the Program and as practiced by the jurisdiction;~~
- ~~3. Business license for jurisdiction, if no building permits required for any of that contractor's installed Eligible Products;~~
- ~~4. Specific Eligible Product Attachments:
 - ~~a) Custom Products Approved HERO custom product application;~~~~

- b) Energy Audit- Copy of energy audit report;
 - c) Small Wind Turbine- Copy of final building permit inspection card;
 - d) Cool Roof (Prescriptive or Performance)- Copy of final building permit inspection card;
 - e) Solar Installations- Copy of initial permit or final building permit inspection card. It is the responsibility of the property owner to furnish a copy of the final building permit, if requested by the Program;
 - f) HVAC (Central Heat Pump, Central Air Conditioning, Evaporative Cooler, Furnace, or Geothermal Heat Pump)- Copy of initial building permit;
 - g) Water Heating (All products)- Copy of initial building permit; and
5. Signed Self-Install Agreement, if property owner self-installed any Eligible Products without using a contractor registered with the Program.

A current list of the required attachments for the Completion Certificate will be provided on the Completion Certificate Instructions page that a property owner receives with their Completion Certificate.

Completion Certificates and required attachments may be submitted to the Program by facsimile, email, mail or hand delivery.

If an on-site validation visit is required before approval or the Completion Certificate is incomplete, Program Representatives will notify the property owner by email or mail of the next steps.

~~7.8.1 Right to Validate Products by Program Administrator~~

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

~~8.9 Record Lien on Property and Issue Payment~~

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the County of Riverside, issue bonds and issue payment. Payment will be issued to the contractor(s) listed in the Completion Certificate(s) and signed by the property owner, unless the property owner self-installed.

It typically takes less than 3 business days to receive payment after the Completion Certificate and associated documents have been properly submitted and approved, however, the time to receive payment may take a longer period of time.

~~8.10 Add Assessment to Property Taxes~~

For all property owners who sign Financing Documents, the Program will submit to the County a tax roll that identifies the tax lien and the assessment due. This assessment payment will appear as a separate line item on a property owner's annual property tax bills for the term of the financing.

~~7.10.1 Assessment Payments on Property Tax Bill~~

~~Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition of the newly installed Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and, eventually, foreclosure of the property by the WRCOG or the County Tax Collector.~~

~~Recordation of the assessment lien on the property will establish a continuing annual lien. As with other property taxes, the property owner may pay the entire annual amount on the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.~~

~~If the property owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with assessments. Under the WRCOG HERO Program, when a property owner sells or refinances their property, WRCOG and the County will permit their assessment to stay with the property; however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their WRCOG HERO Program Assessment. Accordingly, depending upon the requirements of the lenders, the seller may be able to transfer the remaining balance to the new owner (or in the case of a refinancing allow it to remain with the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance. Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.~~

~~If a property owner uses an impound account to pay his or her taxes, he or she should contact his or her lender to increase monthly impound payments by an amount equal to the total annual assessment divided by twelve (12) months.~~

~~The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program administration fees, ongoing support fees and the effective interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments attached to the Assessment Contract.~~

98 Dispute Resolution

The parties who have signed a WRCOG Assessment Contract for the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the WRCOG Executive Director or his or her designated representative and the Property Owner. Either party must give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the WRCOG Executive Director and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who wish to dispute decision(s) made by the WRCOG, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to WRCOG at [4080 Lemon Street, 3rd Floor, MS10323390 University Avenue, Suite 450](#), Riverside, CA 92501-3609. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the WRCOG with the Property Owner, and shall attempt to resolve the dispute. The WRCOG shall render a written decision in 30 calendar days and

send that decision to the Property Owner. The decision of the WRCOG is final.

109 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Handbook. All Program applicants, borrowers, and contractors are subject to these additional terms as applicable.

ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THESE ADDITIONAL REQUIREMENTS AND TERMS AS APPLICABLE AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.

1110 Appendices

Appendix A: Glossary of Terms

Annual Fuel Utilization Efficiency (AFUE): AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

Assembly Bill 811: Approved in July 2008 by the California legislature, authorizes cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

Assembly Bill 474: Approved in October 2009 by the California legislature, expands provisions to authorize the legislative body of any public agency, as defined, to determine that it would be in the public interest to designate an area within which authorized city officials and free and willing property owners may enter into contractual assessments to finance the installation of eligible water conservation Products that are permanently fixed to real property.

Assessment Contract: A contract entered into between a property owner or property owners and the Agent to provide financing for the installation of Eligible Products on property of such owner or owners under the California HERO Program.

Assessment Contract Addendum: An addendum to the Assessment Contract that is used to make corrections to the contract and/or modify the contract to make desired project changes.

British Thermal Units (Btu): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

Building Performance Institute (BPI): BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

Building Permits: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

California Solar Initiative (CSI): The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

California Title 24: California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code, is a compilation of three types of building standards from three different origins:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;
- Building standards that have been adopted and adapted from the national model code standards to meet California conditions;
- Building standards, authorized by the California legislature, that constitute extensive additions

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 9

Redlined CA HERO Residential
Handbook, Amended April 2018

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California Residential HERO Program Handbook

~~December 2017~~ April 2018

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1.3 Other Terms and Disclaimers

All applicants **must** (and interested parties such as contractors should) read the Additional Terms and Requirements and Terms in Appendix B. **Applicants will be required to certify that they have read the Additional Requirements and Terms as a precondition to participating in the Program.** This section outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating property owners and Program staff.

2 Program Contact Information

2.1 Program Website

The Program website provides a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, and Program news and events. In addition, residential property owners will be able to apply to participate in the Program online and contractors will be able to register online. Frequently Asked Questions, the Eligible Products List, and certain other documents will also be available for download. The Program website address is www.renovateamerica.com.

2.2 Program Call Center

Property owners and contractors may call 855-HERO-411 to ask questions about the residential financing Program or request a copy of the application by mail or email. Program Call Center hours are:

Monday through Thursday	8 am to 10 pm
Friday	8 am to 9 pm
Saturday	10 am to 8 pm
Sunday	10 am to 6 pm

Please see the Program website at www.renovateamerica.com for recent updates about the call center operation times, phone -number- and- other relevant information.

2.3 Program Contact Information and Other Useful Resources

General questions about the Program can be answered by visiting the Program website at www.renovateamerica.com, calling the Program's toll free number at 855-HERO-411, or clicking "Chat Now" ~~at the top of anyon the HERO Program webpage~~[Renovate America website](http://www.renovateamerica.com).

Program Contacts		
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	Phone Number(s):	Address:
--	-------------------------	-----------------

WRCOG (the “Agent”)		
----------------------------	--	--

	(951) 405-6700 (800) 350-4645	
--	---	--

		Riverside County Administrative Center Annex 4080 Lemon Street, 3rd Floor, MS 1032-3390 <u>University Avenue, Suite 450</u> Riverside, CA 92501-3609
--	--	---

Renovate America, Inc.		
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	Program Call Center Number: 855-HERO-411	
--	--	--

		16409 W. Bernardo Drive, San Diego, CA, 92127
--	--	--

	Program Fax Number: (858) 815-6860	
--	--	--

	Program Email: info@heroprogram.com	
--	---	--

	Contractor Email: contractor@heroprogram.com	
--	--	--

3 Future Program Changes

The Agent reserves the right to change the Program and its terms at any time; however, any such change will not affect a property owner's existing obligation to pay the contractual assessment agreed to in an executed Assessment Contract.

A property owner's participation in the Program will be subject to the regulations and terms set forth in this Handbook and other documents that constitute the agreement between the Agent and the property owner. If any provisions of this Handbook are determined to be unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the Handbook and shall not affect the validity and enforceability of any remaining provisions.

4 Program Eligibility

In accordance with California law, the Program maintains certain minimum standards regarding property valuation and underwriting. The Program's underwriting criteria take into consideration the Property Owner's debts, expenses, and verified income.

—All financed properties must be located in a city or county that has signed up to be a HERO community. To see if your city or county is a participating HERO community, visit www.renovateamerica.com. If your city (or county if your home is located in an unincorporated area) has not yet signed up, we recommend you contact one of your local elected officials and ask them to contact us so you can obtain HERO Financing.

4.1 Eligible Products

The Program offers financing for various energy efficiency, renewable energy, and water efficiency products and electric vehicle charging infrastructure ("Eligible Products").

4.1.1 Eligible ~~Products~~ ~~Must Be~~ Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by the Program. The following are not eligible for Program financing:

- Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location;
- Previously installed products;
- Products that are not permanently fixed, including appliances, light bulbs and other non-fixtures; and
- Any structural alteration of the roof, the building, or the property related to the installation of a solar PV system or solar thermal system.

4.1.2 Proposed ~~Products~~ ~~Must~~ Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for residential properties is available on the Program website www.renovateamerica.com. **Property owners are responsible for verifying that all products installed are either on the Eligible Products List or approved as part of a Custom Project. THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS ARE IN NO WAY RESPONSIBLE FOR THE ELIGIBILITY OF PRODUCTS INSTALLED.**

Before ordering or installing products, contractors or property owners are required to obtain approval that the proposed products are Eligible Products, which they can do by calling the Program (see Section: Install Eligible Product(s)). When calling in, contractors or property owners will need to have all details pertaining to the proposed products such as manufacturer, model number, and other typical identification information readily available in order to complete eligibility approval in a timely manner. Before calling the Program to request

approval of products, contractors or property owners may also explore both Eligible Products and eligible models on the Program website: www.renovateamerica.com.

4.1.3 New Products and Custom Projects May Be Eligible

Property owners who would like to install a product that is not on the Eligible Product List can fill out and submit a New Product Request Form. This form is typically filled out by the contractor. The Program will review the new product request and determine if the product meets necessary energy efficiency and performance attributes. A decision will be made by the Program to either add the new product to the Eligible Product List, not approve the new product, or consider it a Custom Project (defined below).

A Custom Project is defined to be a one-time requirement whereby the circumstances are such that the project (product included) passes the energy and/or water efficiency scrutiny in the specific case that is being requested. Approval of a Custom Project for one property will not be considered to establish a precedent that would necessarily be applied to other homes such that it should be considered a new product or placed in the Eligible Product List. The Program reserves the right to approve or disapprove of new products and custom projects.

4.1.4 Solar Systems Must Meet CSI Requirements

All solar PV systems and solar thermal systems must use California Solar Initiative (CSI) eligible equipment and must be installed according to CSI requirements. The Program recommends that energy efficiency measures be completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems.

Additionally, the Program will not finance any structural alteration of the roof, the building, or the property related to the installation of a solar PV system or solar thermal system.

4.2 Eligible Costs

Eligible costs that may be financed under the Program include both the cost of the Eligible Products and the installation costs for such Eligible Products. Installation costs may include, but are not limited to, energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed either by a licensed contractor of the property owner's choice who is registered with the Program or by a property owner who signs a Self-Install Agreement. A property owner's own labor costs are not eligible costs for property owners who choose to self-install.

For property owners who elect to complete their Program retrofits at the same time as a larger remodeling project, financing is only available for the retrofitting of the existing structure with retrofit Eligible Products. Repairs to the existing building's envelope, systems, and/or infrastructure are not eligible except where they are necessitated by the installation of the Eligible Product. If a property owner is planning to finance Eligible Products included in a larger remodeling project, they should first contact Program Representatives to determine what costs will be eligible for financing.

The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines. The Program shall have the right to refuse to finance any portion of costs reflected in a Completion Certificate that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any Completion Certificate.

4.3 Eligible Contractors

Only contractors who have registered with the Program may undertake Program-financed installation work, unless the property owner chooses to do the work him or herself and signs a Self-Install Agreement. Contractors may register with the Program if they have an active license with the California Contractors State License Board ("CSLB"), meet the CSLB's bonding and worker's compensation insurance requirements and agree to all Program terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All Solar PV and solar thermal systems must be installed by a CSI registered installer

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR -ELIGIBLE PRODUCTS. THE PROGRAM, THE AGENT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING

ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, -AGENTS -AND -ASSIGNS ~~NEITHER~~ -ENDORSE ~~NOR~~ RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, ~~NOR~~ DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN, MANUFACTURE, OR OPERATION OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY, RELIABILITY, OR ELIGIBILITY OF THE PRODUCTS INSTALLED.

A select listing of contractors registered for the Program can be found on the Program website at www.renovateamerica.com.

If an Eligible Product is self-installed, financing will not be available for the property owner's labor and property owner(s) must first sign a Self-Install Agreement before ordering any Eligible Product, other equipment or supplies necessary for the installation of the Eligible Product or commencing such installation.

4.4 Eligible Rebate Programs and Tax Credits

For energy efficiency, renewable energy, and water efficiency Eligible Products, various federal tax credits, state and local rebates, and incentive programs may exist.

Not all Eligible Products eligible under the Program will qualify for available federal tax credits and/or state or local utility rebates. For example, some of the federal tax credit specifications require a higher energy efficiency standard than those required by the Program.

Neither the Agent, Renovate America, the Participating Entities nor their respective officers, employees, agents and assigns make any representation or warranty whatsoever that any Eligible Product or Eligible Products will qualify for or be granted any tax credits, rebates or other incentives.

The Program makes no representation or warranty that Eligible Products will qualify for any tax credits, rebates or other incentive programs.

For information on rebates and tax credits, please visit the rebates pages listed in Section 2.3 above, including Energy Upgrade California at <https://energyupgradeca.org/county>, which allows a zip code search for a comprehensive list of different types of rebates available in the area. Other resources include a "Rebate Locator" on the Energy Star website (<http://www.energystar.gov>) and a "Rebate Finder" on the WaterSense website (<http://www.epa.gov/WaterSense/>).

4.4.1 Deductions -from- Financing Amount

All available up front federal, state, or utility rebates that are assignable to the contractor must be deducted from the assessment amount at the time of financing. The property owner and the contractor will be responsible for notifying the Program of the qualification, award or grant of the Eligible Products for any such assignable rebates. **The property owner and the contractor will be responsible for notifying the Agent and Renovate America of the qualification for or award or grant of any such assignable rebates for the Eligible Products installed or to be installed on such owner's property.**

- Pulling permits as required by the local building department for the installation of the Eligible Products;
- Obtaining approval of proposed Eligible Products in advance prior to ordering or commencing the installation of such products by calling the Program or by completing the Custom Product Application process; and
- Only installing Eligible Products that meet the required eligibility specifications.

5.3 Building Permits and Inspection

Property owners are responsible for obtaining any required building permits for Eligible Products, including final inspection sign off by the appropriate City or County Building Department. Property owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. Property owners should speak with their contractors to determine if their Eligible Products will require a permit and/or inspection and the requirements that must be met.

~~Program staff may also schedule an on-site validation visit to confirm that the approved Eligible Product was fully and permanently installed before approving a submitted Completion Certificate.~~
The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

5.4 Fraudulent Activity

Any misrepresentations made to the Program in the application, the contractor's bid or any other document at any time during the Program may cause the property owner and/or the contractor to be terminated from the Program and may result in legal action. For example, such misrepresentation may, in the sole discretion of the Program, result in a denial of an application, a notification that any installed Eligible Products will be ineligible to be financed by the Program, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

5.5 Required Documents

Documents must be submitted at different steps in the Program process. For a list of required documents which must be submitted and when they need to be submitted, please see Section 7, Program Process.

6 Financial Terms

6.1 Costs to Apply

There are no costs to apply for HERO Financing.

6.2 Assessment Costs

Below are the costs to utilize Program financing for the installation of Eligible Products on your property. Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Agent or tax sale of the property by the County Tax Collector.

Recordation of the assessment lien on the property will establish a continuing annual lien. As with other property



taxes, the property owner may pay the entire annual amount on the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.

If the property owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with assessments. Under the HERO Program, when a property owner sells or refinances their property, the Agent and the County in which the owner's property is located will permit their assessment to stay with the property; however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their assessment when the property owner refinances their home or sells their property. Accordingly, depending upon the requirements of the lenders, the assessment lien may be able to remain (or in the case of a refinancing allow it to remain with the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance. Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.

If a property owner uses an impound account to pay his or her taxes, he or she can contact his or her lender to increase monthly impound payments by an amount equal to the total annual assessment divided by twelve (12) months.

The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing administrative fees and the effective interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments attached to the Assessment Contract.

6.2.1 Interest Rate

Interest will be applied to the assessment principal amount. The final interest rate will be reflected in the Financing Documents and sent to the property owners.

6.2.2 Interest Before First Payment

Interest will be added to the property owner's assessment amount for the period between the closing date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. The maximum amount of interest will be disclosed in the property owner's Financing Documents. Depending on the date the assessment is recorded on the property owner's property, the first assessment payment may not be due until the following tax year.

6.2.3 One-time Program Administration Fee

The One-time Program Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Program Administration Fee covers the cost of issuing bonds by the Agent to finance the installation of Eligible Products and the costs to approve and fund installation of such Eligible Products. The amount of the One-time Program Administration Fee is identified in the Financing Documents.

6.2.4 One-time Assessment Administration Fee

The One-time Assessment Administration Fee is a one-time fee that can be financed or paid by the property owner. The One-time Assessment Administration Fee covers the administration costs of levying the assessment lien. The One-time Assessment Administration Fee is identified in the Financing Documents.

6.2.5 Annual Assessment -Administration Fee

Each tax year an Annual Assessment Administration Fee will be added to the Assessment Installment on the property tax bills for collection. This fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The Annual Assessment Administration Fee may be adjusted annually. The Annual Assessment Administration Fee is identified in the Financing Documents.

6.2.6 County Recording Fees

Property owners will pay for all fees that the County charges to record the assessment lien documents and related notices on the property. Recording fees charged by the County in connection with levying the assessment are added to the assessment amount or paid upfront by the property owner at closing. The Property Owner will be required to pay recording fees charged by the County in connection with a prepayment or discharge of the assessment. Applicable recording fees are identified in the Financing Documents.

6.3 Annual Repayments

Property owners will repay principal and interest over 5, 10, 15, 20, or 25 years, depending on their approved term. Payment will be billed and paid through a separate line item on the property owner's property tax bill. As with other property taxes, the assessment payment is due in one or two installments each year (each payment an "Assessment Installment"). The estimated not-to-exceed payment schedule will be attached to the Assessment Contract that property owners sign, which sets forth the estimated maximum annual payments due during the assessment term. The final payment schedule will be provided to each property owner prior to the Disbursement Date pertaining to such property owner's Assessment Contract. Failure to pay the Assessment Installments and the Annual Assessment Administration Fees when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and the sale of the property of the delinquent property owner.

6.4 Prepayments and Discharge

Property owners may choose to pay off their assessment amount at any time in full, or in any amount of at least \$2,500.

A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the second business day of the second month following the date the prepayment is made. The Property Owner will be required to pay recording fees charged by the County in connection with a prepayment or discharge of the assessment.

In order to prepay, the property owner will need to contact the Program to initiate the prepayment process.

7 Program Process

~~The Program Process section describes the entire process for residential property owners, contractors, and Program Representatives from before the project begins, through all steps of the financing process.~~

The Program includes the following steps. Additional Program information can be found at www.renovateamerica.com.

1. **Application.** Property owner(s) submit application.
2. **Product Approval.** Contractor provides product details online or over the phone before installing products.
3. **Sign Financing Documents.** Renovate America emails the property owner(s) Financing Documents which must be signed and returned.
4. **Install Eligible Products.** The contractor and property owner must sign and submit a Completion Certificate indicating installation is satisfactorily completed along with any required attachments.
5. **Payment Issued.** After the completion certification is submitted and Renovate America has approved the project for payment, funding can be issued to the entity(ies) listed in the Completion Certificate(s).

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the County in which the property is located. The Program will then annually submit a tax roll that identifies the



assessment lien and any applicable administrative fees (as identified in the Financing Documents). This assessment payment will appear as a separate line item on a property owner's property tax bills for the term of the financing.

7.1—Process Overview

The chart below shows the steps for the completion of a residential project financed through the Program:

7.2—Step 1: Apply

7.2.1—Application

Each property owner will need to complete an application.

Property owners have the option of submitting the application:

1. online: 2. phone: 855-HERO-411,
3. fax: (858) 815-6860,
4. email: info@heroprogram.com,
5. mail:

The HERO Program
16409 W. Bernardo Drive,
San Diego, CA, 92127

6. in person at the following HERO Program location:

San Diego
16409 W. Bernardo Drive,
San Diego, CA, 92127

7. or through a contractor registered with the Program.

Submission of an application does not guarantee that a property owner will be approved for financing. Also, if a property owner proceeds with ordering or the installation of any Eligible Products prior to approval of the application and entering into an Assessment Contract with the Agent, the property owner risks becoming ineligible for Program financing. Furthermore, if a property owner is approved for financing but then installs products that are not eligible, those products will not be funded.

By submitting an application, property owners are specifically authorizing and agreeing that the Program staff has permission to obtain a credit report for each property owner and any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify the property owners' declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program.

7.2.1.1—Secure Online Application

A secure online application for the Program is available on the Program website at www.renovateamerica.com. The online application is a step-by-step process where each applicant provides personal and property information. Applicants who receive an "approved" response to their application may then obtain approval of the proposed Eligible Products by calling the Program at 855-HERO-411 (see Section: Install Eligible Product(s) for details). Applicants who receive a "conditionally approved" or "in review" message regarding their application will be contacted by a Program Representative once the application has been reviewed, but may also correspond with the Program either by email at info@heroprogram.com or through the call center at 855-HERO-411. Applicants will also receive notification emails regarding their application status.

7.2.1.2—Hard Copy Application

In addition to the online application, a hard copy application is also available for property owners to fill out. The applicant may obtain the hard copy application by downloading it from the Program website, calling Program Representatives at 855-HERO-411, emailing Program representatives at info@heroprogram.com. Program information and documents are available through these same methods. Once completed, a property owner may submit a hard copy application by mail, e-mail, facsimile, or in person to the contact information stated above.

~~7.2.1.3 Contractor Call In~~

~~Contractors who have registered with the Program may, with the approval of a property owner, call in an application to the Program and receive approval over the phone. The property owner must fill out the hard copy application, provide that information over the phone, and then fax, email or mail a signed version of the application with a copy emailed by the Program to the property owner. As with the online application, calling in and then faxing or emailing the signed application allows quick processing and official notification of financing eligibility.~~

~~7.2.2 Application Results~~

~~Applicants will receive official notification of the status of their applications immediately if applying through the online system or through the contractor call in method (with a confirming email). If applying through a hard copy application, the Program will notify applicants of the application status determination by email or mail once the application is processed. There are four possible application review results:~~

~~**Approved.** An application will be approved if Program staff has verified all of the items listed in the Eligibility Requirements for properties and property owners. An “approved” applicant will receive an~~

Approval Letter with instructions about the next steps for obtaining Program approval of Eligible Products, signing Financing Documents, installation of Eligible Products, and submitting the Completion Certificate. **An “approved” applicant must comply with all Program requirements for these items, or will not be approved for funding at a later date.**

~~Conditionally Approved.~~ An application will be conditionally approved if all the submitted information meets the underwriting eligibility requirements, but, based on certain information that was encountered during processing, additional information or documentation is required. If the property owner complies with the listed additional conditions, the application will then be approved. Examples of “conditions” that might be required are trust documents for property in a trust’s name or corporate authorization documentation when the property is owned by a corporation. It is within the Program staff’s discretion to request specific types of additional documentation depending on the issues related to the application.

~~In Review.~~ An application will be “in review” if the Program staff and/or the automated underwriting system is unable to connect the property with the property owner using the information that was submitted by the applicant or any issues arise during verification of eligibility requirements. “In review” applicants will be notified by email or mail of the issues that need to be resolved before the application can move forward. If the applicant has any questions, he or she can always call the Program to speak with a Program representative at 855-HERO-411.

~~Denied.~~ An application will be denied if Program staff determines the property owner or the property do not meet the eligibility requirements. A property owner will be notified in writing by mail of the specific reason(s) why his or her application was denied. If the property owner believes there has been an error based on the stated reasons in the declination letter and is unable to resolve it quickly by contacting Program staff, the property owner must follow the steps set forth in Section 8, Dispute Resolution, in order to formally contest the Program’s decision.

8.3 — Step 2: Obtain Product Approval

Property owners must obtain approval of all Eligible Products and enter into an Assessment Contract with the Agent **PRIOR TO** ordering the contractor to order or install the Eligible Products.

8.3.1 — Scope of Project — Obtain Quote

Property owners must determine which Eligible Product(s) they wish to finance through the Program.

Property owners can work directly with an energy/water auditor and/or contractors to determine the scope of their project. Funding is only available for products listed on the Eligible Products List and Custom Products, if approved by the Program.

Contractors or self-installing property owners may explore what products and models are eligible by using the Program website at www.renovateamerica.com.

It is highly recommended that property owners perform a comprehensive energy/water audit on their property before considering any Eligible Products. A comprehensive audit applies building science principles from data collected on the subject property utilizing sophisticated diagnostic equipment including a blower door, duct blaster, and digital infrared camera to precisely detect the cause and measure the effects of building performance related problems.

To find an energy auditor, contact the California Building Performance Contractors Association (CBPCA), Building Performance Institute (BPI), CalCERTS, or RESNET. Some energy auditors also provide home performance contracting work and specialize in energy efficiency products.

As some homes may not have proper solar exposure or the structural framework to support the weight of a solar system, property owners who are considering the installment of a solar PV or solar thermal system are

~~encouraged to contact one or more qualified solar system installers for a free solar site evaluation. Also, property owners should register and then complete the rebate process for their solar PV projects with GSI, or the appropriate local utility, when available.~~

~~8.3.2 — Eligible Product Look Up~~

~~Prior to submitting an application, contractors and property owners may do preliminary research to determine whether a product is eligible on the Program website (www.renovateamerica.com) to explore eligibility of particular products in advance. However, property owners may not purchase or install Eligible Products until they have received an email from the Program with an attached Completion Certificate, listing the approved Eligible Products (including the particular model and its cost) for all of the items they plan to install and entered into an Assessment Contract with the Agency.~~

~~8.3.3 — Contact Call Center for Product Approval~~

~~Contractors or property owners will need to call the Program at 855-HERO-411 to obtain approval of specific Eligible Products and installation costs before Financing Documents, including the Assessment Contract, are emailed to the property owner and Eligible Products may be ordered or installed. The installation cost provided by the contractor or property owner is a “Not to Exceed” amount and the final invoiced amount of the project may not exceed this amount.~~

~~This process should be followed for each Eligible Product included in the project. If a different Eligible Product or model needs to be installed, the contractor or property owner must contact the Program representatives again and repeat the process outlined above.~~

~~To help determine which Eligible Products to install, the current Eligible Products List and the minimum specifications and/or installation requirements for each Eligible Product is available on the Program website at www.renovateamerica.com.~~

~~8.3.4 — New Products or Custom Projects~~

~~If a property owner wishes to finance a product that is not listed on the Eligible Products List, he or she must complete the New Product Request Form. The property owner and contractor will need to provide the following:~~

- ~~(a) the product/project they wish to install;~~
- ~~(b) the cost to install;~~
- ~~(c) the basis for eligibility (energy savings, water savings, or renewable energy production); and~~
- ~~(d) the product, if any, they are removing.~~

~~During review, Program Representatives may request additional documentation or additional contractor(s)' bid(s) for proposed products/project for any reason, including if the Program determines that the submitted bid(s) appear to be unreasonable as to cost or scope.~~

~~The Program reserves the right to deny any New Product or Custom Project. Reasons for denial may, but need not, include any of the following: it appears that the proposed product is not cost effective, is too experimental or unreliable, the claimed energy or water savings or renewable energy generation product is not clearly supported, the costs do not appear to be in conformance with industry standards, or installation of the product may violate local laws or regulations. The Program will provide a written explanation for any denial of a New Product Request Form.~~

8.4—Step 3: Sign Financing Documents

~~After products are approved, Program Representatives will email property owners their Financing Documents, which must be signed and received by the Program at 16409 W. Bernardo Drive, San Diego, CA, 92127 by the date stated on the signature page of the Assessment Contract:~~

- ~~1. Signed Financing Summary;~~
- ~~2. Signed Assessment Contract with exhibits thereto;~~
- ~~3. Signed Application; and~~
- ~~4. Acknowledged Right to Cancel.~~

~~The due date on the signature page of the Assessment Contract will generally be ten (10) calendar days from the date of issuance of the Financing Documents. This means that the original, executed Financing Documents must be received by the Program by the close of business on the stated due date.~~

~~If all property owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents will need to be issued with a new interest rate. Repeated delays requiring repeated reissuance of Financing Documents, however, may result in a cancellation of approval or processing fee charges for Program financing.~~

~~The property owner will also receive an email, which informs the property owner and contractor of the next steps. Included with the Financing Documents will be the Completion Certification, which will list the approved Eligible Products and the date by which the installation of the Eligible Products must be completed.~~

~~The Property Owner and Contractor can update the details of an Assessment Contract through an Addendum to the Assessment Contract.~~

~~Samples of all the HERO Financing Documents referenced in Section 7.4 can be found on the HERO Program website.~~

~~Spanish translations of the sample HERO Financing Documents can also be found on the HERO Program website. Links to the sample Financing Documents in English and Spanish are located in Appendix C.~~

8.5—Step 4: Install Eligible Product(s)

~~A property owner and the Agent must enter into an Assessment Contract and the property owner must sign all Financing Documents (see Step 3 above) PRIOR to ordering Eligible Products or commencing or causing the commencement of installation of such products.~~

~~Installation may only be completed by a contractor who has registered with the Program or by a self-installing property owner. Eligible contractors may register with the Program if they have met all the requirements and sign an agreement to comply with all Program terms and conditions. Property owners who are self-installing must notify the Program when they call in for Eligible Product approval that they are self-installing and must submit a signed Self-Install Agreement with the Completion Certificate. **See Section 4, Eligibility Requirements.**~~

~~All Eligible Product installations, inspections or validations, and submission of the Completion Certificate and required attachments must be completed on or before the date specified on the Completion Certificate. Applicants who are completing larger projects and/or who believe they need more time than the date specified in the Completion Certificate may contact the Program to come to an agreement on an appropriate completion period.~~

~~If the completion date occurs without the Program agreeing to an extension in writing, the property owner may be required to sign new Financing Documents.~~

~~THE AGENT, RENOVATE AMERICA, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.~~

8.5.1 — Building Permit Requirements

Property owners are responsible for obtaining building permits and completing inspections, including final inspection sign-off, by the appropriate City or County Building Department. Property owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations, including Title 24. Property owners should speak with their contractors to determine if their Eligible Products require a building permit and/or inspection and what requirements must be met.

The Program has the right to schedule an on-site validation visit once the Completion Certificate is submitted for any installed, Program-financed Eligible Products (see Section: Eligible Products).

8.6 — Step 5: Payment Issued

8.6.1 — Submit Completion Certificate

Once installation of the Eligible Products is complete, the property owner must complete and submit an executed Completion Certificate and all required attachments to the Program for approval. To do so, the following conditions must be met: (1) all installed Eligible Products or Custom Products have been specifically approved by the Program in advance of installation and listed in one or more Completion Certificate(s); (2) all Eligible Products or Custom Products to be financed have been completed and installed in compliance with Program rules; and, (3) property owner(s) are submitting a complete Completion Certificate within the financing period set forth in the application approval letter.

In executing the Completion Certificate the property owner is certifying, among other things, that:

- ~~The products installed on such owner's property are completed to such owner's satisfaction; and~~
- ~~The property owner understands that the selection of the contractor and acceptance of the materials used and the work performed is such owner's responsibility and that the Agent, Renovate America, each of the Participating Entities and their respective officers, employees and agents do not endorse or recommend contractors who register with the Program nor do they guarantee, warranty or otherwise insure the completion of the installation of the eligible products by such contractors or the operation of the eligible products or any other person involved with the installed products, the design or manufacture of such products, or the economic value, energy savings, safety, durability or reliability of such products.~~

If any property owner has any questions regarding the certifications contained in the Completion Certificate or concerns regarding the effect of executing such Completion Certificate, the property owner is advised to consult such property owner's own legal counsel prior to executing the Completion Certificate.

The Completion Certificate must be submitted with signatures from the contractor and property owner(s) and may additionally require the following documents:

1. ~~A fully executed home improvement contract, including all pages and addendums from all contractor(s), a product invoice(s) if self-installed, or a lease agreement for solar prepaid lease installation projects;~~
2. ~~If required by the jurisdiction, a pulled (initial) building permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products, unless additional permitting~~

requirements are specifically required below. The Program reserves the right to require a final permit for all permitted Eligible Products or Custom Products, as determined by the Program and as practiced by the jurisdiction;

3. ~~Specific Eligible Product Attachments:~~

- ~~a) Custom Products– Approved HERO custom product application;~~
- ~~b) Energy Audit– Copy of energy audit report;~~
- ~~c) Small Wind Turbine– Copy of final building permit inspection card;~~
- ~~d) Cool Roof (Prescriptive or Performance)– Copy of final building permit inspection card;~~
- ~~e) Solar Installations– Copy of initial pulled permit or final building permit inspection card. It is the responsibility of the property owner to furnish a copy of the final building permit, if requested by the Program;~~
- ~~f) HVAC (Central Heat Pump, Central Air Conditioning, Evaporative Cooler, Furnace, or Geothermal Heat Pump)– Copy of initial building permit;~~
- ~~g) Water Heating (All products)– Copy of initial building permit; and~~

4. ~~Signed Self-Install Agreement, if property owner self-installed any Eligible Products without using a contractor registered with the Program.~~

~~A current list of the required attachments for the Completion Certificate will be provided on the Completion Certificate Instructions page that a property owner receives with their Completion Certificate.~~

~~Completion Certificates and required attachments may be submitted to the Program by facsimile, email, mail or hand delivery.~~

~~If an on-site validation visit is required before approval or the Completion Certificate is incomplete, Program Representatives will notify the property owner by email or mail of the next steps.~~

~~It typically takes less than 3 business days to receive payment after the Completion Certificate and associated documents have been properly submitted and approved, however, the time to receive payment may take a longer period of time.~~

Right to Validate Products by Agent

~~The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.~~

8.7 Record Lien on Property and Issue Payment

~~After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the County in which the property is located, issue bonds to finance the cost of the installation of the Eligible Products and other costs of the financing and issue payment. Payment will be issued to the contractor(s) listed in the Completion Certificate(s) and signed by the property owner, unless the property owner self-installed.~~

8.8 Add Assessment to Property Taxes

~~For all property owners who sign Financing Documents, the Program will annually submit to the County in which such owner's properties are located, a tax roll that identifies the assessment lien and the Assessment Installment, together with the Annual Assessment Administration Fee, due. This assessment payment will appear as a separate line item on a property owner's annual property tax bills for the term of the financing.~~

8.8.1 — Assessment Payments on Property Tax Bill

~~Property owners who apply to the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay the assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Agent or tax sale of the property by the County Tax Collector.~~

~~Recordation of the assessment lien on the property will establish a continuing annual lien. As with other property taxes, the property owner may pay the entire annual amount on the date the first installment is due OR he or she may pay in two installments on the dates such installments are due.~~

~~If the property owner wishes to sell the property, under California law, property taxes typically stay with the property when it is sold and the same is true with assessments. Under the HERO Program, when a property owner sells or refinances their property, the Agent and the County in which the owner's property is located will permit their assessment to stay with the property; however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their assessment when the property owner refinances their home or sells their property. Accordingly, depending upon the requirements of the lenders, the assessment lien may be able to remain (or in the case of a refinancing allow it to remain with the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance. Property owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full. In addition, by law, property owners must provide notice of the assessment to the buyer prior to sale of the property.~~

~~If a property owner uses an impound account to pay his or her taxes, he or she can contact his or her lender to increase monthly impound payments by an amount equal to the total annual assessment divided by twelve (12) months.~~

~~The contractual assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing administrative fees and the effective interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments attached to the Assessment Contract.~~

98 Dispute Resolution

The parties who have signed an Assessment Contract for the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the Agent or his or her designated representative and the Property Owner. Either party must give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the Agent and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue other remedies, including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Section 1152.5 of the California Evidence Code shall apply, and Section 1152.5 is incorporated herein by reference. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who wish to dispute decision(s) made by the Agent, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to Western Riverside Council of Governments at [4080 Lemon Street, 3rd Floor, MS10323390 University Avenue, Suite 450, Riverside, CA 92501-3609](#). The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the Agent with the Property Owner, and shall attempt to resolve the dispute. The Agent shall render

a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the Agent is final.

109 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Handbook. All Program applicants, borrowers, and contractors are subject to these additional terms as applicable. **ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THESE ADDITIONAL REQUIREMENTS AND TERMS AS APPLICABLE AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.**

1110 Appendices

Appendix A: Glossary of Terms

Annual Fuel Utilization Efficiency (AFUE): AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

Assembly Bill 811: Approved in July 2008 by the California legislature, authorizes cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

Assembly Bill 474: Approved in October 2009 by the California legislature, Approved in October 2009 by the California legislature, AB 474 amended Chapter 29 to authorize the funding of water conservation products through a voluntary contractual assessment program.

Assessment Contract: A contract entered into between a property owner or property owners and the Agent to provide financing for the installation of Eligible Products on property of such owner or owners under the California HERO Program.

Assessment Contract Addendum: An addendum to the Assessment Contract that is used to make corrections to the contract and/or modify the contract to make desired project changes.

British Thermal Units (Btu): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

Building Performance Institute (BPI): BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

Building Permits: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

California Solar Initiative (CSI): The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

Coefficient of Performance (COP): The COP is the basic parameter used to report efficiency of refrigerant based systems.

Commercial: Commercial entities are defined as all non-residential properties and include apartment buildings, industrial properties, and agricultural properties.

Completion Certificate: A document signed by the property owner and contractor upon completion of the project.

Contractor: A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

Cool Roof: A cool roof reflects and emits the sun's heat back to the sky instead of transferring it to the building below. "Coolness" is measured by two properties, solar reflectance and thermal emittance. Both properties are measured from zero (0) to one (1) and the higher the value, the "cooler" the roof

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 10

Redlined CaliforniaFIRST Residential
Handbook, Amended April 2018

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California**FIRST**
EFFICIENCY FINANCING

Residential Property Owner Handbook

Version 13.2 – February 2018, [Revised April 2018](#)

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2 Program Eligibility Requirements

You should carefully review this section in order to determine whether you are eligible for the Program before submitting an application. A summary of eligibility requirements is listed below, with details on each requirement provided in sections 2.1 - 2.10. [The CaliforniaFIRST programs are compliant with recent PACE consumer protection legislative bills – California Senate Bill 242 and Assembly Bill 1284 – and the Program Administrator will continue to ensure compliance with upcoming requirements related to these pieces of legislation.](#)

Summary of Eligibility Requirements

PROPERTY
Property must be in a Participating Community.
Property must be Residential
Improvements must be made to existing properties or new residential properties where the initial construction is undertaken by the intended owner or occupant
Manufactured homes approved if permanently attached to Property
No current involuntary liens and/or judgments totaling more than \$1,000 for all Property Owner(s)*
PROPERTY OWNER(S)
Applicant(s) must be the owner(s) of record of the Property
Property Owner(s) must sign all required documentation
Property Owner(s) must be current on their property taxes and have no more than 1 late payment in the last 3 years, or since the Property Owner(s) acquired the property *
Property Owner(s) must be current on all subject Property-secured debt and have no more than 1 30-day late payment in the last 12 months*
There must be no notices of default or foreclosure filed against the Property within the last 2 years*
Property Owner(s) must not currently be in bankruptcy proceedings, and must not have any bankruptcies released, discharged, or dismissed in the last 2 years. If a bankruptcy has been released, discharged, or dismissed in the last 2 to 7 years, then the Property Owner(s) must have no payments more than 30 days past due in the last 12 months.*
Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien
Property Owner(s) must demonstrate a reasonable ability to pay the annual payment obligations for the PACE assessment based on income, assets, and current debt obligations. (See Section 2.3 for more information on waiving income verification for emergency HVAC systems.)
PRODUCTS
The products must be energy efficiency, renewable energy, water efficiency, and/or seismic products; they must be permanently fixed to the property, they must be new products; and they must meet minimum efficiency and/or other requirements identified for Eligible Products. The list of Eligible Products may vary by Sponsor.
CONTRACTORS
All Eligible Products must be installed by a Participating Contractor
ASSESSMENT AMOUNTS
Minimum Assessment amount is \$5,000
Total Maximum Assessment amount per Property is the lesser of \$250,000 or 15%** of the value of the Property and, when combined with any other debts or obligations secured by the Property, cannot exceed 97% of the value of the Property.***
Financing term cannot exceed the useful life of the Eligible Product
The all-in tax rate on the Property (including the Assessment and other assessments) may not exceed 5% of the Property value
Maximum Assessment amount depends on the Property Owner's annual income.****
Property Owner(s) should participate in available state and federal incentive and rebate programs and must declare any rebates received for the project

* Additional underwriting criteria apply to properties in Los Angeles County, participating WRCOG cities, and certain other jurisdictions. See Appendix E.

** Maximum Assessment amount is limited to 15% of value of the property for the first \$700,000 of the property value, then no greater than 10% is allowed for the remaining value over \$700,000.

*** Any Assessment amount in excess of \$250,000 In Los Angeles County requires specific approval of the Sponsor.

****Does not apply in participating WRCOG cities.

1. You must be the Property Owner(s) of record - Only Property Owners who are the owners on record for respective property shall be considered for Program approval;
2. All Property Owners must sign all required documentation, including, but not limited to, the application, the Assessment Contract and the Completion Certificate - All Property Owners on record for the respective property who meet the requirements mentioned heretofore must sign and thusly execute all related Financing and Program Documents;
3. You must be current on your property taxes and have no more than 1 late payment in the last 3 years, or since you acquired the property;*
4. You must be current on all subject Property-secured debt at the time of application and have no more than 1 30-day late payment in the last 12 months;*
5. There must be no notices of default or foreclosure filed against the Property while held by the current Property Owner(s) within the last 2 years; and
6. You are not currently be in bankruptcy proceedings, and did not have any bankruptcies released, discharged, or dismissed in the last 2 years. If you had a bankruptcy has been released, discharged, or dismissed in the last 2 to 7 years, then you have no payments more than 30 days past due in the last 12 months.*

* Additional underwriting criteria apply to properties within Los Angeles County, participating WRCOG cities, and certain other jurisdictions. See Appendix E.

Ability to Pay

Property Owner(s) must demonstrate a reasonable ability to pay the annual payment obligations for the PACE assessment by providing accurate information on income, assets, and current debt obligations. The maximum Assessment amount depends on the Property Owner's annual income, assets, and current debt obligations. Property Owner(s) attest to true and accurate ability to pay information by signing the Application Form and Disclosures.

Authority of Property Owner

The Property's title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to subject the Property to a PACE lien, other than issues related to standard mortgage loan agreements.

Trust Ownership of the Property

To be considered for the Program, properties held in a trust must furnish relevant documentation providing the clear and exact right of the trustee(s) to attach a Program-resultant encumbrance upon the respective property. All trustees must meet all applicable underwriting requirements and all trustees must sign all Program documents, including the Assessment Contract.

2.3 Eligible Products

The Program offers financing for various energy efficiency, renewable energy, water efficiency and seismic products (Eligible Products). The list of Eligible Products may vary by Sponsor.

Eligible Products Must Be Permanently Affixed, New Products

Only permanently affixed, new products are considered "Eligible Products" and thus financeable through the Program. Remanufactured, refurbished, used or new equipment transferred from a previous location are not eligible. Previously installed products are not eligible for Program financing. Products that are not permanently affixed are not eligible, such as light bulbs and other non-fixtures.

Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements tied to each Eligible Product. A complete list of Eligible Products with minimum specifications for Residential properties is available in Appendix C. Property Owners should confirm with their contractor(s) that proposed products meet the minimum specifications set forth in the Eligible Products List. Your Participating Contractor must attest that all Eligible Products meet the stated minimum eligibility criteria.

Before installing Eligible Products, you or your Participating Contractor are required to provide details regarding the proposed Eligible Products, which you can do by calling the Program Call Center (see Section 1.2).

Custom Products May Be Eligible

You may apply to install a permanently affixed energy efficiency, renewable energy, water-efficiency or seismic product (depending on Sponsor) not included on the Eligible Products List by submitting a Custom Product Application. The Program Administrator must approve all Custom Product Applications. See Section 4.5 for additional details on submitting a Custom Product Application.

Solar Systems Must Meet CSI Requirements

All solar photovoltaics (solar PV) and solar thermal systems must use California Solar Initiative (CSI) eligible equipment and must be installed according to CSI requirements. The Program Administrator recommends that energy efficiency measures be completed prior to installing solar PV systems in order to address energy conservation prior to energy generation.

Emergency Heating, Ventilation, and Air Conditioning (HVAC)

Per the terms of California Assembly Bill 1284, in the case of emergency or immediate necessity to finance an eligible HVAC system, boiler, or other system whose primary function is temperature regulation in a home, income verification may be waived if automated income verification is not available and the following conditions are met:

- Automated verification of income is attempted by the Program Administrator;
- The Program Administrator asks open-ended questions to confirm Property Owner(s)' income;
- The Property Owner(s) waive(s) the right to cancel financing as found in the Acknowledged Notice of Right to Cancel document;
and
- The assessment amount is capped at \$15,000.

2.4 Eligible Costs

Eligible costs under the Program include both the cost of the equipment and installation. Installation costs may include, but are not limited to, energy/water audit, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed by a Participating Contractor who is registered with the Program

If you elect to complete your financed improvements at the same time as a larger remodeling project, financing is only available for the Eligible Products used to improve the existing structure. Repairs to the existing building's envelope, systems and/or infrastructure are not eligible except where necessary to install the Eligible Product. If you are planning to finance Eligible Products included in a larger remodeling project, you should first contact the Program Call Center to determine what costs will be eligible for financing.

The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines. You are encouraged to get multiple bids so that you may determine an appropriate range of costs for your home improvements. The Program Administrator shall have the right to refuse to finance an Eligible Product that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any Eligible Product.

2.5 Eligible Participating Contractors

You must select a Participating Contractor who has signed-up with the Program. Participating Contractors must have an active license with the CSLB, which includes meeting the CSLB's bonding and workers' compensation insurance requirements, and agree to all Program terms and conditions via a Contractor Participation Agreement. In addition, Participating Contractors may only install Eligible Products for which they have the appropriate CSLB license.

You independently choose which Participating Contractor will work on the installation of your Eligible Products. **The Sponsor, the purchaser of bonds issued by the Sponsor, and the Program Administrator do not endorse contractors who register with the Program, any other person involved with the installed products, or the design of the products, or warrant the economic value, energy savings, safety, durability or reliability of the Eligible Products.**

2.6 Eligible Assessment Amounts

The minimum Assessment amount is \$5,000. The total maximum Assessment amount per Property must be less than 15% of the value of the Property. Note that 15% of Property Value is only available for first \$700,000 of the property value then 10% of any property value thereafter. In Los Angeles County any assessment amount in excess of \$250,000 requires specific approval by that County. The Assessment amount plus the mortgage-related debt must not exceed 97% of the value of the Property.

The maximum Assessment amount depends on the Property Owner's annual income.*

The value of the Property will be the market value based on an automated valuation model (AVM) value provided by a third party independent vendor. In certain circumstances, a recent appraisal may be used instead of the AVM value. Property owners interested in an alternative valuation of their property should contact the Call Center. The Program Administrator does not coordinate, advance the cost, nor choose an appraiser.

Item 6.A

PACE Programs Activities Update,
PACE Program Public Hearing, and
Revisions to the Various PACE
Provider's Program Reports and
Handbooks

Attachment 11

Redlined PACE Funding Residential
Handbook, Amended April 2018

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Residential Property Owner Program Handbook

~~October 10, 2017~~ April 2, 2018

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1.3 Call Center Hours

Applications, Eligible Contractor and Program Information

Approved Contractors will initiate an application request and homeowners will receive a secured link to a web-based application form. Once submitted, the application will be underwritten and a decision will be rendered and communicated to the applicant(s). General questions about the Program can be answered by visiting <http://www.pacefunding.com> or by calling PACE Funding Group at (844) USE – PACE. Program call center hours are:

Monday – Friday: _____ 8:00AM (PST) – 9:00PM (PST)

Saturday and Sunday: 10.00AM (PST) – 6.00PM (PST)

1.4 Western Riverside Council of Governments Overview

The purpose of WRCOG is to unify Western Riverside County so that it can speak with a collective voice on important issues that affect its members. Representatives from 18 cities, the Riverside County Board of Supervisors, the Eastern and Western Municipal Water Districts, and the Morongo Band of Mission Indians have seats on the WRCOG Executive Committee, the group that sets policy for the organization. The Riverside County Superintendent of Schools is an ex-officio member of the Executive Committee. Recognizing that many issues related to growth are not constrained by political boundaries, WRCOG focuses on a number of regional matters important to our future. By working together through its committee structure and utilizing resources, WRCOG is cost-effective by reducing duplication of effort and sharing information, enabling strong advocacy and strengthening Western Riverside's standing in the region and the State. Today, WRCOG's program areas are varied and include transportation, environment, energy, economy, and health.

WRCOG administers multiple PACE Programs in collaboration with its private sector partners, which provide financing for energy efficiency, renewable energy, and water conservation retrofits on residential and commercial properties. Financing is paid back through a lien placed on the property tax bill. For more information access <http://www.wrcog.us/230/PACE-Programs>

The WRCOG PACE Funding Program was launched in November 2017.

1.5 Future Program Changes and Disclaimers

The Program Administrator reserves their right to change the Program and its terms at any time; however, any such change will not affect a Property Owner's existing Annual PACE Assessment Obligation agreed to in an executed PACE Assessment Contract.

All applicants **must** (and interested parties such as Eligible Contractors should) read the Handbook with a focus on the Section 5, Additional Terms and Requirements, which describes many of the legal issues associated with the Program, including the responsibilities and obligations of both participating Property Owners, Eligible Contractors, and the Program Administrator. **Applicants will be required to certify that they have read the Handbook as a precondition to participating in the Program.**

2. Program Eligibility Requirements

A summary of eligibility requirements is listed below with details on each requirement provided in sections 2.1 – 2.9. General questions about the Program can be answered by visiting the Program Website at www.pacefunding.com or calling the Program's toll free hotline 1-844 USE – PACE.

PROPERTY

Property must be Residential and pay property taxes.

Property must be in a participating community.

New construction is not eligible unless a certificate of occupancy has been obtained.

Manufactured and mobile homes can be approved if permanent affixed to real property and if the mobile/manufactured homeowner also own the underlying land and pay real property taxes.

Properties within Homeowners Associations ("HOA") are eligible, subject to HOA restrictions.

The Property must have at least 10% equity after all mortgage debt is considered (mortgage debt $\leq$ 90% of Property Value). [Property value is determined by obtaining results from at least three automated valuation models and choosing the one with the highest confidence score.](#)

Property is held in a trust or owned by another legal entity are eligible subject to the conditions contained herein.

The Property cannot have any current involuntary liens or judgments greater than \$1,000

The Property cannot be subject to any notices of default.

PROPERTY OWNERS

Applicant(s) must be the owner(s) of record of the subject property.

All Property Owners must sign all required documentation, including but not limited to the application, the Completion Certificate and the PACE Assessment Contract with all other required Financing Documents.

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All debt secured by the subject property must be current and not more than thirty days past due for the twelve (12) months prior to application date (or since purchase if owned for less than 12 months).

Property taxes must be current. Property Owner(s) must certify that property taxes have not been paid late more than once during the prior 3 years (or since purchase if owned by them for less than 12 months).

The subject property may not be subject to any default.

No Property Owner has had any active bankruptcies within the past 7 years, provided, however, that this criterion can be met if the bankruptcy was discharged between two and seven years before the application date, and the homeowner(s) have had no payments (mortgage and non-mortgage) past due for more than 60 days in the most recent 24 months.

The Property Owners must demonstrate the ability to pay the annual assessment amount. That ability is measured subtracting living expenses, including mortgage and other debt payment obligations, insurance, property taxes, HOA dues, alimony and child support obligations, and general cost of living assumptions, from the Property Owners annual income. The difference must be more than the expected annual assessment payment.

Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien.

Property Owners must be working with an approved Eligible Contractor, no self-installation is permitted.

The property may have no more than one other PACE assessment on the property.

The property may not be subject to a reverse mortgage.

ELIGIBLE PRODUCTS

Eligible Products are identified by the Eligible Products guidelines attached as Appendix 6.4.

All products and materials must be new; used, refurbished or remanufactured products are not eligible.

ELIGIBLE CONTRACTORS

Only Eligible Contractors that have been approved by a Program Administrator may complete Projects financed by the Program.

Eligible Contractor must be in good standing with the California State License Board ("CSLB").

Eligible Contractors may only perform work for which they have the appropriate CSLB license.

Eligible Contractors must have general liability and workers compensation insurance and are required to carry a bond that adequately protects the Property Owner for the Project costs.

PACE ASSESSMENT AMOUNTS

The minimum PACE Assessment amount is five thousand dollars (\$5,000).

- Is authorizing the Program Administrator to obtain credit information;

Tax Matters

The Program and Program Administrators do not offer any tax advice or related services. Property Owners should consult with a qualified tax advisor or accountant on any tax matters including whether or not Property Owner(s) may claim deductions of any part of the Annual Assessment Obligation on tax returns.

Fraudulent Activity

Any misrepresentations made to the Program or Program Administrator by a Property Owner or Eligible Contractor at any time is likely to cause the Property Owner and/or the Eligible Contractor to be terminated from the Program and may result in legal action.

Marketing Guidelines

Use of any trademarks, logos or other branding collateral owned by the WRCOG or the Program Administrator requires prior written approval. [Program Administrator and Contractors are prohibited from: \(i\) suggesting or implying in any way that PACE is a government assistance program, \(ii\) suggesting or implying that PACE is a free program, \(iii\) suggesting or implying that PACE does not involve a financial obligation that the property owner must repay, \(iv\) using check facsimiles to dramatize the amount of PACE Program financing that would be available or presenting a check facsimile as if a negotiable instrument. Contractors are prohibited from use a local government's logo, city seal, or other graphic in marketing materials or presentations in a way that explicitly communicates an endorsement of the Program by the local government.](#)

Collection & Use of Data

By submitting a Program application, Property Owner agrees that the Program Administrator may disclose his or her personal information to Program staff, and that the Program Administrator and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of the Program Administrators' or its member agencies' business or to provide services to Property Owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or regulators, (ii) enable the Program Administrator or the Program staff or third parties to provide services to Property Owner and to otherwise perform their duties, and (iii) obtain and provide credit reporting information.

In order to receive funding for this Program and to enable communication regarding the State of California's rebate program, Property Owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the local Utility. Property Owner further agrees to the release of his or her name and contact information and the subject property's utility usage data for twelve (12) months before installation of the improvements and throughout the Term, from the local utility company to the Program Administrator, Program staff, its grantors, and its designated Eligible Contractors for the purpose of conducting surveys and evaluating the

Tax Deductibility of Contractual Assessment

Please confer with your tax advisor as to whether he or she recommends deducting any part of your contractual assessment on your tax return. [Program Administrator and Contractors shall not make any representation as to tax deductibility of an assessment contract unless it is consistent with the representations of the Internal Revenue Service or state tax agency with regard to tax treatment of PACE assessments.](#)

Program Database

All information obtained from Property Owners through the Program will be used only for purposes of the Program, utility rebate programs, energy savings tracking, and federal or state grant program funds tracking and surveys.

Releases and Indemnification

By submitting a Program application, property owner thereby acknowledges that Agent has established the PACE Funding Program solely for the purpose of assisting the property owners in the Participating Entity where their property is located with the financing of Eligible Products and that Agent, each Participating Entity, PACE Funding and their respective officers, employees, agents and assigns have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of such Eligible Products. Property owner agrees that property owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or maintenance of such Eligible Products. Participation in the Program does not in any way obligate Agent, any Participating Entity, PACE Funding and/or their respective officers, employees, agents and assigns to guarantee or ensure the performance of any Eligible Products. Property owner thereby acknowledges that the subject property will be responsible for payment of the contractual assessment regardless of whether the products are properly installed or operate as expected.

Property Owner also agrees to release, defend, indemnify, and hold harmless Agent, the Participating Entities, their respective officers, employees, agent assigns, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorney fees and cost of court, arising out of or in any way connected with his or her participation in the Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

Renewable Energy Certificates, Incentive Tax Credits, and other Green Attributes

Item 6.A

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Revisions to the Various PACE
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Attachment 12

Redlined Spruce Residential
Handbook, Amended April 2018

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SPRUCE PACE

Residential Property Owner Program Handbook

~~AUGUST 2017~~

APRIL 2018

Version 1.35



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Glossary of Terms

Assessment: The principal amount of your Spruce PACE financing, ~~minus any down payment, plus any other amounts that are financed by you, which is equal to the property owner(s), and not part of the finance charge; but excluding any prepaid finance charges.~~ Total Amount Financed (see definition below).

Assessment Contract: The contract between you, the property owner(s), and the Authority providing for financing of the purchase and installation of Eligible Products at the designated property under the Spruce PACE Program.

Assessment Installment: The annual or semi-annual payment of the property tax assessment as set forth in the Assessment Contract and as determined by the property tax collection cycle in the Participating Entity where your property is located.

Authority: The entity responsible for the issuance of Property Assessed Clean Energy (PACE) bonds; for the Spruce PACE Program this is the WRCOG.

Building Permits: Documents issued by the relevant local government agency authorizing a property owner and Contractor to proceed with the installation of the Eligible Products as described in the approved plans, drawings and specifications.

Capitalized Interest: The amount of interest that is added to the principal amount of such assessment for the period between the Closing Date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. Depending on the date the assessment is recorded on the property owner's property, the first assessment payment may not be due until the following tax year.

Closing Date: The date on which funds are distributed to pay the costs of the purchase and installation of Eligible Products.

Commercial (Property): Any non-residential property, including apartment buildings, multi-family housing with four (4) or more units, industrial properties and agricultural properties.

Completion Certificate: A document signed by the property owner and Contractor certifying completion of the installation of the Eligible Products.

Contractor: A person or business entity which installs Eligible Products, erects buildings, or portions of buildings or systems within buildings.

CSLB: California Contractors State License Board, the entity responsible for licensing contractors in California. Contractors must meet bonding and workers' compensation insurance requirements established by the CSLB as well as demonstrate certain skills and experience related to their license. Additional information on the CSLB may be found at ~~www.cslb.ca.gov~~ www.cslb.ca.gov.

Down Payment: any payment paid by a property owner at the time of execution of an Assessment Contract.

1. INTRODUCTION TO SPRUCE PACE

1.1 OVERVIEW

Spruce PACE is a financing program for property owners who want to take advantage of the equity in their home make renewable energy, energy efficiency, or water conservation improvements (called “Eligible Products”). Spruce PACE provides for repayment of the amounts financed (called an “Assessment”) through annual or semi-annual installments collected through the property owners’ property tax bill. The repayment term of the Assessment varies between five and 30 years, depending on the projected useful life of the Eligible Products. Spruce Pace is offered by Spruce PACE LLC, a subsidiary of Spruce Finance Inc., a national consumer finance company, which has offered financing for clean energy improvements since 2007. Property owners can access Spruce PACE and our other finance products through our approved local contractor partners.

Spruce PACE is offered through the Western Riverside Council of Governments’ Energy Efficiency and Water Conservation Program for Western Riverside County (the “Program”) and other government agencies, which allows participating cities and counties to offer Spruce PACE financing to their property owners.

Participation in Spruce PACE is completely voluntary. For a list of cities and counties that participate in the Program and other Spruce PACE programs, please visit sprucefinance.com/financing/pace-california.

If your city (county, if your home is in an unincorporated area) does not yet have a PACE program, please ask your local elected officials to contact us about implementing Spruce PACE. They can do so via our website at sprucefinance.com/Government.

1.2 OTHER TERMS AND DISCLAIMERS

All property owners applying for Spruce PACE financing must read the Additional Requirements and Terms in Appendix A. When you apply you will be required to answer questions related to the Spruce PACE Program, the legal structure of Spruce PacePACE Financing, and the risks involved, and certify that you have read Appendix A. We strongly recommend that Contractors and other interested parties also read Appendix A.

Spruce PACE financing is governed by federal, state and local laws and regulations, as well as the consumer protection policies and other policies of WRCOG. To the extent that the information in this Handbook or other documents provided to you by Spruce PACE conflicts with applicable state, federal or local laws or regulations, such laws and regulations will control.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH CONTRACTORS TO INSTALL THEIR ELIGIBLE PRODUCTS. THE PROGRAM, THE AUTHORITY, SPRUCE, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND THE CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANT OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON

All financed properties must be located in a city or county that has signed up to be a Participating Entity.

2.1.4 Maximum Debt and Amount of Spruce PACE Financing

~~The mortgage-related debt on your property must not exceed 90% of the property's Market Value, and the~~ The combination of the mortgage-related debt ~~and on your property,~~ the Assessment for your Spruce PACE financing, ~~and any other outstanding PACE assessments~~ cannot exceed ~~100~~97% of Market Value. ~~These rules are~~ This is intended to prevent property owners from taking on obligations in excess of the Market Value of their property. ~~and is mandated by California law.~~

There are additional restrictions on the maximum amount of your Spruce Pace Financing. These restrictions as well as the methods for determining your property's Market Value, are set forth in Section 2.6 below.

2.1.5 Liens or Defaults on Property

Your property must not have any unresolved federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property. The property also cannot be subject to any notices of default ~~that have not been rescinded~~ or an asset in a bankruptcy proceeding. Special taxes, assessments or other financing district liens placed on all properties in your financing district are permissible. ~~If you can document 12 months of on-time payments under a pay arrangement for an outstanding lien, you may be still be eligible for Spruce PACE financing provided that and the sum of all lien balances and mortgage balance are less than 90% of the Market Value of the property.~~

2.2 WHO QUALIFIES FOR SPRUCE PACE FINANCING?

In addition to the property eligibility requirements in Section 2.1, each homeowner must meet the following requirements in order to be eligible for Spruce PACE financing.

2.2.1 Property Owners:

1. The applicant(s) must be the owner(s) of record of the property where the Eligible Products are to be installed.
2. The property owner(s) must be current on their property taxes for the property and have had no more than one late payment in the past three years (or the period they have owned the property).
3. At the time of application, the property owner(s) must be current on all mortgage and other debt payments for the property and have had no more than one 30-day late payment during the past 12 months.
4. The property owner(s) must not have been the subject of a bankruptcy proceeding within the past seven (7) years, or must meet certain additional requirements. If the property owner(s) have been subject to a bankruptcy proceeding that was completed

between two and seven years ago, they may still be eligible for Spruce Pace financing provided that they have ~~not~~ had ~~any additional late~~ no payments more than ~~60~~30 days past due ~~in on any mortgage debt or nonmortgage debt, excluding medical debt, during the last 24~~12 months preceding the application debt.

5. Each property owner must sign all of the Financing Documents.

6. The property owner(s) must have a reasonable ability to pay the annual payments on the Assessment based on the property owner's income, assets and current debt obligations. Spruce PACE is required by applicable law and the WRCOG consumer protection policies to obtain information regarding a property owner's income and current debt obligations and supporting documentation when a property owner applies for Spruce PACE financing in order to confirm the property owners' ability to make the annual payments on the Assessment. Additional information regarding the types of documentation that may be submitted is available at <https://sprucefinance.com/financing/pace>.

2.2.2 Trust Ownership of the Property

Properties owned by a Trust are eligible for Spruce PACE financing, provided that the property owner(s) can provide adequate documentation of the Trust and their authority under the Trust with their application. At least one Trustee and one resident of the property, if not a trustee, must sign all Financing Documents.

2.2.3 Business Entity Ownership of the Property

Properties owned by a business entity are eligible for Spruce PACE financing, provided that the property owner(s) can provide adequate documentation of the nature and existence of the business entity and their authorization to act on behalf of the entity with their application, such as a corporate resolution authorizing named officers to apply for the Program and sign all Financing Documents on behalf of the entity.

2.3 WHAT ARE ELIGIBLE PRODUCTS FOR SPRUCE PACE FINANCING?

Spruce PACE financing may be used for a variety of energy efficiency and renewable energy products (Eligible Products).

2.3.1 Eligible Products Must Be Permanently Fixed, New Products

Products that are not new or permanently fixed to the property are not eligible for Spruce ~~Pace~~PACE financing. Examples of products **not eligible** for financing under the Program include:

- Remanufactured, refurbished, or used equipment (even if only slightly used)
- Equipment transferred from a previous location
- Previously installed products
- Products such as appliances and light bulbs that are not permanently fixed to the property
- Any work or alteration of the roof, the building, or the property beyond that necessary to install the Eligible Products

2.3.2 Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Products must meet minimum efficiency and/or other requirements. A list of Approved Vendors is available from your Contractor and also included in Appendix D.

2.3.3 Requirements and Recommendations for Renewable Energy Systems

All solar PV systems must consist of components from Spruce's approved vendor list. Approved Vendors are available to your Contractor and in Appendix D of this Handbook.

In addition, Spruce Pace strongly recommends that any energy efficiency measures identified by your Contractor or in an Energy Audit be completed prior to the installation of a solar or other Renewable Energy System, since these measures may reduce your property's energy demands therefore the size and cost of any renewable energy system that you install.

2.4 WHAT DOES SPRUCE PACE FINANCING COVER?

Spruce PACE financing covers both the purchase price and the installation of the Eligible Products. Installation costs may include (but are not limited to): energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees and inspection charges. All work must be performed by a licensed contractor registered with the Spruce PACE program.

If you elect to do other work such as re-roofing or remodeling at the same time, Spruce PACE financing may only be used for the portion of the work involving the Eligible Products. If you are considering doing additional work, please contact your Contractor to determine what costs will be eligible for financing. The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines, as determined by Spruce PACE. We have the right to refuse to finance any portion of costs exceeding such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any such costs.

2.5 WHAT CONTRACTORS CAN I WORK WITH?

Property owners may work with any Contractors who: (1) have registered with the Spruce PACE program, (2) have an active license with the CSLB covering the work involved in installing the Eligible Products and meet the CSLB's bonding and workers compensation insurance requirements, and (3) ~~meet Spruce's specific requirements and agree to all~~ have agreed to abide by the code(s) of conduct issued by Spruce PACE and any relevant state or local agencies, the Program's marketing requirements, and all of our terms and conditions.

2.6 HOW MUCH CAN I FINANCE?

Minimum amount: \$2,500.

Maximum amount:

- Must be less than 15% on the first \$700,000 of Market Value of the property plus 10% of the Market Value of the property above \$700,000, if any;
~~Cannot exceed the Market Value of the property minus all outstanding mortgage debt; or~~
- Cannot exceed the maximum amount of Spruce PACE financing permitted for the type of Eligible Product. See ~~www.sprucefinancing/financing/PACE~~ www.sprucefinancing/financing/PACE for the current maximum amount permitted for each type of Eligible Product.

In addition, your total annual assessments, including your property tax assessments, Assessments related to your Spruce PACE financing, and any other assessments, cannot exceed 5% of the Market Value of your property and are considered in the evaluation of your ability to pay the annual assessments described in section 2.2.1(6) above.

The Market Value of a property is ~~generally~~ determined by an automated valuation model (AVM) value provided by a third-party independent vendor that we select. ~~If an AVM value is not available for a particular property, we will generally use the assessed value.~~ If you disagree with Spruce' determination of the Market Value, you may submit an appraisal prepared by a licensed appraiser within the last ~~12 months or pay for~~ six (6) months which conforms to the Appraiser Independence Requirements established by the Federal Housing Finance Agency ("FHFA") or pay for such an appraisal and submit it to Spruce PACE for our consideration. However, the final determination of the maximum amount of Spruce PACE financing available will be determined solely by Spruce.

2.7 HOW LONG DO I HAVE TO PAY BACK SPRUCE PACE FINANCING?

The financing term of your Spruce PACE financing is between ~~five~~5 and 30 years, but may not exceed the Effective Useful Life (EUL) of the Eligible Product. When multiple Eligible Products are installed, the maximum financing term available is the financing term associated with the longest EUL. Spruce reserves the right to determine the EUL of the specific Eligible Product(s) to be installed, and approve a different assessment term than the one you request.

2.8 ARE THERE REBATES AND TAX CREDITS FOR ELIGIBLE PRODUCTS?

There may be various federal tax credits, state and local government or utility rebates, and incentive programs for available for Eligible Products. However, not all Eligible Products available for Spruce PACE financing will qualify for potential federal tax credits and/or state or local rebates. Spruce PACE cannot confirm or guarantee that Eligible Products will qualify for any tax credits, rebates or other incentive programs.

For information on rebates and tax credits, please visit the rebate pages listed in Appendix B, including Energy Upgrade California at EnergyUpgradeCa.org/county, which allows a ZIP code search for a comprehensive list of different types of rebates available in the area. Other resources include a rebate locator on the Energy STAR website (EnergyStar.gov), and a rebate finder at Epa.gov/WaterSense/.

We encourage you to consult with your tax advisor to determine what, if any, tax benefits you may be eligible to receive in connection with your Spruce PACE financing.

2.8.1 Potential Deductions from Total Amount Financed

Any upfront federal, state or utility rebates that are assignable to the registered Contractor must be deducted from your Total Amount Financed at the time of financing. As the property owner, you (and your Contractor) will be responsible for notifying Spruce of the qualification, award or grant of the Eligible Products for any such assignable rebates. Incentives that are paid over time will not be deducted. State or federal tax credits and rebates that are not assignable to the Contractor will also not be deducted from your Assessment, but you may wish to consider these additional benefits in determining the amount of your financing request.

2.8.2 Solar Rebates and Program Participation

If you plan to install a solar PV or solar thermal water heating system, it must meet the requirements of the California Solar Initiative unless the property is currently not connected to the utility grid (solar PV only). Your Contractor can assist you with applying for any rebate that may be available under the California Solar Initiative program or your municipal utility.

2.9 HOW MANY IMPROVEMENTS CAN I MAKE TO MY PROPERTY?

As the property owner, you may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.

3. SPRUCE PACE FINANCING STEPS

There are five steps to obtaining Spruce PACE financing:

1. **Apply.** Submit application online through a Contractor to Spruce PACE.
2. **Application Results; Confirmation of Ability to Pay.** When you complete your application you will be ~~immediately~~tentatively notified whether it is approved or declined. You will then need to submit supporting documentation to confirm your ability to make the annual payments on your Assessment. If your application is approved, your Assessment Contract and other Financing Documents will be generated for your review and approval.
3. **Sign Financing Documents.** Sign electronically, accepting the Terms & Conditions and related disclosures associated with your application. You may sign with your Contractor on their device, or receive an email from Spruce with a link to sign online. You may also request hard copies of all related financing documents.

4. **Install Eligible Products.** Your Contractor will survey your property and install the Eligible Products.
5. **Payment Issued.** You and your Contractor sign and submit a Completion Certificate and other required documentation. Once Spruce receives these documents and accepts them we issue payment to the Contractor and the Assessment is placed on your property.

A more detailed explanation of each step is included in Appendix C.

4. SPRUCE PACE FINANCING COSTS; PREPAYMENT

4.1 COSTS TO APPLY

There are no ~~costs to apply~~ application fees for Spruce PACE financing.

4.2 PACE ASSESSMENT

Once you are approved for Spruce PACE financing, the cost of the Eligible Products and the interest and fees on that amount are divided into equal annual payments over the approved term of your Spruce PACE financing (~~five~~⁵ to 30 years). This amount will appear as a separate line item on your property tax bill and paid through ~~that mechanism~~ the property tax authority. As with other property taxes, the Assessment payment is due in one or two installments each year. The estimated payment schedule will be attached to your Assessment Contract, which sets forth the estimated maximum annual payments due during the term. We will provide you with the final payment schedule pertaining to your Assessment Contract at the time your installation is completed. Failure to pay the Assessment Installments or the Annual Administrative Assessment Fees described in Section 4.3 below when due will result in the accrual of additional interest and penalties and may result in judicial foreclosure on and the sale of your property.

Important Note: If you have an escrow account to pay your taxes, you should contact your lender to increase your monthly escrow payment to cover the Assessment Installment and Annual Assessment Administrative Fee. Failing to add these amounts to your escrow account may result in a shortfall to which you would be required to pay at a later date.

4.3 SPRUCE PACE FINANCING COSTS

Spruce PACE financing costs are specified in the Assessment Contract and other Financing Document, and are as follows:

4.3.1 Interest

Interest is charged on the Total Amount Financed based on market rates. Your participating Contractor can provide you with the current estimated interest rate(s). The final interest rate is specified in the Financing Documents when they are issued.

4.3.2 Capitalized Interest

Based on the date Spruce PACE financing is disbursed (Closing Date), you may not have to make payments on an assessment until the following year's tax bill. Capitalized Interest is the amount of interest that is added to the principal amount of such assessment for the period between the Closing Date and September 2nd of the year in which the property owner makes the first assessment payment, in accordance with the Improvement Bond Act of 1915. —The amount of Capitalized Interest added to the principal amount of the assessment will be included in the Financing Documents.

4.3.3 Recording Fees

Your county charges fees to record the lien documents and related notices associated with your Spruce PACE financing. These fees are added to the Assessment amount and listed on the Assessment Contract.

4.3.4 Annual Assessment Administrative Fee

The Annual Assessment Administrative fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the Assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The maximum annual Assessment administrative fee varies depending on the county, the amount of your Spruce PACE financing, and other factors. Your specific Annual Assessment Administrative Fee is listed in the Financing Documents.

4.3.5 Refinancing and Resale Expenses

Additional costs can arise if you refinance or ~~resell~~sell your property. In particular, you may be required to pay the principal and interest due on your Spruce PACE financing through your next scheduled Assessment Installment payment as well as processing or other prepayment fees imposed by the mortgage lenders involved. See Section ~~74~~.4, below for additional information.

4.4 PREPAYMENTS

You may choose to pay off your assessment amount at any time in full or in any amount of at least \$2,500. A prepayment is calculated to include the remaining principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount through the earlier of the March 2nd or September 2nd occurring on the second business day of the second month after the prepayment is made. To be clear, this means that your payoff amount may include a required payment of interest on the principal balance for a time period after your payoff date. **You will need to contact Spruce if you want to initiate the prepayment process. Contact information may be found at sprucefinance.com/Contact.**

~~4.5 WHAT PROPERTIES ARE ELIGIBLE FOR SPRUCE PACE FINANCING?~~

~~To be eligible for Spruce PACE financing, the property owner must be assessed property taxes. Residential properties are generally eligible, with the following limitations:~~

~~4.5.1 No New Construction~~

~~Only improved properties are eligible for Spruce PACE financing. New construction is not eligible, unless ownership has been transferred from the developer to the property owner. New construction includes new homes under construction and additions to existing structures.~~

~~4.5.2 Mobile Homes, Manufactured Homes, Condominiums and HOAs~~

~~Mobile homes and manufactured homes are eligible if the homes are permanently attached to the real property, and if the mobile/manufactured homeowner(s) also own the underlying land and pay real property taxes (not DMV fees).~~

~~Condominiums are eligible. However, the Eligible Products may be restricted depending on condominium association rules and physical design of the unit. Condominium owners who are approved for Spruce PACE financing must provide written authorization from the condominium or townhome association's Board of Directors (when the condominium owner requests approval for Eligible Products) that the condominium owner is allowed to install the requested Eligible Product. Single-family homes that are subject to Homeowner Association (HOA) restrictions may also be required to provide written documentation that any Eligible Products meet applicable HOA guidelines or requirements.~~

~~4.5.3 Property Must Be Located in a Participating Community~~

~~All financed properties must be located in a city or county that has signed up to be a Participating Entity.~~

~~4.5.4 Maximum Assessment to Value Amount~~

~~Mortgage-related debt on the property must not exceed 90% of the value of the property. The maximum amount eligible to be financed by Spruce PACE must be less than 15% of the value of the property on the first \$700,000 of value, and less than 10% of any value of the property thereafter. The combined amount to be financed by Spruce PACE plus the mortgage-related debt must not exceed 100% of the value of the property. This credit criterion is intended to protect homeowners from taking on a PACE assessment obligation that will result in property-related debt in excess of 100% of the value of the property.~~

~~4.5.5 Liens on Property~~

~~The property must not have any unresolved federal or state income tax liens, judgment liens, mechanic's liens or similar involuntary liens on the property. Prohibited liens do not include special taxes, assessments or other financing district liens placed on all properties in that particular financing district. If you can document a payment arrangement, 12 months of on-time payments on the payment arrangement, and the sum of all lien balances and mortgage balance are less than 90% of the value of the property on the liens mentioned in this section, then you may be approved. The property cannot currently be an asset in a bankruptcy proceeding.~~

4.6 WHO QUALIFIES FOR SPRUCE PACE FINANCING?

~~In addition to the property eligibility requirements above, as a residential property owner, you must meet specific criteria in order to be eligible for Spruce PACE financing. The eligibility criteria for residential property owners are simple.~~

~~4.6.1 Property Owners:~~

- ~~1. You, the applicant(s), must be the owner(s) of record of the property upon which the Eligible Products are to be installed.~~
- ~~2. You must be current on your property taxes for the property upon which the Eligible Products will be installed and there must be no more than one late payment in the past three years.~~
- ~~3. At the time of application, you must be current on all property debt for the property upon which you want to install the Eligible Products and cannot have had more than one 30-day late payment of your mortgage over the previous 12 months.~~
- ~~4. You must not have had any active bankruptcies within the last three years, and the property must not be an asset in an active bankruptcy. However, if a bankruptcy was discharged between two and seven years prior, and you have not had any additional late payments more than 60 days past due in the last 24 months, you may be approved.~~
- ~~5. You must sign all required documentation, including but not limited to the application, the Financing Estimate and Disclosures, the Completion Certificate and the Assessment Contract, with all other required Financing Documents.~~

~~4.6.2 Trust Ownership of the Property~~

~~If the property is owned by a Trust, the property is eligible for Spruce PACE financing if adequate documentation of the Trust and your authority under the Trust is provided with the application. At least one Trustee and a resident of the property, if not a trustee, must sign all Financing Documents, including the Assessment Contract.~~

~~4.6.3 Business Entity Ownership of the Property~~

~~If the property is owned by a business entity, the property is eligible for Spruce PACE financing if adequate documentation of the nature and existence of the business entity and the your authorization to act on behalf of the entity is provided with the application, such as a corporate resolution authorizing named officers to apply and sign the Assessment Contract and other Spruce PACE required documents on behalf of the corporation.~~

~~4.7 WHAT ARE ELIGIBLE PRODUCTS FOR SPRUCE PACE FINANCING?~~

~~Spruce PACE financing may be used for a variety of energy efficiency and renewable energy products (Eligible Products).~~

~~4.7.1 Eligible Products Must Be Permanently Fixed, New Products~~

~~Only permanently fixed, new Eligible Products can be financed by Spruce PACE. The following are not eligible for Program financing:~~

- ~~• Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location~~
- ~~• Previously installed products~~
- ~~• Products that are not permanently fixed, including appliances, light bulbs and other non-fixtures~~
- ~~• Any structural alteration of the roof, the building, or the property related to the installation of a solar photovoltaic (PV) system or solar thermal system (in addition to the work necessary to install the PV system)~~

~~4.7.2 Proposed Products Must Meet Minimum Eligibility Requirements~~

~~There are minimum efficiency and/or other requirements for each Eligible Product. A complete list of Eligible Products with minimum efficiency and other specifications for residential properties is available from your Contractor, and also in Appendix E of this Handbook.~~

~~4.7.3 Eligible Products and Measures~~

~~All solar PV systems must consist of components from Spruce's approved vendor list. Eligible Products are available to your Contractor and in Appendix E of this Handbook.~~

~~The Program recommends that energy efficiency measures be completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems.~~

~~4.7.4 Solar Systems Must Meet Spruce Requirements~~

~~All solar PV systems must use equipment from Spruce's approved vendor list. If you are considering energy efficiency measures as well, we strongly recommend that you complete those prior to installing solar PV systems. Reducing your property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal~~

~~systems and other renewable energy systems. Spruce will not finance any structural alteration of the roof, the building or the property related to the installation of a solar PV system or solar thermal system.~~

~~4.8 WHAT DOES SPRUCE PACE FINANCING PAY FOR?~~

~~Costs covered by Spruce PACE financing include both the cost and installation of the Eligible Products. Installation costs may include (but are not limited to): energy/water audit costs, appraisals, labor, design, drafting, engineering, permit fees and inspection charges. If you are the property owner, you must use a licensed contractor who is registered with the Spruce PACE program to complete the installation.~~

~~If you elect to complete your Spruce PACE-financed retrofits at the same time as a larger remodeling project, financing is only available for the retrofitting of the existing structure with Eligible Products. Repairs to the existing building's envelope, systems, and/or infrastructure are not eligible except where they are necessary to install the Eligible Product. If you're a property owner and you want to finance Eligible Products as part of a larger remodeling project, you should contact your contractor to determine what costs will be eligible for financing. The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines, as determined by Spruce PACE. We have the right to refuse to finance any portion of costs reflected in a Completion Certificate that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of any Completion Certificate.~~

~~4.9 WHO CAN I WORK WITH?~~

~~Only contractors who have registered with the Spruce PACE program may undertake Spruce PACE-financed installation work. Contractors may register with us if they have an active license with the California Contractors State License Board (CSLB), meet the CSLB's bonding and workers compensation insurance requirements, meet Spruce's specific requirements, and agree to all our terms and conditions. In addition, contractors may only install Eligible Products for which they have the appropriate CSLB license. All solar PV and solar thermal systems must be installed by a CSI-registered installer holding the appropriate contractor's license.~~

~~4.10 HOW MUCH CAN I FINANCE?~~

~~The minimum assessment amount is \$2,500. The maximum assessment amount may be one of two options (whichever is less):~~

- ~~• Less than 15% on the first \$700,000 value of the property and, if applicable, less than 10% of any value of the property thereafter; or~~

- ~~A combined mortgage and Assessment Contract amount of 100% of the value of the property.~~

~~For residential properties, the value of the property will be the market value based on an automated valuation model (AVM) value provided by a third-party independent vendor we select. If an AVM value is not available for a particular property, we will use the assessed value, unless the property owner can provide an appraisal prepared by a licensed appraiser within the last 12 months. In addition, if you disagree with the AVM value, you may pay for an appraisal from a licensed appraiser approved by Spruce PACE. We will review the appraisal and its value and provide a final determination as to whether it may be used for eligibility calculations.~~

~~4.11 HOW LONG DO I HAVE TO PAY BACK THE ASSESSMENT?~~

~~Assessment Contracts may include financing with a five to 30-year term, but the financing term may not exceed the effective useful life of the installed Eligible Product. We reserve the right to approve a different assessment term than requested, depending on the effective useful life of the Eligible Product(s) to be installed. When installing multiple Eligible Products, the maximum financing term available is the financing term associated with the greatest effective useful life. A list of Eligible Products and maximum financing terms is provided in Appendix E.~~

~~4.12 WHAT REBATES AND TAX CREDITS DO I QUALIFY FOR?~~

~~There may be various federal tax credits, state and local rebates, and incentive programs for energy efficiency, renewable energy and water efficiency Eligible Products. However, not all Eligible Products available for Spruce PACE financing will qualify for potential federal tax credits and/or state or local utility rebates. For example, some of the federal tax credit specifications require a higher energy efficiency standard than those we offer. As such, we cannot confirm or guarantee that Eligible Products will qualify for any tax credits, rebates or other incentive programs. We encourage you to consult with your tax advisor to determine what, if any, tax benefits you may or may not be eligible to receive in connection with Spruce PACE financing.~~

~~For information on rebates and tax credits, please visit the rebate pages listed in Appendix A, including Energy Upgrade California at EnergyUpgradeCa.org/county, which allows a ZIP code search for a comprehensive list of different types of rebates available in the area.~~

4.12.1 Potential Deductions from Total Amount Financed

~~All available upfront federal, state or utility rebates that are assignable to the registered contractor must be deducted from the Total Amount Financed at the time of financing. As the property owner, you (and your contractor) will be responsible for notifying Spruce of the qualification, award or grant of the Eligible Products for any such assignable rebates. Performance-based incentives that are paid over time, such as the CSI PBI rebate, will not be deducted. State or federal tax credits and rebates that are not~~

~~assignable to the contractor will also not be deducted from the assessment amount, but you may wish to consider these additional benefits in determining the amount of your financing request.~~

4.12.2 Solar Rebates and Program Participation

~~If you plan to install solar PV or solar thermal water heating systems, they must be eligible for and should participate in the appropriate CSI rebate program, unless rebates are not available or the property is currently not connected to the utility grid (solar PV only). Most solar installers can assist you with applying for these rebates.~~

4.13 HOW MANY IMPROVEMENTS CAN I MAKE TO MY PROPERTY?

~~As the property owner, you may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.~~

5. CONTRACTOR REQUIREMENTS

This section explains the requirements for Contractors to participate in the Spruce PACE Program.

5.1 CONTRACTOR REGISTRATION

Contractors wishing to install Eligible Products utilizing Spruce PACE financing must first register with Spruce. Contractors must be licensed by the State of California and in good standing with the CSLB, including all applicable bonding and insurance requirements, and pass a fraud check in order to apply for registration. In addition, Contractors must meet and agree to abide by all Spruce PACE program requirements, including:

- Pulling any required permits from the local building department for the installation of the Eligible Products
- Obtaining advanced approval before ordering or installing Eligible Products
- Installing only products that meet the required eligibility specifications
- Installing only the Eligible Products for which the contractor has the appropriate license from the CSLB
- Supervising their employees, independent contractors and subcontractors.
- Registering their owners and salespersons with the Program.

- Agreeing to abide by Spruce [PACE code of conduct](#), Sales & Marketing Guidelines and all applicable federal, state and local regulations

5.2 BUILDING PERMITS, COMPLETION CERTIFICATE AND INSPECTION

Although property owners are legally responsible for obtaining any required building permits for Eligible Products, Spruce expects Contractors participating in the Spruce PACE program to determine what permits are required to install the Eligible Products and to obtain any necessary permits and approvals. Contractors must provide the completed permit documentation and sign the Completion Certificate along with the property owner(s) before funds are released under the Spruce Pace Program. Spruce may also require an on-site validation visit to confirm the complete and satisfactory installation of all Eligible Products before approving a submitted Completion Certificate and releasing funds.

5.3 FRAUDULENT ACTIVITY

Any misrepresentations made in the application for Spruce PACE financing, the Contractor's bid or any other document at any time during the financing process may cause the Contractor or property owner be terminated from the Spruce PACE program and may result in legal action. Misrepresentations may result in a denial of an application or render an installed Eligible Products ineligible for Spruce PACE financing. In addition, Spruce may initiate civil or criminal legal proceedings to recover any fraudulently obtained funds.

5.4 REQUIRED DOCUMENTS

Documents must be submitted at different steps in the Spruce PACE financing process. For a list of required documents and when they need to be submitted, please see Section 3 above.

~~6. Financial Terms~~6. OTHER CONSIDERATIONS AND INFORMATION

6.1 RIGHT TO VALIDATE PRODUCTS AND MONITOR PERFORMANCE

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program. If we elect to conduct an on-site validation, Program staff will schedule this validation with you at a reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' energy generation, if applicable, and to track the energy consumption impacts and utility usage of your installed Eligible Products by obtaining your utility bill data.

6.2 RECORD LIEN ON PROPERTY AND ISSUE PAYMENT

After receiving the executed Completion Certificate, Spruce PACE will record the Assessment lien documents with the County in which the property is located and issue bonds to finance the cost of the installation of the Eligible Products and other costs of the financing. These steps must be completed before payment is issued to your Contractor.

6.3 ANNUAL ASSESSMENTS TO REPAY YOUR SPRUCE PACE FINANCING

Each year the Program will submit the Assessment Installment and Annual Assessment Administrative Fee for your Spruce PACE financing to the County where your property is located. These amounts will appear as a separate line item on your annual property tax bills for the term of your financing.

6.4 IMPLICATIONS OF USING SPRUCE PACE FINANCING

You must be able to pay the agreed-upon Assessment Installment and Annual Assessment Administrative fee even if there is a change in your personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. As with other property taxes, failure to pay your Assessment will result in penalties, interest, and, eventually, judicial foreclosure of the property by the Authority or tax sale of the property by the County Tax Collector. Recordation of the contractual assessment on the property will constitute a lien perfected annually for the term of financing.

As with other property taxes, you may pay the entire annual amount on the date the first installment is due OR pay in two installments on the dates they are due.

If you sell or refinance your property, the Authority and the County in which your property is located will permit your assessment to stay with the property along with the other property taxes. **However, your lender or the buyer's lender may require that you pay off the remaining outstanding assessment balance as well as interest through the bond interest payment date when you refinance your home or sell your property. In other words, depending on their policies, the lender may require you to repay your Spruce PACE financing in full, together with interest, at the time of transfer or refinance.** You should consult the lender to determine whether your assessment will need to be paid in full. In addition, by law, you must provide notice to the buyer of your property of the PACE Assessment. If you do not wish to fully pay the Assessment amount as part of a refinancing or sale of your property, please contact us to determine other alternatives that may be available to you.

Important Note: If you use have an impoundescrow account to pay your taxes, you should contact your lender immediately to increase your monthly impoundescrow payment to cover the Assessment Installment and Annual Assessment Administrative Fee. Failing to add these amounts to your impoundescrow may result in a shortfall to which you would be required to pay at a later date.

6.5 FHFA AND REAL ESTATE TRANSACTIONS

The Federal Housing Finance Administration (FHFA), the independent agency of the U.S. government that oversees certain secondary mortgage markets, has expressed concern that PACE financing could

adversely affect first mortgage liens held by Fannie Mae and Freddie Mac because PACE Assessments could be deemed to have certain superior rights to those liens. The industry has taken major steps to address these concerns, including limiting the size of PACE Assessments. In addition, in 2014 California created the PACE Loss Reserve Program, which established a \$10 million reserve to protect mortgage lenders against losses in foreclosures as a result of PACE assessments with superior lien rights. ~~The Program will participate~~Spruce PACE participates in the PACE Loss Reserve Program.

Nevertheless, the FHFA remains concerned about the potential exposure that PACE financing creates to the financial institutions involved in the mortgage markets in the U.S. This may adversely affect the availability of PACE financing in the future and your ability to sell your home without paying off your PACE financing (see Section ~~7.4 above~~. .4).

The Authority requires that property owners be made aware of the FHFA's position and the possibility that you will have to pay off your PACE ~~financing~~assessment if you sell or refinance your home.

For further information on the FHFA's position on PACE financing, please see the FHFA's Statement of the Federal Housing Finance Agency on Certain Super-Priority Liens issued December 22, 2014 and available on the FHFA web site at www.fhfa.gov/Media/PublicAffairs.

6.6 ADDITIONAL REQUIREMENTS AND TERMS

ALL PROGRAM APPLICANTS, BORROWERS, AND CONTRACTORS ARE SUBJECT TO THE ADDITIONAL REQUIREMENTS AND TERMS SET FORTH IN APPENDIX A AND THE FINANCING DOCUMENTS. AS APPLICABLE, AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, BORROWERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.

6.7 PROGRAM CONTACT INFORMATION

PACE Support on our Website

Information about Spruce PACE, including how the Program works, answers to common questions and availability by county and municipality is available at sprucefinance.com/financing/pace-california.

Residential property owners can apply for Spruce PACE financing through any registered Contractor partner. Contractors must apply for registration with the Program through Spruce, at sprucefinance.com/join.

Spruce PACE Call Center

Property owners and contractors may call 888.636.6574 to obtain information about Spruce PACE.

Completion of all city and county permitting and inspections are the responsibility of the property owner.

Spruce PACE May Inspect Products

Spruce PACE reserves the right to inspect any and all products financed by the Program at any time during installation or when a Completion Certificate is submitted to ensure compliance with the Program.

Defaults on Assessment Payments

After written notification, defaults in payment of assessments will result in the initiation of foreclosure proceedings on the December 1st following such default.

Rebates and Tax Credits

Federal, state, or local laws or rebate programs may change at any time. Therefore, Spruce PACE is not liable for any loss of or change in a rebate or tax credit. Property owners should consult with their tax advisors and/or accountants as to the applicability of any federal tax credits to their personal tax situation.

Tax Deductibility of Contractual Assessment

Please confer with your tax advisor as to whether deducting any part of your contractual assessment on your tax return.

Spruce Database

All information obtained from property owners through the Program will be used only for purposes of the Program, ~~CS~~the California Solar Initiative or other utility rebate programs, energy savings tracking and federal or state grant program funds tracking and surveys.

Releases and Indemnification

By submitting a Spruce PACE application, property owner thereby acknowledges that ~~WRCOG~~the Authority has established the PACE Program solely for the purpose of assisting the property owners in the Participating Entity where their property is located with the financing of Eligible Products and that ~~WRCOG~~the Authority, each Participating Entity, Spruce PACE and their respective officers, employees, agents and assigns have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of such Eligible Products. Property owner agrees that property owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or

maintenance of such Eligible Products. Participation in the Program does not in any way obligate ~~Agent~~the Authority, any Participating Entity, Spruce ~~Finance~~PACE and/or their respective officers, employees, agents and assigns to guarantee or ensure the performance of any Eligible Products. Property owner thereby acknowledges that the subject property will be responsible for payment of the contractual assessment regardless of whether the products are properly installed or operate as expected. Property owner also agrees to release, defend, indemnify, and hold harmless ~~Agent~~the Authority, the Participating Entities, Spruce PACE and their respective officers, employees, agent assigns, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorney fees and cost of court, arising out of or in any way connected with his or her participation in the Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

Disclosure of Participant Information

By submitting a Program application, property owner agrees that the ~~Agent~~Authority may disclose his or her personal information to Program staff, and that the ~~Agent~~Spruce PACE and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of the ~~Agent's~~Authority's or its member agencies' business or to provide services to property owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or our regulators, (ii) enable the ~~Agent~~Authority or the Program staff or consultants to provide services to property owner and to otherwise perform their duties, and (iii) obtain and provide credit reporting information. In order to receive funding for this Program and to enable communication regarding the State of California's rebate program, property owner consents to the release of his or her name and contact information to the California Solar Initiative or the utility solar rebate program operated by the local Utility. Property owner further agrees to the release of his or her name and contact information and the subject property's utility usage data as well as data from the online monitoring of any renewable energy system installed for 12 months before installation of the improvements and up to 24 months after installation of the improvements from the local utility company to the ~~Agent~~Authority, Program staff, its grantors, and its designated contractors for the purpose of conducting surveys and evaluating the Program and its impact. The Program reserves the right to access utility bill information and online monitoring of installed renewable energy systems (if the property owner or system owner has elected to set up online monitoring). In addition, property owner understands that the ~~Agent~~Authority is a public agency which, in certain circumstances, may have an obligation to release information under the California Public Records Act or pursuant to court order. Please refer to the Spruce PACE Privacy Policy for additional information.

Renewable Energy Certificates and other Green Attributes

For those property owners who install solar PV or non-PV electricity generating systems, Renewable Energy Certificates (RECs) and all related green attributes will be assigned to the Program for the length of the financing term. RECs can only be registered and tracked for properties with monitoring systems.

Contractor Sales & Marketing Guidelines

The ~~Agent~~Authority has provided Contractor Trademark and Logo Usage Guidelines for any third party wishing to reference the Program in that third party's marketing materials. These guidelines should be strictly adhered to or such third party will risk being excluded from participating in the Program in the most severe instances.

APPENDIX C: DETAILED APPLICATION PROCESS

Step 1: Apply

You will need to complete an application for Spruce PACE financing through a Contractor registered with the Program. Submission of an application does not guarantee that you will be approved for financing. By submitting an application, you are specifically authorizing and agreeing that the Program staff has permission to obtain your credit report as well as any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify your declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program. You are also authorizing Spruce to share the results of your application with your Contractor.

Secure Online Application

A secure online application for the Program is available through approved Contractors. The application provides a step-by-step process for you to provide personal and property information. If your application is approved, your Contractor sales representative will walk you through the next steps to complete your Spruce PACE financing documents. In some cases, your application will require additional information, which your Contractor rep will help you collect. You will receive notification emails regarding your application status and your Contractor rep will be updated as to the status of your application through the SpruceFlow platform.

Step 2: Application Results; Confirmation of Your Ability to Pay

You will receive immediate notification of your application status when you apply through the SpruceFlow online system. There are two possible application review results:

- Tentatively Approved
- Declined

If your application is tentatively approved, you will then need to submit supporting documentation to confirm your ability to make the annual payments on your Assessment. If your application is approved, your Assessment Contract and other Financing Documents will be generated for your review and approval.

Step 3: Sign Financing Documents

After your application is approved, your Contractor will generate the Financing Documents in SpruceFlow. You have the option to sign these documents on the Contractor's device, ~~or~~ use your own computer to sign electronically, or request hard copies. Financing Documents include:

1. Signed Financing Estimates and Disclosures form
2. Signed Assessment Contract with Exhibits
3. Acknowledged Right to Cancel

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Report from the League of California Cities

Contact: Erin Sasse, Regional Public Affairs Manager, League of California Cities,
esasse@cacities.org, (951) 321-0771

Date: April 2, 2018

The purpose of this item is to inform the Committee of activities undertaken by the League of California Cities.

Requested Action:

1. Receive and file.

This item is reserved for a presentation from the League of California Cities Regional Public Affairs Manager for Riverside County.

Prior Action:

March 5, 2018: The Executive Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: RIVCOconnect Presentation: Riverside County Broadband Initiative
Contact: David Littell, RIVCOconnect Director, dlittell@rivco.org, (951) 955-3687
Date: April 2, 2018

The purpose of this item is to provide a presentation on the County of Riverside's broadband initiative, "RIVCOconnect."

Requested Action:

1. Receive and file.
-

David Littell, RIVCOconnect Director, Riverside County Information Technology (RCIT), will provide a presentation to the Executive Committee on the County's regional broadband initiative.

About the Initiative

RIVCOconnect is a Riverside County initiative, supported by the Riverside County Board of Supervisors and Executive Office, and led by RCIT, which seeks to remove the road blocks that obstruct service providers from building out the current infrastructure. RIVCOconnect seeks to invite the private sector, either incumbent vendors or business entities new to the County, to work in a cooperative fashion and create partnerships to deliver broadband services County-wide at speeds of 1 Gbps and above.

It is also the goal of RIVCOconnect that this service be provided to all residents at an affordable cost, one that allows all residents to access high-speed connections to information, entertainment, health care, government services, employment opportunities, and educational growth. The RIVCOconnect Initiative is working toward the development of expedited County permitting procedures, providing low-cost locations for fiber shelters, telecomm cabinets, pole boxes and curbside utility vaults, and offering incentives such as anchor tenancy and asking the same of our municipal and local community partners who will be joining us in our efforts.

It is not the intent of the County of Riverside that this new County-wide Gigabit Network be owned and operated in the public realm. Rather, it is the goal of RIVCOconnect and the Board of Supervisors that the private sector will see the new opportunities being unveiled that will lead to the largest such high-speed broadband network in the country. RIVCOconnect will pave the way for economic growth, educational advancement, rising employment in professional and technical lines of business, and increased security for the County's seniors.

Initiative Goals

- Universal access to high-speed information and technology for the purposes of employment, education, public safety, health care, entertainment, business, and governmental assistance.
- Affordable access to high-speed broadband networks County-wide, regardless of economic or geographic status.

- Bridging the Digital Divide and bringing Riverside County to new heights in economic development, business climate, and educational innovations.

Prior Action:

None.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.



Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Regional Streetlight Program Activities Update

Contact: Tyler Masters, Program Manager, tmasters@wrcog.us, (951) 405-6732

Date: April 2, 2018

The purpose of this item is to update the Committee on the Western Riverside County Streetlight acquisition process and to provide a recommendation for the Committee's consideration for LED fixture selection.

Requested Action:

1. Authorize the Executive Director to enter into contract negotiations with the Evaluation Committee's recommended LED fixture providers, California Electric Supply and General Electric.

WRCOG's Regional Streetlight Program will assist member jurisdictions with the acquisition and retrofit of their Southern California Edison (SCE)-owned and operated streetlights. The Program has three phases: 1) streetlight inventory; 2) procurement and retrofitting of streetlights; and 3) ongoing operations and maintenance. A major objective of the Program is to provide cost savings to participating member jurisdictions.

Background

At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that will allow jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use). Local control of the streetlight system provides jurisdictions with opportunities for future revenue generation such as digital-ready networks and telecommunications and information technology strategies.

Regional Streetlight Acquisition Process

11 jurisdictions (listed below) have moved forward and signed Purchase and Sales Agreements to acquire current SCE-owned streetlights within their jurisdictional boundaries. Collectively, these account for nearly 48,000 streetlights within Western Riverside County. This Agreement includes the terms and acquisition price for the sale of the streetlights for each jurisdiction. In June 2017, SCE presented participating cities with a first, and only, amendment to its Purchase and Sales Agreements, which included two changes to the original agreement. The first is a minor change in the overall price of the streetlight systems to include the additional depreciation of the streetlight systems from the original 2015/2016 valuation. The second includes an increase in the transition cost, from \$30.00 per pole to \$32.15 per pole. The transition cost component of the Agreement includes the time and materials that SCE's contractor will take during the acquisition and transition process when converting a streetlight from SCE-ownership to jurisdictional-ownership. The Cities of Perris, San Jacinto, and Wildomar, and the Jurupa Community Services District (JCSD) did not receive an amendment to their Purchase and Sales Agreement because the updated transition cost was already included in their Agreement. Once each Agreement is signed by the jurisdiction, SCE will transmit the Agreement to the California Public Utilities Commission (CPUC) for review and approval.

In 2017, three jurisdictions' (Cities of Eastvale, Murrieta, and Temecula) Streetlight applications entered the CPUC's review process. The Cities of Eastvale (on 12/8/17) and Murrieta (on 10/10/17) received CPUC approval on its applications. The City of Temecula will receive its approval in the first or second quarter of 2018 (the City goes through a longer approval process because it has an acquisition cost of over \$5 million and requires a formal filing process within the CPUC).

On March 11, 2018, the City of Lake Elsinore and JCSD's streetlight applications were approved by the CPUC. Additionally, during the week of March 26th 2018 the Cities of Hemet, Perris, San Jacinto, and Wildomar received approval of their streetlight applications by the CPUC. The Program now has eight jurisdictions that have received CPUC approval and staff will continue to monitor the status of the remaining three jurisdictions.

Once the applications are approved, staff will coordinate with jurisdictional staff to initiate the next step of the Program, which includes approval of Program participation and the streetlight transition process from SCE and closing of the financing.

The table below provides the status for each jurisdiction participating in the Program and is subject to change as SCE and CPUC progress through the approval processes. WRCOG staff will continue to update the progress as jurisdictions reach each milestone.

	City approves agreement to purchase streetlights	City approves amendment to PSA	SCE executes agreement	SCE sends to CPUC	CPUC approves streetlight transfer	City approves program participation
Eastvale	4/12/2017	7/25/17	✓	✓	12/8/2017	
Hemet	3/14/2017	9/11/2017	✓	✓	3/31/2018	
JCSD	3/13/2017	N/A	✓	✓	3/11/2018	
Lake Elsinore	1/24/2017	8/17/2017	✓	✓	3/11/2018	
Menifee	2/15/2017	3/7/2018				
Moreno Valley	3/21/2017	10/16/17	✓	✓	Est. Q2 2018	
Murrieta	3/7/2017	7/11/17	✓	✓	9/29/2017	12/19/2017
Perris	3/28/2017	N/A	✓	✓	3/31/2018	
San Jacinto	3/28/2017	N/A	✓	✓	3/31/2018	12/19/2017
Temecula	2/28/2017	5/30/17	✓	✓	Est. Q2 2018	
Wildomar	3/8/2017	N/A	✓	✓	3/31/2018	

Streetlight Request for Quotation (RFQ) – LED Fixture Selection

On September 21, 2017, WRCOG released an RFQ to solicit suppliers interested in providing WRCOG's member jurisdictions with LED lights for the replacement of jurisdiction-owned streetlights, which is a primary goal of the Program.

On December 21, 2017, the RFQ closed and staff received proposals from 11 different lighting vendors. Staff formed an Evaluation Committee consisting of WRCOG's financial consultant (PFM), O&M contractor (Siemens), and interested jurisdictions involved in the Program.

On January 16, 2018, the Evaluation Committee met to review the proposals for LED lighting fixtures and identify the best qualified fixture(s) for the subregion's street lighting needs. The workshop consisted of the analysis of each proposal as requested of the RFQ. Evaluation criteria included lighting analysis, LED fixture storage / shipment, proposer capabilities / experience, scheduling capacity, and project cost. A second meeting was scheduled to evaluate the technical lighting analysis of proposers in greater detail.

On February 26, 2018, the Evaluation Committee met again to review the results of the lighting analysis and to identify the preferred lighting fixture that will be implemented as part of the Program. The lighting analysis consisted of evaluating the wattage / energy efficiency and lighting output, cost comparison, and reference

checks of proposers. During the meeting, jurisdictional staff presented on the following items to be taken into account for selection:

1. Incentive / rebate potential – Evaluation Committee members would like to select a fixture that is Design Light Consortium (DLC) approved. As part of the rebate process, SCE will only provide rebates on lighting fixtures that are DLC qualified. This is the standard practice that is used for rebate processing.
2. Lighting analysis – Evaluation Committee members would like to select a fixture that meets or exceeds current lighting systems, mitigates light pollution, and prevents unnecessary scattering of light into resident's yards and bedroom windows, for example.
3. Project cost – Jurisdictions would like to select a fixture that is cost effective, but also energy efficient, with potential to yield long-term utility bill savings.

Per the final analysis and recommendation of the Evaluation Committee, the selected lighting fixture is General Electric (GE), which is provided by its local distributor, California Electric Supply. GE's fixture was selected by the Evaluation Committee as it best fit the following requirements: 1) cost effectiveness, 2) lighting output, 3) warranty, and 4) energy efficiency. Staff presented the Evaluation Committee's finding at the March 15, 2018, Technical Advisory Committee (TAC) meeting. The next step of the fixture selection process is to present the Evaluation Committee's recommendation to the Executive Committee and request that the Executive Committee authorize the Executive Director to enter into contract negotiations with California Electric Supply and General Electrics.

Prior Action:

March 15, 2018: The Technical Advisory Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore there is no fiscal impact.

Attachment:

None.

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Western Riverside Council of Governments Executive Committee

Staff Report

Subject: Public Service Fellowship Program Activities Update

Contact: Cynthia Mejia, Staff Analyst, cmejia@wrcoq.us, (951) 405-6752

Date: April 2, 2018

The purpose of this item is to provide an update on the second and third rounds of the Public Service Fellowship.

Requested Action:

1. Receive and file.

In partnership with higher education institutions, WRCOG developed and launched a Public Service Fellowship Program that provides local university graduates with career opportunities within local governments and agencies in a way that is mutually beneficial to both the Fellow and the Agency.

Background

In February 2016, the Executive Committee approved the creation of a one-year pilot Public Service Fellowship Program, to be administered by WRCOG in Western Riverside County, in partnership with the University of California, Riverside (UCR), California Baptist University (CBU), and, as of 2018, California State University, San Bernardino (CSUSB). The goal of the Program is to retain local students to fulfill the subregion's needs for a robust public sector workforce and to combat the often-mentioned "brain drain" that Riverside County experiences when local students graduate but then leave the region to seek full-time employment elsewhere. The Program is geared towards students graduating from UCR, CBU, and CSUSB to engage them in career opportunities with local governments and agencies in a way that is mutually beneficial to both the Fellows and the agency.

WRCOG is responsible for general Program administration and oversight, maintaining employment of the Fellows, soliciting interest from local government agencies, serving as the liaison between member agencies and the universities, providing Program funding, and coordinating payment of Fellowship stipends. UCR, CBU, and CSUSB are responsible for soliciting interest from students, reviewing applications and conducting interviews, recommending local government agency placements, and communicating regularly with Fellows. They all also provide ongoing training to Fellows on career readiness and other theoretical topics during regular Networking Sessions to support Fellows' hands-on work experience. A representative from each University serves as an "advisor" to answer questions from the Fellows or host agencies, monitor the Fellows' performance, handle HR-related issues or complaints in collaboration with WRCOG, and provide needed support to ensure that the Fellowship placement is successful.

Program Update

Round I spanned from July 2016 through March 2017 and placed 17 Fellows in member agencies. To staff's knowledge to-date, nearly all alumni Fellows are gainfully employed, with at least eight working for public agencies in Riverside County. Based on the widespread success of Round I and remaining funding, WRCOG

launched a second round of the Fellowship Program from July 2017 to March 2018, with 19 Fellows (11 from UCR and 8 from CBU) placed in WRCOG member jurisdictions.

Round II Fellows are now in the last month of the Program and are preparing to close out any work they have completed at their host agencies. As part of the regular monthly sessions hosted by WRCOG, Round II Fellows have undergone a resume and interviewing skills workshop and have also heard from several professionals in the local public sector to gain valuable tips for entering and/or excelling in the workforce. Several Fellows have already been hired by member agencies or are in the process of securing employment locally.

All member agency staff who supervised and/or worked with WRCOG's Public Service Fellows are invited to attend a completion ceremony luncheon on Thursday, April 19, 2018, at 11:30 a.m., to be held at the Grier Pavilion, 7th Floor, Riverside City Hall.

Round III

Staff recently launched the application for the next round, which may be found on WRCOG's website under the Fellowship Program tab. Applications for the next round are due March 30, 2018. Staff also sent Technical Advisory Committee members an Interest Form to request a Fellow for the 2018-2019 Program year.

Below is a list of important dates for Round III of the Fellowship Program:

<u>January 20, 2018:</u>	Round III Fellowship Application went live.
<u>March 30, 2018:</u>	Fellowship Applications due from potential candidates.
<u>March 30, 2018:</u>	Member Agency Interest Forms due from host jurisdictions.
<u>April – May 2018:</u>	WRCOG and universities review applications.
<u>June 2018:</u>	Member agencies receive candidate applications, interview candidates, and placements are finalized.
<u>July 2018 – March 2019:</u>	Fellows work in member agencies.

Prior Action:

<u>March 15, 2018:</u>	The Technical Advisory Committee received and filed.
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Fiscal Impact:

This item is for informational purposes only; therefore, this is no fiscal impact.

Attachment:

1. Fellow Feature in WRCOG's March 2018 eCommunicator.

Item 6.E

Public Service Fellowship Program
Activities Update

Attachment 1

Fellow Feature in WRCOG's March
2018 eCommunicator

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Fellow Feature: Spotlight on County Supervisorial Fellows!



Left: Kianna Maldonado (far left) with County of Riverside, District 5 Supervisor Marion Ashley's staff.



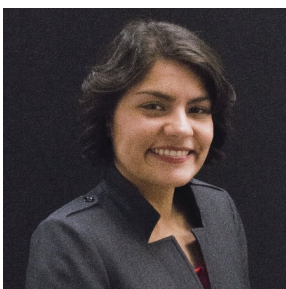
Right: Sarah Rodriguez with County of Riverside, District 3 Supervisor Chuck Washington.

The Public Service Fellowship Program, launched in 2016, aims to retain local talent to fulfill the subregion's needs for a strong public sector workforce and to combat the often-mentioned "brain drain" that occurs when local students graduate and then leave the region to seek full-time employment elsewhere. The Fellowship is made possible with the help of our educational partners, University of California, Riverside and California Baptist University - and starting in 2018, California State University, San Bernardino. The Program has been widely praised for cultivating exceptionally talented Fellow cohorts and addressing pressing needs in our member agencies to build capacity. In its pilot round, the Fellowship placed 14 Fellows in member agencies. Last year, the Program grew to include 19 Fellows. In its upcoming third round, the Fellowship will place up to 25 Fellows in WRCOG member agencies.

This month the WRCOG Public Service Fellowship is pleased to feature three Fellows working in County of Riverside Supervisor Offices: Chika Ojukwu (District One), Sarah Rodriguez (District Three), and Kianna Maldonado (District Five).



Chika Ojukwu (second from right) with County of Riverside, District 1 Supervisor Kevin Jeffries and his staff.



Sarah Rodriguez works with the Third Supervisorial District and assists with office functions, research, and local community events. She attributes her open-mindedness and enthusiasm for the office to her experience from the beginning stating, "This Fellowship has been the opportunity of a lifetime. I can't begin to put a value on the experience I have gained, the projects I have completed, and the friends I have made." Supervisor Chuck Washington expressed that, "This Program began with a great concept that flourished into a fantastic program. I can't image that we could have gotten anyone more exceptional for our team than Sarah."



Kianna Maldonado works with the Fifth Supervisorial District and assists County staff with event support, planning, and public relations. Her direct supervisor, Katrina Cline, expressed, "This is our first year with the WRCOG Fellowship Program. Our Fellow, Kianna, has learned perspective on legislation and local government. She has shown great potential, professionalism, enthusiasm and public relations." Kianna stated, "nothing has made me feel more prepared for a career in public service than working for Supervisor Marion Ashley's Office and his Fifth District team through the WRCOG Fellowship Program. I have learned how to adapt quickly to the fast-paced and changing environment of an elected official's office, while simultaneously understanding the detail, teamwork and the effort it takes to proudly and respectfully serve a growing community."



Chika Ojukwu works with the First Supervisorial District and focuses on legislative matters and research on homelessness. She also engages with local small businesses through grand openings and public outreach on behalf of Supervisor Kevin Jeffries. She recently reviewed the Fellowship with positive remarks expressing, "My fellowship has really provided an upfront and hands-on look into how things are achieved within the local government. I am thankful for the opportunity

to see how public policy affects the lives of the community.” Kerstin Justus, her supervisor, added, “Chika has been a very valuable addition to our office. We have treated her as a full staff member, assigning her policy research, and attending a variety of meetings on the Supervisor’s behalf, and working as part of the team on a number of special events. I think she would agree that this has been far beyond the stereotypical filing, copying, and letter opening experience so many interns and fellows encounter in other programs.”

[Contact Cynthia Mejia](#)

Partnership with SCE and SoCal Gas helps cities set example for achieving energy efficiency

The Western Riverside Energy Partnership (WREP) is comprised of Southern California Edison (SCE), Southern California Gas Company (SoCal Gas), WRCOG, and 14 member jurisdictions in Western Riverside County whose goal is to implement energy retrofits in municipal facilities and provide sustainable best practices to residents. WREP jurisdictions are taking the challenge seriously. Out of 166 energy programs in California, the California Public Utilities Commission (CPUC) ranked WREP as the sixth best partnership in the state for overall efficiency and cost-effectiveness. In 2017, the Cities of Canyon Lake, Norco, Perris, Temecula, and Wildomar were recognized by SCE and SoCal Gas for exemplary gains in becoming more energy efficient. In total, these five cities saved over 1.9 million kWh in municipal energy savings by implementing measures such as interior / exterior lighting, occupancy sensors, and energy efficient pumping upgrades in their municipally-owned facilities.



WREP closed 2017 with its successful 4th Annual Holiday Lights & Energy Efficiency Kit Giveaway Program, providing over 900 strings of LED holiday lights and 80 energy efficiency kits to over 450 households in Western Riverside County.

[Contact Anthony Segura](#)

Regional transportation fee helps road improvements keep pace with growth

The Transportation Uniform Mitigation Fee (TUMF) Program is a regional development impact fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Fees are paid from new development occurring in each of the subregion’s jurisdictions and are used to help keep drivers and the economy moving. Since the Program commenced in 2003, TUMF has