

COUNTY OF SANTA CLARA, CALIFORNIA



**REQUEST FOR STATEMENT OF QUALIFICATIONS
(RFSQ SCC-AB811-01)
FOR
SERVICES FOR IMPLEMENTATION OF A COUNTY OF SANTA CLARA PILOT
AB 811 PROGRAM – PACE PROGRAM**

JUNE 28, 2010

**QUALIFICATION STATEMENTS DUE:
August 5, 2010 by 3:00 P.M.**

**PROCUREMENT COORDINATOR:
Javier Aguirre
Budget & Public Policy Analyst
Office of the County Executive
70 West Hedding St., East Wing, 11th Floor
San Jose, CA 95110
408/299-5182**

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I. INTRODUCTION AND SCOPE OF SERVICES

A. INVITATION

The County of Santa Clara (the “County”) is seeking Firm(s) to provide turnkey services for implementation of the County’s pilot AB811 Program (“Program”). The implementation will be accomplished using Property Assessed Clean Energy (PACE) loans. The purpose of this RFSQ is to identify Firms to implement the first phase of the Program, which will be a pilot project to retrofit approximately 500 homes.

In general, the County is seeking a Firm(s) (including consortia) to provide services that include: Program administration; loan issuance and servicing; preparation of the AB811 Public Hearing Report; and management of the PACE capital funds to be issued as PACE loans. In addition, the Firms may also be asked to help secure additional capital to increase the amount available for loans (through a mechanism such as serving as the initial purchaser, bundler and reseller of property-secured microbonds, or other means proposed by respondent).

Assumptions for the pilot Program operation include:

- 1) No negative General Fund impact;
- 2) Minimal budget for outreach and marketing as the pilot would benefit from the extensive outreach capabilities that the County currently enjoys, such as ABAG and CalFIRST grant-funded outreach efforts;
- 3) The Program will be completely independent from the CaliforniaFIRST program; and
- 4) Minimal budget for ongoing County administration.

The County is seeking Firms that can run a PACE program on a financially self-sustaining basis, where the Firm will cover all costs of establishing and administering the Program by charging fees to property owners and securing working capital from private sources. The County will also consider proposals that require outside funding from sources independent of the County General Fund. Firms that require this form of outside funding should include the dollar amount of estimated funding requirements in their proposal. The County will give strong preference to Firms that can establish financially self-sustaining Programs while meeting the scope outlined below in this RFSQ.

Firms will be prequalified through this process (“Qualified Firms”) for further consideration. The County may issue a subsequent solicitation to the prequalified Firms or, if appropriate, may enter directly into negotiations for services. Firms responding to this RFSQ do so with the understanding that they are not guaranteed an award of a contract to provide services.

B. BACKGROUND

In July 2008, the California Legislature and the Governor approved Assembly Bill 811, authorizing cities and counties (“Agencies”) to establish a financing assessment district allowing Agencies and property owners to enter into contractual assessments to finance renewable energy and energy efficiency projects.

On September 10, 2009, Finance & Government Operations Committee (“FGOC”) directed staff to investigate establishing an AB 811 financing district to be administered by the County with an intent to encourage energy efficient retrofits of homes and businesses completed by qualified contractors. On December 1, 2009, the Board of Supervisors adopted a resolution of intent to finance energy efficiency improvements and called for a public hearing to be held on February 23, 2010 on the proposed report pursuant to the California Streets and Highways Code and the voluntary contractual assessment financing Program. This public hearing will be re-agendized to December 2010, after the County selects a Firm to provide services for the Program. At the Board meeting of December 15, 2009, the Board of Supervisors adopted a resolution authorizing the County to join the CaliforniaFIRST program. The County is currently planning to both join the CaliforniaFIRST program and also launch its own independent Program (described in this RFSQ).

In addition, the County is a participant with the Association of Bay Area Governments (“ABAG”) for a regional State Energy Program grant. On February 11, 2010, the County received notice that the grant application submitted by ABAG to launch a Community Energy Program was approved. The County will receive \$1.9 million as a grant participant to manage the local aspects of a regionally-developed Residential Retrofit Program. The funds available through this State Energy Program grant will help to generate demand for energy efficiency retrofit projects, but will not be available for the County or any service providers to use in the scope contemplated in this RFQ.

C. FIRM QUALIFICATIONS

Qualification will be based on a Firm’s ability to meet or exceed all the requirements for implementing a County AB 811 Program as described in the Scope of Services outlined in Attachment A. The County will determine ability according to the Evaluation Criteria described in Section V of this RFSQ. In addition to considering Qualifications from Firms that have direct experience with administering PACE programs, the County will also consider Qualifications from firms that have related experience or do not have experience with implementing PACE programs.

II. CONDITIONS GOVERNING THE REQUEST FOR STATEMENT OF QUALIFICATIONS

This section of the RFSQ contains the anticipated schedule for the qualification process and describes the events as well as the conditions governing the qualification process.

A. SEQUENCE OF EVENTS AND CONTACT INFORMATION

The County will endeavor to adhere to the following schedule:

	Action	Date
1.	Issue of RFSQ	June 28 , 2010
2.	Pre-Qualifications Conference and Notify County of Intent to Respond	July 12, 2010
3.	Deadline To Submit Written Questions	July 16, 2010
4.	Response to Written Questions/RFSQ Amendments (Addendum if necessary)	July 23, 2010
5.	Submission of Qualifications	August 5, 2010 by 3:00 PDT
6.	Evaluation of Qualifications	August 9-20, 2010
7.	Interview Selected Firms	August 23-27, 2010
8.	Notification Regarding Qualified Firms	September 3, 2010
9.	Opportunity for Protest	Within five days of date of notification.

The County is currently planning to select a vendor in Fall 2010 and hold an AB 811 public hearing in December 2010. These milestones are variable and subject to change.

B. POINT OF CONTACT:

The County has designated a Procurement Coordinator who is responsible for the conduct of this qualification process whose name, mailing address, and email address is listed below:

Procurement Coordinator
Javier Aguirre
Budget & Public Policy Analyst
Office of the County Executive

70 West Hedding St., East Wing, 11th Floor
San Jose, CA 95110
408/299-5182
Javier.Aguirre@OBA.SCCGOV.ORG

Any inquiries or request regarding this procurement should be submitted to the Procurement Coordinator in writing. Firms may contact ONLY the Procurement Coordinator regarding this qualification process. Other County employees do not have the authority to respond on behalf of the County.

C. EXPLANATION OF EVENTS

1. ISSUE OF REQUEST FOR STATEMENT OF QUALIFICATIONS

This RFSQ is issued by the Office of the County Executive. Copies of this RFSQ including supporting documents are posted on www.BidSync.com - RFSQ #SCC-AB811-01. The Firm(s) shall download this solicitation information from the BidSync website. No other means of advertisement is used for this solicitation.

2. PRE-QUALIFICATION CONFERENCE

A pre-qualifications conference will be held on **MONDAY, JULY 12, 2010** beginning at **10:00 AM PDT** at the site, located at:

County of Santa Clara
70 West Hedding St
East Wing, Eleventh Floor
San Jose CA 95110

Attendance at this conference is optional. However, Firms are strongly encouraged to attend the conference and submit questions.

3. DEADLINE TO SUBMIT WRITTEN QUESTIONS

Potential Respondents must submit written questions for clarification of this RFSQ. These written requests must be received by the Procurement Coordinator as indicated in Paragraph II.B and posted to BidSync.com by July 30, 2010. The Procurement Coordinator will not accept any questions submitted in any other manner or format.

4. RESPONSE TO WRITTEN QUESTIONS/RFSQ AMENDMENTS

Written responses to questions will be addressed in the form of an Addendum which will be posted on www.BidSync.com.

The County reserves the right to post addenda until the RFSQ closing date and time.

5. SUBMISSION OF STATEMENT OF QUALIFICATIONS

STATEMENTS OF QUALIFICATIONS MUST BE RECEIVED NO LATER THAN 3:00 P.M. PACIFIC DAYLIGHT TIME (PDT) ON THURSDAY, AUGUST 5, 2010. Statements are to be received at the time and place listed below. All statements received will be time stamped.

Statement of qualifications must be submitted according to the requirements described in section III. B. of this RFSQ ("NUMBER OF COPIES"). Responses to this solicitation submitted in any other form will be rejected.

All deliveries via express carrier should be addressed as follows:

Javier Aguirre
Budget & Public Policy Analyst
Office of the County Executive
70 West Hedding St., East Wing, 11th Floor
San Jose, CA 95110

Statements must be sealed and labeled on the outside of the package and on the response to clearly indicate that they are in response to "RFSQ #SCC-AB811-01 Services for Implementation of the County of Santa Clara Pilot AB811 Program

6. INCURRING COST

This RFSQ does not commit the County to enter into a partnership, or award a contract, nor does it commit the County to pay any cost incurred in the submission of the Statement, or in making necessary studies or designs for the preparation thereof, nor procure or contract for services or supplies. Further, no reimbursable cost may be incurred in anticipation of a possible contract award.

CLAIMS AGAINST THE COUNTY: Neither your organization nor any of your representatives shall have any claims whatsoever against the County or any of its respective officials, agents, or employees arising out of or relating to this RFSQ or these procedures.

7. STATEMENT OF QUALIFICATIONS

Only information supplied by the County in writing or in this RFSQ should be used as the basis for the preparation of your statement of qualifications.

8. FORM OF STATEMENTS

No oral, telephone, facsimile or electronic statement of qualifications will be accepted.

9. LATE RESPONSES

All statements submitted in response to this RFSQ must be delivered in person or received via courier or mail no later than the RFSQ due date and time. The Procurement Office time and date stamp will be the basis of determining delivery or receipt of statements. NO LATE STATEMENTS WILL BE ACCEPTED.

10. NO PUBLIC STATEMENT OPENING

There will be no public opening for this RFSQ.

11. CALIFORNIA PUBLIC RECORDS ACT (CPRA)

The County is a public agency subject to the disclosure requirements of the California Public Records Act (“CPRA”). If Proposer proprietary information is contained in documents submitted to County, and Proposer claims that such information falls within one or more CPRA exemptions, Proposer must clearly mark such information “CONFIDENTIAL AND PROPRIETARY,” and identify the specific lines containing the information. In the event of a request for such information, the County will make reasonable efforts to provide notice to Proposer prior to such disclosure. If Proposer contends that any documents are exempt from the CPRA and wishes to prevent disclosure, it is required to obtain a protective order, injunctive relief or other appropriate remedy from a court of law in Santa Clara County before the County’s deadline for responding to the CPRA request. If Proposer fails to obtain such remedy within County’s deadline for responding to the CPRA request, County may disclose the requested information without penalty or liability.

12. CONFIDENTIALITY

All data and information gathered by the Responder and its agents in this RFSQ process, including reports, recommendations, specifications and data, shall be treated by the Responder and its agents as confidential. The Responder and its agents shall not disclose or communicate this information to a third party or use it in advertising, publicity, propaganda, or in another job or jobs, unless written consent is obtained from the County.

13. ELECTRONIC MAIL ADDRESS

Most of the communication from the County regarding this Procurement RFSQ will be conducted by electronic mail (e-mail). Responding Firms agree to provide

the Point of Contact with a valid e-mail address to receive this correspondence. This County correspondence shall include notification regarding the Firms that have been selected and shall trigger the five (5) day deadline to file any protests or appeals.

14. USE OF ELECTRONIC VERSIONS OF THE RFSQ

This RFSQ is being made available by electronic means. If accepted by such means, the Responder acknowledges and accepts full responsibility to ensure that no changes are made to the RFSQ. In the event of conflict between a version of the RFSQ in the Responder's possession and the version maintained by the Office of the County Executive, the version maintained by the Office of the County Executive shall govern.

15. COUNTY RIGHTS

The County reserves the right to do the following at any time:

- a. Reject any or all statement(s), without indicating any reason for such rejection.
- b. Waive or correct any minor or inadvertent defect, irregularity or technical error in a statement or the RFSQ process, or as part of any subsequent contract negotiation.
- c. Request that one or more Responder(s) supplement or modify all or certain aspects of their qualification statement or other documents or materials submitted.
- d. Terminate the RFSQ at its discretion, and at its option, issue a new RFSQ.
- e. Procure any equipment or services specified in this RFSQ by other means.
- f. Modify the review, evaluation and selection process, the specifications or requirements for materials or services, or the contents or format of the statements.
- g. Modify a deadline specified in this RFSQ, including deadlines for accepting statements.
- h. Negotiate with any or none of the submitting Firms.
- i. Modify in the final agreement any terms and/or conditions described in this RFSQ.

- j. Terminate failed negotiations with a Responder without the County incurring liability, and negotiate with and/or select other Firms.
- k. Disqualify any Responder/Firm on the basis of a real or apparent conflict of interest, or evidence of collusion that is disclosed by the statement or other data available to the County.
- l. Eliminate, reject, or disqualify a statement of any Responder/Firm who is not a responsible Responder or fails to submit a responsive offer as determined solely by the County.
- m. Accept all or a portion of a Responder's statement.

16. **PROTEST PROCEDURE**

Procedure

The Department will notify all proposers informing them of whether their proposal was selected to continue in the next phase evaluation process. Responder(s) whose proposals were not selected may file a written protest ("Protesters") so that it is received no later than 5 days after being notified that they were not selected.

a. Filing a Protest

The protest of an award must be in writing. The following must be written on the cover or subject line of the protest: "Protest Relating to RFQ ###". The written protest must be emailed and mailed to the Procurement Coordinator at the following address:

Procurement Coordinator
 Javier Aguirre
 70 West Hedding St., East Wing, 11th Floor
 San Jose, CA 95110
javier.aguirre@oba.sccgov.org

All protests must be received by the Procurement Coordinator within five days after the date of notification of advancement or failure to advance or qualify in the evaluation process. Any protests received after this time will not be considered.

b. Contents of Protest

The written protest must contain the following information: (1) the name, street address, electronic mail address, and telephone and facsimile number of the Protester; (2) signature of the Protester or its representative; (3) grounds

for the protest; (4) copies of any relevant documents; (5) the form of relief requested; and (6) the method by which the Protester would like to receive the Reviewing Coordinator's written protest decision. The written protest must clearly state the grounds for the protest. Protests should be concise and logically arranged.

c. **Grounds for Protest**

Protests shall be based only on one or more of the following grounds:

- I. The Protester believes the County failed to follow the procedures and adhere to requirements set forth in the solicitation or any addendum thereto.
- II. The Protestor believes there was misconduct or impropriety by County officials or evaluation team members.
- III. The Protester believes there was abuse of process by County officials or evaluation team members.

Protest Resolution Process

a. **Informal Review by Department**

The Procurement Coordinator, or his or her designee, will review a timely protest and attempt to informally resolve it expeditiously. If the Department is not able to resolve the protest, then the Procurement Coordinator or his or her designee, will forward the protest to another County official who has been designated as the Reviewing Officer for the RFQ.

b. **Formal Review by Independent Reviewing Officer**

The Director or his or her designee must forward the protest to the Reviewing Officer within 2 business days of not being able to resolve the matter. The Department may also forward additional documents to the Reviewing Officer that it believes are relevant to the review of the protest.

The Reviewing Officer shall conduct an independent review of the protest to determine whether the grounds for the protest have merit. Only the information contained in a timely protest shall be considered by the Reviewing Officer. The Reviewing Officer has the authority to request additional information from the Protester or Department to clarify or confirm information submitted in a timely-written protest to assist with the Reviewing Officer's review of a protest.

The Reviewing Officer will issue a written decision on a timely written protest within 15 days of receiving a protest; however, the time for decision may be extended by the Reviewing Officer. The Reviewing Officer will issue the written decision to the Protester and the Department. If the Protester failed to specify in its written protest the method by which the Protester would like to receive the Reviewing Officer's written protest decision, the Reviewing Officer will send his written decision to the Protester by mail. The decision of the Reviewing Officer shall be final.

Remedies

If the Reviewing Officer sustains a protest in whole or in part, the Reviewing Officer shall have the sole discretion to determine an appropriate remedy in accordance with established guidelines. In determining the appropriate remedies, the Reviewing Officer may consider the degree of prejudice to other parties or to the integrity of the competitive procurement system, the good faith of the parties, the extent of performance, the cost to the County, the urgency of the procurement, and the impact of the recommendation(s) on the Department's mission.

III. RESPONSE FORMAT AND ORGANIZATION

A. NUMBER OF RESPONSES

Responder shall submit only one statement of qualifications.

A Responder may submit an amended statement of qualifications before the deadline for receipt of statements. Such amended statements must be complete replacements for a previously submitted statement and must be clearly identified as such in the transmittal letter. County personnel will not merge, collate, or assemble statement materials.

Firms will be allowed to withdraw their statements at any time prior to the deadline for receipt of qualification statements. The Firm must submit a written withdrawal request signed by the Firm's duly authorized representative addressed to the Procurement Coordinator.

B. NUMBER OF COPIES

Firms must provide one (1) original and twelve (12) identical copies of their statement to the location specified, on or before the closing date and time for receipt of statement of qualifications. The original must be stamped "original" and contain original signatures on the necessary forms.

All of the original binders must be stamped "original". Original Binders must contain all of the required signatures from the Responder. The remaining sets should be copies of the originals.

An email copy and a CD with electronic copies of all documents included in the submittal packet shall also be included. The files contained on email and the CD shall be readable by Microsoft Office products and/or in standard PDF format.

IV. REQUIREMENTS AND RESPONDER SUBMITTALS

This section contains requirements and relevant information Firms should use for the preparation of their statements. Firms should thoroughly respond to each requirement.

A. STATEMENT FORMAT

All statement of qualifications shall be typewritten on standard 8 ½ x 11 paper (larger paper is permissible for charts, spreadsheets, etc.) and placed within a binder with tabs delineating each section and for which the contents can be easily removed. Hard copies should utilize both sides of the paper where practical.

1. LETTER OF TRANSMITTAL

Each statement received must include a letter of transmittal. The letter of transmittal **MUST**:

- a. Identify the submitting organization;
- b. Identify the name, title, telephone and fax numbers, and e-mail address of the person authorized by the organization to contractually obligate the organization;
- c. Identify the name, title, telephone and fax numbers, and e-mail address of the person authorized to negotiate the contract on behalf of the organization;
- d. Identify the names, titles, telephone and fax numbers, and e-mail addresses of person(s) to be contacted for clarification;
- e. Be signed by the person authorized to contractually obligate the organization;
- f. Acknowledge receipt of any and all addenda to this RFSQ; and
- g. Identify any sections of the statement that the Responder claims contain “proprietary” or “confidential” information.

2. STATEMENT ORGANIZATION

The statement must be organized and indexed in the following format and must contain, at a minimum, all listed items in the sequence indicated:

- Tab 1 - Letter of Transmittal
- Tab 2 - Table of Contents
- Tab 4 - Responder Corporate Information
- Tab 5 - Qualifications Statements
- Tab 6 - References

3. STATEMENT PREPARATION INSTRUCTIONS

Within each section of their statement, Responders should address the items in the order in which they appear in this RFSQ. The statement Executive Summary may be included by Responders to provide the Evaluation Committee with an overview of the qualifications and experience of the statement; however, this material will not be used in the evaluation process unless specifically referenced from other portions of the Responder's statement.

B. RESPONDER'S CORPORATE INFORMATION

1. EXECUTIVE SUMMARY

The executive summary should be a summary intended to provide an overview of the relevant qualifications of the statement and explain how the qualifications are met.

The Responder may also include in their qualification statement an overview of relevant experience. The Responder should describe, in the form of a narrative, its experience and success as well as the experience and success of team members.

2. RESPONDER / FIRM INFORMATION

For each Firm including team members provide the following information:

- a. The company name, business address, including headquarters and all local offices, and telephone numbers.
- b. A description of the Firm's organization, including corporate status, names of principals, number of employees, client base, areas of specialization and expertise.
- c. Names and biographies for the person(s) who will serve as principal contacts for managing the Project.
- d. The name of the jurisdiction in which the Responder is organized and the date of such organization.

C. QUALIFICATION STATEMENTS

1. Experience with Similar Projects

List the Firm's past experience with similar projects. The list should include:

- a) The organization that received the services
- b) A description of the Firm role and responsibilities
- c) A description of the role and responsibilities of the sponsoring organization (typically the local government sponsoring the AB 811 program)
- d) A narrative of the services provided
- e) Source(s) and terms of project financing
- f) Interest and fees charged to property owners
- g) Amount and sources of outside funding (if any) for the program beyond fees charged to property owners
- h) The dates the service or services were provided
- i) Identify and provide names and resumes of Individuals that provide each service
- j) A brief narrative of the outcome of the project, including number of and type of projects financed, total dollar amount, and impact on energy consumption and carbon emissions
- k) Contact information for the organizations that received the services

2. Firm Capabilities

Describe the capabilities of the Firm, including:

- a) Services for acquiring project financing.
- b) How the Firm generates awareness of and participation in the AB 811 program among property owners.
- c) How the Firm processes and underwrites applications
 - i. Overview of the application process, including estimated processing times for each stage from property owner application to project completion.

- ii. Features and capabilities of the system for processing applications.
 - iii. Recommended underwriting standards for property owners, including home equity calculations and savings to investment ratio requirements.
 - iv. Required documentation for participating in the program, including analysis of consumer lending law requirements and capabilities for compliance.
- d) How the Firm manages financing origination and servicing:
 - i. Explain how the firm accounts for property owner rebates and tax credits when originating loans
 - ii. Describe the steps that the Firm takes to ensure that subsequent purchasers of financed properties become aware of PACE assessments before committing to purchasing a property.
 - iii. Describe the process for collecting payments from property owners and repaying investors.
- e) Capabilities of the Firm for financing improvements to commercial properties, including differences between commercial and residential financing.
- f) Program for managing auditors and contractors.
- g) Strategies for mitigating risks associated with AB 811 programs, including:
 - i. Market risk including adoption/participation by property owners
 - ii. Legal risk including honoring mortgage nonsubordination terms, consumer lending law compliance, and legal challenges to the validity of the assessment
 - iii. Political risk including protecting vulnerable populations, handling defaulting property owners, dealing with contractor disputes, identifying unscrupulous/unqualified contractors, and preventing property owner and contractor fraud
 - iv. Financial risk including availability of financing for the program

3. Implementation Plan

Detail the Firm's ability to implement a Program, including:

- a) Responsibilities of the County for the project including legal obligations and staff support.
- b) Confirm that establishing and operating the Program will not require expenditures from the County General Fund. If the Firm does not have the capability to implement a Program that is financially self sustaining, quantify the amount of outside funding (in the form of grants or other financing) required to establish and operate the Program. Describe how any changes in the scope or scale of the program might impact the need for outside funding.

- c) Capability to acquire project financing including amount financed, financing duration, interest rate paid to investors, costs of issuance, debt service reserves, and guarantees.
- d) Estimated interest rates and fees paid by property owners.
- e) Typical timeline for implementing the Program.

In addition to providing the required information above, Firms are encouraged but not required to demonstrate in detail their qualifications for implementing the Scope of Work described in Attachment A.

D. REFERENCES

Provide a minimum of three (3) references that can attest to the Firm or team members ability to successful performance the type services being request for this project. The County reserves the right to contact references not provided by the Proposer.

V. EVALUATION CRITERIA

The Evaluation Criteria listed below will be utilized in the evaluation of the Firm's written statements of qualifications. Firms will be prequalified through this process ("Qualified Firms") for further consideration. The County may issue a subsequent solicitation to the Qualified Firms or, if appropriate, may enter directly into negotiations for services. The County may opt to enter into a contract with more than one Firm to implement the Program. For purposes of this solicitation a Firm is defined as a single entity or a team of entities with prime taking the lead for the team. When a Firm consists of a team, the prequalification criteria apply to the full team including all entities participating in the team.

The criteria that will be used by the evaluation committee for the evaluation of Proposals for this procurement shall be as follows. A firm's ability to meet the criteria shall be based on actual experience, references and/or demonstration through the RFQ response of the ability to meet the criteria:

1. The Firm's experience to comply with all applicable federal, state and local laws and regulations.
2. The Firm's ability to meet or exceed the Scope of Services described in Attachment A of this RFSQ.
3. The Firm's ability to marshal, access, apply for, and utilize outside funding, if any is required.
4. The Firm's ability to run a program that will provide loans for energy efficiency retrofits and installation of distributed renewable facilities at interest rates and fees desirable for homeowners or other consumers.

5. The Firm's ability to access capital markets to provide an ongoing source of funding for the program (if required), e.g. through the sale of bond, securitization and private placement.
6. The firm's ability to provide clear estimated terms for project financing.
7. The firm's ability to to establish an enforceable timeline for implementing the Program in accordance with the County requirements.
8. The Firm's adherence to the terms of this RFSQ.

ATTACHMENT A

SCOPE OF SERVICES

In addition to providing the required information, Firms are encouraged but not required to demonstrate in detail their qualifications for implementing the Scope of Work described below. The scope of services that the County is seeking from a turnkey service provider includes the following:

1. Accomplish Program goals
 - a. Achieve the primary pilot phase Program goal of reducing carbon emissions and creating green jobs by financing and completing clean energy improvements for 500 single family homes.
 - b. Demonstrate capacity to provide turnkey services for subsequent phases of the Program that may include financing for commercial properties and larger scale financing volume.
2. Work with County government staff to establish the Program
 - a. File a report with the County Board of Supervisors in December 2010 that contains the information required in sections 4-7 of proposed County legislation for establishing a voluntary contractual assessment Program (See attachment B, "Resolution Declaring Intent to Finance Improvements Pursuant to Streets & Highways Code Chapter 29).
 - b. Define any responsibilities of the County for the project, including legal obligations, financial support from grants, and staff support. Coordinate different County agencies and departments to integrate the Program into existing County functions.
 - c. Prepare a list of eligible improvements that at a minimum includes energy efficiency, renewable energy, and water improvements, and that may include additional categories such as vehicle charging stations and bicycle stations.
 - d. Establish and execute a project plan for launching and administering the Program.
 - e. Assist County staff with enrolling cities to participate in the Program.
3. Assist the County with securing project financing for the Program
 - a. Ensure that establishing and operating the Program does not require expenditures from the County General Fund. If the Program is not financially self-sustaining,

quantify the amount of outside funding required to establish and operate the Program.

- b. If outside funding is required for the program, marshal, access, apply for and utilize the required funding.
 - c. Determine the financial terms of the Program, including (1) total amount to be financed; (2) duration of financing; (3) interest rates paid to investors; (4) interest rates and fees charged to property owners; (5) process for repayment of financing; (6) costs of issuance; and (7) debt service reserves.
 - d. Author a draft term sheet for project financing with detailed information on projected interest rates, fees, debt service reserves, and commissions.
 - e. Develop a detailed timeline for financing and provision of funds to Program participants.
 - f. Identify grants and/or any available private sources of capital, such as pension funds, private equity, or insurance companies. Assist with preparation of grant application documents.
 - g. To the extent that financing is not available from private sources of capital, assist County, including Bond Counsel, with issuing and selling municipal bonds.
 - h. Develop a plan for paying interest due to investors when funds are not yet deployed to finance clean energy projects.
4. Marketing and outreach
- a. Develop and execute a marketing strategy to promote the Program to property owners, including setting targets for the number of properties improved and impact on carbon emissions.
 - b. Assist the County with identifying and utilizing existing County resources that can be used at zero to minimal cost for outreach to property owners.
 - c. Identify and utilize funds permissible through the ABAG grant to execute the marketing strategy.
 - d. Develop and operate a Web-based system that enables property owners to apply to the Program and check application status.
 - e. Provide customer service for prospects, in-process applicants, and Program participants.

5. Contractor management

- a. Develop standards for auditors and contractors that participate in the Program. Integrate contractor standards developed by the County into the Program standards.
- b. Identify technical mechanisms for coordinating the County's contractor standards with those established by CaliforniaFIRST, ABAG, and the state utilities.
- c. Author and establish legal agreements for contractors that participate in the Program, both in terms of their relationships with the Program and with property owners. Ensure that all legal agreements protect the County from legal exposure to Contractors and property owners.
- d. Identify auditors and contractors to participate in the Program, and ensure that they comply with Program standards.
- e. Determine any relevant process, pricing, and standards for completing energy audits, including any standard software that auditors participating in the Program will be required to use.
- f. Develop and administer a program to train auditors and contractors on how to participate in the Program and market it to property owners, including providing a Program resource kit to contractors.
- g. Develop and manage a process for paying contractors subject to satisfactory completion of contractor work.

6. Application processing and underwriting

- a. Establish and administer a scalable system to process Program applications that includes applicant screening, financial underwriting, and review of project scope. Set detailed timelines for Program participants going through the steps of application, audit, and contracting.
- b. Develop all documents related to participation in the Program, including Program application, financial disclosures, loan agreements, and disclaimers.
- c. Define underwriting standards including property owner equity requirements, projected savings to investment ratios, and being current on payment of property taxes.
- d. Ensure that underwriting procedures comply with federal and state lending laws and with the criteria suggested in the "Policy Framework for PACE Financing Programs" released by the White House on October 18, 2009.

- e. Develop policies and procedures to protect against fraud by property owners and contractors.
- f. Define any energy efficiency prerequisites required before property owners can finance renewable energy improvements.

7. Loan Origination

- a. Develop a policy that accounts how (or whether) to take into account rebates and tax credits when determining the total amount of financing provided to property owners.
- b. Electronically notify the County Assessor's Office of the existence and amount of assessments on financed properties.
- c. Develop and administer a process to ensure that subsequent purchasers of financed properties become aware of PACE assessments before committing to buying a property.

8. Servicing

- a. Define and implement a process for working with the County to collect special assessment payments from property owners and pay amounts due to investors.
- b. During the full term of the special assessment, calculate amounts due from property owners, and submit them to the County so that they can be added to property tax bills. Data transmitted will be in the format and according to deadlines provided by the County.
- c. Report any delinquent accounts to the County so that they can be referred for collection and potential tax sale. Assess penalties and late payment fees on property owners.
- d. Ensure compliance with all financing terms, including ensuring that investors receive timely payment of principal interest. In the event of property owner delinquencies, draw on debt service reserves as necessary.
- e. In the event of loan prepayment, calculate payoff amounts and document termination of property owner obligations.
- f. Provide all customer service for Program participants, including developing processes and procedures to respond to complaints, inquiries and requests made by Program participants at all stages of the Program.

9. Reporting

- a. Provide online access to real time Program reports that include:
 - i. Number and dollar volume of projects applied for, underway, and completed
 - ii. Status reports for applications in process, including time from application to approval/rejection
 - iii. Estimated energy saved by the Program and its impact on carbon emissions
 - iv. Estimated jobs created by the Program
 - v. Feedback, including all complaints, from Program participants on contractors and on the Program itself
- b. Provide online access to real time financial reports that include:
 - i. Amounts due and payments collected from property owners
 - ii. Aging reports on any delinquent accounts
 - iii. Status and projected payback schedule for debt service reserves
 - iv. Amounts due and payments made to investors in the Program
- c. Provide all reports required by investors for issuance of financing, underwriting, and servicing.
- d. Provide all disclosure documents required by the IRS, SEC, and/or any other regulatory body, or as required by federal, state or local law.
- e. Retain all records during the term of the loan plus three years, and make them available to County officials on request.

ATTACHMENT B

**RESOLUTION DECLARING INTENT TO FINANCE IMPROVEMENTS PURSUANT
TO STREETS & HIGHWAYS CODE CHAPTER 29**

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CLARA, CALIFORNIA, DECLARING ITS INTENTION TO FINANCE ENERGY EFFICIENCY IMPROVEMENTS AND DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES THROUGH THE USE OF CONTRACTUAL ASSESSMENTS PURSUANT TO CHAPTER 29 OF PART 3 OF DIVISION 7 OF THE CALIFORNIA STREETS AND HIGHWAYS CODE AND SETTING A PUBLIC HEARING THEREON

WHEREAS, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("Chapter 29"), the Board of Supervisors proposes to establish a voluntary contractual assessment program to assist property owners with the cost of installing distributed generation renewable energy sources, energy efficiency improvements, and water efficiency improvements that are permanently fixed to their property ("Authorized Improvements"); and

WHEREAS, Chapter 29 authorizes the County to enter into contractual assessments to finance the installation of Authorized Improvements within the geographic boundaries of Santa Clara County, California.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Clara, State of California, as follows:

Section 1. The Board of Supervisors hereby finds and declares all of the following:

- A. Energy and water conservation efforts, including the promotion of energy efficiency improvements to residential, commercial, industrial, or other real property, are necessary to address the issue of global climate change.
- B. The upfront cost of making residential, commercial, industrial, or other real property more energy efficient prevents many property owners from making those improvements. To make Authorized Improvements more affordable and to promote the installation of Authorized Improvements, the Legislature has authorized an alternative procedure pursuant to Chapter 29 for authorizing voluntary assessments to finance the cost of renewable energy, energy efficiency, and water efficiency improvements.
- C. The voluntary installation of Authorized Improvements by property owners will create jobs and enhance economic growth within Santa Clara County.
- D. A public purpose will be served by a voluntary contractual assessment program whereby the Board of Supervisors is authorized to finance the installation of Authorized Improvements.

Section 2. The Board of Supervisors hereby determines that it would be convenient, advantageous and in the public interest to designate an area, which shall encompass the entire geographic territory within the boundaries of Santa Clara County within which the County and

property owners may enter into voluntary contractual assessments to finance the installation of Authorized Improvements pursuant to Chapter 29.

Section 3. The Board of Supervisors hereby declares that it proposes to make voluntary contractual assessment financing available to the owners of property in Santa Clara County to finance the installation of Authorized Improvements.

Section 4. The County Executive and his designees (collectively, "Authorized Officer") shall prepare, as part of the report required in Section 7 of this Resolution, and update, as the Authorized Officer deems necessary, a list of Authorized Improvements that may be financed through the County's voluntary contractual assessment financing program. The types of Authorized Improvements eligible for financing through contractual assessments may include, but are not limited to, insulation, duct sealing, correcting leakage or defects, roof improvements, window and door replacements, whole-house retrofits, toilet and showerhead replacements, HVAC upgrades, HVAC and distribution system repair and maintenance, control systems and improvements, and distributed renewable generation systems, provided that all such improvements must be fixed to the property.

Section 5. The area within which voluntary contractual assessments may be entered into pursuant to Chapter 29 is the entire geographic territory of Santa Clara County, California.

Section 6. The proposed arrangements for financing the voluntary contractual assessment financing program are briefly described as follows: The County may pursue a direct loan or similar arrangement with a Community Development Financial Institution (CDFI), an underwriter or another financial institution to facilitate direct private investment into the program, the principal and interest of which would be repaid by voluntary contractual assessments. Alternatively or in addition to financing arrangement with a CDFI, another financial institution or an underwriter, the County may, but is not required to, advance its own funds to finance work to be repaid through contractual assessments, and may from time to time sell bonds, notes, certificates of participation or other forms of indebtedness to reimburse itself for such advances. The Report to be prepared by the Authorized Officer pursuant to Section 7 shall include a plan for raising the required capital. Additionally, the County shall determine the creditworthiness of a property owner to participate in the financing of Authorized Improvements based on the criteria to be developed by the Authorized Officer and approved by the Board of Supervisors. In developing these criteria, the Authorized Officers shall consider the criteria suggested in the "Policy Framework for PACE Financing Programs" released by the White House on October 18, 2009. The Report to be prepared by the Authorized Officer pursuant to Section 7 shall include proposed creditworthiness criteria.

Section 7. The Board of Supervisors hereby directs the Authorized Officer to prepare and file with the Board of Supervisors a report pursuant to Section 5898.22 of the California Streets and Highways Code (the "Report") at or before the time of the public hearing described in Section 8 hereof. The Report shall contain all of the following:

- (a) A map showing the boundaries of the territory within which voluntary contractual assessments are proposed to be offered.
- (b) A draft contract specifying the terms and conditions that would be agreed to by a property owner within the voluntary contractual assessment area and the County.
- (c) A statement of County policies concerning voluntary contractual assessments including all of the following:
 - (i) Identification of types of facilities, distributed generation renewable energy sources, energy efficiency or water efficiency improvements that may be financed through the use of voluntary contractual assessments.
 - (ii) Identification of a County official authorized to enter into voluntary contractual assessments on behalf of the County.
 - (iii) A maximum aggregate dollar amount of voluntary contractual assessments.
 - (iv) A method for setting requests from property owners for financing through voluntary contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.
- (d) A plan for raising a capital amount required to pay for work performed pursuant to voluntary contractual assessments. The plan may include amounts to be advanced by the County through funds available to it from any source, including but not limited to an investment fund administered by a Community Development Financial Institution, another financial institution or an underwriter. The plan may also include, but is not required to include, the sale of a bond or bonds or other financing relationship pursuant to California Streets and Highways Code Section 5898.28. The plan shall include a statement of or method for determining the interest rate and time period during which contracting property owners would pay any assessment. The plan shall provide for any reserve fund or funds. The plan shall provide for the apportionment of all or any portion of the costs incidental to financing, administration, and collection of the voluntary contractual assessment program among the consenting property owners and the County.
- (e) A plan for ensuring that all improvements to be financed by this program will be performed by appropriately licensed and qualified contractors and will be installed in accordance with the California Building Standards Code (Title 24), and that participating contractors will be fully cognizant of all program requirements and procedures.

- (f) A plan for ensuring that this program will positively impact the economic development of the County, by ensuring that jobs created through the provision of financing meet area compensation standards and are available to local residents, and by coordinating with local community organizations, workforce investment boards, community colleges, joint apprenticeship programs, community training providers, and other stakeholders to help prepare and direct local residents, disadvantaged individuals and unemployed workers to employment in such jobs.
- (g) A report on the results of the consultations with the County Finance Agency concerning the additional fees, if any, that will be charged to the County for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the County on real property, and a plan for financing the payment of those fees.

Section 8. The Board of Supervisors hereby calls a public hearing to be held on June 22, 2010, at 9:30 am, or as soon thereafter as feasible, in the Board of Supervisors' Chambers, 70 West Hedding Street, San Jose, California, on the proposed Report and the voluntary contractual assessment financing program. At the public hearing, all interested persons may appear provide comment on, present evidence regarding, object to or inquire about the proposed voluntary contractual assessment financing program or any of its particulars. Following the public hearing, the Board of Supervisors may adopt a resolution confirming the Report (the "Resolution Confirming Report") as presented or as modified at the Board's direction, or may abandon the proceedings.

Section 9. The Clerk of the Board of Supervisors is hereby directed to publish notice of the public hearing pursuant to Section 6066 of the California Government Code. The first publication shall occur not later than 20 days before the date of such hearing.

Section 10. Pursuant to California Streets and Highways Code Section 5898.24, the Clerk of the Board is hereby directed to provide written notice of the proposed contractual assessment program to all water or electrical providers within the boundaries of the County, such notice to be provided not less than 60 days prior to adoption of the Resolution Confirming Report. Because such a resolution may be adopted by the Board of Supervisors at the close of the public hearing referenced in Section 8 hereof, this provision shall be satisfied by providing notice of said public hearing to all water or electrical providers within the boundaries of the County no later than 60 days before the date of such hearing.

Section 11. The voluntary assessments levied pursuant to Chapter 29, and the interest and any penalties thereon, shall constitute a lien against the lots and parcels of land on which they are made until the principal and interest are paid in full. The assessments shall be collected in the same manner and at the same time as the general taxes of the County on real property are payable and shall be subject to the same penalties, remedies and lien priorities in the event of delinquency and default.

Section 12. The Board of Supervisors hereby directs the Authorized Officer to enter into consultations with the County Tax Collector in order to reach agreement regarding the collection of the voluntary contractual assessments on the tax roll.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Clara, State of California, on MAR 23, 2010, by the following vote:

AYES: **CORTESE, GAGE, KNISS, SHIRAKAWA, YEAGER**

NOES: **NONE**

ABSENT: **NONE**

ABSTAIN: **NONE**


Ken Yeager, President
Board of Supervisors

Signed and certified that a copy of this document has been delivered by electronic or other means to the President, Board of Supervisors.

ATTEST:


Maria Marinos
Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGALITY:


Annie Decker
Deputy County Counsel