







-  Creating jobs
-  Saving energy
-  Improving properties
-  Lowering utility bills



Saving energy and water through property retrofits: The California HERO Program

- California HERO is a residential and commercial Property Assessed Clean Energy (PACE) Program
- Authorized by state law (AB 811 and AB 474)
- Allows jurisdictions to offer financing to property owners for the purchase and installation of energy efficiency, renewable energy, and water conservation improvements
- Financing to property owners is repaid over time through voluntary annual assessments on the property tax bill



Program partners

- Public Financial Management, Inc. – Financial Advisor
- Best Best & Krieger – Bond Counsel
- David Taussig & Associates – Assessment Administrator
- U.S. Bank / Deutsche Bank – Trustee
- Westhoff, Cone & Holmstedt – Placement Agent
- Renovate America – Residential Funding Partner
- Samas Capital – Commercial Funding Partner



California HERO Program: Guiding Principles

- Based on successful Program in Western Riverside County: Proven track record of experience
- Regional / Statewide Program provides economies of scale
- Simplicity of use is vital for broad acceptance
- Summary: Avoid duplication of effort with a single program instead of multiple and costly individual efforts
Provide a turnkey program at no cost to jurisdictions



Benefits to property owners

- ✓ Provides access to financing that might not be available through traditional means such as equity loans, etc.
- ✓ Provides “no-money-down” approach to financing improvements
- ✓ Provides savings on utility bills
- ✓ Repayment stays with property (most cases)

Benefits to participating jurisdictions

- ✓ **Economy** Creates / maintains construction-related jobs
- ✓ **Energy** Reduces / delays the need for costly construction of energy generation / transmission facilities
- ✓ **Environment** Improves air quality and reduces greenhouse gas emissions
- ✓ **Financial** No local jurisdictional debt; funding is self-replenishing

Examples of eligible improvements

- Heating and air conditioning
- Cool roofs
- Natural gas storage water heater
- Tankless water heater
- Windows and glass doors
- Outside irrigation
- Insulation
- Window filming
- Home sealing
- Lighting control systems
- Solar thermal systems (hot water)
- Solar thermal systems for pool heating
- Photovoltaic systems
- Low flush toilets



Results (January 2012 thru March 2014)

Approved Apps: 15,100+

Approved Financing: \$550,000,000 (residential program)

\$25,000 (commercial program)

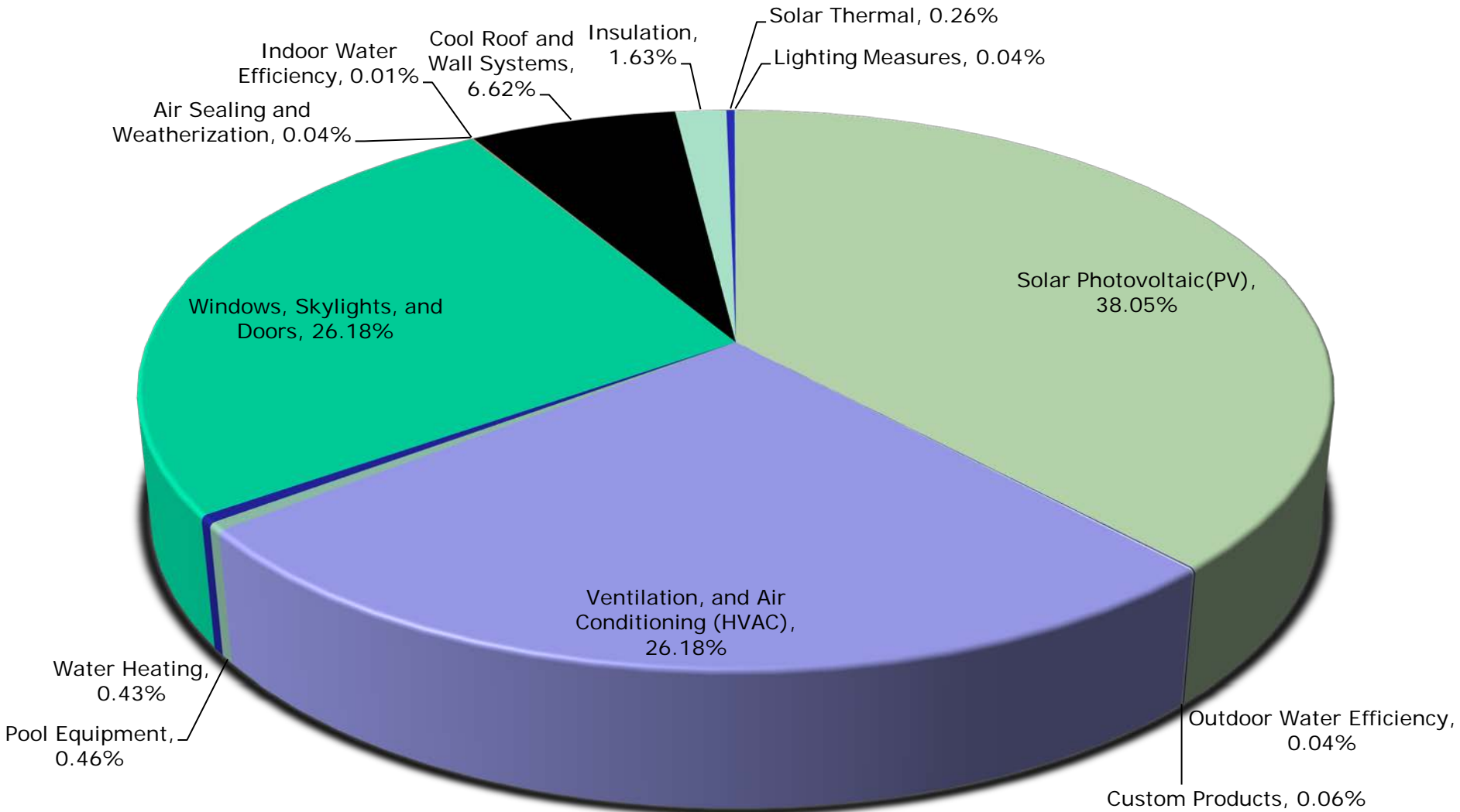
Projects Completed: 7,800+

Projects Funded: \$146,800,000+

Largest Program in United States



Types of projects being funded



Economic and Energy Benefits

KW Installed Solar	14.09 MW
kWh Saved - Annually	77 GW
kWh Saved over Life of Installed Products	1,328 GW
GHG Reductions - Annually	19,691 Tons
GHG Reductions over life of Installed Products	344,256 Tons
\$ Saved over Life of Installed Products	\$316 Million
Projected Annual Economic Impact	\$279 Million
Projected Annual Job Creation	1,363 Jobs



Who qualifies to participate?

- Property owners may be individuals, associations, business entities, cooperatives, non-profits
- Bottom line: Any qualifying owner paying property taxes
 - have clear title to property
 - be current on property taxes
 - be current on mortgage payments
 - have some equity in the property
 - no bankruptcies
 - lender consent (commercial only)
- Program Report and Handbooks are located at:
http://www.wrcog.cog.ca.us/content/eewc_home.asp



How does it work for the property owner?

- It's a voluntary program
- (google herofinancing): Property owners apply for Program coverage and select improvements desired
- If approved, property owner enters into contract with administrator; all up-front costs are paid and assessment lien is placed on property
- Property owner / subsequent property owner repays through property tax assessment over a period of years



Are there fees?

- One time upfront Administration Fee: 6.95% (Similar to closing costs)
- Annual Administrative Fee: \$35 Residential and \$385 Commercial
- Terms: 5, 10, 15, 20, 25 years
- Interest rates: 5.95%, 7.95%, 8.75%, and 8.95% Residential
7% to 7.75% Commercial
- Minimum assessment amount: \$5,000 Maximum is 10% of PV
- Prepayment Penalties: Required by statute
5% Year 1, 4% Year 2, 3% Year 3-5, Zero after Year 6

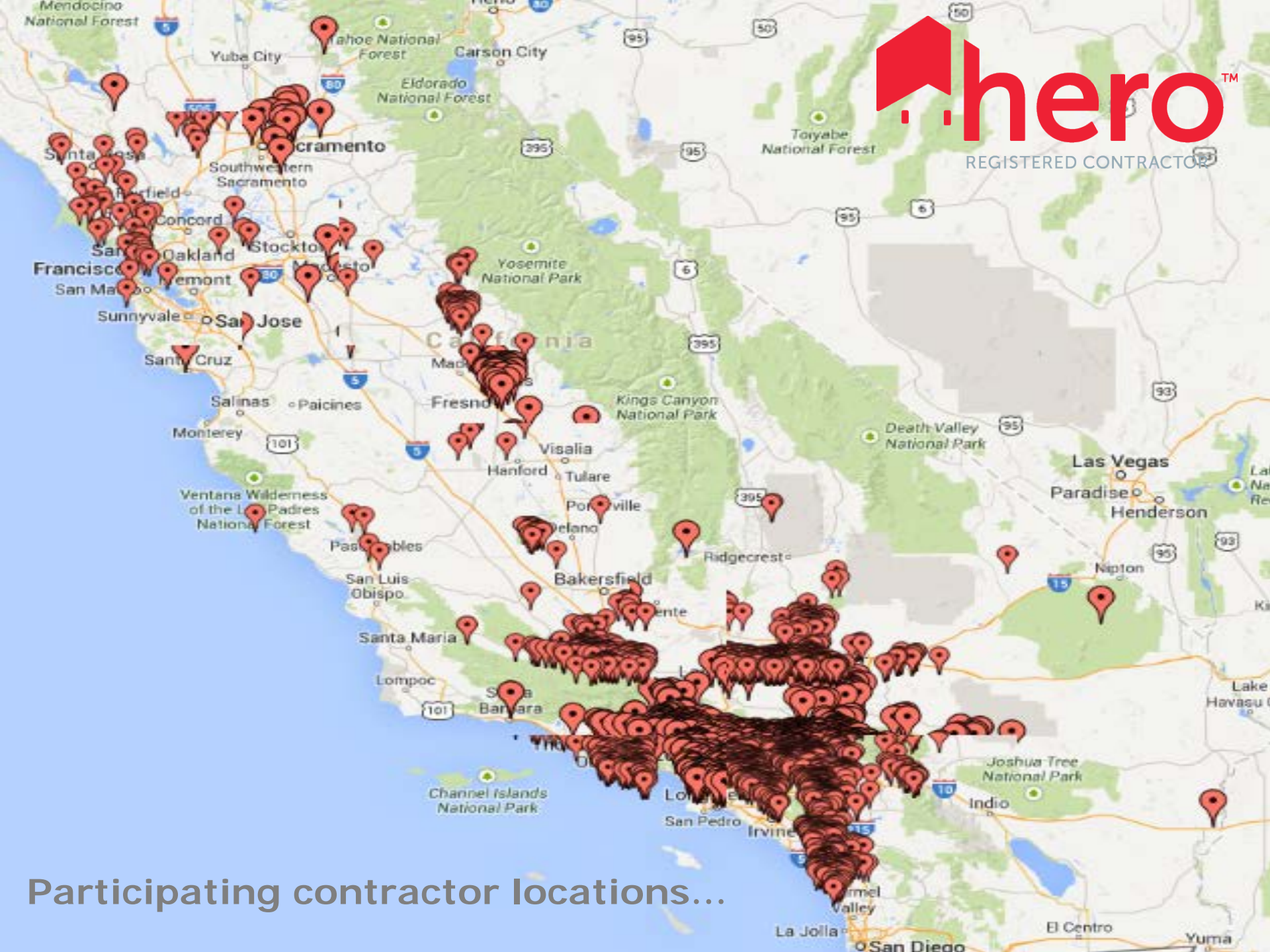


Contractors are key...

More than 1,300 participating in the Program

- Must have an active California State License Board (CSLB) license
- Must meet CSLB's bond and workers' compensation insurance requirements
- Must provide evidence of jurisdictional business license if no jurisdictional permit is required for project
- Must register on the website





Participating contractor locations...

How do jurisdictions join the California HERO Program?

Step 1: Jurisdiction needs to adopt a Resolution of Participation to join California HERO Program

- Initiation of validation process
- Once the validation is complete, property owners can begin applying
- 3 – 4 months to launch

Step 2: There is no Step 2!

- Your jurisdiction staff time requirements: Only related to normal permit processing



Expanding the HERO Program Statewide

- Eliminates bureaucracy of developing another program from scratch
- 87 cities/counties have adopted Resolutions to Participate
- **Launched** in 14 cities in Orange and San Diego County, cities of Fresno, Citrus Heights, and Turlock, and the counties of Kern and Solano
- **Launching** in 36 cities and/or counties in early April 2014
- 25 cities and/or counties launching late May 2014
- Remaining to launch throughout the Fall of 2014
- Additional cities launch 5-6 months after they join

California HERO Program



Launched



Launching April 2014

Alhambra	San Diego County (Com)	La Palma	Palmdale	Solana Beach
Anaheim	Covina	La Verne	Placentia	Solano County
American Canyon	Diamond Bar	Laguna Hills	Pomona	South El Monte
Atwater	El Centro	Lawndale	Rancho Cordova (Com)	South Pasadena
Azusa	El Monte	Lemon Grove	Rancho Palos Verdes	Stanton
Baldwin park	El Segundo	Lomita	Ridgecrest	Taft
Bellflower	Fresno	Merced County	Rolling Hills	Temple City
Bradbury	Garden Grove	Modesto	Rolling Hills Estates	Torrance
Brawley	Gardena	Monrovia	Rosemead	Tracy
Brea	Glendora	Montebello	San Dimas	Turlock
Buena Park	Hawthorne	Monterey	San Gabriel	Tustin
Calistoga	Hermosa Beach	Monterey Park	San Jose	Vacaville
Carlsbad	Industry	Napa	San Marcos	Vista
Carson	Inglewood	Napa County	San Marino	Walnut
Citrus Heights	Irwindale	Newman	Santa Ana	West Covina
Claremont	Kern County	Newport Beach	Santa Monica	Westminster
Clovis	La Canada Flintridge	Oceanside	Scott's Valley	Yountville



To summarize: The California Hero Program...

- Expands on a proven and successful program
- Boosts the economy through job creation
- Saves energy and utility costs
- Reduces greenhouse gases
- Partners with the private sector
- Already has contractors familiar with the Program
- Requires no city/county staff or financial resources
- Has no liability for participating agencies
- *Is really easy to join!*



Questions?

Contact Information:

Laura Franke, Public Financial Management, Inc.
(213) 404-0077 or email frankel@pfm.com

Mark Aarvig, Samas Capital
(909) 342-4414 or email maarvig@samascapital.com

John Law, Renovate America
(209) 602-8990 or email jlaw@herofinancing.com

Rick Bishop, Western Riverside Council of Governments
(951) 955-8303 or e-mail bishop@wrcog.cog.ca.us

Barbara Spoonhour, Western Riverside Council of Governments
(951) 955-8313 or e-mail spoonhour@wrcog.cog.ca.us

