

Getting Started!



AB 811 enables you to tailor a program that makes sense for your community and constituents. You determine the program parameters including eligible properties, the type of equipment to fund and how efficient it must be, the minimum and maximum loan size, the terms (interest rate and duration), and the source of funds.

Local governments that elect to implement AB 811 programs can do so quite expeditiously. The bill simply requires four elements for Council approval of a Resolution of Intent:

1. A policy concerning contractual assessments.
2. A plan for raising the capital to pay for the work performed.
3. A contract between a property owner and the City.
4. A map showing the boundaries for contractual assessments.



PALM DESERT

For complete documentation of the Energy Independence Program please visit:

www.cityofpalmdesert.org

For more information please contact:

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Palm Desert's AB 811 Consulting Team:

Del Rio Advisors, LLC: Financial Advisors

EcoMotion: Program Design Consultants

Richards, Watson & Gershon: Legal Team

Thank you for your interest in the Energy Independence Program!

A Pathway to Energy Independence

The AB 811 Opportunity

Presented by the City of Palm Desert



PALM DESERT

Fellow Local Government Officials:

Imagine a program that:

- Helps your residents and businesses cut their energy costs
- Helps you meet environmental objectives and reduce your carbon footprint
- Helps your local utility meet its energy-savings and renewable energy goals
- Pays for itself and costs you nothing

The City of Palm Desert prides itself on being a leader. In 2006, our City Council committed to reduce electricity and natural gas use city-wide by 30% in 5 years. On our way toward achieving that goal, we realized our residents needed a way to overcome the up-front costs of making energy improvements.

AB 811 helps our property owners save energy, money, and the environment.

Assembly Bill 811 allows California cities and counties to make low-interest loans to property owners for energy upgrades and collect the loan payments through property taxes.

Thanks to successful collaboration between legislators, lobbyists, our utilities, and others, Palm Desert pushed AB 811 through the California legislature in record time. Governor Schwarzenegger then signed the bill as an urgency measure, allowing it to be implemented immediately.

Within weeks of the bill's signing, Palm Desert had over 275 property owners on an "interest list" for its new Energy Independence Program. Within two weeks of the program's inception, the City reserved loans totaling nearly one million dollars.

This brochure will provide details on how Palm Desert's Energy Independence Program works. We hope it will help you design your own AB 811 program and catalyze your success.

Sincerely,

Mayor Jean Benson, Palm Desert

Introduction

The City of Palm Desert is committed to reducing its overall electricity and natural gas use by 30%. To do so, it has implemented a number of programs and services, notably the Set to Save partnership with Southern California Edison and Southern California Gas Company. When the City of Berkeley started exploring the use of property assessments for solar systems on private properties, Palm Desert began to investigate this mechanism to support both energy efficiency and renewable system installations.

Palm Desert's legal counsel advised amending the California Streets and Highways Code to include "energy improvements" on private property as public benefits. Through AB 811, signed by Governor Arnold Schwarzenegger on July 21, 2008, all California cities and counties have the opportunity to provide low-interest loans to their property owners for energy upgrades. Using this low-risk mechanism, local governments now have a potent tool to unlock massive energy savings and investments in renewable power generation.

Palm Desert created its Energy Independence Program to take advantage of this opportunity. The program leverages AB 811 to provide independence from:

- High energy bills and increasing rates
- Conventional, carbon-based generation and fuels
- The utilization of scarce resources better saved for future generations
- National security threats over energy supplies
- Climate changes due to local and individual actions

California law allows local governments to set up assessment districts to pay for public benefits such as sewers and roads. AB 811 amends the code to provide loans to property owners for energy upgrades that stay with the home in the event of its sale.

The loans are secured with a superior lien on the property allowing cities and counties to provide loans regardless of personal credit. The only qualification is proof of title to an improved property. If the owner sells, the loan balance can be transferred to the buyer.

How Does it Actually Work?

A homeowner gets a bid from a contractor, completes an application, is confirmed as the property owner, and gets approved for a loan. The work is completed; the utility bills drop, and the savings offset loan payments. Two examples:

A property owner invests in an air conditioning system upgrade, increasing its efficiency from SEER 6 to SEER 14, at a cost of \$7,500. The \$170 monthly utility savings far exceed the \$85 a month Energy Independence loan payment, resulting in savings from day one.

A property owner installs a 3.1 kW photovoltaic system for a net cost of \$20,000. The monthly loan cost of \$160 exceeds the initial monthly utility savings of \$120. However, by the seventh year, savings eclipse loan costs. Over the life of the system, the net benefit is \$30,000.

Types of Energy Improvements

The Palm Desert Energy Independence Program welcomes applications in three tracks.

The Efficiency Track

Pre-approves a wide range of efficiency measures such as central air conditioning systems, windows and doors, and cool-roof materials.

The Solar Track

Helps property owners analyze their solar potential. The program funds photovoltaic and solar thermal systems, off-grid applications, and power systems for electric transportation.

The Custom Measure Track

Palm Desert welcomes innovation and accepts applications for energy management and renewable generation practices that can revolutionize our energy future.