

Exhibit A

Scope of Work

TECHNICAL TASK LIST

Task #	CPR	Task Name
1.0	N/A	Administration
1.1		Kick-off Meeting
1.2		Critical Project Review (CPR) Meetings (to be held every six months or as necessary)
1.3		Final Meeting
1.4		Monthly Progress Reports
1.5		Invoices
1.6		Final Report
1.7		Identify and Obtain Leveraged Funds
1.8		Identify and Obtain Permits
1.9		Electronic File Format
1.10		Prevailing Wage Determinations and Weekly Certified Payrolls
1.11		Historic Preservation Consultation
1.12		Waste Management Plan
2.0		Technical Tasks/ Program Delivery
2.1		Development of Implementation Plan
2.2		Participation in Los Angeles County's Energy Program
2.3		Participation in Meetings with Key Stakeholder Groups
2.4		Development of Participant Eligibility Criteria and Project Agreements
2.5		Development of Marketing Materials and Outreach Strategy
2.6		Collaboration on Customized Web Portal for Submission of Applications
2.7		Creation and Management of Loan Loss Reserve Fund for Retrofit Financing
2.8		Funding of Retro-Commissioning and Energy Audits
2.9		Development of Quality Assurance Procedures
2.10		Verification of Energy Savings from Completed Projects
2.11		Processing of Tax Lien Applications
2.12		Creation of Tax Lien
2.13		Pilot Program Replication

KEY NAME LIST

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
1.1	Sandra Padilla and Program Coordinator (TBD), Community Redevelopment Agency of the City of Los Angeles (CRA/LA)	N/A	N/A
1.2	Sandra Padilla and	N/A	N/A

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
	Program Coordinator (TBD), CRA/LA		
1.3	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	N/A
1.4	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	N/A
1.5	Sandra Padilla, Program Coordinator (TBD), and Accounting Department, CRA/LA	N/A	N/A
1.6	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	N/A
1.7	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Clinton Climate Initiative
1.8	N/A	N/A	N/A
1.9	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	N/A
2.1	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Clinton Climate Initiative
2.2	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Los Angeles County and Clinton Climate Initiative
2.3	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Los Angeles County and Clinton Climate Initiative
2.4	Sandra Padilla and Program Coordinator (TBD), CRA/LA	TBD (Will select consultants through a competitive bidding process)	Los Angeles County and Clinton Climate Initiative
2.5	Sandra Padilla and Program Coordinator (TBD), CRA/LA	TBD (Will select consultant through a competitive bidding process)	Los Angeles County and Clinton Climate Initiative
2.6	Sandra Padilla and Program Coordinator (TBD), CRA/LA	TBD (Will select consultant through a competitive bidding process)	Los Angeles County and Clinton Climate Initiative
2.7	Sandra Padilla and Program Coordinator (TBD), CRA/LA	TBD (Will select consultant through a competitive bidding process)	Clinton Climate Initiative
2.8	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Clinton Climate Initiative and Los Angeles Department of Water and Power
2.9	Sandra Padilla and Program Coordinator	N/A	Clinton Climate Initiative and Los Angeles

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
	(TBD), CRA/LA		Department of Water and Power
2.10	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Clinton Climate Initiative and Los Angeles Department of Water and Power
2.11	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Los Angeles County and Clinton Climate Initiative
2.12	Sandra Padilla and Program Coordinator (TBD), CRA/LA	N/A	Los Angeles County and Clinton Climate Initiative

ACRONYMNS

Acronyms used throughout this Scope of Work are as follows:

PM	LGC Program Manager
CPR	Critical Project Review
CRA/LA	Community Redevelopment Agency of the City of Los Angeles
DOE	U.S. Department of Energy
EECBG	Energy Efficiency and Conservation Block Grant
ELMP	Energy Load Monitoring Programs
GHG	Greenhouse Gas
LACEP	<u>Los Angeles County's Energy Program</u>
LADWP	Los Angeles Department of Water and Power
RC _x	Existing Building Retro-Commissioning
SEP	State Energy Program

DEFINITIONS

The following definitions apply throughout this Agreement:

1. **“Contractor”** means the entity that receives funding directly from the Energy Commission under this Agreement. The Contractor is defined as a “subrecipient” under Federal law (see Office of Management and Budget (OMB) Circular A-133, Subpart A, Section .105 and Subpart B, Section .210).
2. **“Subaward”** means an award made by the Contractor to a subawardee or to a vendor.
3. **“Subawardee”** means any entity other than a vendor that receives funding from the Contractor to carry out or support any portion of this Agreement.
4. **“Subcontractor”** means a subawardee or vendor.
5. **“Vendor”** means any entity defined as such by OMB Circular A-133 (see Subpart A, Section .105 and Subpart B, Section .210).

I. Problem Statement

Improving energy efficiency is arguably the most direct way to improve the cash flow of an existing building. However, commercial building owners seeking to finance energy efficiency investments have largely been unable to procure loans, because commercial investment properties generally:

- are owned by limited liability¹ entities unrated by credit rating agencies and with no assets aside from the property itself
- are fully pledged under a mortgage and potentially additional debt
- must subordinate 3rd party interests to existing creditors, such as a mortgage holder
- disallow 3rd party liens on real property attachments, and/or use lease structures that generally prohibit costs of “elective” replacement or upgrade of building systems/equipment to be passed through to tenants, thus preventing owners from recovering invested capital (“split incentives”)

The combined effect of these impediments has left prospective retrofit lenders with little to no security in projects they would otherwise like to finance, and commercial building owners without a means to proactively manage the energy consumption of their assets.

Property Assessed Clean Energy (PACE)² financing, in conjunction with targeting marketing and outreach efforts, provides an innovative approach that could quickly overcome existing financing barriers and catalyze a robust market for energy efficiency investment in the large commercial building space. While PACE has the support from the United States Department of Energy (DOE), the Office of the Vice President, and the twenty-some states that have enacted PACE-enabling legislation, and local communities across the nation, recent statements³ by the Federal Housing Finance Agency (FHFA)⁴ and the Office of the Controller of the Currency (OCC)⁵ questioning the security of residential PACE financing have created a climate of uncertainty that threatens to derail the success of existing residential PACE programs and imperils further

¹ Limited liability is a concept whereby a person's financial liability is limited to a fixed sum, most commonly the value of a person's investment in a company or partnership with limited liability. In other words, if a company with limited liability is sued, then the plaintiffs are suing the company, not its owners or investors.

² Property Assessed Clean Energy (PACE) allows property owners to finance the installation of energy improvements to their property through voluntary assessments on their property tax bills. Local governments provide funding to property owners for eligible improvements by issuing bonds or other debt, which property owners repay through the assessments. PACE financing in California was established by AB 811 (Chapter 159, Statutes of 2008). AB 811 authorized the legislative body of any public agency to designate an area within which authorized city officials and property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements permanently fixed to real property. AB 474 (Chapter 444, Statutes of 2009) expanded AB 811 to include water efficiency improvements to the list of eligible measures.

³ <http://www.fhfa.gov/webfiles/15884/PACESTMT7610.pdf> and <http://www.occ.treas.gov/ftp/bulletin/2010-25.html>

⁴ The Federal Housing Finance Agency is the regulator and conservator of Fannie Mae and Freddie Mac, and the regulator of the twelve Federal Home Loan Banks

⁵ The Office of the Controller charters, regulates, and supervises all national banks, including those that make commercial mortgage loans

uptake of PACE financing to support energy efficiency retrofits and renewable energy generation.

II. Goals and Objectives of the Agreement

This Agreement between the Local Government Commission (LGC) and the Community Redevelopment Agency of Los Angeles (Contractor) is a subcontract to a separate agreement between LGC and the California Energy Commission (Energy Commission), which identifies the development and implementation of a Commercial PACE Pilot Program. In that separate agreement, the Contractor is identified as the lead of that pilot program. This Agreement will finance pilot activities of the City of Los Angeles Large Commercial Buildings Municipal Financing Program (Program) as a pilot program under *Energy Upgrade California*, the statewide energy efficiency program. The Program is an innovative, commercial-only, owner-arranged PACE financing program—in collaboration with Los Angeles Department of Water and Power (LADWP). The Program will also partner with the Clinton Climate Initiative (CCI) and actively communicate with local governments around the state to encourage the adoption of the “owner-arranged” commercial PACE model, starting with Placer County and the City and County of San Francisco (San Francisco).

The Program will accelerate the adoption of efficiency and renewable energy products, services, and practices by promoting comprehensive retrofit and retro-commissioning of, at minimum, 13.3 million square feet of commercial property in approximately 33 building projects in Los Angeles and additional square footage in projects in Placer County, San Francisco and other communities in the state. The Program will also serve as a model commercial PACE program that can be replicated by interested local governments. Program activities funded by this Agreement will address the financial barriers traditionally faced by Program participants and the implementation needs of local governments to ensure the Program’s sustainability and replicability. Furthermore, the Program will be designed to allay the concerns of the OCC and to comply with DOE’s Guidelines for Pilot PACE Financing Programs⁶, which are intended to provide protection to program participants, lenders and investors.

The Program provides an “owner-arranged” tax lien financing model for retrofits of large commercial properties, through which individual commercial property owners can negotiate financing from lenders on terms, scale and schedule that best suits the project, and secure repayment through a contractual assessment that sits in first position on the building’s property tax bill. The OCC’s concerns about PACE appear to stem from the fact that in most other PACE programs, a municipality is underwriting the projects and issuing the loans itself, which could be perceived as risky since municipalities are not in the business of underwriting complex real estate transactions. However this Program relies on sophisticated parties (mortgage holder, commercial property owner, retrofit lender) to negotiate the terms of a given financing, and mortgage-holders would only grant consent to PACE liens if they are confident that the lien will not impair the borrower’s ability to meet their existing obligations. The Program will also recommend, as a condition of approval, that projected savings exceed the debt service throughout the repayment period, adding another level of security.

Under this model, commercial property owners would submit an intake package, which will include: a project summary, property information summary (and PNA), list of measures, project costs, projected energy savings, amortization schedule, measurement and verification plan, project organizational chart, contractor information, utility incentives/rebates applied for, and the

⁶ http://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf

proposed lender(s). Projects must be structured such that the energy savings cover or exceed the cost of the newly-created special assessment during the term of the loan. As part of the application process, the Contractor will verify that the owner is current on all property taxes and assessments, and that the project meets other program requirements (to be provided in Implementation Plan) in order to have the proposed retrofit loan secured by a contractual assessment through the Program. Once the Contractor determines that the proposed retrofit plan qualifies, it will notify the local government administering the commercial PACE financing program, which will issue bonds⁷ that will be privately placed with the investor selected by the commercial building owner. Upon placement of the bonds with the investor, the local government will place a contractual assessment on the property tax bill in the amount of the total financing due in the current tax period.

To meet the objective of serving as a model for commercial PACE programs, the Program will prepare guidance packages so other local governments can benefit from the experience of Los Angeles' market-driven approach and replicate the model with minimal up-front cost. The guidance packages will include example program marketing/outreach materials, contracts, applications, RFQ/Ps, resolution language. The Program will also identify best practices, document lessons learned, and provide case studies of the actions that took place and outcomes for specific successful building retrofit projects.

In addition, the Clinton Climate Initiative (CCI), a key partner of the Program, will actively communicate with local governments around the state to encourage the adoption of "owner-arranged" commercial PACE model and provide *pro bono* program development support to California communities interested in establishing similar programs⁸. CCI provides support to building owners such as city governments, commercial portfolio owners, schools, universities, and public housing authorities in identifying, designing, and implementing large-scale energy efficiency retrofit projects and brings the owner together with the necessary contracting and financial firms for implementation. CCI has helped initiate more than 250 retrofit projects encompassing over 500 million sq ft of building space in more than 20 cities around the world., including commercial building retrofit projects in cities such as Chicago, New York, Bangkok, Mumbai, and Johannesburg. The Contractor and CCI will work with Placer County and San Francisco as the first local governments seeking to model their commercial PACE programs after the Program.

⁷ The county plans to use the authority provided by the California Improvement Bond Act of 1915 (California Streets and Highways Code section 9000 et. seq.) to privately place bonds to fund commercial retrofit projects and levy a special assessment as security for repayment of the bonds.

⁸ While CCI will provide high level guidance, advice, and support to interested communities, it will focus primarily on working with larger counties/cities, and/or coalitions of cities.

III. Funding

This Agreement is funded by the American Recovery and Reinvestment Act of 2009 (ARRA), which Congress enacted to preserve and create jobs and promote economic recovery, assist those most impacted by the recession, provide investments needed to increase economic efficiency by spurring technological advances, and make investments that will have long-term economic benefits. The U.S. Department of Energy (DOE) has allocated the Energy Commission \$226 million in ARRA funding for the State Energy Program (SEP). The agreement for the Energy Upgrade California Financing Program between the Energy Commission and LGC is funded by SEP funds.

This Agreement will combine \$5,495,200 of those SEP funds with leveraged funds to establish the Program.

The Contractor will use Agreement funds for the following activities:

- Loan Loss Reserves: \$2.5 million. The widespread implementation of the commercial tax lien energy retrofit program is contingent on retrofit lenders actually lending to interested commercial building owners, and on first mortgagees consenting to the financing. Currently, lenders often require a 5% loan loss reserve to provide additional security. In order to provide first mortgagees and retrofit lenders additional comfort, Agreement funds will be leveraged 20:1. This will translate into, at minimum, 13 million square feet of projects or approximately 33 commercial building projects, leading to the creation of 228 jobs and the reduction of 39,720 tons of greenhouse gas (GHG) emissions per year.
- No-Cost Existing Building Retro-commissioning (RCx) Phase I and Phase II Energy Audits: \$1,250,000. Agreement funds will be combined with \$2 million allocated from the City of Los Angeles' Energy Efficiency and Conservation Block Grant (EECBG) formulation allocation. The Contractor will provide no-cost Phase I Scoping Energy Audit for participating commercial building owners. Phase I Scoping Energy Audit will include an ASHRAE Level 1 walkthrough, Energy Star benchmarking (in coordination with LADWP), formulation of recommended energy / water conservation measures and low/no-cost operational improvements (RCx), and assistance in applying for relevant rebates and incentives. The Program Administrator will be a sub-contractor and will provide Energy Star benchmarking and assistance with rebates and incentives, while energy audit sub-contractors will conduct the ASHRAE Level 1 audits and assist in formulating recommendations. To ensure consistency of quality and appearance, all Phase I reports to the participating commercial property owners will come from the Program Administrator. In addition to Phase I Scoping Energy Audits, for buildings over 50,000 square feet, the Program will fund Phase II Investment Grade Analyses (IGA) for commercial building owners who agree to implement a holistic retro-commissioning of the building, and to implement all retrofit measures identified that have a combined projected IRR of greater than 10%. Phase II IGA will include detailed engineering analysis of potential energy / water conservation measures (ASHRAE Level II and III analysis), development of a guaranteed maximum price on the scope of work proposed, and detailed cost and savings projections for each energy and water conservation measure (EWCM). Projects that are not able to secure financing or that do not present near term opportunities for capital upgrades will be referred to the LADWP retro-commissioning program for rebates on implementation of commonly identified retro-commissioning measures. No-cost energy audits will enable commercial building owners

to make well-informed decisions leading to more cost-effective retrofits while boosting participation in the Program and generating a rich data set of pre- and post-retrofit information for improving energy efficiency in commercial buildings.

- Marketing and Outreach Activities: \$100,000. As the Program is market-based, its success depends on stakeholder awareness and understanding of the Program and the benefits of energy efficiency. Funding for additional marketing and outreach will enable the Contractor to more effectively educate the real estate community and boost Program participation and project effectiveness. The marketing and outreach activities must be consistent with and supportive of the statewide Energy Upgrade California Program that includes a web site and media and marketing activities and materials.
- Administration and Program Start-Up Costs: \$800,000. The Contractor must hire professional and technical consultants to establish the Program and associated information technology infrastructure, and to fund additional staff to administer the Program once it is established.
- Technical Assistance for Pilot Program Replication: \$845,200 supplemented by CCI pro bono resources. The Contractor and CCI will support other regions in California interested in establishing commercial PACE programs modeled on the Contractor's pilot, starting with Placer County and San Francisco. This support will include staff time and provision of guidance documents. Because all guidance documents will be made available, CCI's involvement with other local governments would entail holding meetings with appropriate staff to help them understand the program model, providing assistance in locating a qualified Program Administrator, making introductions to providers of capital, and hands-on project development support for owners of large commercial properties interested in applying to the Program. Initial meetings may be conducted in person, but most CCI interaction will occur via phone/web conference in order to maximize CCI's reach to provide support to multiple local governments given the available financial resources.

TASK 1.0 ADMINISTRATION

MEETINGS

Subtask 1.1 Attend Kick-off Meeting

The goal of this task is to establish the lines of communication and procedures for implementing this Agreement.

The Contractor shall:

- Attend a “kick-off” meeting with the LGC Program Manager (PM) and Commission Contract Manager, and other key personnel from the Project Team. The administrative and technical aspects of this Agreement will be discussed at the meeting. Prior to the kick-off meeting, the PM will provide an agenda to all potential meeting participants.

The administrative portion of the meeting shall include, but not be limited to, a discussion of the following:

- Terms and conditions of the Agreement, including use of the “Energy Upgrade California” Identity Mark and Logo and prohibition of KEMA Inc. or its subsidiary known as KEMA Services Inc. from performing services as a subawardee under this Agreement, and the Energy Commission’s rights to intellectual property (see Exhibit D)
- CPRs (Subtask 1.2)
- Leverage Fund documentation (Subtask 1.7)
- Permit documentation (Subtask 1.8)
- Training on ARRA SEP reporting requirements
- Compliance with the Davis-Bacon Act (Subtask 1.10)
- Compliance with the National Historic Preservation Act requirements (Subtask 1.11)
- Waste Management Plan requirements (Subtask 1.12)
- Reporting requirements
- Coordination with the Energy Commission’s Statewide ARRA branding effort – *Energy Upgrade California*

The technical portion of the meeting shall include, but not be limited to, the following:

- The PM’s expectations for accomplishing tasks described in the Scope of Work;
- An updated Schedule of Deliverables
- An updated Gantt Chart
- Progress Reports (Subtask 1.4)
- Technical Deliverables List (Subtask 1.5)
- Final Report (S 1.6)

Contractor Deliverables:

- An Updated Schedule of Deliverables
- An Updated Gantt Chart
- An Updated List of Leverage Funds
- An Updated List of Permits

Program Manager Shall:

- Provide an agenda and list of participants to all potential meeting participants prior to the meeting;

- Designate the date and location of the meetings; and
- Discuss the administrative and technical aspects of the Agreement with the Contractor and additional participants.

Program Manager Deliverables:

- Meeting agenda
- List of expected participants

Subtask 1.2 Critical Project Review (CPR) Meetings

The goal of this task is to determine if the Program should continue to receive LGC funding to complete this Agreement and if it should, are there any modifications that need to be made to the tasks, deliverables, schedule, budget, or specific terms and conditions in the Agreement in order to facilitate the successful implementation of the Program. The first CPR shall be held within the first six (6) months of the Agreement start date to determine the appropriate level of funding for the tasks and to ensure work will be completed on schedule. CPRs provide the opportunity for frank discussions between LGC, the Energy Commission and the Contractor. CPRs generally take place at key, predetermined points in the Agreement, as determined by the PM and as shown in the Technical Task List above and in the Schedule of Deliverables. However, the PM may schedule additional CPRs as necessary, and any additional costs will be borne by the Contractor.

CPR participants should include the PM and the Contractor, and may include the Commission staff and management, one or more members of the Energy Commission staff and management as well as other individuals selected by the PM.

The Contractor shall:

- Attend each CPR with the PM, other Energy Commission staff and management, and other individuals selected by the PM;
- Prepare a CPR Report for each CPR that discusses the progress of the Agreement toward achieving its goals and objectives. This report shall include recommendations and conclusions regarding continued work of the Program. This report shall be submitted along with any other Deliverables identified in this Scope of Work. Submit these documents to the PM and any other designated reviewers at least five (5) working days in advance of each CPR meeting;
- Submit ancillary data and/or documentation to the PM, as required; and
- Present the required information at each CPR meeting and participate in a discussion about the Agreement.

Contractor Deliverables:

- CPR Report(s)
- Ancillary data/and/or documentation to the PM, as required
- CPR deliverables identified in the Scope of Work

The Program Manager shall:

- Determine the location, date, and time of each CPR meeting with the Contractor. These meetings generally take place at the Energy Commission, but they may take place at another location;
- Send the Contractor the agenda and a list of expected attendees no later than 5 days in advance of each CPR. If applicable, the agenda shall include a discussion on both leverage funding and permits;

- Conduct and make a record of each CPR meeting. One of the outcomes of this meeting will be a schedule for providing the written determination described below;
- Determine whether to continue the Program, and if continuing, whether or not to modify the tasks, schedule, deliverables and budget for the remainder of the Agreement, including not proceeding with one or more tasks. If the PM concludes that satisfactory progress is not being made, this conclusion will be referred to the Energy Commission for its concurrence; and
- Provide the Contractor with a Written Determination in accordance with the schedule, which may include a requirement for the Contractor to revise one or more Deliverable(s) that were included in the CPR. The Written Determination may also include the Energy Commission decision on the amount of ARRA SEP funds to encumber into the Agreement.

Program Manager Deliverables:

- Agenda
- List of Expected Participants
- Schedule for Written Determination

Subtask 1.3 Final Meeting

The goal of this task is to identify the required activities necessary to closeout this Agreement by discussing findings, conclusions, recommendations and administrative issues such as final invoicing and release of retentions. The final meeting must be completed during the closeout of this Agreement. The meeting will be attended by, at minimum, the Contractor, Energy Commission staff, and the PM. The technical and administrative aspects of Agreement closeout will be discussed at the meeting, which may be two separate meetings at the PM's discretion.

The technical portion of the meeting will present findings, conclusions, and recommended next steps (if any) for the Agreement. The PM will determine the appropriate meeting participants. The administrative portion of the meeting will be a discussion with the PM and the Contracts Officer about the following Agreement closeout items:

- Final invoicing and release of retention
- "Surviving" Agreement provisions (see the "Survival" Section of Exhibit D of the Agreement between the Energy Commission and LGC)
- Prepare a schedule for completing the closeout activities for this Agreement.
- The Energy Commission's request for specific "generated" data (not already provided in Agreement deliverables)

The Contractor shall:

- Meet with the Energy Commission to present the findings, conclusions, and recommendations. The final meeting must be completed during the closeout of this Agreement;
- Prepare a schedule for completing the closeout activities for this Agreement; and
- Provide written documentation of meeting agreements and all pertinent information.

Contractor Deliverables:

- Written documentation of meeting agreements and all pertinent information
- Schedule for completing closeout activities

The Program Manager shall:

- Designate the date and location of the meeting; and
- Send the Contractor final report instructions, an agenda, and a list of expected participants in advance of the meeting.

Program Manager Deliverables:

- Agenda
- List of Expected Participants
- Final Report Instructions

REPORTING

See the Agreement between the Energy Commission and LGC, Exhibit D, Reports/Deliverables/Records and Exhibit E.2.J (Reporting and Registration Requirements Under Section 1512 of ARRA).

Subtask 1.4 Monthly Progress Reports

The goal of this subtask is to periodically verify that satisfactory and continued progress is made towards achieving the research objectives of this Agreement. This subtask includes the mandatory reporting activities for ARRA SEP programs listed in Exhibit E.2.J of the Agreement between the Energy Commission and LGC (Reporting and Registration Requirements Under Section 1512 of ARRA).

The Contractor shall:

- Prepare Monthly Progress Reports that summarize all Agreement activities conducted by the Contractor for the reporting period, and including but not limited to an assessment of the ability to complete the Agreement within the current budget, progress toward whole-house retrofit and workforce development goals, and any anticipated cost overruns; and
- Submit each progress report to the PM within three (3) working days after the end of the reporting period.

Deliverables:

- Monthly Progress Reports

Subtask 1.5 Invoices

The goal of this subtask is to tender all invoices in a timely fashion and in conformity with LGC invoicing procedures.

The Contractor shall:

- Prepare and submit invoices and supporting documentation to LGC for all allowable contract expenses.
- Monitor payment of all invoices and disburse funds as appropriate.

Deliverables:

- Invoices for all allowable project expenses
- Documentation as needed to support invoices

Subtask 1.6 Final Report

The goal of this subtask is to prepare a comprehensive written Final Report that describes the original purpose, approach, results, and conclusions of the work performed under this Agreement. The PM will review and approve the Final Report. The Final Report must be completed on or before the termination date of the Agreement.

The Final Report shall be a public document. If the Contractor has obtained confidential status from the Energy Commission and will also prepare a confidential version of the Final Report, the Contractor shall perform the following subtasks for both the public and confidential versions of the Final Report.

Subtask 1.6.1 Final Report Outline

The Contractor shall:

- Prepare a Draft Outline of the Final Report. The PM shall provide written comments to the Contractor within ten (10) working days of receipt; and
- Submit the Final Outline to the PM once agreement has been reached on the draft outline. The PM shall provide written approval of the Final Outline within five (5) working days of receipt.

Deliverables:

- Draft Outline of the Final Report
- Final Outline of the Final Report

Subtask 1.6.2 Final Report

The Contractor shall:

- Prepare a Draft Final Report for this Agreement in accordance with the approved outline;
- Submit the Draft Final Report to the PM for review and comment. The PM shall provide written comments within ten (10) working days of receipt; and
- Submit one bound copy of the Final Report with the final invoice.

Deliverables:

- Draft Final Report
- Final Report

LEVERAGE FUNDS, PERMITS, AND ELECTRONIC FILE FORMAT

Subtask 1.7 Identify and Obtain Leverage Funds

The goal of this task is to ensure that the Leverage Funds planned for this Agreement are obtained for and applied to this Agreement during the term of this Agreement.

The costs to obtain and document Leverage Fund commitments are not reimbursable through this Agreement. While the budget for this task will be zero dollars, the Contractor may utilize Leverage Funds for this task. Leverage funds shall be spent concurrently or in advance of ARRA SEP funds during the term of this Agreement. Leverage funds must be identified in writing, and the associated commitments documented before the Contractor can incur any costs for which the Contractor will request reimbursement.

The Contractor shall:

- Prepare a letter documenting the Leverage Funds currently committed to this Agreement and submit it to the PM at least two (2) working days prior to the kick-off meeting:
 - If no Leverage Funds were part of the proposal that led to the Energy Commission awarding this Agreement and none have been identified at the time this Agreement starts, then state such in the letter
 - If Leverage Funds were a part of the proposal that led to the Energy Commission awarding this Agreement, then provide in the letter:
 - A list of the Leverage Funds that identifies the:
 1. Amount of each cash Leverage Fund, its source, including a contact name, address, and telephone number and the task(s) to which the Leverage Funds will be applied.
 2. Amount of each in-kind Leverage Fund, a description, documented market or book value, and its source, including a contact name, address, and telephone number and the task(s) to which the Leverage Funds will be applied. If the in-kind contribution is equipment or other tangible or real property, the Contractor shall identify its owner and provide a contact name, address, and telephone number, and the address where the property is located.
 - A copy of the letter of commitment or contract from an authorized representative of each source of Leverage Fund that these funds or contributions have been secured
- Discuss Leverage Funds and the implications to the Agreement if they are significantly reduced or not obtained as committed, at the kick-off meeting. If applicable, Leverage Funds will be included as a line item in the SEP Progress Reports and will be a topic at CPR meetings;
- Provide the appropriate information to the PM if during the course of the Agreement additional Leverage Funds are received; and
- Notify the PM within ten (10) working days if during the course of the Agreement existing Leverage Funds are reduced. Reduction in Leverage Funds may trigger an additional CPR.

Deliverables:

- A letter regarding Leverage Funds or stating that no Leverage Funds are provided
- Letter(s) for new Leverage Funds
- A copy of each Leverage Fund commitment letter or contract
- Letter that Leverage Funds were reduced (if applicable)

Subtask 1.8 Identify and Obtain Required Permits

The goal of this task is to ensure that all permits required for work completed under this Agreement are identified and obtained in advance of the date they are needed to keep the Agreement schedule on track.

Permit costs and the expenses associated with obtaining permits are not reimbursable under this Agreement. While the budget for this task will be zero dollars, the Contractor shall show any Leverage Funds used for this task. Permits must be identified in writing and obtained before the Contractor can incur any costs related to the use of the permits for which the Contractor will request reimbursement.

The Contractor shall:

- Prepare a letter documenting the permits required to conduct this Agreement and submit it to the PM at least two (2) working days prior to the kick-off meeting:
 - If there are no permits required at the start of this Agreement, then state such in the letter.
 - If it is known at the beginning of the Agreement that permits will be required during the course of the Agreement, provide in the letter:
 - A list of the permits that identifies the:
 1. Type of permit
 2. Name, address, and telephone number of the permitting jurisdictions or lead agencies
 - Schedule the Contractor will follow in applying for and obtaining these permits.
- The list of permits and the schedule for obtaining them will be discussed at the kick-off meeting, and a timetable for submitting the updated list, schedule and the copies of the permits will be developed. The implications to the Agreement if the permits are not obtained in a timely fashion or are denied will also be discussed. If applicable, permits will be included as a line item in the progress reports and will be a topic at CPR meetings.
- If during the course of the Agreement additional permits become necessary, then provide the appropriate information on each permit and an updated schedule to the PM.
- As permits are obtained (including air quality), send a copy of each approved permit to the PM.
- If during the course of the Agreement permits are not obtained on time or are denied, notify the PM within five (5) working days. Either of these events may trigger an additional CPR.

Deliverables:

- A letter documenting the permits or stating that no permits are required
- Updated list of permits as they change during the Term of the Agreement
- Updated schedule for acquiring permits as it changes during the Term of the Agreement
- A copy of each approved permit (including air quality).

Subtask 1.9 Electronic File Format

The goal of this task is to unify the formats of electronic data and documents provided to the LGC as contract Deliverables. Another goal is to establish the computer platforms, operating systems and software that will be required to review and approve all software Deliverables.

The Contractor shall:

- Deliver documents to the PM in the following formats:
 - Data sets shall be in Microsoft (MS) Access, MS Excel, or Comma Separated Value (CSV) file format.
 - PC-based text documents shall be in MS Word file format.
 - Documents intended for public distribution shall be in PDF file format, with the native file format provided as well.
 - Project management documents shall be in MS Project file format.
 - Videos shall be provided on compact disk.
 - Website deliverables shall include the web address and login information.
- Request exemptions to the electronic file format in writing at least 90 days before the Deliverable is submitted.

Deliverables:

A letter requesting exemption from the Electronic File Format (if applicable)

Subtask 1.10 Prevailing Wage Determinations and Weekly Certified Payrolls
(Applicable only if the Contractor or subcontractors will perform installation work)

The goal of this subtask is to ensure that the Contractor and subcontractors pay prevailing wage rates and submit weekly certified payrolls for all workers that perform labor and mechanic work to achieve the goals and objectives of this Agreement. This requirement applies to subcontracts paid for entirely with Leverage Fund under this Agreement.

The Contractor shall:

- Submit to the PM a copy of applicable wage determinations for any and all labor and mechanic work that will be performed to achieve the goals and objectives of this Agreement (including any subcontract) within thirty (30) days of execution of this Agreement. If subcontractors will perform labor and mechanic work, the Contractor must submit a copy of applicable wage determinations to the PM within thirty (30) days of execution of the subcontracts. [See comment.]
- Submit to the Energy Commission on a weekly basis a copy of all certified payrolls by the Contractor and subcontractors of any tier performing labor and mechanic work to achieve the objectives of this Agreement. Exhibit E Section.2.M of this Agreement (Davis-Bacon Act and Contract Work Hours and Safety Standards Act) provides the required specifications for certified payrolls.

Deliverables:

- Copies of Applicable Wage Determinations
- Weekly Certified Payrolls

Subtask 1.11 Historic Preservation Consultation

The goal of this subtask is to ensure that the Contractor complies with the requirements of Section 106 of the National Historic Preservation Act (NHPA) prior to expenditure of SEP funds under this Agreement to alter any structure or Site. The Energy Commission has executed a Programmatic Agreement with the California State Historic Preservation Officer (SHPO) to streamline the Section 106 consultation process. Under the Programmatic Agreement, the Energy Commission will evaluate Projects to determine whether they are categorically excluded from the SHPO's direct review and consultation.

The Contractor shall:

- Consult with the Energy Commission (and with the SHPO and the Tribal Historic Preservation Officer, if applicable) to ensure that the proposed Project(s) will have no adverse effects on historic resources.
- Prepare a Consultation Package as specified by the Energy Commission and set forth in the Implementation Plan no later than thirty (30) days after the execution of this Agreement or the identification of the Project structure(s) or site(s) to be retrofitted under the Agreement, whichever is later. The Energy Commission may specify an earlier time for submittal of the Consultation Package if Retrofit work is expected to begin within less than thirty (30) days of Project identification.

Deliverables:

- Consultation Package

Subtask 1.12 Waste Management Plan

The goal of this subtask is to ensure that the Contractor submits a Waste Management Plan to the PM prior to expenditure of SEP funds under this Agreement on proposed project activities that may generate any sanitary or hazardous waste. The Waste Management Plan must describe the Contractor's plan to dispose of any sanitary or hazardous waste generated by any proposed project activities. Sanitary and hazardous waste includes, but is not limited to: construction and demolition debris, old light bulbs, fluorescent ballasts and lamps, piping, roofing material, discarded equipment, debris, and asbestos. The Waste Management Plan must also describe the categories and estimated volumes of waste that the Contractor anticipates will be generated by any proposed project activities, and the disposal path for each category of waste.

The plan must comply with all federal, state, and local laws and regulations governing waste disposal.

The Contractor shall:

- Submit to the PM a Waste Management Plan for each project no later than thirty (30) days after the execution of the Agreement or the identification of any Projects that may generate waste, whichever is later. The Energy Commission may specify an earlier time for submittal of the Waste Management Plan if Retrofit work is expected to begin within less than thirty (30) days of Project identification.

Deliverables:

- Waste Management Plan

TASK 2.0 TECHNICAL TASKS/ PROGRAM DELIVERY

Unless otherwise provided in the individual subtask, the Contractor shall prepare all deliverables in accordance with subtask 1.9 (Deliverables). The words “no draft” will appear in parentheses next to deliverables that do not require a draft.

Subtask 2.1 Development of Implementation Plan

The goal of this subtask is to document the activities and determine the schedule required to complete the Program.

The Contractor shall:

- Complete an Implementation Plan that details the processes required to implement the Program. The Implementation Plan shall include but not be limited to the following:
 - Program Timeline
 - Schedule of milestones
 - Schedule of deliverables
 - Clear and distinct names for each deliverable under this Agreement
 - Program Design
 - Risk Assessment and Contingency Plans
 - Program participation
 - Retrofit quality
 - Lender participation
 - OCC guidance
 - Validation actions
 - Program Administration
 - Program Delivery
 - Implementation Plan
 - Participation in Los Angeles County’s Energy Program
 - Meetings with key stakeholder groups
 - Development of Program eligibility criteria and legal agreements
 - Development of marketing materials
 - Creation of a website for submission of applications
 - Creation and management of a loan loss reserve fund for retrofit financing
 - Funding of Phase I and Phase II energy audits
 - Quality assurance procedures
 - Verification of energy savings
 - Collaboration with Los Angeles Department of Water and Power (LADWP) to take maximum benefit of available incentives and technical assistance to building owners through rebates, RCx, and Energy Load Monitoring Programs (ELMP)
 - Processing of tax lien applications
 - Creation of a tax lien
 - Plan for pilot program replication – preparation of guidance package, outreach to local governments statewide to encourage replication, technical support to local governments replicating the pilot, starting with Placer County and San Francisco Pilot program replication document package

Deliverables:

- Implementation Plan

Subtask 2.2 Participation in Los Angeles County's Energy Program

The goal of this subtask is for the City of Los Angeles (City) to participate in the Los Angeles County Energy Program (LACEP), which provides financing to property owners within Los Angeles County (County) for the installation of water and energy efficiency measures. The Los Angeles County Board of Supervisors has already passed a resolution which establishes a county-wide municipal financing district, referred to as LACEP. A city within Los Angeles County can participate in LACEP upon each city's adoption of a resolution approving participation. This Program is specific to the City of Los Angeles, thus projects within the scope of this subcontract must be commercial properties within the boundaries of the City of Los Angeles. Upon the County's completion of judicial validation proceedings that establish the legal priority of municipal financing contractual assessments, the county will make available sample resolution language to all 88 cities within its jurisdiction, allowing them to "opt in" to the overarching special tax district. The City will opt into LACEP to meet the legal requirements established under AB 811 for the formation of PACE districts in order to implement the Commercial PACE Pilot Program that is the subject of this subcontract. The legal work necessary to establish and opt into the Los Angeles County PACE district will, however, not be funded under this subcontract.

The Contractor shall:

- Provide technical review of documents drafted by the county related to establishment of the LACEP, including but not limited to any resolutions required by the city to participate and agreements between the city and county to levy the special assessment upon project approval;
- Submit to the PM judicial validation documents from the county's validation proceedings;
- Work with city staff to obtain Los Angeles City Council approval of a resolution to allow the city to join the LACEP. Brief the City Council on the Program as necessary, to ensure passage of the resolution; and
- Provide a copy of the resolution to the Los Angeles City Attorney's office for its review and approval. The drafting, review and approval of this resolution will not be funded as part of this subcontract.

Deliverables:

- Judicial validation documents from the county's validation proceedings (no draft)
- Los Angeles City Council resolution approving the city's participation in the county's municipal financing district (no draft)

Subtask 2.3 Participation in Meetings with Key Stakeholder Groups

The goal of this subtask is to meet with key stakeholders, including retrofit lenders, commercial building owners, clean energy service firms, mortgage lenders, labor unions, and the Los Angeles Department of Water and Power. The Contractor's Program team⁹ will reach out to key stakeholders to compile and verify baseline data necessary to identify effective approaches to secure commercial building owner and lender participation in the Program. The Contractor will conduct meetings with stakeholders to gain input on Program design and determine how best to overcome mortgage lender and OCC objections to PACE assessments with a priority lien position to the first mortgage. Based on market research/analysis and stakeholder input, the Contractor will build the Program structure and guidance documents, including: guidelines that include, but are not limited to, a list of eligible projects, performance standards, and quality

⁹ The team will consist of the Contractor's Program Coordinator, Manager of Capital Finance, Special Projects Officer, Project Development Manager, Public Affairs Specialist, and Website Developer.

assurance protocols; an administrative manual; a strategy for integration with existing programs and incentives; plan for addressing OCC and mortgage lender concerns; and a plan for Program management, evaluation, measurement, and reporting. There will be a summary of lessons learned based on transcripts of these meetings, which will be shared with other cities interested in establishing programs to incentivize energy efficiency upgrades to commercial buildings. CCI will provide additional program development support to local governments interested in establishing similar programs as described above.

The Contractor shall:

- Hold meetings with key stakeholders, including lenders, building owners, clean energy service firms, mortgage lenders, labor unions, and the Los Angeles Department of Water and Power;
- Develop a detailed outreach plan that includes names and contact information for program stakeholders, a summary of actions taken (i.e., calls and meetings), and a list of follow-up activities; and
- Develop a program structure and guidance documents based on stakeholder input, including:
 - Program guidelines that include but are not limited to a list of eligible projects, performance standards, and quality assurance protocols;
 - An administrative manual;
 - A plan for addressing OCC and mortgage lender concerns;
 - A strategy for integration with existing programs and incentives; and
 - A plan for Program management, evaluation, measurement, and reporting.

Deliverables:

- Outreach plan
- Program guidance documents

Subtask 2.4 Development of Participant Eligibility Criteria and Project Agreements

The goal of this subtask is to develop property eligibility criteria and agreements between the City, the County, and commercial building owners to mitigate risks and increase lender confidence. While the details of the retrofit assessment terms would be arranged by commercial building owners and lenders rather than by the City, the Contractor will put in place programmatic requirements, including, but not limited, to property location, legal ownership, commercial building owner's property tax payment history, approval from the building's primary mortgage holder. Agreements will be designed to ensure that the special assessment and tax lien are provided as security for retrofit lenders that city, county and lender liability are minimized, and that high quality energy efficiency projects are completed. To ensure cost-effectiveness, projects will be structured so that projected energy savings support or exceed the debt service for the term of financing. While the funding under this Agreement may not fund legal work, Contractor may coordinate with legal counsel funded by third parties to accomplish this Subtask.

To maximize efficiency, project agreements will be standardized to the extent possible. Form contracts will ensure building owner mitigation against performance risk of installed improvements and compliance with state permitting and contractor licensing requirements. Agreements between the City and County (if necessary) will detail the process by which the City notifies the County of project approval, and the County's responsibility to levy special assessments against property. Agreements between the County and commercial building

owners will outline the County's right to foreclose on tax liens in the event of default and will ensure that building owners are solely responsible for payment of special assessments. Commercial building owners will develop and negotiate documents directly with retrofit contractors and lenders, including approval from the primary mortgage holders on their properties. The Program will develop a form agreement / contract by which mortgage-holders grant consent to the PACE financing and the first priority lien, according to the terms of the specific agreement.

The Contractor shall:

- Establish property eligibility criteria for commercial building owners who participate in the Program. These criteria will be crafted to provide appropriate protection to the City, County, building owner, retrofit lenders and mortgage holders;
- Work with legal counsel and the county to address legal issues and establish legal relationships between Program participants; and
- Develop and/or review agreements between the City, County, and commercial building owners. The number and types of agreements will be determined through consultation with legal counsel and the County.

Deliverables:

- Program property eligibility criteria for participating commercial building owners
- Agreements between the city, county, and commercial building owners (no draft)

Subtask 2.5 Development of Marketing Materials and Outreach Strategy

The goal of this subtask is to develop Program marketing materials and a marketing outreach strategy. The marketing materials will provide detailed information about Program requirements, the application and approval process, and the manner in which the tax lien mechanism can provide security for private financing. The Contractor's Public Affairs Department and/or marketing consultant will help the Program Coordinator develop a marketing and outreach strategy and design marketing materials. Marketing materials will also be developed, as appropriate, through coordination between the Contractor's marketing and *Energy Upgrade California*, the statewide energy efficiency program. All marketing materials and outreach strategies shall be consistent with and complementary to *Energy Upgrade California*.

The Contractor shall:

- Develop a marketing and outreach strategy consistent with and complementary to *Energy Upgrade California* to educate commercial building owners, retrofit contractors, and potential retrofit lenders about Program mechanics, risks, costs, and benefits;
- Develop marketing and outreach strategy to educate other local jurisdictions about replication of the Program;
- Produce marketing materials that can be distributed at informational sessions held for potential building owners and for qualified retrofit contractors. The Contractor will conduct the sessions in coordination with the Clinton Climate Initiative. Marketing materials may include a logo, educational pamphlets, and PowerPoint presentations. These materials will be posted on city agency and social networking websites; and
- Ensure that marketing materials contain the *Energy Upgrade California* Identity Mark/Logo, as specified in Exhibit D of the Agreement between the Energy Commission and LGC.

Deliverables:

- Marketing and outreach strategy
- Marketing materials

Subtask 2.6 Collaboration on Customized Web Portal for Submission of Applications

The goal of this subtask is to provide direction on a customized section of the *Energy Upgrade California* web portal to receive applications for the Program and to provide Program information to potential participants. The customized web portal will be a one-stop resource center for participants. The portal will provide all necessary Program application documents, information about federal, state, and local incentives available for energy efficiency projects, and step-by-step instructions on how to participate in the Program. The portal will be linked to the county's LACEP web portal. Application procedures will be automated to the maximum extent possible, and applicants will be able to track their progress on a real-time basis. The website will be integrated with, consistent with and complementary to the web portal developed under *Energy Upgrade California* to the extent feasible.

The Contractor shall:

- Provide direction on a customized section of the *Energy Upgrade California* web portal;
- Draft a summary of website software functionality and security features; and
- Provide the PM with a walk-through of the fully-integrated, functional website.

Deliverables:

- Summary of website software functionality and security features

Subtask 2.7 Creation and Management of Loan Loss Reserve Fund for Retrofit Financing

The goal of this subtask is for the Contractor to create and manage a loan loss reserve fund. Widespread implementation of the Program is contingent on retrofit lenders providing loans to interested building owners, and on first mortgagees consenting to financing. Based on preliminary conversations with potential lenders, a 5% to 10% loan loss reserve may be required to provide additional security to lenders and to encourage their participation in the Program. This loan loss reserve fund shall cover no more than 10% of the total debt on a single project.

The Contractor shall:

- Create a loan loss reserve fund and provide reserve commitments to lenders and/or existing mortgage holders as projects are approved;
- Provide the PM written notice that the loan loss reserve fund has been created. The notice will include the fund's location and amount, and measures taken to ensure compliance with DOE's criteria¹⁰ for the establishment and maintenance of SEP-funded loan loss reserve funds;
- Continually monitor the fund;
- Submit to the PM reporting documents tracking loan loss reserve fund outgoing payments, including documentation of reserve commitments to lenders and/or existing mortgage holders, and incoming repayments from commercial property owners;
- Determine eligibility criteria for borrowers to access the loan loss reserve fund; and

¹⁰ http://www1.eere.energy.gov/wip/pdfs/sep_financing_guidance2010_08_10.pdf

- Collaborate with the Energy Commission and DOE to determine in a Loan Loss Transition Plan the use of SEP funds remaining in the loan loss reserve when this subcontract ends.

Deliverables:

- Notification to the PM that the loan loss reserve fund has been created
- Eligibility criteria for borrowers to access the loan loss reserve fund
- Reporting documents tracking loan loss reserve fund outgoing payments and incoming repayments from commercial property owners
- Loan Loss Transition Plan

Subtask 2.8 Funding of Retro-commissioning and Energy Audits

The goal of this subtask is to fund Phase I Scoping Energy Audits and Phase II Investment Grade Audits (IGA) for qualified commercial building owners, who will apply for Phase I and Phase II energy audits before submitting a full application for the tax lien and/or LLR and negotiation of financing to cover costs of retrofit projects. The Contractor will establish a list of pre-qualified energy audit sub-contractors to conduct the Phase I and Phase II Energy Audits. These sub-contractors will be listed on the web portal so that qualified commercial property owners, if approved, can select an energy audit sub-contractor from the web portal. No-cost energy audits will increase Program participation and enable the Contractor to gather a rich data set of pre- and post- retrofit information. For commercial property owners who already have smart meters in place, pre-retrofit data can be collected through LADWP's MV Web program¹¹. LADWP will install a smart meter for those applicants that do not already have one prior to any energy audits. Commercial building owner applicants will be required to participate in LADWP's MV Web or Energy Load Monitoring programs. Post-retrofit data will be collected through these programs. Phase 1 audits will be fully funded upon approval of a commercial building owner's application. To be eligible to receive Phase II audits, commercial building owners must agree to either pay the remaining costs after rebates to implement a holistic retro-commissioning of their building and to implement all identified retrofit measures that have a combined projected internal rate of return of greater than 10% and satisfy post-retrofit verification requirements.

The Contractor will meet with commercial building owners and retrofit contractors to discuss the Program, and will incorporate their feedback into audit eligibility criteria prior to finalizing the audit application. Follow up with targeted stakeholders will continue throughout the design and rollout process.

The Contractor shall:

- Locate potential projects through marketing and outreach to key commercial building owners and retrofit contractors in the city;
- Follow up with targeted stakeholders throughout the design and rollout process;
- Create tracking reports detailing the number of applicants, locations and approval rates. Once this functionality is available on the *Energy Upgrade California* web portal, it will be used for all project tracking and reports;
- Incorporate retrofit contractor and commercial building owner feedback into energy audit eligibility criteria and the audit application process. The process must adhere to the requirement in the Energy Commission's *State Energy Program Guidelines*¹² of a minimum

¹¹ LADWP provides data over the internet through two different software programs: the MV-Web program provides usage data and basic graphs free of charge, and the low-cost Energy Load Monitoring service allows customers to view and graph both energy and cost information

10% total building energy use reduction through efficiency measures identified in the audit as a condition of funding renewable energy measures;

- Evaluate applications for the funding of energy audits;
- Submit copies of Phase I and II energy audit applications and approval status to the PM. For proposed non-residential and multi-family building sites outside the scope of Phase Two of the Home Energy Rating System (HERS II), the PM will consider, in consultation with the Contractor, an energy audit methodology the Contractor will use to meet the 10% energy improvement requirement prior to financing renewable projects. The PM will provide written approval of the methodology;
- Fund approved applications based on established eligibility criteria, which will include post-installation quality verification; and
- Ensure that CCI:
 - Provides project development support for commercial property owners undertaking energy efficiency retrofit work
 - Provides commercial property owners template RFQ and RFP documents to aid in locating qualified providers. These will be posted on the Program website and made available to other local governments interested in establishing similar programs.

Deliverables:

- Tracking reports on number of applicants, location, and approval rates
- Copies of Phase I and/or Phase II energy audit applications and approval status

Subtask 2.9 Development of Quality Assurance Procedures

The goal of this subtask is for the Contractor to develop quality assurance procedures for each project that justify projected savings calculations, based on data from the Phase I and Phase II energy audits included in the tax lien application. The procedures must be met prior to approval of the tax lien application and project funding.

The procedures will be designed to maintain the Program's cost-effectiveness, energy savings benefits, and reputation. Commercial property owners and/or retrofit contractors will complete rigorous engineering and design work to justify projected savings calculation included in the application. Program applicants will be required to submit a quality assurance plan for the project to include verification of the quality of the installation of the measures. The Program will ensure that these quality assurance plans are carried out to insure quality installation.

The Contractor shall:

- Develop Quality Assurance plan for each project, which must be approved prior to tax lien application approval and project funding. Leverage quality assurance procedures conducted as part of LADWP's rebate and incentive programs as one means to accomplishing Quality Assurance plans for each project;
- Submit the quality assurance plans to the PM for approval;
- Verify that Quality Assurance plans are implemented;
- Require commercial property owners and/or retrofit contractors to complete rigorous engineering and design work that justifies all projected savings calculations included in the application package, including the minimum 10% energy efficiency savings through Program-funded energy efficiency measures prior to financing renewable energy projects;
- Require commercial property owners to submit a detailed measurement and verification plan

¹² The guidelines are located at: <http://www.energy.ca.gov/recovery/sep.html>.

as part of the tax lien application process (see subtask 2.10 for details on how the city will verify reported energy savings); and

- Provide written documentation of implementation of Quality Assurance plans, including post-installation quality verification, such as LADWP's ELMP or MV Web Program or an alternate equivalent or better energy monitoring system, conducted on each funded project.

Deliverables:

- Quality assurance procedures and benchmarks for each project
- Documentation of installation quality assurance measures and post-installation energy verification conducted on each project from LADWP

Subtask 2.10 Verification of Energy Savings from Completed Projects

The goal of this subtask is for the Contractor to conduct post energy retrofit verification of reported energy savings. In order to ensure that projects funded through the Program achieve and sustain GHG emissions reductions, the city will require that energy savings are measured and verified according to the Efficiency Valuation Organization's International Performance Measurement and Verification Protocol (IPMVP) and recommend that either: (1) savings are guaranteed by a licensed, experienced, reputable, and creditworthy contractor; or (2) energy savings insurance is purchased (if available) to mitigate against performance risk.

IPMVP "Option C" (Whole Building) best describes the scope of measurement and verification recommended in the form contracts that will be developed and required for financing secured through the Program. Energy savings must be calculated using a DOE-approved software tool, such as e-QUEST or Trace 700, that qualifies under the criteria listed on DOE's "Qualifying Software for Calculating Commercial Building Tax Deductions" website:

http://www1.eere.energy.gov/buildings/qualified_software.html.

In addition, the Contractor will require participating commercial property owners to participate in LADWP's ELMP or MV Web Program or an alternate equivalent or better energy monitoring system. The ELMP enables owners to:

- Display load profiles in daily or multiple-day timeframes and in either graphical or tabular format
- Overlay and compare data from other timeframes or other meters
- Export data to standard spreadsheet format for further analysis
- Provide demand and consumption details on specified timeframes (Data is not currently broken down to time-of-use periods, with the exception of one report)
- Group and/or aggregate data for multiple meters
- Generate bill estimates and perform cost analyses based on actual energy usage and modeled LADWP rates
- Perform what-if scenarios by applying energy and/or demand multipliers
- Compare energy load data with Weather data from National Weather Service Stations
- Scheduled reports that are automatically emailed to designated recipients at specified times.

The Contractor shall:

- Require Program participants to measure and verify energy savings;
- Submit measurement and verification documents and forms to the PM;
- Collect all pre- and post-retrofit data for internal and external reporting purposes;
- Analyze collected building consumption data;
- Draft post-retrofit consumption reports;
- Draft a report summarizing building consumption data trended and analyzed over the term of the contract period; and
- Ensure that property owners participate in one of the following:
 - LADWP's ELMP or MV Web Program
 - An alternate equivalent or better energy monitoring system
 - In either case, the commercial building owner will be required to provide annual reporting data to the Contractor

Deliverables:

- Measurement and verification documents and forms
- Post-audit consumption reports
- Report summarizing building consumption data trended and analyzed over the term of the contract period.
- Documentation of commercial property owners' participation in ELMP or alternate energy-load monitoring system

Subtask 2.11 Processing of Tax Lien Applications

The goal of this subtask is to process tax lien applications for qualified commercial building owners.

The Contractor shall:

- Collect tax lien applications via a web portal;
- Evaluate applications and forward acceptable proposals to the County; and
- Submit to the PM copies of approved and rejected proposals. Rejected proposals must include the reason(s) for rejection.

Deliverables:

- Copies of approved proposals
- Copies of rejected proposals, including reason(s) for rejection

Subtask 2.12 Creation of Tax Lien

The goal of this subtask is for the Contractor to create tax liens that will be used as security for private financing.

The Contractor shall:

- Work with the county to develop procedures by which the special assessment and tax lien will be attached to approved commercial buildings as security for the private financing provided by lenders and investors;
- Draft a report detailing procedures by which the special assessment and tax lien will be attached to approved buildings;
- Submit to the PM documents necessary to create the tax lien; and
- Draft a summary report on created tax liens, which lists the address of each project funded via PACE.

Deliverables:

- Report detailing procedures by which the special assessment and tax lien will be attached to approved buildings
- Documents necessary to create the tax lien
- Summary report on created tax liens

Subtask 2.13 Pilot Program Replication

The goal of this subtask is to use program resources and lessons learned through the establishment of CRA/LA's program to expand the program model to other regions in California. This will be accomplished by developing a guidance package, including example program marketing/outreach materials, contracts, applications, RFQ/Ps, resolution language, and documentation of best practices and lessons learned, conducting outreach to local governments around the state to encourage replication of the pilot program's owner-arranged PACE financing of retro-commissioning and capital improvements, and providing technical support to local governments in replicating the pilot program.

The Contractor and CCI will work with Placer County and San Francisco as the first local governments to model its commercial PACE program after the pilot.

The Contractor shall:

- Hold regular meetings/calls/webinar with appropriate contacts for Placer County's commercial PACE program;
- Coordinate with CCI to advise Placer County on the mechanics of establishing a commercial PACE program;
- Hold regular meetings/calls/webinar with appropriate contacts for San Francisco's commercial PACE program;
- Coordinate with CCI to advise San Francisco on the mechanics of establishing a commercial PACE program;
- Make publicly available a guidance package of all program documents including:
 - Program marketing/outreach materials,
 - Application criteria, forms and materials
 - RFQ/Ps
 - Contracts
 - Resolution language
 - Case studies, Best Practices, and Lessons Learned

- Conduct outreach to local governments around the state to encourage replication of the pilot program; and
- Provide technical support for local governments replicating the pilot program.

Deliverables:

- Meeting summaries prepared by Placer County, San Francisco and any other local governments with whom CCI works
- Case studies, including Best Practices and Lessons Learned, prepared by CCI in collaboration with the subject local government replicating this commercial PACE pilot and their Program Administrator
- Program guidance documents, including program marketing/outreach materials, contracts, applications, RFQ/Ps, and resolution language