

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector
Date: March 25, 2014
Subject: mPOWER Placer Granlibakken Project

Action Requested:

Approve an mPOWER application for the Granlibakken Conference Center for energy efficiency retrofit financing in an amount not to exceed \$718,184.

Background:

The owners, Willem and Norma Parson have submitted an application for mPOWER finance to make a number of energy efficiency improvements to the Granlibakken Conference Center. The mPOWER Program Report and Administrative Guidelines (the "Guidelines") approved by your Board require that projects greater than \$500,000 must be approved by your Board.

The Conference Center stands on its own parcel. Other amenities within "Granlibakken" such as the condominiums and the Lodge are also on their own parcels. There is no lender on the Conference Center parcel; it is owned free and clear. The application has been submitted in the amount of \$718,184 for improvements to the Conference Center. The assessed value of the Conference Center, plus cost of improvements is \$2,159,611. The assessed value is a conservative determination of value, as this value has a base year of 1988 with a 2% per year limit on the increase in the assessed value under Prop. 13. The amount to be financed (\$718,184) as a percent of the assessed value is 33.25%. The equity balance after mPOWER financing is 66.75%. Although the financed amount is a higher percentage of value than is typically seen, due to the very conservative property value utilized, and the fact that the property is otherwise unencumbered, approval by your Board is recommended.

The Granlibakken Conference Center was built in the mid 1980s and has had minimal upgrading related to energy efficiency. This energy efficiency improvement project is expected to produce average annual savings of \$21,840, net of annual debt service from the mPOWER assessment and has a cumulative 20 year estimated savings of \$2,295,580. The payback periods for the components of this energy efficiency project average just under eight (8) years and range from 2 to 13 years.

The application meets all other program requirements. A summary of the application criteria and details of the improvements to be financed are attached in Exhibit A and B respectively.

Recommendation

Pursuant to the Guidelines, the Program Steering Committee met and reviewed the application and then recommended approval of the application to the Treasurer-Tax Collector. The Committee consists of a representative from the Treasurer's Office, a representative from the Tax Collector's Office, a representative from the Auditor's Office, and a representative from the County Executive's Office; an attorney from County Counsel advises the Committee.

Based on the Steering Committee's review and recommendation and after further review by the Treasurer Tax Collector, it is recommended that your Board approve the Granlibakken Conference Center application for energy efficiency retrofit financing with mPOWER Placer in an amount not to exceed \$718,184.

Fiscal Impact:

A processing fee of \$1,300 will be collected upon disbursement of proceeds and any additional processing costs will be covered as a part of the long-term cost recovery plan for the Program.

Attachments: Application Criteria
Granlibakken Project Details

Exhibit A

Application Criteria

- The property owner is current on the property taxes and has not been in default within the last three years.
- The property owner is not in bankruptcy and, if the property owner was subject to bankruptcy, it has been at least five years since discharge of bankruptcy, and the property is not an asset in a bankruptcy proceeding.
- The property's aggregate annual tax rate does not exceed 5% of the value.
- The property owner is current on all credit agreements with their lender.*
- The property owner's lender has signed an acknowledgement letter which states that the voluntary assessment lien will not constitute a default under its Deed of Trust or other lending provisions.*
- The principal amount of the contractual assessment may not exceed 10% of the property value plus the value of the Energy Improvements without lender consent.*
- The value of the property plus the value of the Energy Improvements being financed is greater than the total of the principal amount of all outstanding debt.

*These criteria are not applicable to the Granlibakken application as the property is owned free and clear.

Exhibit B

Granlibakken Conference Center Project Details

Energy Conservation Measures	Electric Reduction	NG Reduction	Cost Savings	Payback Period
	[kWhr/yr]	[Therms/yr]	[\$/yr]	[yr]
1. Air Conditioning	85,000	-	\$10,625	6.1
2. Kitchen Ventilation	1,360	8,320	\$7,240	2.1
3. Cooking Area Intelli-Hood controls	10,200	1,983	\$2,960	7.6
4. Heating Boilers	-	15,000	\$12,750	4.9
5. Building Automation System	48,500	-	\$6,200	10.5
6. Integrated Small Combined Heat & Power System	388,800	-	\$27,945	6.6
7. Replace Single Pane Windows	7,500	580	\$1,475	10.2
8. VFD Pump on Main Heating Loop	9,150	-	\$1,145	5.0
9. Walk-in Food Refrigeration System	11,240	2,700	\$4,010	13.0
10. Lighting	2,745	-	\$330	12.0
11. Commercial Dishwasher	13,140	-	\$9,800	5.3
Totals	577,635	28,583	\$84,480	7.93

Project Cost	\$599,760
Contingency	70,000
Program Fees	1,622
Capitalized Interest (est)	46,802
Total Project Cost & Not to Exceed Amount	<u>\$718,184</u>