

**Memorandum**  
**Office of Jenine Windeshausen**  
**Treasurer-Tax Collector**

---



**To:** The Board of Supervisors  
**From:** Jenine Windeshausen, Treasurer-Tax Collector  
**Date:** July 9, 2013  
**Subject:** mPOWER Placer Processing Fees

---

**Action Requested:**

1. Conduct a public hearing regarding the implementation of processing fees for approved and funded mPOWER Placer applications.
2. Consider adoption of a resolution and Program Report amendments authorizing a Processing Fee of \$1,300 per commercial project and \$500 per residential project with the fees subject to project approval and funding.

**Background:**

Based on approval and direction of the Board of Supervisors in the fall of 2009, mPOWER Placer, a PACE financing program was launched in Placer County in March of 2010. After initially launching both a residential and commercial PACE program, the residential program was suspended in July of 2010 due to concerns related to federal housing finance regulators. On June 18, 2013 your Board lifted the suspension on the residential program by adopting Resolution 2013-134. At that time, the Board also set a public hearing for July 9, 2013 to consider program application processing fees.

Before implementation of new fees the Board of Supervisor's is required to conduct a public hearing to hear any comments from the public related to the proposed fees. A copy of the Notice of Public Hearing and a copy of the Fee Studies for both the residential and the commercial Proposed Processing Fees have been on file with the Clerk of the Board for the ten day period prior to the public hearing.

Processing Fees would be charged on all applications that have been approved and would be collected at closing when financing proceeds are advanced. Collecting a processing fee on approved and funded applications provides accelerated cost recovery and greater flexibility for setting the interest rate. Since the cost recovery can be accelerated and offset by the processing fee, the reliance on cost recovery from the assessment rate is reduced.

Currently there is not a processing fee or other upfront program fee. All cost recovery is achieved through a portion of the interest rate charged on the Assessment

Contracts. A fee of \$500 per Residential Application and \$1,300 per Commercial Application is proposed in order to generate more timely cost recovery. The Processing Fee could be added to the amount financed or paid out of pocket at the property owner's option.

At an estimated five residential applications per week or 260 residential applications per year, \$130,000 in increased cost recovery would be achieved annually. At an estimated five commercial applications per year, an additional \$6,500 in cost recovery would be achieved annually.

For Commercial Applications the fee as a percentage of the amount financed would average from 3.6% for \$50,000 to 1.3% for \$100,000, reducing from there as the amount financed becomes greater. For residential properties with an average application amount of \$25,000, the fee would represent about 2% of the amount financed. A fee study was done to determine the amount necessary to more fully recover costs.

The required Program Report Amendment is attached in Exhibit A. The results of the fee study are attached in Exhibit B.

Program cost recovery is accelerated by collecting a processing fee. The increased revenue from processing fees creates more flexibility for adjusting interest rates since cost recovery is not solely dependent on the interest revenue.

*Your Board is requested to consider a resolution and Program Report amendments authorizing a processing fee of \$500 per residential application and \$1,300 per commercial application to facilitate more efficient and timely program cost recovery.*

**Fiscal Impact:**

**Processing Fee:** A Processing Fee would accelerate program cost recovery. It is conservatively estimated that approximately \$136,500 would be collected annually to offset current expenses.

**Attachments:**

- Resolution Authorizing Processing Fees
- Exhibit A: Program Report Amendment Related to Processing Fees
- Exhibit B: Fee Study Results

# Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No: \_\_\_\_\_

Directing Certain Actions Related to  
mPOWER Placer

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on July 9, 2013 .

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chairman, Board of Supervisors

Attest:  
Clerk of said Board

\_\_\_\_\_  
**WHEREAS**, on December 8, 2009, the Board of Supervisors of the County (the "Board of Supervisors") adopted Resolution No. 2009-343 (the "Resolution of Intention"), to initiate proceedings under Chapter 29 to establish the mPOWER Program "Placer money for Property Owner Water & Energy Efficiency Retrofitting Program" (the "Program"), pursuant to which the Board of Supervisors stated its intent for the County to enter into contractual assessments to finance the installation of Authorized Improvements as described in the Resolution of Intention; and

**WHEREAS**, the Program is intended to recover costs related to its operation and administration; and

**WHEREAS**, total cost recovery is achieved over time through the collection of a portion of the interest on the annual assessments put in place by the Program; and

**WHEREAS**, the Board desires to achieve more timely collection of the Program costs; and

**WHEREAS**, there are the majority of costs related to processing applications, program administration and program financing; and

**WHEREAS**, the Treasurer has conducted a fee study to determine the costs related to processing applications and the cost is estimated to be approximately \$500 for residential applications and \$1,300 for non-residential applications, and

**WHEREAS**, the Board has conducted a public hearing in consideration of the processing fees, and the fee studies have been on file with the Clerk of the Board for ten days prior to the public hearing; and

**WHEREAS**, the Processing Fees are intended to be charged on applications approved and funded, and to be collected at time of closing and funding.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Supervisors of the County of Placer authorize the Treasurer to charge a fee up to \$500 for each residential application and \$1,300 for each non-residential application.

**Exhibit A**  
**Amendments to the Program Report and Guidelines**

**Section II. F. is amended to read (amendment underlined):**

**F. Program Administrative Costs**

The Program may elect to cover all or a portion of its costs through the “spread” between its interim funding source interest rate and the mPOWER Placer Financing interest rate offered to the property owner. Similarly, it may elect to recover mPOWER Placer costs through a spread between bond rates and assessment rates, or the spread between interest rates of any financial vehicle and assessment rates. The Program may also, collect an application fee based on a Fee Study and approved by the Board of Supervisors subject to applicable law.

## Exhibit B Fee Studies

<b>FEE TITLE: mPOWER Placer Residential Application Fee Schedule</b>		
<b>DESCRIPTION OF SERVICE: Process mPOWER Placer Residential Application</b>		
<b>VOLUME:</b> 260 applications a year		
<b>STEPS IN PERFORMING:</b>		
<ol style="list-style-type: none"> <li>1. Initial contact (via phone or in person)</li> <li>2. Seminar</li> <li>3. Application review</li> <li>4. Complete checklist</li> <li>5. Follow-up for required documentations</li> <li>6. Contractor verification of requirements</li> <li>7. SIRE input</li> <li>8. Documentation (contract) preparation</li> <li>9. Document signing</li> <li>10. Disbursement</li> <li>11. Project review and oversight</li> <li>12. Assessment Contract Review</li> </ol>		
<b>TIME TO PERFORM:</b> Approx 8.50 hours per contract for residential applications.		
<b>COST TO PERFORM:</b>		
FORMULA: HOURLY DEPT. COST X TIME + MAILING + OTHER CHARGES (HOURLY DEPT. COST INCLUDES 30.61% BENEFITS + 31.49% A-87 COSTS. SEE ATTACHED WAGE TABLE.)		
<b>TOTAL ANNUAL COST:</b> Varies by volume, conservative estimate 260 applications a year for total cost of \$130,000.		
<b>CURRENT FEE:</b> Program costs are currently recovered from the interest rate spread between the assessment contract interest rate and the investment interest rate on the debt.		
<b>PROPOSED FEE:</b> Cost accounting is performed to determine cost of services. Proposed fee for residential project is \$500 for residential.		
<b>ANNUAL FISCAL IMPACT:</b> Varies by volume, conservative estimate 260 applications a year for total revenue of \$130,000.		
Title: Fee Schedule	First Issue:	This Issue:
Written by: Kimberly Hawley	Reviewed: Jenine Windeshausen	Approved:

**FEE TITLE: mPOWER Placer Commercial Application Fee Schedule**

**DESCRIPTION OF SERVICE: Process mPOWER Placer Commercial Application**

**VOLUME: 5**

**STEPS IN PERFORMING:**

1. Initial contact (via phone or in person)
2. Private seminar
3. Application review
4. Complete checklist
5. File setup incl. scanning docs, etc
6. Follow-up for required documentations
7. Energy analysis review
8. Contractor verification of requirements
9. Engineer of record verification
10. SIRE input
11. Documentation (contract) preparation
12. Project review and oversight
13. Contract review
14. Form review
15. Document signing
16. Disbursement
17. Misc phone/email correspondence
18. Management oversight and approval

**TIME TO PERFORM:** Approx 22.00 hours per contract for commercial applications.

**COST TO PERFORM:**

FORMULA: HOURLY DEPT. COST X TIME + MAILING + OTHER CHARGES  
(HOURLY DEPT. COST INCLUDES 30.61% BENEFITS + 31.49% A-87 COSTS. SEE  
ATTACHED WAGE TABLE.)

**TOTAL ANNUAL COST:** Varies by volume, conservative estimate 5 applications a year for total cost of \$6,500.

**CURRENT FEE:** Program costs are currently recovered from the interest rate spread between the assessment contract interest rate and the investment interest rate on the debt.

**PROPOSED FEE:** Cost accounting is performed to determine cost of services. Proposed fee for commercial project is \$1,300.

**ANNUAL FISCAL IMPACT:** Varies by volume, conservative estimate 5 applications a year for total revenue of \$6,500.

Title: Fee Schedule	First Issue:	This Issue
Written by: Kimberly Hawley	Reviewed: Jenine Windeshausen	Approved:

