Weekly Management Report
August 27, 2021

1. Memo  
Solutions for Stevenson  
Elementary Drop-Off  
Community Development Department

2. Synopsis  
Cultural Arts Commission Meeting  
on August 12, 2021  
Parks and Recreation Department

3. Minutes  
Civil Service Board Meeting  
on August 4, 2021  
Management Services Department

4. Memo  
Property Assessed Clean Energy (PACE) Programs  
Water & Power Department

5. Minutes  
Burbank Water & Power Board Meeting on August 5, 2021  
Water & Power Department

6. Report  
July 2021 Operating Results  
Water & Power Department
MEMORANDUM

COMMUNITY
DEVELOPMENT

DATE: August 12, 2021
TO: Justin Hess, City Manager
FROM: Patrick Prescott, Community Development Director
BY: David Kriske, Assistant Community Development Director

SUBJECT: City Manager Tracking List Item #1919 – Solutions for Stevenson Elementary Drop-off

At the September 13, 2016 City Council meeting, City Council gave direction to work with the Burbank Unified School District to improve issues related to student drop-offs at Stevenson Elementary School. This direction was given as part of City Council’s approval of the Alameda North Neighborhood Protection Plan that occurred at this meeting. The purpose for analyzing site access around Stevenson Elementary was because the approval and implementation of the Alameda North Neighborhood Protection Plan identified secondary drop-off issues for the school.

As a result of this direction, in 2018 staff conducted internal analysis of potential student drop-off alternatives to improve safety and efficiency of morning and afternoon drop-offs. This included preparation of a small study that identified seven possible drop-off modifications. The alternatives ranged from low to high cost, and low to high impact on the surrounding community. More low-impact alternatives included modification or relocation of the curbside drop-off zone, while higher-cost alternatives included providing on-site drop-off and parking areas on school property or on an adjacent power line easement. The internal staff analysis of these alternatives presented a range of options and a relative assessment of cost and complexity, but did not include conceptual drawings or cost estimates.

Subsequent to this school-specific analysis, the City completed two related school safety initiatives that related to the specific concerns of Stevenson Elementary. First, in 2019 and 2020 the City completed a grant-funded Safe Routes to School capital project that installed curb extensions, crossing improvements, and all-way stop signs around
Washington, Jefferson, and Muir schools. This project included design and outreach activities to assist the City in identifying and improving access to these three elementary schools. In addition to the work at these three schools, the City Council approved a policy to install 15 m.p.h. school speed zones around all schools in Burbank, and approved updated all-way stop sign criteria to install all-way stops around the intersections of every school in the City. Second, in 2020, the City Council approved the Citywide Complete Streets Plan which addresses pedestrian, bicyclist, transit, and motorist safety throughout the City. This plan included a Citywide Safe Routes to School Plan short-term priority project (Attachment 1) to conduct a safe routes to school site assessment around every school to identify safety and circulation improvements similar to the analysis conducted for Stevenson Elementary. Also in 2020, Staff applied for an Active Transportation Program grant fund to implement the Citywide Safe Routes to School Project, but unfortunately did not receive funding. Nonetheless, improving safe routes to school safety remains a priority of the Complete Streets Plan.

Based on the Stevenson Elementary Analysis, development of the Safe Routes to School capital project, and adoption of the Complete Streets Plan, staff recommends the City continue to pursue funding for the Citywide Safe Routes to School Plan which would provide detailed analysis of all the schools in Burbank as well as incorporate school district and community outreach in these school site analyses. Pursuit of project funding should be incorporated into the City’s implementation of the Complete Streets Plan, which is currently ongoing with implementation of three early-action projects identified by the City Council in 2020.

Attachments

Citywide Complete Streets Plan Short Term Priority Project - Safe Routes to School Plan
SHORT-TERM PRIORITY PROJECT
CITYWIDE SAFE ROUTES TO SCHOOL PLAN

PROJECT LOCATION:
All 27 schools Citywide.

PROJECT DESCRIPTION:
- Conduct site assessments at every school in the City and create conceptual plans for traffic safety improvements.
- Create an implementation plan for future grant funding opportunities or to be installed gradually over time.

PURPOSE:
- Expand upon City's local all-way stop and 15 mph school speed zone criteria to reinforce school traffic safety and to calm traffic.

Priority Eligibility:
- Priority networks: Pedestrian, Transit, Bicyclist, Motorist
- Within focus areas: Yes

Average Annual Collisions within a quarter mile (June 2012 - June 2018):
- Total collisions: 356.6 per year (citywide average: 1302.4 per year)
- Pedestrian collisions: 23 per year (citywide average: 61.4 per year)
- Bicyclist collisions: 17.4 per year (citywide average: 53.2 per year)
- Motorist-only collisions: 322.4 per year (citywide average: 1175.9 per year)
- Total collision severity: 27 of 1033 collisions (1%) resulted in KSI incidents
- Pedestrian collision severity: 10 of 11 collisions (9%) resulted in KSI incidents
- Bicyclist collision severity: 1 of 87 collisions (1%) resulted in KSI incidents
- Motorist-only collision severity: 15 of 1713 collisions (0.7%) resulted in KSI incidents

Socio-Economic Indicators:
- CalEnviroScreen 3.0 Percentile Scores: varies from 25-50% to 90-95%


Annual Operations and Maintenance (O&M) Cost Estimates: N/A

156 COMPLETEOURSTREETS
## CITY OF BURBANK

**CULTURAL ARTS COMMISSION - ANNOTATED AGENDA/MEETING SUMMARY**

**Meeting:** Burbank Cultural Arts Commission  
**Date:** August 12, 2021  
**Members Present:** Leah Harrison, Eric Conner, Cynthia Pease, Rajasri Malikarjuna, Katherine Zoraster, Suzanne Weerts, Lucy Simonyan, Jackie Brenneman, Stefanie Girard  
**Members Absent:**  
**Staff Present:** Erin Barrows, Noah Altman, Doug Fowler, Caroline Arrechea  
**Liaisons:** Jess Talamantes

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<th>Item Discussed</th>
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<th>Direction or Action, if any</th>
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<td>1. Election of Officers</td>
<td>After discussion, the Commission decided to re-elect their current Officers, Leah Harrison as Chair and Eric Conner as Vice-Chair.</td>
<td>Motion made by Ms. Pease, seconded by Ms. Weerts and passed 7-0 to re-elect Ms. Harrison as Chair and Mr. Conner as Vice-Chair (Ms. Harrison and Ms. Malikarjuna abstained).</td>
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<td>2. Brown Act and Attendance Policy Review</td>
<td>Staff reviewed the Brown Act and the attendance policy requirements.</td>
<td>Motion made by Mr. Conner, seconded by Ms. Simonyan and passed 7-0 to temporarily add Ms. Harrison and Ms. Girard as part of the Beautification Committee (Ms. Harrison and Ms. Malikarjuna abstained).</td>
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<td>3. 2021/22 Goals and Objectives Meeting Discussion (Part 1)</td>
<td>The Commission briefly discussed their sub-committee’s goals and objectives. They also agreed to temporarily add Ms. Harrison and Ms. Girard as part of the Beautification Committee to fill vacancies left by the previous members.</td>
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<td>4. Cultural Arts Funding Update</td>
<td>Staff gave a brief update on the research they have been doing regarding funding options, including developing an arts grant program. They explained that there would be a future discussion on how and where funds would be allocated, as well as timelines.</td>
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<td>5. Art in Public Places Update</td>
<td>Staff reported that the APP Committee received an update regarding the art pieces at the Burbank Empire Center (2300 Empire Avenue) project. In addition, the Verdugo Aquatic Facility Public Art Project Professional Services Agreement was unanimously approved by City Council on June 22, and the tentative completion date for the project is February 2022.</td>
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The Cultural Arts Commission subcommittees provided updates on their goals:

- **Goal 1:** EVENTS
- **Goal 2:** BURBANK ARTS BEAUTIFICATION
- **Goal 3:** MARKETING AND COMMUNICATIONS
- **Goal 4:** COMMUNITY ENGAGEMENT

**GOAL 1:** The sub-committee is working on the possibility of video projections and working with Magnolia Park representatives on future night-out events.

**GOAL 2:** All ten Beautification boxes have been sponsored. The Committee will also be discussing ways to memorialize the teens who recently died in a car racing accident.

**GOAL 3:** The members continue to work on the ongoing goal of having a social media presence, and spotlighting artists, events and the Beautification box program.

**GOAL 4:** The members continue to engage the community and raise awareness of the Commission's mission, and are meeting with the Chamber, MyBurbank, the Library and others. The are working to help support local arts organizations in addition to publicizing their events.
The regular meeting of the Civil Service Board was held by video conference/teleconference on the above date.

**Roll Call**

Members present: Linda Barnes, Chairperson  
Jacqueline Waltman, Secretary  
Matthew Doyle  
Richard Ramos  

Members not present: Iveta Ovsepyan, Vice - Chairperson  

Also present: Nareg Garabedian, Administrative Analyst I  
Brady Griffin, Human Resources Manager  
Mark Hatch, BFFCOU President  
David Lasher, Administrative Analyst II  
Betsy McClinton, Management Services Director  
Jina Oh, Senior Assistant City Attorney  
April Rios, Human Resources Manager  
Rene Sanchez, Human Resources Technician II  
Jessica Sandoval, Executive Assistant  
Julianne Venturo, Ast Management Services Director  

**Future Agenda Items**

None

**Open Public Comment Period of Oral Communications**

None

**Election of Officers**

MOTION CARRIED: It was moved by Mr. Doyle, seconded by Ms. Waltman and carried 3-0 to appoint Mr. Ramos as Secretary. It was moved by Mr. Doyle, seconded by Ms. Waltman and carried 3-0 to appoint Ms. Waltman as Vice-Chairperson. It was moved by Mr. Doyle, seconded by Ms. Barnes and carried 3-0 to appoint Ms. Ovsepyan as Chairperson.

**Approval of Minutes**

MOTION CARRIED: It was moved by Ms. Waltman, seconded by Mr. Doyle and carried 3-0 to approve the minutes of the regular meeting of July 7, 2021.
Proposed Amendments to Classification Plan
None

Recruitment and Selection Report – July 2021
RECOMMENDATION: Note and file.

Appointments and Assignments

For the month of August 2021, there was one temporary assignment extension. The extension was being sought on behalf of the Public Works Department.

MOTION CARRIED: It was moved by Ms. Waltman, seconded by Mr. Doyle and carried 4-0 to approve the Appointments and Assignments for the month August 2021.

Adjournment

The regular meeting of the Civil Service Board was adjourned at 4:55 p.m.
Julianne Venturo  
Assistant Management Services Director  

APPROVED:  

_________________________________________ DATE ________________  
Iveta Ovsepyan, Chairperson  

_________________________________________ DATE ________________  
Richard Ramos, Secretary
MEMORANDUM

DATE: August 25, 2021

TO: Dawn Roth Lindell, General Manager

FROM: Dan Tunnicliff, Assistant General Manager, Customer Service & Marketing

SUBJECT: PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAMS

BACKGROUND

Property Assessed Clean Energy (PACE) programs are designed to facilitate financing renewable energy, energy efficiency, and other eligible improvement projects for privately owned residential and commercial properties. PACE was enabled by Assembly Bill 811 (AB811) which extended the provisions of the Streets and Highways Code to allow cities and counties to create a benefit assessment district in which property owners may secure financing for certain efficiency improvements and renewable energy projects and repay the loan through an assessment on their property tax bill. The loan is essentially treated as a lien on the property and hence the obligation stays with the property, rather than with the individual.

PACE programs have been touted as a tool to generate green jobs and economic activity at the local level while helping to achieve public policy goals of carbon reduction and other environmental impact improvements. PACE would facilitate overcoming two primary barriers to widespread installations of promoted systems: large upfront costs and lack of available financing.

This type of land-secured financing has been used by cities and counties for a long time to fund improvements on streets, sewer, and utility systems. The difference with this approach is that individual customers would voluntarily participate rather than being required to participate as is typical of other assessment districts.
Federal Housing Financing Agency Challenge to Residential PACE

Residential PACE programs have been scrutinized and questioned by the Federal Housing Financing Agency (FHFA). Since July 2010, The FHFA has voiced concern that residential PACE assessments have a lien status superior to that of existing mortgages underwritten by Fannie Mae and Freddie Mac. Accordingly, in August 2010, Fannie Mae and Freddie Mac announced that they would not purchase loans that were secured by properties encumbered by PACE obligations.

Nothing in the FHFA statements since July 2010 challenged the validity of PACE Assessments as a valid special assessment. Nonetheless, the FHFA’s position makes sales of properties subject to PACE Assessments or refinancing mortgages on such properties more difficult.

ANALYSIS

Consumer Concerns and Lawsuits

Several concerns have been raised over the years regarding PACE-related consumer protections. Homeowners have sought legal assistance for PACE-related problems and foreclosures due to alleged fraud, abusive contractor practices, and unsustainable loans. In essence, some borrowers of PACE loans believed they signed up for loans they neither understood nor could afford.

The National Consumer Law Center (NCLC), a non-profit focusing on consumer law and energy policy summarizes the lack of consumer protections in PACE loans in its article “What is a Property Assessed Clean Energy (PACE) Loan?”. See Attachment 1 for the full article. NCLC listed their concerns with PACE loans as follows:

- Underwriting does not check whether borrowers can afford the loan; there is no guarantee that energy savings will pay for the improvements.
- No clear remedies for injured homeowners.
- Offered to low-income homeowners who are eligible for free energy efficiency improvements through the federal Weatherization Assistance Program or other lower cost options, but no requirement to tell homeowners about these free or low-cost options.
- Nonpayment risks tax foreclosure and default on the homeowner’s traditional mortgage.
- Taking on a PACE lien may violate existing mortgages (even if payments are made) and may cause problems when selling or refinancing the house.
- PACE liens may not be covered by the Truth In Lending Act (TILA) or Real Estate Settlement Procedures Act (RESPA), which provide:
  - Ability-to-repay requirements.

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1National Consumer Law Center, 2016, accessed August 23, 2021,
- 3-day advance review of documents with the right to cancel.
- Ban on kickbacks; rules for broker compensation to avoid conflicts of interest.
- Extra protections for high-cost loans.
- Enforceable remedies for violations and a ban on forced arbitration clauses (which significantly reduce a consumer's legal options and rights).

- Marketed through door-to-door sales and telemarketers, posing a high risk of deceptive sales tactics and other home-improvement contractor abuses.
- No protections against upselling other products; less assurance of energy savings than through the federal Weatherization Assistance Program.
- Fannie Mae and Freddie Mac will not purchase loans on properties with PACE liens so it can be hard to refinance or sell those properties.

**Consumer Protections**

In response, various consumer protection regulations have been enacted in California over the years since PACE first appeared in 2013-2014 including Assembly Bill 2693 (Dababneh), Chapter 618.

The most recent and far-reaching legislation has been Senate Bill 242 (the Skinner Bill) and Assembly Bill 1284.

The Skinner Bill was signed into law in October 2017 and established the following:

- A recorded confirmation of terms require 100% of applicants to confirm the homeowner understands the terms and conditions of their PACE assessment.
- Restricts PACE originators from paying compensation to the contractor beyond the cost of the project.
- Prevents PACE originators from advising a contractor of the maximum amount of PACE financing a property owner is eligible for.
- Requires PACE originators to report data to local governments regarding projected energy and water savings as well as local economic and job impacts.

AB 1284 was also signed into law in California in October 2017 and established the following:

- Income verification and ability-to-pay underwriting standards, which became effective on April 1, 2018.
- Codifies in law the current underwriting standards widely used by the industry related to Loan to Value mortgage and property tax delinquencies.
- A licensing and regulatory framework for the industry, whereby, PACE originators will be regulated by the California Department of Business Oversight, which also regulates banks and finance companies in California.
According to the state treasurer’s office which tracks the vast majority of the PACE loans, there has been a drop off in PACE loans since the peak in 2016. It is worth noting that many of the new rules in AB 1284 became operative in January 2019.

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<td>Amount</td>
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*Source: California State Treasurer (Treasurer.ca.gov/caeatfa/pace/activity.pdf)

In addition to consumer protection, the laws passed have expanded the eligible improvements that can be financed using PACE loans. Some of these improvements, such as house painting, provide minimal impacts towards efficiency goals. While these improvements may add value, BWP as a utility subject matter expert, is not able to comprehensively recommend a City position toward measures that are not efficiency or renewable energy focused.

**PACE in Burbank**

The City Council approved the City of Burbank’s participation in Los Angeles County’s (County) PACE program in July 2010. At the time of the decision, financing was not easily accessible due to a down economy. Further, the County program provided a viable option because the County undertook an open and extensive process to select third-party residential loan providers. The County’s qualifying process in 2014 resulted in two loan providers being authorized, HERO (administered by Renovate America) and California FIRST (administered by Renew Financial). These providers met the County’s requirements, including consumer protection provisions California FIRST has not been operating with the County since 2019.

**DISCUSSION**

Through the County, the Residential PACE program completed projects at nearly 350 Burbank homes since May 2015. Of the more than 500 measures that have been installed, the majority – nearly 80 percent – have been for energy-related measures, with 15 percent for solar-related measures, and the remainder for water-related measures. Concurrently, the Commercial PACE program has not completed any projects in Burbank since May 2015.

Over the past several years, new PACE programs have been developed. Rather than relying on individual cities funding the loans via their General Fund or by selling bonds, these programs work through established Joint Powers Authorities (JPAs). The JPAs issue the bonds and the PACE program providers do the rest. The California State Treasurer lists six active PACE programs in California and 16 PACE programs that are no longer actively enrolling new financings as of June 2021. While PACE offers a
unique repayment opportunity, since its inception, the interest rate for money acquired through a PACE program has been relatively high: between 6 and 9 percent.

The County PACE program used a widely adopted structure of land secured financing:

Despite all these efforts and the implementation of stronger consumer protection protocols, the County’s Pace program became subject to increasing criticism and lawsuits. Attachment 1 is an example of a lawsuit filed against PACE. In addition, the volume of financing requests decreased significantly, and future volume appeared uncertain given the ongoing COVID-19 crisis. Since the County could not be certain these measures would provide sufficient protection for all consumers, and because of decreased requests, the County made a decision to terminate the County PACE program, effective May 13, 2020.

**ALTERNATIVES TO PACE**

*GoGreen Home Energy Financing (GoGreen Home)*

BWP’s residential customers can finance up to $50,000 in home efficiency upgrades through a GoGreen Home loan through the California State Treasurer’s Office. The program is funded by the State’s investor-owned utilities (IOUs), including Southern California Edison, Pacific Gas & Electric Company, San Diego Gas & Electric Company, and SoCalGas. Since SoCalGas service BWP’s customers, they are eligible to participate.

*Unsecured Loan*

Unlike the PACE program, GoGreen Home loans do not require home equity and do not place a lien on a customer’s property. Rates are designed to be competitive, and the State has developed the program to help customers with lower credit scores to qualify.

*70% of Upgrades Must be Gas Related*

Since BWP customers are qualified under SoCalGas, 70% of the financed upgrades in Burbank must go to new, energy-efficient items that qualify under the list of gas-related upgrades. These include attic insulation, windows, and HVAC systems with gas-
powered furnaces. Attachment 3 provides an exhaustive list of items that are eligible for financing under the gas category.

The remaining 30% of financed upgrades can be used to upgrade non-gas appliances like whole-house fans, pool pumps, as well as non-energy related items such as landscaping.

As of 2021, the GoGreen program has over 530 enrolled contractors, 9 participating lenders, and over $24 million in loans supported. Recognizing the need for financing for residential customers, BWP staff initiated contact with the State Treasurer’s Office in 2020 to establish a working relationship. GoGreen Home is promoted on the BWP website, Digital Currents newsletters, and was featured in the February 2021 issue of Print Currents.²

The State also helps businesses and affordable multi-family property owners through its GoGreen Business Energy Financing and GoGreen Affordable Multifamily Energy Financing Programs. Staff will research how these programs might support BWP’s commercial customers.

**BWP On-Bill Financing**

The City of Burbank’s 2030 Greenhouse Gas Reduction Plan (GGRP) Update calls for the development of a “tariffed on-bill financing program or other incentive program to allow for equitable electrification of buildings within BWP service area.”

On-bill financing is not common in the Western United States, though two of California’s largest investor-owned utilities, Southern California Edison (SCE) and Pacific Gas & Electric (PG&E), utilize it as a means to help customers invest in energy efficiency. BWP staff is working to research how this may fit into the utility and city’s broader push to beneficial electrification.

**RECOMMENDATION**

The number of PACE loans in California since a peak in 2016 has diminished. The decline may be a result of more stringent consumer protection laws, a good economy and increased property values that have made more financing options available to property owners, and FHFA’s position that make sales or refinancing of properties that are subject to PACE Assessments more difficult, but it may still provide some value.

Possible options for Burbank include the following:

1. Burbank not taking any further actions to participate in PACE.
2. Burbank undertake creating a PACE program.
3. Burbank passing resolutions to join additional PACE programs.

² For more information on GoGreen and REEL loans, visit: https://gogreenfinancing.com/residential
It is important to note that neither BWP, the City of Burbank, nor the County have had any direct request from residents or businesses, the ostensible beneficiaries, about any specific request to facilitate access to PACE financing.

BWP proposes option one, not to take any further action to participate in PACE after the County decided to terminate their PACE program. Instead, BWP will continue to promote the State’s GoGreen financing programs and research on-bill financing and other viable options for our customers.

ATTACHMENTS

Attachment 1 – Reginald Nimore Et Al vs. Renovate America Et Al (2018)
Attachment 2 – What is a Property Assessed Clean Energy (PACE) Loan?
Attachment 3 – List of Eligible Energy Efficiency Measures (EEEMs)
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(Additional Attorneys Listed on the Following Page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

REGINALD NEMORE, an individual;
VIOLETA SENAC, an individual; AURELIA
MILLENDER, an individual; and ALLEN
BOWEN, an individual,

Plaintiffs,

vs.

RENOVATE AMERICA, INC., a Delaware corporation; the COUNTY OF LOS
ANGELES; and DOES 1 through 10,

Defendants.

Case No. BC701810 [Related Case BC701809]

SECOND AMENDED CLASS ACTION
COMPLAINT FOR:
1. FINANCIAL ELDER ABUSE
   (against Renovate America)
2. FINANCIAL ELDER ABUSE
   (against the County of Los Angeles)
3. BREACH OF CONTRACT
4. DECLARATORY RELIEF RE:
   UNLAWFUL CONTRACT
   (Cal. Civil Code § 1670.5)
5. DECLARATORY RELIEF RE:
   UNLAWFUL CONTRACT
   (Cal. Civil Code § 1668)
6. VIOLATION OF BUS. & PROF.
   CODE § 17200
7. CANCELLATION OF TAXES
8. DECLARATORY RELIEF
9. REFUND (against the County of Los
   Angeles)
AND DEMAND FOR JURY TRIAL

SECOND AMENDED CLASS ACTION COMPLAINT
Complete List of Counsel for Plaintiffs:

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 Plaintiffs Reginald Nimore, Violeta Senac, Aurelia Millender, and Allen Bowen, individually and on behalf of all others similarly situated, allege the following against Defendants Renovate America, Inc. ("Renovate America") and the County of Los Angeles (the "County"): 

**OVERVIEW OF THE DISPUTE**

1. For the last five years, Renovate America and the County of Los Angeles have harmed thousands of low-income, elderly, and non-native English-speaking homeowners throughout the County, through a program known as Property Assessed Clean Energy ("PACE"). The California Legislature authorized local governments to implement PACE programs, and the County enacted its PACE program in 2012. The County delegated administrative responsibility to Renovate America, and to non-party Renew Financial, in 2015.¹ 

2. In May 2020, the County discontinued the PACE program. In doing so, the County itself publicly acknowledged that it could not protect homeowners from consumer protection abuses suffered as a result of the PACE program. But the County and Renovate America have yet to answer for the harm done to the tens of thousands of homeowners who were signed up for PACE loans while the program was operational. 

3. The County’s stated goal for the PACE program was laudable—to “enable[] homeowners to install energy efficiency, renewable energy, and water-saving improvements to their properties without putting any money down.” Ex. A ("Los Angeles County PACE," available at [http://pace.lacounty.gov/residential/index.html](http://pace.lacounty.gov/residential/index.html)). The reality of the PACE program, however, was very different. The County’s PACE program has been a disaster for thousands of vulnerable homeowners. 

4. The PACE program utilized incompetent and unscrupulous home improvement contractors as salespeople, and these contractors sold homeowners overpriced and defective goods and services, often mauling their homes with shoddy and incomplete projects. The PACE program loans made its victims' homes more difficult to sell or refinance, encumbered their equity, made it nearly impossible for them to borrow additional funds, increased their property tax

¹ Renew Financial’s improper conduct in connection with the PACE program is addressed in a separate complaint, filed concurrently in the related case BC701809.
payments and mortgages beyond their ability to pay, and left them in or on the edge of foreclosure. Many PACE participants have taken on debt beyond their means to repay. Many PACE participants are struggling to hold onto their homes, fearful of what lies ahead.

5. The County’s PACE program had many serious flaws.

- **First**, Renovate America approved PACE loans based on the equity in the homeowner’s property, not on his or her ability to repay the loan. This was problematic because, no matter how much equity an owner may have in his or her home, he or she can still lack the income to repay a loan for even a small fraction of that equity.

- **Second**, by classifying PACE financing as a tax assessment rather than a loan, the County and Renovate America circumvented traditional regulations and consumer protections that govern loans secured by real property.

- **Third**, the County imposed an assessment on homeowners’ property tax bills to collect the PACE loan. If the homeowner fails to pay the PACE assessment, the County deems the homeowner to have defaulted on his or her property taxes and, as a result, the County has the right to foreclose, to sell the house, and to evict the PACE loan participant.

- **Fourth**, although the PACE special assessments are allegedly “voluntary,” the County did not allow any individual homeowner to negotiate the terms of his or her assessment, but instead relied on “take it or leave it” agreements presented to homeowners by home improvement salesmen who had a financial stake in homeowners agreeing to the financing in the first place.

- **Fifth**, the PACE loans are secured by liens on the properties, which catapult over every previous lien to take the first priority position. That structure puts the homeowners potentially in default under their existing mortgages, under which homeowners typically promise their lender that it will be in first position.

- **Sixth**, that first priority position, and the fact that the PACE loans are based on home equity, materially reduced the County’s risk in making PACE loans and rendered the PACE interest rates unjustified and excessive. Plaintiffs and class members are thus stuck paying above-market interest rates for the privilege of participating in a ruinous secured-lending program that
the County has since discontinued.

6. The County cannot claim to be surprised by any of these serious problems. To the contrary, not only were these problems predictable, but they actually were predicted. County Treasurer and Tax Collector Mark J. Saladino warned the County Supervisors of these harms in August 2014, before the County implemented its residential PACE program and before it engaged Renovate America (and Renew America) to run it:

   It is the Treasurer and Tax Collector’s expectation that borrowing costs for residential PACE participants will also be materially higher than comparable rates on both home equity lines of credit and home equity loans.

....

The FHFA [Federal Housing Finance Agency] asserted that PACE assessments violated the terms of the uniform security instrument utilized in mortgage contracts purchased by the Federal Mortgage Agencies [Fannie Mae and Freddie Mac]. This assertion has been reviewed by County Counsel and found to be accurate

....

County Counsel determined that the Federal Mortgage Agencies would likely have the ability to declare an event of default ... as a result of PACE assessments.... If the property owner were neither able to cure the default through full payment of the PACE assessment nor the mortgage contract, the Federal Mortgage Agency could initiate foreclosure proceedings ....

See Ex B at 5, 6, 7 (August 12, 2014 Saladino Letter to County Board of Supervisors) (emphasis added).

7. Despite these stark and straightforward warnings, the County plunged ahead, authorizing and designing an extraordinarily large scale PACE program. The County initially authorized $100 million in bonds (with authorization to sell up to $1 billion), and used the proceeds to make individual PACE loans. See Ex. D at 3-4 (“Resolution of the Board of Supervisors Authorizing the Establishment of a Special Fund for the LACEP, the Issuance and Sale of Bonds and the Execution and Delivery of Certain Documents in Connection with the LACEP, and Authorizing a Validation Action and Certain Actions Related Thereto”); Ex. E at 6 (“Los Angeles County Energy Program, Program Report”). The County aimed to have 15,000 PACE program participants within the first few years. See id. at 2.
8. The County exceeded even that ambitious goal. When the County finally terminated the PACE program in May 2020, an estimated 30,000 homeowners or more had been saddled with hundreds of millions of dollars’ worth of unaffordable PACE loans.

9. The County outsourced administration of the PACE program to two private administrators, one of which was Renovate America, pursuant to a March 2015 contract (the “Administration Contract”). See Ex. F. Renovate America profited from each PACE loan it originated through fees, and through the ability to sell its interest in PACE loans as asset-backed securities. The County profited through collecting recording fees and other administrative fees.

10. The County knew that the PACE program could harm homeowners, including vulnerable populations such as elders and individuals who were not fluent in English. Thus, the County required Renovate America to ensure “best in class protections” for the benefit of homeowners who participated in the PACE program, including protection from “predatory lending, unscrupulous contractors and poor-quality assessment servicing.” Id. at Ex. F, “Ex. A Statement of Work” § 5.1.

11. Renovate America agreed to provide these “best in class protections.” Renovate America also promised to provide special protections for seniors and to create a “Consumer Protection Measures Plan.” Id. at §§ 5.2.4, 5.2.5, 5.2.8. Renovate further agreed to “Provide assistance in multiple languages, other than and in addition to English, to ensure consumers understand the terms of their financing in their native language.” Id. at § 5.2.5.

12. All of these promises were false. Renovate America reneged on every single one of them. And when Renovate America did so, the County looked the other way.

13. Eventually, the County stopped the PACE program, and its relationship with Renovate, belatedly recognizing its and the program administrators’ failure to provide consumer protections. Nevertheless, the County continues to ignore the plight of homeowners who entered the program before it was dissolved.

14. The most basic form of protection against predatory lending is to ensure that the potential borrower can afford to repay the loan, whether through earnings or other sources. This basic protection was glaringly absent from the County’s PACE program. To the contrary,
Renovate America’s primary lending criterion was whether the borrower’s home was worth more than the value of the PACE loan and other secured debts. That approach ensured the County would get its money in the event of a default, but it did nothing to assess whether a homeowner could afford to repay a PACE loan. In other words, as long as the County, Renovate America, and bondholders were sure to get repaid, they paid no attention to whether a homeowner was oversold improvements or ended up on the street. The absence of ability-to-pay protections makes PACE assessments textbook examples of predatory loans. Even worse, because the assessments are secured by the borrowers’ homes, these predatory loans put unlucky county residents at risk of homelessness.

15. Numerous federal agencies criticized the PACE program before, during, and after Defendants’ adoption and implementation of that program. The FHFA warned that the program could place homeowners in default under their mortgages and put them at risk of foreclosure. See Ex. G (Summary of Speech by Alfred M. Pollard, General Counsel, Federal Housing Finance Agency, available at https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx.) The Department of Housing and Urban Affairs reached the same conclusion. See Ex. H (Dept. of Housing and Urban Development Press Release No. 17-111 (Dec. 7, 2017)) (“In addition, such [PACE] activity is risky for FHA [Federal Housing Administration] borrowers and potentially violates the terms of their FHA-insured mortgage.”).


subprime-crisis-1484060984). As detailed below, that is an understatement.

18. Meanwhile, other California local governments suspended or cancelled their PACE programs, after seeing its flaws and the harms it had inflicted on their citizens.²

19. Despite these red flags, the County and Renovate America plunged ahead with the PACE program for several years, continuing to sell thousands of vulnerable County residents overpriced and unaffordable loans that put their home ownership at risk.

20. By this action, Plaintiffs seek to clean up the PACE mess that the County and Renovate America created and chose to leave behind, even while recognizing the inherent shortcomings of their own program.

21. Plaintiffs bring this action on their own behalf, and on behalf of a class of all persons who entered into PACE financing via Assessment Agreements with the County who meet the criteria stated in paragraph 145 (the “PACE Class”), the criteria stated in paragraph 147 (the “Ability to Pay Subclass”), the criteria stated in paragraph 149 (the “DTI Subclass”), the criteria stated in paragraph 152 (the “Predatory Loan Subclass”), the criteria stated in paragraph 153 (the “Mortgage Subclass”), and the criteria stated in paragraph 154 (the “Language Subclass”).

Plaintiffs Senac, Millender, and Bowen also bring this action on their own behalf, and on behalf of a subclass of all persons who meet the criteria stated in paragraph 151 (the “Elder Subclass”).

Plaintiffs and members of the proposed class and subclasses (collectively, “Class Members”) seek restitution from Renovate America of amounts paid, declaratory and injunctive relief, and other appropriate remedies from Renovate America and the County for violations of the law including but not limited to:

a. As to persons over the age of 65, Defendants Renovate America and the County violated the Elder Abuse Statute, Welfare & Institutions Code sections 15600, et

seq., by (among other things) taking, secreting, appropriating, obtaining and/or retaining
the property of elder persons entitled to the protection of the statute, for wrongful use.

b. Defendant Renovate America breached its express obligations under the
Administration Contract. Plaintiffs and Class Members are express third-party
beneficiaries of Defendant Renovate America's promises to the County to implement "best
in class protections" against predatory lending, to provide "special protections" for PACE
program participants over 65 years old, and to take other steps set forth in that contract to
protect and serve customers.

c. Defendant Renovate America violated the Unfair Competition Law,
Business & Professions Code sections 17200, et seq., in that its PACE program practices
were unfair and unlawful.

d. Defendants Los Angeles County and Renovate America have illegally or
erroneously encumbered the title to the Plaintiffs' and Class Members' property, as a result
of statutory violations and breach of the Administration Contract, through the imposition
of tax liens and assessments, which encumbrances should be cancelled.

e. Plaintiffs and Class Members dispute the enforceability of the liens on the
subject homes, the enforceability of the underlying Assessment Agreements, and the rights
of Defendants to maintain the liens and impose tax assessments to pay off the PACE loans.

JURISDICTION & VENUE

22. This Court has personal jurisdiction over Defendants. The events giving rise to this
case occurred in the State of California. Defendants have been afforded due process because they
have, at all times relevant to this matter, individually or through their agents, subsidiaries, officers
and/or representatives, operated, conducted, engaged in and carried on a business venture in this
State, and/or maintained an office or agency in this State, and/or provided services, committed a
statutory violation within this State related to the allegations made herein, and caused injuries to
Plaintiffs and Class Members, which arose out of the acts and omissions that occurred in the State
of California, during the relevant time period, at which time Defendants were engaged in activities
in the State of California, resulting in injuries to Plaintiffs and Class Members.

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SECOND AMENDED CLASS ACTION COMPLAINT
23. Venue is proper in this Court pursuant to Code of Civil Procedure section 395(a). All of Plaintiffs and the Class Members' injuries occurred in the County of Los Angeles.

PARTIES

24. Plaintiff Reginald Nore is 60 years old. At all times relevant to this Complaint, he has resided (and he currently resides), at his property and primary residence in the County of Los Angeles.

25. Plaintiff Violeta Senac is 90 years old. At all times relevant to this Complaint, she has resided (and she currently resides) at her primary residence located in the County of Los Angeles.

26. Plaintiff Aurelia Millender is 84 years old. At all times relevant to this Complaint, she has resided (and she currently resides) at her primary residence located in the County of Los Angeles.

27. Plaintiff Allen Bowen is 72 years old. At all times relevant to this Complaint, he has resided (and he currently resides) at his property and primary residence in the County of Los Angeles.

28. Defendant Renovate America is, and at all times mentioned herein was, a Delaware corporation with headquarters located in San Diego County, California. Its principal place of business is 16409 West Bernardo Drive, San Diego, California 92127. Defendant Renovate America markets its PACE financing under the brand name “HERO.”

29. Defendant County of Los Angeles currently is, and at all times mentioned herein was, a county in the State of California, in the United States of America. The County has the largest population of any county in the United States, with nearly 10 million residents. The County has the responsibility of providing numerous services to its residents, including law enforcement, tax collection, public health protection, public social services, elections, and flood control.

30. Plaintiffs are informed and believe that, at all times mentioned herein, the County and Renovate America were engaged in a joint enterprise, were acting within the course and scope of that enterprise, and that the County and Renovate America both ratified the conduct of their
agents and sub-agents. In addition, Plaintiffs are informed and believe that Renovate America was
an agent, servant, and fiduciary of the County, and that Renovate America at all times mentioned
herein was acting within the course and scope of that relationship.

31. The true names and capacities of Defendants DOES 1 through 10 are unknown to
Plaintiffs. Plaintiffs will seek leave of court to amend this complaint to allege such names and
capacities after they are ascertained. Each of the Defendants herein was the agent, joint venturer,
or employee of each of the remaining Defendants, and in engaging in the acts hereinafter alleged,
each was acting in the course and scope of its agency, employment, or joint venture with advance
knowledge of, acquiescence in, or subsequent ratification of the acts of each and every other
remaining defendant. Each DOE Defendant is responsible, legally, negligently, or in some other
actionable manner, for the events and happenings referred to in this Complaint, and caused injuries
and damages proximately thereby to Plaintiffs and the Class as hereinafter alleged, either through
co-defendants’ conduct, or through the authorized and/or ratified conduct of its agents, servants, or
employees, or in some other manner.

32. Renovate America, the County, and DOES 1 through 10 are referred to herein
collectively as “Defendants.”

ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

A. In 2008, California Authorized Local PACE Programs.

33. The California Legislature introduced PACE in 2008. The legislative history
reflects an intent that PACE’s novel method of financing energy efficiency and water conservation
improvements would benefit California homeowners, including homeowners without access to
traditional sources of capital for home improvements.

34. The primary participants in a PACE program are: (a) a government entity (typically
a county or city) who authorizes the sale of public improvement bonds for initial funding of the
program; (b) a non-governmental entity, usually a private business, that administers the program
for the government entity (the “program administrator”); (c) home improvement contractors who
solicit homeowners to enter into qualifying energy efficiency or water conservation projects and
perform the work (typically after the program administrator approves the proposed contract); and
(d) homeowners who contract for the offered improvements.

35. To finance the cost of the improvements, the homeowner enters into an Assessment Agreement with the public entity (here, the County). The Assessment Agreement grants the County the right to place a lien on the homeowner’s property in the amount of the principal, plus fees and capitalized interest (the “PACE Lien”). The PACE Lien takes first priority, ahead of any pre-existing loan or mortgage. To collect payments on the PACE Lien, plus interest and additional fees, the County adds an additional assessment to the owner’s annual property tax bill. The additional assessment is collected at the same time and in the same manner as the homeowner’s property taxes. If the property owner fails to pay, the County has the right to foreclose, as do Renovate America and any investors who have purchased an interest in the PACE Lien.

36. The PACE Lien remains on title until fully repaid, so, in theory, if a homeowner sells the house before the loan balance has been fully repaid, the PACE obligation “remains on title” and becomes an obligation of the new owner. The fact that the PACE loan would “run with the property” has been an important selling point, starting with the California Legislature and continuing to the County, Renovate America, and ultimately to homeowners interested in participating in the PACE program. See, e.g., Ex. E, at 2 (noting that a purported benefit of the County’s PACE program is that it “establishes a loan obligation that is attached to the property and not to the individual borrower.”).

37. In reality, however, PACE Liens make it virtually impossible for homeowners to pass the obligation to subsequent homeowners. Because the PACE Liens enjoy “super priority” status, mortgage lenders will rarely agree to subordinate their interests to an existing PACE Lien, and homeowners are often forced to pay off their PACE Liens before any mortgagee or bank will agree to provide any additional mortgages, home equity loans, or home equity lines of credit.
B. In 2015, the County Hired Renovate America to Serve as a PACE Program Administrator.

38. After the California Legislature authorized PACE programs, Renovate America entered into agreements with county and city governments around the State to serve as those entities’ program administrator.

39. Renovate America used that experience to market itself to the County. Following extensive negotiation and administrative review, in March 2015, the County and Renovate America entered into the Administration Contract, attached hereto as Exhibit F and incorporated herein by this reference.

40. In approving that contract, the County’s Board of Supervisors’ resolutions assured the public that “the Treasurer will pursue underwriting criteria, largely dictated by the bond market, to help ensure that only creditworthy individuals are approved for loans.” Ex. J at 6 (May 25, 2010 Board of Supervisors Adopted LACEP Recommendation to the Board from County Chief Executive Officer and Director of Internal Services Department).

41. Exhibit A to the Administration Contract (attached as Ex. F to this Complaint), titled “Statement of Work,” details Renovate America’s many obligations to the County and to PACE program participants—that is, to homeowners like Plaintiffs and Class Members—as third-party beneficiaries. Those obligations include, among others, those listed under the heading “Consumer Protection Measures.”

42. The first of those consumer protections to which Renovate America agreed under the Administration Contract was that it would “ensure best in class protections for property owners from actions such as, including but not limited to, predatory lending, unscrupulous contractors and poor-quality assessment servicing.” Id. at §5.1 (emphasis added).

43. As part of its obligation to ensure those “best in class protections,” Renovate America agreed “at a minimum” to do the following:

a. “Implement a multi-faceted approach to consumer protection and integrate it into training modules [for contractors] including: brand usage guidelines, marketing activity policies, advertising policies, sales and training protocol, and collateral.” Id. at §
b. "Provide special protection for seniors over 65 years of age to confirm they clearly understand the terms of the financing." *Id.* at § 5.2.4.

c. "Provide assistance in multiple languages, other than and in addition to English, to ensure consumers understand the terms of their financing in their native language." *Id.* at § 5.2.5.

d. "Enforce all policies and procedures for compliance." *Id.* at § 5.2.6.

e. "Prior to Program Launch, create a Consumer Protection Measures Plan, included as part of the Operations Manual [for contractors], and provide to the County for comment and approval." *Id.* at § 5.2.8.

44. Plaintiffs are informed and believe that Defendants failed to adhere to these required standards and failed to provide these benefits to PACE program participants.

C. Renovate America Ignored Borrowers’ Ability to Repay.

45. If Renovate America had met its obligations to provide homeowners the “best in class” protections against predatory lending described above, it would have, at a minimum, used an ability to repay analysis in deciding whether to approve each PACE Lien application. *See, e.g.*, Ex. G (expressing FHFA’s disapproval of PACE’s failure to conduct an ability to repay analysis).

46. Renovate America failed to do that. To the contrary, during the class period, Renovate America’s underwriting standards did not contain any ability to repay criterion. Instead, the primary consideration for underwriting a PACE loan was whether there is enough equity in the homeowner’s property (*i.e.* the difference between what the house would sell for and the unpaid amount of any mortgage and other liens). Thus, Renovate America asked only: If the homeowner fails to repay the PACE Lien, will the proceeds from the foreclosure be sufficient to repay it? In other words, Renovate America decided whether to make a PACE loan based solely on whether the loan could be fully repaid by the forced sale of the asset securing the loan—without a care that such a forced sale would mean kicking the homeowner out of his or her house and onto the street. Paired with the dramatically above-market interest rates for loans that were already low-risk to the lender, this is paradigmatic predatory lending.
D. Renovate America Recruited and Unleashed an Army of Contractors to Serve as Unlicensed Mortgage Brokers.

47. Renovate America did not use licensed loan or mortgage brokers to market or originate PACE Liens. Instead, Renovate America drafted battalions of "Renovate Registered Contractors" both to sell PACE financing, and to sell and install the home improvements to be financed. Typically, Renovate Registered Contractors introduced homeowners to the PACE program, facilitated the financing application process, and obtained homeowners’ signatures on PACE contracts, usually via electronic signature.

48. To become a Renovate Registered Contractor, the contractor must have agreed, among other things, to:

a. Install products for reasonable, market-based prices that are within industry price guidelines, Ex. K at 5 ("Registered Contractor Terms and Conditions");

b. Analyze accurately each homeowner’s energy usage, and anticipated energy savings, id. at 13, and

c. Present property owners with the full and complete set of HERO financing documents, when asked to do so by Renovate America. Id.

49. Renovate America publicly claimed that: "Everyone agrees to the rules. Every contractor registered with Renovate America has agreed to follow our guidelines, which includes our industry-leading consumer safeguards." Ex. L ("Find the Right Contractor, Right Away," available at https://www.renovateamerica.com/find-a-contractor). In fact, the Administration Contract required Renovate America to "enforce all policies and procedures for [contractor] compliance." Ex. F at Ex. A, Statement of Work § 5.2.6.

50. In many cases, Renovate Registered Contractors were the primary source of information that homeowners received (or did not receive) about the PACE program and its financing terms before a homeowner entered into a PACE loan. Often, the homeowner did not receive a copy of the PACE financing contract until after the improvement work had already been completed and the homeowner had become obligated to pay for that work.

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51. Renovate America directly and indirectly encouraged its Renovate Registered Contractors to market PACE aggressively. This encouragement included, but was not limited to, the following: (a) Renovate America rubber-stamped its approval of payment in full to contractors for any home improvement contract submitted for HERO financing, without regard to whether the contractor followed the guidelines required of a Renovate Registered Contractor; (b) Renovate America instructed its Renovate Registered Contractors that they did not need to determine if the potential customer could afford the loan; and, (c) in practice, Renovate America informed its Renovate Registered Contractors how much equity each homeowner had available and instructed the contractors that they could and should base the amount of improvements they sold to homeowners on their available equity.

52. Because the amount of PACE financing that a homeowner can receive is based on the home’s equity rather than a homeowner’s ability to repay, PACE loans are typically much larger than traditional home improvement loans. This structure encouraged Renovate Registered Contractors to solicit as many PACE-financed contracts as possible and to upsell and overcharge homeowners as much as possible. Unsophisticated homeowners were left to guess whether the contract prices were reasonable and whether they could afford to repay the PACE loans. Prices on PACE-financed work skyrocketed upward, and contractors pocketed profit margins of as much as 75% from a program designed to help low- and moderate-income homeowners.

53. At Renovate America’s direction, predatory contractors targeted homeowners with relatively high equity in their homes. In particular, contractors routinely targeted homeowners who, often despite getting by on a modest fixed-income, had achieved the American dream of owning their home and who had slowly and steadily built substantial equity in it over the years.

E. The County Offloaded the Risk of Its PACE Program.

54. Akin to what home mortgage lenders did in the lead-up to the 2008 financial meltdown, the County and the PACE Administrators, including Renovate America, offloaded risks by securitizing PACE payments into asset-backed securities and selling them to Wall Street investors. As with the subprime mortgage crisis, the lenders (i.e. the PACE administrators and the County) effectively transferred any risks associated with these PACE-backed securities away from
themselves. However, unlike the notorious home lenders of the last decade, the County has the
ability to use its full governmental powers to collect on the debts homeowners owed, and the
County, Renovate America, and PACE investors have priority over every other creditor.

55. To make those bonds attractive, the County assured potential purchasers that the
County would continue to use its official property tax collection apparatus to collect PACE loan
payments and “quickly foreclose on a delinquent obligor’s property”—a power that no bank or
other lender had at its disposal. Ex. M at 18 (Kroll Bond Rating Agency Hero Funding 2017-2
Class Notes Pre-Sale Report).

56. But because of statutory restrictions, the County had to pay higher rates of interest
to these bondholders. It passed those costs on to PACE program participants through higher
interest rates. As County Treasurer and Tax Collector Saladino told the County Supervisors in
August 2014, before the County implemented the residential PACE program and before it
engaged Renovate America:

It is a legal requirement that all PACE bonds be issued on a taxable basis and
not as tax-exempt securities. As a result, the interest rate on PACE
assessments will be substantially higher than what could be achieved by the
County in the tax-exempt municipal market. It is the Treasurer and Tax
Collector’s expectation that borrowing costs for residential PACE
participants will also be materially higher than comparable rates on both
home equity lines of credit and home equity loans.

See Ex B at 5 (emphasis added).

57. Mr. Saladino’s candid admission flatly contradicts the avowed purpose of the
PACE program and undermines a key alleged benefit to homeowners that the County and
Renovate have promoted. The PACE program was supposed to harness the borrowing power of
county and municipal governments to help low-income homeowners finance energy and water
saving projects that they could not otherwise afford. Instead, as the County’s pre-implementation
admission confirms, the County loaned PACE homeowners money at above-market rates. Instead
of providing the claimed benefit to homeowners, the County’s PACE program has been a profit
center for Renovate America, building contractors, and Wall Street bond holders—financed on the
backs of low-income County residents.

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58. In addition, Defendants knew that they would have difficulty in packaging and flipping the portfolio of PACE loans to Wall Street investors unless they either raised the interest rates or gave the bondholders the right to initiate foreclosure on any PACE program participant who failed to repay his or her PACE loan. See id. at 4. Sadly, the program instituted by the County did both.

59. The County also enticed investors by promising investments that were immune to legal challenge, at the expenses of the legal rights and remedies of the homeowners the program was designed to help.

F. The County’s Assessment Agreements are Unconscionable Contracts of Adhesion that Force Homeowners to Waive All Rights and Remedies.

60. PACE is a unique financing product for which no comparable market alternative is reasonably available. PACE offers “no money down” for approved home improvements, a feature generally not offered by traditional home equity or mortgage lenders or home improvement contractors. Indeed, part of the legislative purpose of PACE was to extend credit to individuals who did not have the capital otherwise to purchase green home improvements through more traditional means.

61. Lending without assessing the borrower’s ability to pay is also a PACE practice in which traditionally regulated mortgage and bank lenders typically do not engage. In fact, federal regulations require lenders to make a “reasonable and good faith determination at or before consummation that the consumer will have a reasonable ability to repay the loan according to its terms” before making a loan secured by a dwelling. 12 C.F.R. § 1026.43(c)(1).

62. To participate in the County’s PACE program, homeowners were required to sign a document entitled LA HERO Program Assessment Contract (Residential) (referenced elsewhere in this Complaint as the Assessment Agreement) which is subsequently recorded as a security interest against the homeowner’s property (the PACE Lien).

63. The Assessment Agreement is a lengthy, single-spaced form contract between the County of Los Angeles and the homeowner. It contains over twenty sections, many containing subparagraphs, enumerating the homeowners’ obligations with respect to payment and other
topics. Among other provisions, it includes: an obligation of the homeowner to indemnify the
County against any expenses whatsoever related even indirectly to the PACE program, regardless
of when they accrue; a right of the County to inspect the property; and a release and waiver of any
claim the homeowner has, or in the future may have, against the County.

64. The Assessment Agreement was drafted by the County. The terms of the
Plaintiffs’ Assessment Agreements are standard. Plaintiffs had no negotiating power over any
term of the Assessment Agreement.

65. The Assessment Agreements do not include the individual homeowner’s name,
address, or any individualized information about the Plaintiffs’ PACE transaction apart from
exhibits which, while incorporated by reference, are not signed to indicate that the homeowner
actually read or received the documents.

66. Buried within the form Assessment Agreement, in the same style and font as every
other section of the agreement, is a section inconspicuously titled: “Waivers, Acknowledgment
and Contract” which contains the following:

a. A waiver of any otherwise applicable Constitutional requirements.

b. Waiver of the right to repeal the Assessment “by initiative or any other
action, or to file any lawsuit or other proceeding to challenge the [a]ssessment
[o]bligations or any aspect of the proceedings of the County undertaken in connection with
the [PACE] Program."

c. An acknowledgement that the property owner is responsible for paying the
assessment, whether or not the home improvements are installed as expected.

d. A release of the County and any bond purchaser from any damages relating
to the subject matter of the agreement, whether acquired at the time of the contract or
thereafter.

e. A waiver of section 1542 of the California Civil Code, a statute which
would ordinarily exempt unknown claims from a general release.

f. A stipulation that these waivers shall survive termination of the agreement.

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67. Also buried in the agreement, in the same font as the rest of the document, is a unilateral indemnification provision that requires the property owner to agree to indemnify, defend, protect, and hold harmless the County from any losses resulting from “any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with” the homeowner’s participation in the PACE program, the assessment, the improvement, or “any other circumstance or event related to the subject matter of this Agreement, regardless of whether such losses… accrue before or after the date of this Agreement.” The indemnification provision also purports to survive termination of the Assessment Agreement.

68. In exchange for above-market rate financing, which the County made no inquiry to determine if the homeowner could afford, and for which the County obtains a first-priority lien with right of foreclosure, the County also required that the homeowner: (a) waive any and all legal rights to challenge the assessment, including based on any issues with the improvements themselves; (b) waive statutory protections against overbroad waivers contained in Civil Code Section 1542; (c) waive any other rights, including by implication, statutory protection against elder financial abuse and unconscionability; and (d) agree to pay the legal costs of the County in which the property is located, as well as the legal costs of any bond purchaser associated with any attempted challenge to any aspect of the assessment or improvements, even if arising before the assessment contract was signed.

69. Nowhere in the Assessment Agreement is the homeowner advised to consult an attorney.

70. Nowhere in the Assessment Agreement is the homeowner informed that the agreement is negotiable. Instead, the contract is offered as a take-it-or-leave-it proposition.

71. The County contracted out to Renovate America the job of obtaining homeowner signatures on these Assessment Agreements. Renovate America, in turn, allowed Participating Contractors who had a personal stake in the homeowner signing up for PACE-financed home improvements to present the Assessment Agreement to the homeowner for signature.

72. The waiver and indemnification clauses, separately and in conjunction with one another, are oppressively one-sided and unjustifiably reallocate the entire risk of the County’s
conduct in connection with the Assessment Agreement to the homeowner in a situation where the County is already fully protected from the primary risk of lending money -- non-payment -- by virtue of the first-priority lien recorded in favor of the County to secure the homeowner’s financial obligations under the Assessment Agreement.

73. The effect of this imbalance is that homeowners are locked into financing contracts for five to twenty-five years that, according to the County, they have no right to challenge for any reason, whether arising before or after the homeowner signed the contract. If the homeowner asserts a challenge, according to the County, the homeowner is on the hook for not only the County’s attorney’s fees and damages, but damages to the County’s bond purchasers. Even if the County or its agents violate the law in administering their PACE program, the homeowner remains obligated and the County can foreclose and take the homeowner’s home after one missed payment, without making any recourse, complaint, or defense available.

74. The Assessment Agreements do not require the County to adhere to even a minimal standard of care in contracting with the Plaintiffs and Class Members and are incompatible with the County’s and Renovate America’s promises to provide “best in class” consumer protections to participating homeowners and special protections to homeowners over 65 years old. Indeed, these provisions mock the notion that there is anything consumer-friendly about the County’s PACE program.

G. The County Knew or Should Have Known That Its PACE Program Would Hurt Vulnerable Homeowners.

75. FHFA regulates mortgage lending through its supervision and oversight of the Federal National Mortgage Association (commonly known as “Fannie Mae”) and the Federal Home Loan Mortgage Corporation (commonly known as “Freddie Mac”). Those entities purchase and guarantee most of the loans PACE participants used to purchase their homes.

76. In 2014, the County’s Treasurer and Tax Collector and the County’s Director of its Internal Services Department warned the County Board of Supervisors that the FHFA had repeatedly objected to PACE, even before the County had authorized the PACE program in 2010. According to the County Treasurer and Tax Collector, the FHFA had stated that “PACE programs
present safety and soundness concerns to the mortgage portfolios held by the Federal National
Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie
Mac) and the Federal Home Loan Banks.” See Ex. B at 2. Furthermore:

The FHFA asserted that PACE assessments violated the terms of the uniform
security instrument utilized in mortgage contracts purchase by the Federal
Mortgage Agencies [Fannie Mac and Freddie Mac]. This assertion has been
reviewed by County Counsel and found to be accurate with respect to the
uniform security instrument used in the majority of mortgage contracts within
California. It is estimated that upwards of 80% of all new mortgages in
California ... include terms and conditions specifically aligned with the
uniform security instrument referenced by the FHFA.

Id. at 6.

77. In plain English, the County knew before it launched its residential PACE program,
and before it hired Renovate America to administer it, that by giving the County a first priority
lien to secure the PACE loan, the vast majority of PACE program participants would
automatically be put into default under their mortgages:

County Counsel determined that the Federal Mortgage Agencies would likely
have the ability to declare an event of default ... as a result of the PACE
assessments.... If the property owner were neither able to cure the default
through full payment of the PACE assessment nor the mortgage contract, the
Federal Mortgage Agency could initiate foreclosure proceedings.

Id. at 7.

78. In advising the County Board of Supervisors, the County Treasurer and Tax
Collector was even more blunt about the plague the County was about to let loose:

It is the view of the Internal Services Department and the Treasurer and Tax
Collector that such risk [of homeowner default through participation in the
PACE program] can be fully eliminated only through federal legislation or a
change in the terms and conditions of the uniform security instrument [the
conventional loan agreement] utilized in California. By initiating a
residential PACE program, the County is making a determination that the risk
associated with current FHFA statements is manageable and should not
threaten property owners within Los Angeles County.

Id.

79. These 2014 admissions make clear that the County knowingly chose to subject
thousands of its most vulnerable citizens to what the County knew was a serious risk of losing
their homes.

80. Equally appalling, the County knew before it launched the PACE program and
hired Renovate America to administer it that one of the key selling points of the PACE program—
that the loan is an obligation on the property and not the homeowner—was a mirage. The County
Treasurer and Tax Collector was concerned, and the Board of Supervisors knew, that the FHFA
could require a County PACE participant to pay off the PACE loan if the homeowner sold or
refinanced his or her home. See id. at 6. And the County knew that, as a result of adopting the
PACE program, Fannie Mae and Freddie Mac might cease purchasing mortgages from banks in
the County. Id. If that happened, conventional sources of home lending and refinance would
disappear. The County also knew that this would affect not only PACE participants, but also
"those property owners who have no involvement with PACE except to live in an area that allows
for such financings." Id. Here, too, the County turned a blind eye and plunged ahead with the risk
to which it was exposing potentially tens of thousands of low-income County homeowners.

81. In the ensuing years, the FHFA continued to sound alarm bells about PACE. In a
June 9, 2016, speech to the California Legislature, FHFA General Counsel Alfred Pollard
explained that PACE loans “increase the risk of loss to taxpayers” because they destroy the first-
priority lien status of loans insured by Fannie Mae and Freddie Mac and increase the risk that the
government—and hence taxpayers—will lose money due to PACE. Ex. G.

82. The FHFA’s concerns about the PACE program did not stand alone. The FHA
issues and insures mortgages on millions of home purchases and refinancings each year. FHA
mortgage insurance and loan parameters that meet FHA requirements can be necessary parts of
obtaining a loan from a conventional bank. Like the FHFA, the FHA objected to PACE. The
FHA refused to insure mortgages on properties with existing PACE Liens, except for the period
from July 2016 to December 2017. The FHA was “very concerned about PACE obligations being
placed on FHA-insured mortgages that are already outstanding. The post-endorsement placement
of these assessments on an FHA-insured mortgage creates a lack of transparency…. In addition,
such activity is risky for FHA borrowers and potentially violates the terms of their FHA-insured
mortgage.” Ex. H.

83. A third federal agency also expressed concerns about the PACE program. The
United States Department of Energy (“DOE”) directed counties adopting PACE programs to
consider a homeowner’s ability to repay before making a PACE loan. In its 2010 “Guidelines for
Pilot PACE Financing Programs”—issued five years before the County adopted its PACE program—the DOE provided several “best practices” to PACE program administrators, like Renovate America, one of which was considering the homeowner’s ability to repay as part of its underwriting. The DOE suggested that program administrators ensure that borrowers have the ability to repay through precautions such as limiting financing to projects that “pay for themselves” by reducing the homeowner’s energy costs by more than the cost of the financing. Ex. N at 2 (“Guidelines for Pilot PACE Programs,” available at https://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf).

84. In addressing the epidemic of faulty PACE loans, the DOE revised its guidelines in 2016, stating that administrators “should confirm property owners can support the cost of the PACE assessment by collecting and reviewing information from property owners on their household income and debt obligations.” Ex. O at 8 (“Best Practice Guidelines for Residential PACE Financing Programs,” available at https://energy.gov/sites/prod/files/2016/11/f34/best-practice-guidelines-RPACE.pdf). The DOE also directed PACE program administrators to provide homeowners financing terms for PACE loans before their right to cancel the home improvement contract expired. Id. at 10.

85. The DOE noted that low-income and elderly homeowners were particularly vulnerable to the harms of PACE loans. It advised PACE program administrators to provide extra protections for these populations. According to the DOE, at a minimum, program administrators should directly contact low-income and elderly homeowners to ensure that they had received the necessary disclosures with the PACE financing terms, should review improvement costs to ensure they are proportional to the anticipated savings, and should limit loans to those projects that pay for themselves through expected energy savings. Id. at 10, 13-15.

H. The California Legislature Enacts Statutes Designed to Address the Problems with PACE Programs.

86. In response to the concerns raised by consumer advocates, the California legislature passed a series of bills which imposed statutory obligations on administrators. These bills were passed into law on 2017 and amended in 2018, and they are codified in California Finance Code
§§ 22680, et seq. The law first took effect on April 1, 2018.

87. Section 22686 states: “A program administrator shall not execute an assessment contract, and no work shall commence under a home improvement contract that is financed by that assessment contract nor shall that home improvement contract be executed unless the program administrator makes a reasonable good faith determination that the property owner has a reasonable ability to pay the annual payment obligations for the PACE assessment.” Cal. Fin. Code § 22686 (emphasis added).

88. Section 22687 goes on to list, in detail, the various factors that a PACE administrator must analyze when determining a homeowner’s ability to pay. These factors include, but are not limited to:

a. The monthly income of the mortgagor and any person over 18 years old who is on the title to the property, as verified by the PACE administrator;

b. Other current or reasonably expected assets or income, as verified by the PACE administrator, but not including “Nonliquid assets,” “Temporary sources of income,” or “Proceeds derived from the equity from the subject property” (Cal. Fin. Code § 22687(b)(2) (emphasis added));

c. The homeowner’s monthly housing expenses, including mortgage payments, insurance, property taxes, and other pre-existing fees and assessments on the property; and

d. The homeowner’s monthly debt obligations, including all secured and unsecured debts, alimony, and child support.

89. These factors establish the legally required minimum ability-to-pay assessment that a PACE administrator must conduct for each homeowner.

90. Additionally, PACE administrators are now required to make annual reports to the Commissioner of the Department of Business Oversight. Cal. Fin. Code § 22692. Among the data reported, PACE administrators must report information concerning “the overall impact on property owners of the absence of a minimum residual income threshold.” Id.
I. Plaintiffs Have Exhausted Administrative Claims on Behalf of
   Themselves and All Others Similarly Situated Because the
   Administrative Process Applied to Plaintiffs’ Claims Is Inadequate

   91. Plaintiffs filed a first amended complaint on January 24, 2019 (“FAC”).

   92. The County demurred to the FAC on the basis that Plaintiffs’ PACE tax
   assessments were subject to the same requirements as property taxes generally, and the named
   plaintiffs had not exhausted administrative remedies before filing in court.

   93. On May 16, 2019, the Court sustained the County’s demurrer and stayed this
   litigation to allow Plaintiffs to exhaust their administrative remedies before the County
   Assessment Appeals Board, functioning as the Board of Equalization for Los Angeles County.

   94. Pursuant to Revenue and Tax ("R&T") Code § 1603, Plaintiffs filed verified claims
   with the County’s Assessment Appeals Board ("AAB") using County form AAB100.3 The claims
   sought cancellation of PACE assessments pursuant to R&T Code § 4986 and refund of associated
   tax payments. Plaintiffs’ claims were sought on behalf of themselves and all others similarly
   situated.

   95. Pursuant to R&T Code § 5142, Plaintiffs simultaneously sought a stipulation that
   the issues in dispute—which were based on the claims in the FAC—were not issues of valuation.

   96. Had the AAB heard Plaintiffs’ administrative claims, Plaintiffs would have been
   afforded a public hearing, an exchange of information, opportunity to submit new information at
   the time of hearing, testimony under oath, subpoena power for witnesses, a hearing record, and
   written findings of fact. The burden of proof for an owner-occupied dwelling would have
   belonged to the assessor. The standard of proof would have been preponderance of the evidence.

   97. On September 10, 2019, the AAB notified Plaintiffs that their applications were
   being referred to the Los Angeles County Auditor-Controller for review and disposition pursuant
   to R&T Code § 4986.

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3 Plaintiff Senac filed her assessment appeal on July 12, 2019. All other named plaintiffs filed
their assessment appeals on July 5, 2019, the first week the Assessment Appeals Board accepted
claims in connection with the 2019-2020 tax year.
98. Upon information and belief, no evidence or statement of facts was provided by the AAB to the Auditor in connection with this transfer, other than Plaintiffs’ claims as filed with the AAB.

99. Plaintiffs attempted without success to determine the details of the administrative procedure to be applied to Plaintiff’s claims by the Auditor-Controller, if not the procedures set forth in R&T Code §§ 1603 et seq. There are no equivalent administrative hearing procedures associated with R&T Code § 4986.

100. Upon information and belief the Auditor-Controller did not have an existing administrative procedure for adjudicating PACE cancellation claims when it received the referral from the AAB.

101. On November 19, 2019, Plaintiffs received notice that the Auditor-Controller was sending Plaintiffs claims to the Internal Services Department (“ISD”). Upon information and belief, ISD is the agency that oversees the PACE program for the County and the agency that signed and approved all recorded PACE assessments on behalf of the County.

102. That same day, Plaintiffs received letters from ISD requesting additional information from Plaintiffs within two weeks to “evaluate” their cancellation claims. The letters also sought authorization from Plaintiffs to request additional information from their PACE administrator or other sources, and for other County departments to review and consider the information submitted in any investigation the County deemed warranted.

103. On December 3, 2019, Plaintiffs submitted responses to ISD’s requests, making clear again that they were seeking relief on behalf of themselves and all others similarly situated, on the grounds set forth in the First Amended Complaint. Copies of Plaintiffs’ assessment appeals, including the ISD addendum, are collectively attached hereto as Exhibit W.

104. Plaintiffs repeatedly asked the County to explain the administrative procedures governing this review or to identify where the procedures could be found. In response to Public

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4 Plaintiffs submitted their responses to PACEclaims@isd.lacounty.com, an email address that, upon information and belief, was created in approximately mid-September 2019, for the purpose of accepting Plaintiffs’ submissions.
Records Act ("PRA") requests, neither ISD nor the Auditor-Controller provided reference to any applicable statute, legislation, or publicly available information on the administrative process being applied to Plaintiffs’ claims for cancellation of PACE assessments.

105. Instead, Plaintiffs were provided with the Auditor-Controller’s "Direct Assessment Manual." This document does not provide for a public administrative hearing for claimants, an exchange of information, testimony under oath, or findings of fact by a neutral. See Exhibit X. Upon information and belief, the Direct Assessment Manual is not intended for use by the public at all, but by the taxing agencies that submit direct assessments to the Auditor-Controller for processing. Id. at ii.

106. Plaintiffs also were provided with an interrogatory response that the County provided in another lawsuit, Bermudez v. Pure Solar Co. et al (19STCV21933), which stated:

[C]laims requesting cancellation, pursuant to Revenue and Taxation Code 4986, of a County-PACE assessment are accepted for filing by the Auditor-Controller ("A-C"). The A-C logs the cancellation claim and forwards it to the County’s Internal Services Department ("ISD"). ISD reviews the cancellation claim to determine a recommended action, and then communicates the recommended action to the A-C. The A-C reviews the claim and recommended action to determine whether satisfactory proof supports cancellation of the County-PACE assessment pursuant to Revenue and Taxation Code 4986. If the claim is denied, the A-C issues a denial letter notifying the claimant of the denial. If the claim is approved, the A-C will cancel the assessment pursuant to the A-C’s authority under Revenue and Taxation Code section 4986 and provide notice to the claimant.

See Exhibit Y (at responses 9 and 10). This process does not provide for a public administrative hearing for claimants, an exchange of information, testimony under oath, or findings of fact by a neutral.

107. On April 1, 2020, Plaintiffs received an email from County Counsel containing ISD’s recommendations (dated March 13, 2020) to the Auditor-Controller. ISD recommended Plaintiff Allen Bowen’s cancellation claim be granted, but his claim for refund be denied. ISD recommended denial of cancellation and refund for all other Plaintiffs. A copy of this letter is attached hereto as Exhibit Z.
108. Upon information and belief, the Auditor-Controller accepted ISD’s recommendations in full and did not conduct any independent investigation of Plaintiffs’ claims.

109. Plaintiffs are informed and believe that cancellation of Plaintiff Bowen’s PACE assessment has been processed by the County.

110. Plaintiffs have exhausted the administrative process the County set forth for Plaintiffs to follow, which was essentially an internal investigation and recommendation between County agencies.

111. An internal investigation is not an adequate administrative remedy.

112. The County’s process for reviewing Plaintiffs’ cancellation claims is not an adequate administrative remedy because, inter alia, there was:

a. No evidentiary hearing;

b. No presence of an impartial finder of fact;

c. No submission of briefing or argument;

d. No exchange of evidence;

e. No taking of testimony or cross-examination;

f. No clearly defined information about the procedural steps of the process, either via statute or that was otherwise publicly available (even through Plaintiffs’ Public Record Act Requests);

g. No process, standard, or timeline for reconsideration or appeal;

h. No development of a factual record for review;

i. Evidence that this process was created sui generis to deal with Plaintiffs’ claims; and

j. The available administrative remedies explicitly do not provide for classwide relief.

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5 In fact, the County has generally directed individuals with complaints about their PACE assessments to file complaints with the Los Angeles Department of Business and Consumer Affairs, not the Auditor-Controller. See Exhibits AA and BB (PACE Termination FAQs at Question 6).
113. All named Plaintiffs have exhausted the administrative review process the County
applied to Plaintiffs’ claims.

114. Exhaustion is not required for putative class members, but even if it were,
exhaustion would not be required for putative class members here because the process is
inadequate as a matter of law and Plaintiffs are not required to exhaust administrative remedies
that are inadequate.

115. Therefore, Plaintiffs’ class claims are appropriately before the Court.

116. Even if the internal review and recommendation from ISD was an adequate
administrative remedy, Plaintiffs are informed and believe that sufficient numbers of homeowners
have had their PACE complaints investigated in some manner by ISD, such that a numerous class
of individuals who have exhausted their administrative remedies through the County’s process
already exists.

THE NAMED PLAINTIFFS

A. Plaintiff Reginald Nemore

117. Plaintiff Reginald Nemore is a 60-year-old resident of Los Angeles County. At all
times relevant here, Mr. Nemore has owned the real property located at 657 E. Ladera Street in
Pasadena. According to the County Assessor’s office, Mr. Nemore’s home is less than 1,200
square feet.

118. Forced into early retirement by disability, Mr. Nemore spends most of his time
caring for his wife, who has Multiple Sclerosis. His income consists of Social Security Disability
Income (SSDI) of approximately $1,241 a month.

119. On or about September 29, 2016, Mr. Nemore purportedly entered into a Renovate
America PACE assessment contract with the County. The contract covered the installation of
some solar panels. The cost of a typical solar installation for a medium-sized house (6kW) in
California ranges from $12,000 to $15,000. Renovate America’s contractor charged Mr. Bowen
$26,247 for the panels, roughly twice the typical price, even though his home is not large. To
secure repayment of that contract, the County recorded a PACE Lien on Mr. Nemore’s property, a
certified copy of which is attached hereto as Exhibit R and incorporated herein by reference.
120. The PACE lien secures the $26,247 that Renovate America’s contractor charged
Mr. Nemore, plus $4,000 in Renovate America fees and capitalized interest, plus another $41,410
in interest to be paid over the 25 year life of the PACE loan, for a total of $71,778 in payments to
the County. Even before Renovate America approved that PACE loan, Mr. Nemore’s pre-existing
debt-to-income ratio was over 95%. His annual PACE assessment of $2,871 represents 19% of
his annual SSI income. If Mr. Nemore wants to hold onto his home, he will have to find a way to
pay that assessment, every year, for the next 25 years.

121. On July 5, 2019, Mr. Nemore filed an administrative claim for cancellation and
refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The
Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the
County’s Internal Services Department, the County denied his claims.

B. Plaintiff Violeta Senac

122. Plaintiff Violeta Senac is a 90-year-old resident of Los Angeles County. At all
times relevant here, Ms. Senac has owned the real property located at 5755 Ensign Avenue in
North Hollywood. According to the County Assessor’s office, Ms. Senac’s home was built in
1938 and contains 947 square feet.

123. On or about May 19, 2016, Ms. Senac purportedly entered into a Renovate
America PACE assessment contract with the County. Ms. Senac was then 85 years old. She was
providing a home for her disabled adult daughters. Ms. Senac speaks limited English and has poor
eyesight. Her only income is her monthly Social Security check. When she purportedly entered
into the PACE financing agreement, she had less than $700 in her bank account.

124. The PACE assessment contract covered the installation of one or more toilets,
windows, doors, and roofing material. Renovate America’s contractor charged Ms. Senac
$39,995. To secure repayment of that assessment contract, the County recorded a PACE Lien on
Ms. Senac’s property, a certified copy of which is attached hereto as Exhibit S and incorporated
herein by reference.

125. In addition to the $39,995 in Renovate America contractor charges, the PACE lien
secures $3,000 in Renovate America fees and capitalized interest, plus another $46,768 in interest,
all of which are to be paid over the 20-year life of the PACE loan, at the rate of $4,518 per year, for a total of $90,361 in payments to the County.

126. When Ms. Senac purportedly entered into the financing agreement with the County, her pre-existing debt-to-income ratio was approximately 135%. In other words, her monthly debt obligations already exceeded her monthly income before she purportedly promised to pay the County a Renovate America PACE assessment of $4,518.05 per year. If Ms. Senac wanted to continue to live in that house, and provide a home for her disabled daughters, she would have to find a way to come up with that additional $4,518.05, every year, for the next 20 years.

127. In March 2018, Ms. Senac paid off the outstanding principal balance of her Renovate assessment, $42,098.95, by obtaining a new reverse mortgage.

128. Ms. Senac presented a Claim for Damages to Person or Property to the County on behalf of herself and others similarly situated on September 13, 2018. She amended her claim on October 22, 2018. The County rejected the claim on December 7, 2018.

129. Ms. Senac filed an administrative claim for cancellation and refund of her PACE assessments with the Los Angeles County Assessment Appeals Board on July 12, 2019. The Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the County’s Internal Services Department, the County denied her claims.

C. Plaintiff Aurelia Millender

130. Plaintiff Aurelia Millender is an 84-year-old resident of Los Angeles County. At all times relevant here, Ms. Millender has owned the real property located at 2057 W. 71st Street in Los Angeles. According to the County Assessor’s office, Ms. Millender’s home was built in 1929. It contains 1,446 square feet.

131. Ms. Millender’s income consists of Social Security and Supplemental Security Income, totaling less than $1,000 a month. She also usually receives a few hundred dollars a month from a family member. Her monthly income never exceeds $1,350.

132. On or about August 31, 2016 and November 20, 2016, when she was 80 years old, Ms. Millender purportedly entered into two Renovate America PACE assessment contracts with the County. The first covered some exterior paint, which supposedly would lower the temperature
inside her house on hot days, and one replacement window. Renovate America’s contractor charged Ms. Millender $18,951 for those items. The second contract covered roof shingles that supposedly would also lower the summertime temperature inside her home. For that, the Renovate America contractor charged her $20,500. To secure repayment of these assessment contracts, the County recorded two PACE Liens on Ms. Millender’s property, certified copies of which are attached hereto as Exhibits T and U and incorporated herein by reference.

133. In addition to the $39,451 in Renovate America contractor charges, the PACE Liens secure $5,500 in Renovate America fees and capitalized interest, plus another $49,900 in interest, all of which are to be paid over the 20-year life of the PACE Loans, at the rate of $4,737.36 per year, for a total of approximately $94,747 in payments to the County.

134. The first of her two PACE Liens caused Ms. Millender’s debt-to-income ratio to increase to approximately 48%, and left her with residual income of less than $700 a month to pay for food, utilities, transportation, etc. Ms. Millender’s second PACE Lien caused her debt-to-income ratio to increase to approximately 64%, and left her with residual income of less than $500 per month. Ms. Millender has noticed no meaningful difference in the temperature inside her home from the $39,451 in wall and roof paint that Renovate America’s contractor charged her, or for the $4,737.36 per year she will have to pay the County until 2036 to stay in her house.

135. Ms. Millender has a reverse mortgage, and she is behind on her payments as a result of the additional PACE liens, and she is at risk of foreclosure. The only thing currently preventing foreclosure is that she has secured a temporary at-risk extension from her mortgage servicer based on her age and poor health.

136. On July 5, 2019, Ms. Millender filed an administrative claim for cancellation and refund of her PACE assessments with the Los Angeles County Assessment Appeals Board. The Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the County’s Internal Services Department, the County denied her claims.

D. Plaintiff Allen Bowen

137. Plaintiff Allen Bowen is a 72-year-old resident of Los Angeles County. At all times relevant here, Mr. Bowen has owned the real property located at 2001 W. 78th Street in Los
According to the County Assessor's office, Mr. Bowen's home was built in 1927 and contains 1,534 square feet.

Mr. Bowen is a United States Army veteran and retired United States Postal Service employee. He receives a pension of $2,324 and receives an additional $217 per month in Social Security retirement benefits. On this fixed income, Mr. Bowen supports himself and his teen-aged son.

On or about May 24, 2017, when Mr. Bowen was 69 years old, he purportedly entered into a Renovate America PACE assessment contract with the County. The contract covered the installation of solar panels and windows for his house. Despite the modest size of Mr. Bowen's home, the Renovate America contract charged him $39,800 for the panels and windows. To secure repayment of that assessment contract, the County recorded a PACE Lien on Mr. Bowen's property, a certified copy of which is attached hereto as Exhibit V and incorporated herein by reference.

The PACE Lien covers the $39,800 in contractor charges, plus more than $5,000 in Renovate America fees and capitalized interest, plus another $10,330 in interest over the next five years, for a total of $51,658 in payments to the County. All of that requires Mr. Bowen to make a $10,331 annual PACE Loan payment to the County, on an annual income from his pension and Social Security of about $30,500. The PACE Loan resulted in an increase in Mr. Bowen's debt-to-income ratio from less than 25% to over 60%. His PACE assessment payment was one-third of his annual income, income he had intended to spend on traveling to visit family in his hard-earned retirement.

On July 5, 2019, Mr. Bowen filed an administrative claim for cancellation and refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the County’s Internal Services Department, the County cancelled Mr. Bowen’s PACE assessment effective for the 2020-2021 tax year. The County denied Mr. Bowen’s claim for refund.

All Plaintiffs had a sharp increase in their property tax bills as a result of their annual PACE obligations. The County collected payments for PACE assessments, either directly
from each Plaintiff or from mortgage lenders to that Plaintiff, who advanced such payments on behalf of that Plaintiff and then charged that advance to the Plaintiff, typically through an escrow account.

143. The County remitted and continues to remit some or all of the PACE assessments it collects to Renovate America as required by the terms of their Administration Contract.

CLASS ACTION ALLEGATIONS

144. Plaintiffs bring this action pursuant to Code of Civil Procedure section 382 as a class action, on behalf of themselves and all others similarly situated, for the purpose of asserting the claims alleged in this Complaint on a common basis.

145. The “PACE Class” consists of all homeowners who purportedly entered into a Renovate America HERO assessment contract with Los Angeles County between March 1, 2015 and March 31, 2018, where that assessment contract has been recorded as a lien against the homeowner’s real property. All named Plaintiffs are members of the PACE Class.

146. Every putative member of the PACE Class has been harmed, is facing a threatened harm that is certainly impending, or faces a substantial risk that harm will occur in the future. Examples of such harms include, but are not limited to: (1) being subjected to a predatory loan which they cannot afford to repay; (2) paying unconscionably high interest rates; (3) threats of foreclosure by Defendants or class members’ mortgage servicers; (4) actual foreclosure by Defendants or class members’ mortgage servicers; (5) unjust encumbrances on their real property; (6) being unable to secure additional financing due to their PACE Liens; and (7) having “improvements” installed that are unnecessary, shoddy, or otherwise incomplete.

147. The “Ability to Pay Subclass” consists of members of the PACE Class for whom Renovate America did not perform a “reasonable good faith determination” of the homeowner’s “reasonable ability to pay” the PACE assessment. All named Plaintiffs are members of the Ability to Pay Subclass, as Renovate America never made good faith determinations of their abilities to repay their PACE assessments.

148. A “reasonable good faith determination” of a homeowner’s “reasonable ability to pay” is defined as codified in California Finance Code § 22687.
149. The "DTI Subclass" consists of members of the PACE Class where either (a) the homeowner’s debt-to-income ratio ("DTI"), at the time the contract was purportedly executed, and including the homeowner’s annual PACE obligation, was 50% or more, or (b) the homeowner’s DTI, at the time the contract was purportedly executed, and including the homeowner’s annual PACE obligation, was less than 50%, but left the household with residual monthly income of less than $1,000 for one person, or $1,000 plus $500 for each additional household member.

150. All named Plaintiffs are members of the DTI Subclass because their DTI ratios, including the homeowner’s annual PACE obligation, equaled or exceeded 50% at the time their PACE assessment contract was executed, or their DTI was less than 50%, but left the household with residual monthly income of less than $1,000 for one person, or $1,000 plus $500 for each additional household member.

151. The "Elder Subclass" consists of members of the PACE Class who were 65 years old or older when they purportedly entered into the PACE loan agreement. Plaintiffs Senac, Millender, and Bowen (collectively, the "Elder Plaintiffs") bring this action on behalf of the Elder Subclass.

152. The "Predatory Loan Subclass" consists of members of the PACE Class who were facially unable to afford their PACE obligations—as determined by established methods of consumer protection for property-secured financing—at the time they purportedly entered into their assessment contracts.

153. The "Mortgage Subclass" consists of members of the PACE Class who had a federally-backed mortgage at the time the homeowner purportedly entered into the assessment contract.

154. The "Language Subclass" consists of members of the PACE Class who purportedly signed an English language assessment contract and who had limited English proficiency.

155. Defendants and their directors, officers, employees, and affiliates are excluded from the aforementioned classes and subclasses.

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156. **Ascertainable**: Plaintiffs are informed and believe, and upon such information and belief allege, that individuals who fall within these classes are ascertainable and can be identified with reasonable efficiency. The class definitions are objective. The exact number and identities of the Class Members are unknown at this time, but may be ascertained through discovery.

157. **Community of Interest**: The questions of law and fact common to the Class Members sufficiently predominate over any questions affecting only individual members as to create a single community of interest between them. The common questions in this case are capable of having common answers. If Plaintiffs’ claims regarding Defendants’ conduct are accurate, Plaintiffs and Class Members will have identical claims capable of being efficiently adjudicated and administered in this case.

158. Among the questions of law and fact common to Plaintiffs and all Class Members are:

   a. Whether Plaintiffs and Class Members are third-party beneficiaries of the Administration Contract;

   b. Whether Defendant Renovate America breached its duty in the Administration Contract to “ensure best in class protections for property owners from actions such as, including but not limited to, predatory lending” by, for example, failing to consider ability to repay the PACE Liens;

   c. Whether Defendant Renovate America’s breaches of its contractual obligations under the Administration Contract impaired or reduced the value of Class Members’ properties subject to PACE Liens;

   d. Whether the Assessment Contracts or any of their terms are unconscionable and should not be enforced;

   e. Whether Defendant Renovate America’s failure to provide essential consumer protections to Class Members constitutes an “unfair” practice under Business & Professions Code sections 17200, et seq.;

   f. Whether Defendants’ failure to provide adequate consumer protection measures has subjected Class Members to a continuing risk of significant harm;
g. Whether Class Members—(excepting Mr. Bowen)—are entitled to an order declaring the liens and assessments recorded against their properties to secure the PACE loans at issue herein to be cancelled;

h. Whether Class Members are entitled to restitution of amounts paid to the County, or other damages, related to the PACE program; and

i. Whether Class Members are entitled to specific performance of the Administration Contract.

159. Among the questions of law and fact common to the Language Subclass are:

a. Whether Defendant Renovate America breached its duty in the Administration Contract to provide assistance in multiple languages, other than and in addition to English, to ensure consumers understand the terms of their financing in their native language;

160. Among the questions of law and fact common to the Elder Subclass are:

a. Whether Defendant Renovate America breached its duty in the Administration Contract to provide “special” or “heightened” protection for senior citizens to confirm they clearly understand the terms of the financing;

b. Whether Defendants Renovate America and the County took, secreted, appropriated, obtained, and/or retained the property of the elder Plaintiffs and the Elder Subclass Members;

c. Whether Defendants Renovate America and the County assisted in taking, secreting, appropriating, obtaining, and/or retaining the property of elder Plaintiffs and the Elder Subclass Members;

d. Whether Defendants Renovate America and the County knew or should have known that Renovate America’s breaching its agreement in the Administration Contract to provide “special” or “heightened” protection for senior citizens, would be likely to be harmful to the Elder Subclass Members;

e. Whether Defendants Renovate America and the County knew or should have known that elder persons are likely to be harmed if credit is extended to them without...
a reasonable evaluation of the elder person’s ability to repay;

f. Whether the taking of a property interest in the homes of the Elder Plaintiffs and Elder Subclass Members was “unlawful” under Business & Professions Code sections 17200, et seq.

161. **Adequate Representation:** Plaintiffs are representatives who will fully and adequately assert and protect the interests of the Class Members, and have retained competent and adequate legal counsel experienced in class action and complex litigation. Plaintiffs are adequate representatives and will fairly and adequately protect the interests of the Class Members. Plaintiffs’ claims are typical of the claims of the classes and subclasses, as they are all based on the same factual and legal theories, namely, the same wrongful conduct by Defendants, including conduct by others that aided and abetted such conduct.

162. **Substantial Benefit:** A class action is superior to other available methods for the fair, just, and efficient adjudication of the claims asserted herein and will provide a substantial benefit to the court and the litigants. Joinder of all Class Members is impracticable and, for financial and other reasons, it would be impractical for individual members to pursue separate claims. The prosecution of separate actions by individual members would create a risk of inconsistent or varying adjudications, which would establish incompatible standards of conduct for the parties opposing these classes and subclasses. Such incompatible standards of conduct and varying adjudications on the same essential facts, proof, and legal theories would also create and allow the existence of inconsistent and incompatible rights within these classes and subclasses.

The prosecution of separate actions by individual members would unduly burden the courts.

163. Plaintiffs anticipate no difficulty in the management of this case as a class action.
FIRST CAUSE OF ACTION

Financial Elder Abuse

[Welfare & Institutions Code Section 15657.5]

(By the Elder Subclass Against Renovate America)

164. The Elder Plaintiffs repeat and re-allege the allegations of paragraphs 1 through
163 as though they were fully set forth herein.

165. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all
times relevant and are thus "elders" under Welfare & Institutions Code section 15610.27.

166. Because Defendant Renovate America’s application form for the County’s PACE
program requires disclosure of the borrower’s birthdate, at all times material Defendant Renovate
America knew or should have known that the Elder Plaintiffs and the Elder Subclass were over the
age of 65.

167. By failing to implement best in class consumer protections and special protections
for seniors as required by Renovate America’s Administration Contract with the County, and by
originating loans for seniors, secured by a first-priority lien on their homes, without first
confirming that the borrower had the ability to make the semi-annual loan repayments, Defendant
Renovate America has taken, secreted, appropriated, obtained, and/or retained the property of the
Elder Subclass Members for a wrongful use.

168. Defendant Renovate America has also assisted Defendant County of Los Angeles
in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Plaintiffs
and Elder Subclass Members for a wrongful use. Defendant Renovate America’s assistance
includes but is not limited to:

a. Recruiting and ostensibly training home improvement contractors to act as
   *de facto* mortgage brokers to sell PACE-financed home improvements to homeowners;

b. Selecting what products and services are actually approved for PACE
   financing;

c. Sending and receiving contracts, including unconscionable Assessment
   Agreements;
d. Checking properties' equity, as well as homeowners' property tax payment history;
e. Recording PACE Liens; and
f. Servicing PACE Liens.

169. Defendant Renovate America knew or should have known that the Elder Subclass Members were likely to be harmed by these activities because:

a. The Department of Energy and other federal and local agencies made public statements about the potential dangers of implementing a PACE program without an ability to pay analysis;

b. The Administration Contract required best in class consumer protections and special protections for seniors, and the members of the Elder Subclass were especially vulnerable to financial abuse, such as by predatory lending;

c. Homeowners were unable to negotiate any of the terms and conditions of their Assessment Agreement with the County, such that they were contracts of adhesion with unjustifiably one-sided and harsh terms;

d. The PACE loans it was originating without regard to ability to pay would be enforceable by foreclosure if the Elder Plaintiff missed a payment;

e. Loans made without regard to ability to pay put Elder Plaintiffs and Subclass Members at high risk of foreclosure or substantial loss or encumbrance of property essential to their health and welfare; and

f. The high risk of foreclosure or substantial loss or encumbrance of property essential to health and welfare created by the County's wrongful acts were likely to cause mental suffering to the Elder Plaintiffs and the Elder Subclass Members

170. As a result of Renovate America's wrongful acts, the Elder Plaintiffs and the Elder Subclass Members have been deprived of property rights insofar as they have made payments on financing extended without regard to their ability to pay; their homes are encumbered by first-priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County, and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.
171. Defendant Renovate America has also received substantial fees and commissions from Elder Plaintiffs and the Elder Subclass Members as a result of its activities in originating PACE Liens. On information and belief, Defendant Renovate America will continue to receive additional fees and commissions for the life of each PACE Lien, which are paid by homeowners in the form of finance charges.

172. Renovate America’s conduct, as alleged herein, constitutes “financial abuse,” as defined in Welfare & Institutions Code section 15610.30.

173. Under Welfare & Institutions Code section 15657.5, Renovate America is liable for compensatory damages, reasonable attorneys’ fees and costs, and all other remedies otherwise provided by law, including cancellation.

174. The actions taken by Renovate America set forth above were in all respects reckless, oppressive, fraudulent and malicious.

175. Under Civil Code section 3345, Renovate America is liable for treble damages and penalties because: (a) it knew or should have known that its conduct was directed as to an elder person; (b) its conduct caused elder persons to suffer encumbrance, or substantial loss of property essential to their health and welfare; (c) Elder Plaintiffs and the Elder Sub-Class Members are senior citizens who are more vulnerable than other members of the public to Defendant Renovate America’s conduct because of their age, impaired understanding, impaired health, or restricted mobility; and (d) Elder Plaintiffs and the Elder Sub-Class Members actually suffered substantial economic harm resulting from Renovate America’s conduct.

SECOND CAUSE OF ACTION

Financial Elder Abuse

[Welfare & Institutions Code Section 15657.5]

(By the Elder Subclass Against the County of Los Angeles)

176. The Elder Plaintiffs repeat at re-allege the allegations of paragraph 1 through 163 as though they were fully set forth herein.

177. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all times relevant and are thus “elders” under Welfare & Institutions Code section 15610.27.
178. Because Defendant Renovate America’s application form for the County’s PACE program requires disclosure of the borrower’s birthdate, at all times material the County knew or should have known that the Elder Plaintiffs and the Elder Subclass were over the age of 65.

179. By failing to enforce the best in class consumer protections and special protections for seniors required by its Administration Contract with Renovate America, by utilizing unconscionable and one-sided contracts of adhesion, and by executing the Assessment Agreements that are recorded against the property of each Elder Subclass Member, on the basis of which Elder Subclass Members’ homes can be foreclosed (or that will trigger foreclosures by conventional and reverse mortgage servicers), without regard to the Elders’ ability to pay, Defendant County of Los Angeles has taken, secreted, appropriated, obtained and/or retained the property of the Elder Subclass Members for wrongful use.

180. Defendant County of Los Angeles has also assisted Defendant Renovate America in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Subclass Members for wrongful use. As described more fully above, Defendant County of Los Angeles’ assistance includes but is not limited to:

a. Permitting Defendant Renovate America to originate financing without reference to the borrowers’ ability to make the semi-annual payments;

b. Promoting the County’s PACE program and the County’s relationship with Renovate America;

c. Failing to oversee Defendant Renovate America’s activities or to provide oversight upon learning that financially vulnerable elders are being taken advantage of through Defendant Renovate America’s administration of the PACE program;

d. Failing to meaningfully evaluate Renovate America’s performance as required by sections 13.2.6 and 8.15 of the Administration Contract. See Ex. F at Ex. A, Statement of Work;

e. Failing to enforce the provisions of its Administration Contract with Renovate America that require best in class consumer protections and special protections for seniors; and
f. Recording PACE liens against Elder Subclass Members.

181. The County knew or should have known that the Elder Subclass Members were likely to be harmed by these activities because:

g. The Department of Energy and other federal and local agencies made public statements about the potential dangers of implementing a PACE program without an ability to pay analysis;

h. The County’s Administration Contract required Renovate America to provide best in class consumer protections and special protections for seniors, and the Elder Plaintiffs and members of the Elder Subclass were especially vulnerable to financial abuse, such as by predatory lending;

i. Homeowners were unable to negotiate any of the terms and conditions of their Assessment Agreement with the County, such that they were contracts of adhesion with unjustifiably one-sided and harsh terms;

j. The Assessment Agreements would be recorded as a first priority lien and encumbrance on the homeowner’s property, enforceable by foreclosure if the elder missed a payment; and

k. Loans made without regard to ability to pay put Elder Plaintiffs and Sub-Class Members at high risk of foreclosure or substantial loss or encumbrance of property essential to their health and welfare.

182. As a result of Renovate America’s wrongful acts, the Elder Plaintiffs and the Elder Subclass Members have been deprived of property rights insofar as they have made payments on financing extended without regard to their ability to pay; their homes are encumbered by first-priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County, and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

183. The County of Los Angeles has also received “administration” fees from Elder Plaintiffs and the Elder Subclass Members as a result of its activities in collecting PACE Liens and administering the PACE program. On information and belief, the County of Los Angeles will continue to receive additional fees for the life of each PACE Lien. The County’s conduct, as
alleged herein, constitutes “financial abuse,” as defined in Welfare & Institutions Code section 15610.30.

184. Under Welfare & Institutions Code section 15657.5, the County is liable for equitable cancellation of the Assessment Agreements and any obligations associated with those agreements, reasonable attorneys’ fees and costs, and all other equitable remedies otherwise provided by law.

185. To the extent remedies sought from the County require presentation of a claim pursuant to the Government Claims Act, Plaintiff Senac presented a claim to the County of Los Angeles, Board of Supervisors on behalf of herself and all others similarly situated on September 13, 2018, amended October 22, 2018. The County rejected the claim on December 7, 2018.

THIRD CAUSE OF ACTION

Breach of Contract – Third Party Beneficiary

[Civil Code Section 1559]

(By All Classes Against Defendant Renovate America)

186. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though they were fully set forth herein.

187. The County and Renovate America have a valid contract that has not been rescinded. See Ex. F.

188. By the terms of this contract the County allowed Renovate America to administer the County’s PACE program, and obtain fees and interest from property owners who utilize the PACE program, and Renovate America agreed to implement “Consumer Protection Measures” for the County’s property owners, including “best in class” protections against predatory lending and “special protections” for seniors. See Ex. F at Ex. A, Statement of Work § 5.1.

189. Plaintiffs and Class Members, as property owners who utilized the PACE program, are express and intended third party beneficiaries of these and the related “Consumer Protection Measures” provisions of the Administration Contract.

190. As express and intended beneficiaries, Class Members were entitled to the benefits and protections of these promises.
191. Renovate America breached the Administration Contract by, among other things, failing to provide minimum protections against predatory lending, as evidenced by the fact that Renovate America’s underwriting process did not assess the borrower’s ability to repay the loan.

192. Renovate America breached other obligations owed to Plaintiffs and Class Members under the Administration Contract, including but not limited to:

a. Its promise to provide “special” or “heightened” protection for seniors, such as members of the Elder Subclass;

b. Its promise to provide language assistance to non-native English speakers, such as members of the Language Subclass;

c. Failing to adequately vet Renovate Registered Contractors so as to prevent them from installing on Plaintiffs’ and Class Members’ property unnecessary, incomplete, or otherwise faulty “improvements;” and

d. Failing to screen and monitor its Registered Contractors in accordance with its own policies, and as required by the Administration Contract to protect Class Members from unscrupulous contractors.

193. On information and belief, Defendant Renovate America has charged, and will continue to receive, fees and commissions for the life of each PACE Lien, which commissions are paid by homeowners in the form of interest and finance charges.

194. Renovate America’s breaches of the Administration Contract have proximately caused damage to Plaintiffs and Class Members. Such damages include, but are not limited to: (a) the loss of funds they have paid in connection with PACE loans, including for fees, interest, and assessment payments, (b) the increased risk of foreclosure, (c) the imposition of barriers to refinancing or obtaining other debt secured by liens on their home, such as home mortgages or reverse mortgages, (d) the reduced value of their homes, and (e) encumbrances that reduce the equity in their homes.

195. Plaintiffs and Class Members have been damaged in an amount subject to proof at trial substantially in excess of the jurisdictional minimum of this court but in an amount estimated to be in the hundreds of millions of dollars, given the number of PACE participants, the value of
their homes, the total amount of the PACE Liens, and the diminution in values sustained.

196. Plaintiffs and Class Members are entitled to the consumer protections included in the Administration Contract for their benefit, through specific performance or other remedies.

FOURTH CAUSE OF ACTION

Declaratory Relief - Unlawful Contract As A Matter of Law

[Civil Code Section 1670.5 et seq.]

(By All Classes Against Defendant County of Los Angeles)

197. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though they were fully set forth herein.

198. Code of Civil Procedure § 1060 permits any party to seek a declaration or determination of validity of any written instrument.

199. Civil Code section 1670.5(a) permits a court to refuse to enforce a contract that was unconscionable at the time it was made.

200. The County of Los Angeles requires Plaintiffs and all Class Members to sign an Assessment Agreement, which is subsequently recorded as a lien against the property, and forms the basis for the levy of additional assessments for the duration of the PACE loan term.

201. Financing alternatives on comparable terms, including “no money down” for green energy improvements, do not exist.

202. The Assessment Agreements are contracts of adhesion between parties of vastly unequal bargaining power.

203. Plaintiffs and Class Members are individual homeowners in the County of Los Angeles. The County of Los Angeles is a local government with police powers.

204. The Assessment Agreements between the County and the Plaintiffs and Class Members are standardized, uniform, lengthy legal documents where Plaintiffs and Class Members had no opportunity to negotiate any individual term and, thus, form a classic “take-it-or-leave-it” situation.

205. The Assessment Agreements were presented to Plaintiffs and Class Members by Renovate Registered Contractors, who had a financial stake in Plaintiffs and Class Members
signing up for PACE-financed home improvements.

206. The signatures of the Plaintiffs are not on the same page as any part of the Assessment Agreement, nor are the “Exhibits” incorporated by reference identified individually.

207. The Assessment Agreements contain surprising terms which are hidden in the middle of the document, with no change in font or format to highlight them, including waiver of all possible claims, but simultaneously, an indemnification clause forcing Plaintiffs and Class Members to pay for any claims they do bring in any way “related” to the subject matter of the Assessment Agreement.

208. The waiver provision itself is over one full page and written in “legalese.”

209. The waiver also has the unlawful objective of exempting the County and its agents and investors from responsibility for their own fraud, willful injury to person or property, or violations of law, whether willful or negligent, in violation of Civil Code section 1668.

210. The terms of the Assessment Agreements are unjustifiably one-sided and create overly harsh results for the Plaintiffs and Class Members, who had unequal bargaining power in the transaction to begin with.

211. In exchange for financing (at above-market interest rates), homeowners must agree to a first-priority lien encumbering their property for the loan term, enforceable by foreclosure after one missed payment. The County is fully protected from loss in the event of the homeowner’s non-payment.

212. Given this high level of protection for the County and its investors, there is no reasonable justification for obtaining an overbroad waiver from the Plaintiffs and Class Members that prevents Plaintiffs and Class Members from making any claim challenging their assessment obligations or the PACE program generally, even if those claims were to involve intentional tort, fraud, forgery or violations of law by the County or the extensive network of agents it has engaged to administer its PACE program.

213. In addition, the County is asking Plaintiffs and Class Members to waive the statutory protection of Civil Code section 1542, which is a statutory consumer protection that exempts future and unknown claims from a general release.
214. These provisions lead to the overly harsh result of a Government entity with the power to take one’s home through foreclosure, not only insulating itself from any possible violation of law, known or unknown, but requiring Plaintiffs and Class Members to pay for any attempt to enforce the legal rights and remedies that would be available to them in any other form of financing.

215. In light of the “best in class protections” the County vowed to ensure for Plaintiffs and Class Members and participating homeowners, and the fact that this is a government program intended to help needy homeowners, the terms and effect of the Assessment Agreement shock the conscience.

216. The Assessment Agreement terms and their impact are alike for all Plaintiffs and Class Members, all of whom were offered financing on the same terms of no money down and without regard to ability to pay.

217. The unconscionable provisions of the Assessment Agreement are not severable, and the Assessment Agreement is permeated with unconscionability. There is more than one unconscionable term and there is no single provision that may be struck to remove the taint of unconscionability from the contract.

218. Plaintiffs are entitled to a declaration that the Assessment Agreements are unlawful and not enforceable under Civil Code section 1670.5(a). In the alternative, Plaintiffs are entitled to a declaration that the waiver and indemnification provisions in the Assessment Agreements are unlawful and not enforceable under Civil Code section 1670.5(a).

**FIFTH CAUSE OF ACTION**

**Declaratory Relief - Unlawful Contract as Against Public Policy**

[Civil Code Section 1668]

(By All Classes Against Defendant County of Los Angeles)

219. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though they were fully set forth herein.

220. Code of Civil Procedure section 1060 permits any party to seek a declaration or determination of validity of any written instrument.
221. Civil Code section 1668 makes contracts that, directly or indirectly, exempt a contracting party from responsibility for their own willful or negligent violations of law, against policy of the law.

222. The County of Los Angeles, a public entity, elected to create a PACE program to provide financing for home improvements to County homeowners.

223. The County made PACE available to any member of the public who met certain minimal standards such as home ownership, and being current on mortgage and tax payments.

224. As a condition of obtaining PACE financing, the County of Los Angeles required Plaintiffs and all Class Members to sign a standardized Assessment Agreement, which terms were drafted by the County and PACE participants had no opportunity to negotiate; they could only “take it or leave it.”

225. The Assessment Agreement contains an overbroad waiver, riddled with legalese, that insulates the County and its bond purchasers from all consequences of its conduct. This waiver is not limited to ordinary negligence, but purports to exculpate the County from any conduct related to the Assessment Agreements whatsoever.

226. The Assessment Agreement also contains an indemnification provision, riddled with legalese, that further requires the Plaintiffs and Class Members to bear the cost to the County and its bond purchasers of any challenge to their conduct, whether that conduct be fraudulent, willful injury to person or property, or a willful or negligent violation of law. The Plaintiffs and Class Members had no control or negotiating power over who the County’s bond purchasers were, or the terms of those investment agreements.

227. The Assessment Agreements do not require the County to adhere to even a minimal standard of care in contracting with the Plaintiffs and Class Members, and illegally exculpate the County from compliance with current and future statutory and regulatory violations, whether willful or negligent, as well as insulate them from potential liability for gross negligence and willful injury to person or property.

228. As alleged above, and in Count II, the County directly, or by assisting Renovate America and its agents, violated the Elder Abuse Statute, Welfare & Institutions Code sections

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15600, et seq., in its administration of its PACE program.

229. These waiver and indemnification provisions serve only the needs of the County
and their bond purchasers and, to the extent they attempt to shield the County for liability for
willful or negligent violations of law, are invalid on their face.

230. Plaintiffs are entitled to a declaration that the Assessment Agreements are unlawful
and unenforceable under Civil Code section 1668. In the alternative, Plaintiffs are entitled to a
declaration that the waiver and indemnification provisions of the Assessment Agreements are
unlawful and unenforceable under Civil Code section 1668.

SIXTH CAUSE OF ACTION

Violation of California’s Statutory Unfair Competition Law

[Business & Professions Code Sections 17200 et seq.]

(By All Classes Against Defendant Renovate America)

231. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
they were fully set forth herein.

232. Business & Professions Code sections 17200 et seq., also known as California’s
Unfair Competition Law, prohibits any “unlawful, unfair or fraudulent business act or practice.”

233. Renovate America has violated, and continues to violate, section 17203’s
prohibition against engaging in “unlawful” acts or practices by (a) violating Welfare & Institutions
Code section 15657.5, as described above.

234. Renovate America has violated, and continues to violate, section 17203’s
prohibition against “unfair” acts or practices by the following acts:

a. Breaching its duties to Plaintiffs and Class Members under the
   Administration Contract;

b. Failing to screen and monitor its Registered Contractors in accordance with
   its own policies, and as required by the Administration Contract to protect Class Members
   from unscrupulous contractors;

c. Allowing Class Members to be victimized by unscrupulous contractors;
d. Charging an above-market rate of interest on PACE Liens and a rate of
interest in excess of the risk of return of principal;

e. Encouraging predatory lending by determining eligibility for PACE without
consideration of the Class Member’s ability to repay the PACE Lien;

f. Failing to adequately monitor PACE applications for suspect or
questionable data (e.g., fake email addresses, obviously inaccurate financial information,
etc.) so that Plaintiffs and Class Members were not so easily defrauded and taken
advantage of;

g. Failing to adequately vet Renovate Registered Contractors so as to prevent
unscrupulous contractors from getting easy access to Plaintiffs’ and Class Members’
homes and sensitive personally identifying information (such as social security numbers
and financial information);

h. Encouraging predatory lending by informing its Registered Contractors how
much funding Class Members qualified for based on the equity in their home;

i. Failing to provide assistance in multiple languages, other than and in
addition to English, to ensure homeowners understood the terms of their financing;

j. Failing to adequately inform elder homeowners of the potential risks in
taking on a PACE Lien with an existing federally-backed mortgage; and

k. Facilitating and participating in the County’s use of unlawful contracts.

235. As a result of Renovate America’s business acts and practices, Plaintiffs and Class
Members have incurred actual financial losses and injuries including first-priority PACE Liens on
their homes that require payment and may trigger foreclosure by the County or by pre-existing
conventional and reverse mortgage lenders.

236. Plaintiffs and Class Members are entitled to an order enjoining Renovate America
from continuing to collect excessive fees and interest, to enjoy the benefits of having a “super
priority” lien, and to otherwise engage in the acts and practices alleged herein that continue in
spite of the program’s end.

///
237. Plaintiffs and Class Members are also entitled to restitution of all monies paid by
them in connection with the PACE program, including PACE program and loan fees and all
assessments they have paid.

SEVENTH CAUSE OF ACTION

Cancellation of Taxes

[Revenue & Tax Code Section 4986]

(By All Classes Against Defendant County of Los Angeles)

238. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
they were fully set forth herein.

239. Section 4986, subdivision (a) of the Revenue & Tax Code provides that “[a]ll or
any portion of any tax, penalty, or costs, heretofore or hereafter levied, shall, on satisfactory proof,
be cancelled by the auditor if it was levied or charged … illegally.”

240. As more fully described above, and in Count II, the County committed financial
elder abuse within the meaning of Welfare & Institutions Code sections 15657.5 and 15610.30, by
extending financing secured by a first priority lien on the elders’ property without first confirming
that the elders could afford to pay, and operating the County’s PACE program without enforcing
or implementing consumer protections or special protections promised to seniors. The County
County’s levy and charge of taxes and fees against the Elder Plaintiffs and Elder Subclass
Members in the form of special assessments is therefore illegal, and the taxes (with any associated
penalties or costs), must be cancelled.

241. As more fully described above, and in Count IV, the County’s Assessment
Agreements are unlawful and unenforceable contracts within the meaning of Civil Code section
1670.5 et seq. The County’s levy and charge of taxes and fees against all Plaintiffs and Class
Members in the form of special assessments is therefore illegal, and the taxes (with any associated
penalties or costs), must be cancelled.

242. As more fully described above, and in Count V, the County’s Assessment
Agreements are unlawful and unenforceable contracts within the meaning of Civil Code section
1668. The County’s levy and charge of taxes and fees against all Plaintiffs and Class Members in
the form of special assessments is therefore illegal, and the taxes (with any associated penalties or
costs), must be cancelled.

243. Section 4990.3 of the Revenue & Tax Code provides that “[a]n action may be
brought at any time against … any county … to quiet title against the lien of any taxes which have
been canceled in accordance with this division.” Accordingly, Plaintiffs and Class Members seek
an order cancelling the illegally levied special assessments and quieting title in favor of
themselves and every Elder Subclass Member, with regard to the Renovate America-related PACE
Liens clouding title to their properties.

244. Pursuant to Government Code section 905(a), Claims under the Revenue and
Taxation Code are exempt from the requirements of the Government Claims Act. Cancellation is
a claim under Part 9, Chapter 4 of the Revenue and Taxation Code, and there are no prohibitions
on bringing class claims thereunder. Alternatively, the Government Code was satisfied when
Plaintiff Senac presented a claim to the County on behalf of herself and all others similarly
situated on September 13, 2018, amended October 22, 2018. The claim was rejected by the
County on December 7, 2018. Further in the alternative, any prerequisites for filing a class claim
were satisfied when Plaintiffs’ assessment appeals were denied (in whole or in part) after an
administrative review by the County. See Exhibit Z.

EIGHTH CAUSE OF ACTION

Declaratory Relief

(By All Class Members Against All Defendants)

245. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though
they were fully set forth herein.

246. A controversy exists between Defendants, on the one hand, and Plaintiffs and Class
Members, on the other hand, with regard to their legal rights and remedies towards one another in
connection with the PACE program and PACE Liens related to the activities of Renovate America
as alleged herein. Plaintiffs and Class Members desire a judicial declaration of their rights:

a. The Assessment Agreement Plaintiffs and Class Members were forced to
sign is unlawful and unenforceable;

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b. The PACE Liens on the real property owned by Plaintiffs and Class Members should be extinguished and removed from title;

c. Elder Plaintiffs and Subclass Members are entitled to cancellation of their Assessment Agreements pursuant to the Welfare & Institutions Code;

d. Plaintiffs and Class Members’ PACE assessments were illegally levied or charged and Plaintiffs and Class Members are entitled to cancellation of taxes; and

e. Plaintiffs and Class Members are entitled to recover from Renovate America any or all payments they made in connection with the PACE program and PACE Liens, including payments made by way of refinance or sale.

247. On information and belief, Defendants dispute that Plaintiffs and Class Members are entitled to such a judicial declaration.

248. A judicial determination is necessary and appropriate so that Plaintiffs and Class Members may ascertain their rights and interests in their respective properties.

**NINTH CAUSE OF ACTION**

Refund of Taxes – R&T Code § 5140

(By Plaintiff Allen Bowen Individually Against the County)

249. Plaintiff Allen Bowen on his own behalf repeats and realleges the allegations of paragraphs 1 through 163 as though they were fully set forth herein.

250. On July 5, 2019, pursuant to Revenue and Taxation (“R&T”) Code section 1603, Mr. Bowen filed verified written claims with the Assessment Appeals Board for cancellation of his PACE assessments pursuant to R&T Code § 4986 and a refund of monies paid in connection with the PACE assessments pursuant to R&T Code § 5097.


252. Although Bowen filed his claim on July 5, 2019, he continued to make payments on his challenged PACE tax obligations during the pendency of the County’s review. The County did not impound the amount of tax computed on the portion of the assessment in dispute, but continued to collect assessment tax payments from Mr. Bowen, including over $5,000 tendered in
April 2020, after the County had issued its order of cancellation.

253. The grounds for Mr. Bowen’s refund claim filed with the Assessment Appeals Board each incorporated by reference the First Amended Complaint in the instant action, including allegations that the PACE assessments were illegally assessed or levied, and erroneously or illegally collected.

254. In March 2020, the County granted Mr. Bowen’s request for cancellation pursuant to section 4986. His request for refund was refused.

255. Mr. Bowen is entitled to recover all of the taxes that were erroneously or illegally collected or illegally assessed or levied pursuant to R&T Code § 5097.

256. Mr. Bowen is also entitled to recover, pursuant to R&T Code 5097.2(c), the amount of taxes he paid in excess of the amount due on the property after the County cancelled his PACE assessment.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs and Class Members respectfully request the following and pray for judgment as follows:

As to the First Cause of Action for Financial Elder Abuse Against Renovate America:

1. For damages and all other relief authorized by Welfare & Institutions Code section 15657.5, including but not limited to punitive and exemplary damages, in an amount according to proof at time of trial;

2. For treble damages pursuant to Civil Code section 3345;

3. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions Code section 15657.5(a);

As to the Second Cause of Action for Financial Elder Abuse Against the County:

4. For equitable cancellation of the special assessments levied under the PACE program at issue herein and any obligations associated with those agreements;

5. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions Code section 15657.5(a);
6. For all other equitable remedies otherwise provided by law;

**As to the Third Cause of Action for Breach of Contract Against Renovate America:**

7. For damages in the amount suffered as a result of Renovate America’s breach of the Administration Contract;

8. For specific performance of Renovate America’s duties under the Administration Contract;

**As to the Fourth Cause of Action for a Declaration that the Assessment Agreements are Unlawful Contracts Under Civil Code § 1670.5:**

9. That this Court declare and enter an order and judgment that the Assessment Agreement is unconscionable as a matter of law;

10. That this Court declare and enter an order refusing to enforce the Assessment Agreement and voiding any obligations of the Plaintiffs and Class Members thereunder, including payment of any future tax obligations associated with the PACE assessment;

11. Any other remedy provided under Civil Code section 1670.5;

**As to the Fifth Cause of Action for a Declaration that the Assessment Agreements are Unlawful Contracts Under Civil Code § 1668:**

12. That this Court declare and enter an order and judgment that the Assessment Agreement is against policy of law;

13. That this Court declare and enter an order refusing to enforce the Assessment Agreement and voiding any obligations of the Plaintiffs and Class Members thereunder, including payment of any future tax obligations associated with the PACE assessment;

14. Any other remedy provided under Civil Code section 1668;

**As to the Sixth Cause of Action for Violation of the UCL Against Renovate America:**

15. For restitution of all amounts paid in connection with the Los Angeles County PACE program related to the activities of Renovate America as alleged herein;
16. For all other relief authorized under the Unfair Competition Law, Business & Professions Code section 17200, et seq.;

As to the Seventh Cause of Action of Cancellation of Taxes Against the County:

17. For cancellation of all or any portion of any tax, penalty, or costs, illegally levied or charged on the Plaintiffs and Class Members and quiet title against the lien of any canceled taxes;

As to the Eighth Cause of Action of Declaratory Relief Against All Defendants:

18. A judicial determination of Plaintiffs and Class Members’ rights and interests in their respective properties and with respect to their Assessment Agreements with the County;

As to the Ninth Cause of Action of Refund on Behalf of Allen Bowen in His Individual Capacity Against the County:

19. A judgment for Refund for Mr. Bowen in the amount paid on his PACE assessments, up through and including the 2019-2020 tax year (estimated at $30,995.22).

As to all Defendants and all Causes of Action:

20. For an order that this lawsuit properly may be maintained as a class action and certifying the Class and Subclass claims herein;

21. For appropriate injunctive relief;

22. An award of reasonable attorneys’ fees and costs pursuant to Code of Civil Procedure section 1021.5; and

23. Such other relief at law or equity as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury on all issues so triable.
Dated: August 7, 2020

HOGAN LOVELLS US LLP
Michael M. Maddigan
Gabriel R. Ulman
Elizabeth E. Goncharov

PUBLIC COUNSEL
Cindy Pánuco
Stephanie Carroll
Nisha Kashyap

BET TZEDEK LEGAL SERVICES
Jenna L. Miara
Jennifer H. Sperling
Sparky Abraham

By: [Signature]
Gabriel R. Ulman
Attorneys for Plaintiffs
PACE programs, authorized by local governments under state legislation, offer loans for residential and commercial renewable energy and efficiency improvements. Energy efficiency is a pivotal tool for reducing energy costs and enhancing home energy security in low-income households. While well-designed PACE programs may save energy and/or money for higher-income households, they are inappropriate for homeowners eligible for free or lower cost efficiency programs. Further, PACE has few consumer protections. Expensive loans that are often pushed by aggressive contractors for projects with questionable savings pose serious risks of predatory lending. Reports are already surfacing of problems that mimic the home equity scams and subprime abuses of the 1990s and 2000s.

PACE loans are offered through private contractors but are secured by a property tax lien and are collected through the tax bill. Many localities fund the program by issuing bonds linked to homeowner tax payments. These bonds are then sold to a private company that securitizes them and sells them on Wall Street. The local government often receives a fee for participating.

Tax payments are due once or twice per year unless taxes are escrowed with the homeowner’s regular mortgage payment. There are several PACE models, but typically PACE loans are first-priority liens that jump ahead of existing mortgages. Features of California’s PACE program (known as HERO—Home Energy Renovation Opportunity) include:

- Private contractors solicit and enroll homeowners, often through door-to-door solicitations.
- Generally 8% to 9% interest plus a fee. Can add thousands of dollars per year to the property tax bill for 5, 10, or even 20 years.
- Applications can be approved from the doorstep through a phone call and contracts may be e-signed (electronically) on the spot.
- An energy/water audit is recommended but is not required before the homeowner selects from a lengthy list of eligible energy efficiency, water efficiency, or renewable products.
- The contractor performs the installation and is paid by the local government.
Consumer Concerns

- Underwriting does not check whether borrowers can afford the loan; there is no guarantee that energy savings will pay for the improvements.
- No clear remedies for injured homeowners.
- Offered to low-income homeowners who are eligible for free energy efficiency improvements through the federal Weatherization Assistance Program or other lower cost options, but no requirement to tell homeowners about these free or low-cost options.
- Nonpayment risks tax foreclosure and default on the homeowner’s traditional mortgage.
- Taking on a PACE lien may violate existing mortgages (even if payments are made); and may cause problems when selling or refinancing the house.
- PACE liens may not be covered by the Truth In Lending Act (TILA) or Real Estate Settlement Procedures Act (RESPA), which provide:
  - Ability-to-repay requirements.
  - 3-day advance review of documents with the right to cancel.
  - Ban on kickbacks; rules for broker compensation to avoid conflicts of interest.
  - Extra protections for high-cost loans;
  - Enforceable remedies for violations and a ban on forced arbitration clauses (which significantly reduce a consumer’s legal options and rights).

- Marketed through door-to-door sales and telemarketers, posing a high risk of deceptive sales tactics and other home-improvement contractor abuses.
- No protections against upselling other products; less assurance of energy savings than through the federal Weatherization Assistance Program.
- Fannie Mae and Freddie Mac will not purchase loans on properties with PACE liens so it can be hard to refinance or sell those properties.

Recommendations

- Require assessment of ability to repay.
- Screen low-income households for eligibility for the free low-income Weatherization Assistance Program and other no- or low-cost programs.
- Mandate compliance with TILA and RESPA.
- Require compliance with the FTC’s Holder Rule, so consumers have remedies against the holder of their loan, and so consumers aren’t required to pay for defective repairs or equipment or scams.
• Before work starts, require independent verification that the consumer signed the contract and understands the costs and risks. Before the contractor is paid, independently verify that the work was properly completed. Require robust financial counseling for vulnerable homeowners.

• Require an independent energy audit to identify cost-effective improvements and to reduce the risk of unnecessary work. An exception may be made for emergency repairs if the measures are limited to addressing the emergency.

• Adopt rules that discourage upselling and products not recommended by the energy audit.

• Establish a homeowner protection fund for those injured by judgment-proof contractors.

• Ban deceptive tactics (i.e., claims that “it’ll pay for itself” unless that is guaranteed). Unfair practices by an auditor or contractor should be automatic violations of state laws prohibiting unfair and deceptive acts and practices.

For More Information


Contact: NCLC staff attorneys Charlie Harak (charak@nclc.org) and Lauren Saunders (lsaunders@nclc.org).
List of Eligible Energy Efficiency Measures (EEEMs)

How to use this list:

1. Locate your Eligible Energy Efficiency Measure in the table.

2. Confirm the measure is eligible for your customer based on their Investor-Owned Utility's (IOU) fuel service* and any measure requirements.

3. Enter the EEEMs ID (Public Identifier) and Measure Name for your selected project measure into the Itemized Invoice.

*Be sure to confirm your fuel source eligibility

Some measures are gas or electric fuel source specific. For example, a customer who receives electric service from a municipality (e.g. LADWP) and gas service from an Investor-Owned Utility (e.g. PG&E) would not be eligible for the Air Cleaner/Purifier measure as this measure is only available to IOU customers receiving electric service.
Eligible Energy Efficiency Measures (EEEMs) For REEL

Be sure to check the Requirements to confirm your project meets eligibility specifications.

**Appliances**

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Cleaner/Purifier</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-ACLN</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothes Dryer (Electric)</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-DRYE</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothes Dryer (Gas)</td>
<td>Gas</td>
<td>Yes</td>
<td>AP-DRYG</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothes Washer</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>AP-WASH</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convection Electric Oven</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-CNVE</td>
</tr>
<tr>
<td>Convection Gas Oven</td>
<td>Gas</td>
<td>Yes</td>
<td>AP-CVGR</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>AP-DISH</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freezer</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-FREZ</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Induction Range or Cooktop</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-INDU</td>
</tr>
<tr>
<td>Range Hood</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-RHDA</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerator</td>
<td>Electric</td>
<td>Yes</td>
<td>AP-FRIG</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Eligible Energy Efficiency Measures (EEEMs) For REEL

Be sure to check the Requirements to confirm your project meets eligibility specifications.

#### Building Envelope

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Sealing – Whole Building</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-AIRS</td>
</tr>
<tr>
<td><strong>Attic Insulation</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-INSA</td>
</tr>
<tr>
<td><em>Requirements: Must meet the standards specific to the climate zone</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cool Roof (CRRC certified)</strong></td>
<td>Electric</td>
<td>No</td>
<td>BE-ROOF</td>
</tr>
<tr>
<td><em>Requirements: Product must be certified by Cool Roof Rating Council (CRRC), as required by Title 24.</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Floor Insulation</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-INSF</td>
</tr>
<tr>
<td><em>Requirements: Must meet the standards specific to the climate zone</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Insulated Siding</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-INSS</td>
</tr>
<tr>
<td><em>Requirements: Siding panels with rigid foam insulation backing</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Radiant Barrier</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-RADB</td>
</tr>
<tr>
<td><em>Requirements: Installed in the attic following manufacturer installation requirements</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wall Insulation</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-INSW</td>
</tr>
<tr>
<td><em>Requirements: Must meet the standards specific to the climate zone</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Window Film</strong></td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>BE-WFLM</td>
</tr>
<tr>
<td><em>Requirements: Installed in conditioned space</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Windows/Glass Doors</strong></td>
<td>Electric or Gas</td>
<td>No</td>
<td>BE-WIND</td>
</tr>
<tr>
<td><em>Requirements: Installed in conditioned space</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Demand Response

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Thermal Energy Storage (TES) System</strong></td>
<td>Electric</td>
<td>No</td>
<td>DR-TESS</td>
</tr>
<tr>
<td><em>Requirements: Must be used to shift energy usage to an off-peak time period on a recurring basis, referred to as permanent load shifting (PLS).</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Eligible Energy Efficiency Measures (EEEMs) For REEL

Be sure to check the Requirements to confirm your project meets eligibility specifications.

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Instl</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Filter Alarm or Sensor</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-FALR</td>
</tr>
<tr>
<td>Air Filter Upgrade – MERV</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-MERV</td>
</tr>
<tr>
<td>Requirements: MERV 13 installed with an ECM fan motor and an air filter alarm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Air Conditioning Unit</td>
<td>Electric</td>
<td>No</td>
<td>HV-CACS</td>
</tr>
<tr>
<td>Central Heating and Air Conditioning System</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-CHAC</td>
</tr>
<tr>
<td>Diagnostic or Fault Detection Alert Systems</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-ALRT</td>
</tr>
<tr>
<td>Duct Insulation</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>HV-DUCI</td>
</tr>
<tr>
<td>Requirements: Must meet the standards specific to the climate zone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duct Sealing</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-DUCX</td>
</tr>
<tr>
<td>Duct Sizing or Optimization</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-DUCT</td>
</tr>
<tr>
<td>ECM Furnace Fan Motor</td>
<td>Electric</td>
<td>No</td>
<td>HV-FECTM</td>
</tr>
<tr>
<td>Evaporative Cooling</td>
<td>Electric</td>
<td>No</td>
<td>HV-EVAP</td>
</tr>
<tr>
<td>Requirements: Ducted, ducted with dampers, or window coolers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fan or Motor Control</td>
<td>Electric</td>
<td>No</td>
<td>HV-CTRL</td>
</tr>
<tr>
<td>Requirements: Controls for an HVAC fan or other motor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furnace – Residential Central Heating</td>
<td>Gas</td>
<td>No</td>
<td>HV-FURR</td>
</tr>
<tr>
<td>Heat Pump</td>
<td>Electric</td>
<td>No</td>
<td>HV-HPMP</td>
</tr>
<tr>
<td>Split or packaged system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HVAC Tune-up and Optimization</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-TUNE</td>
</tr>
<tr>
<td>Hydronic Radiant Heating</td>
<td>Electric or Gas</td>
<td>No</td>
<td>HV-HYRA</td>
</tr>
<tr>
<td>Mini Split</td>
<td>Electric</td>
<td>No</td>
<td>HV-MSHP</td>
</tr>
<tr>
<td>Requirements: 18 SEER or greater</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mini Split Air Conditioning System</td>
<td>Electric</td>
<td>No</td>
<td>HV-MSPL</td>
</tr>
<tr>
<td>Requirements: 18 SEER or greater</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart Thermostat</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>HV-SMRT</td>
</tr>
<tr>
<td>Requirements: Must be programmable through a user interface and capable of two-way communication of data to a location outside the home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ventilation Fan</td>
<td>Electric</td>
<td>No</td>
<td>HV-VFEN</td>
</tr>
<tr>
<td>Requirements: Bathroom or in-line, ENERGY STAR® certified</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Eligible Energy Efficiency Measures (EEEMs) For REEL
Be sure to check the Requirements to confirm your project meets eligibility specifications.

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wall Furnace – Residential In-Unit</td>
<td>Gas</td>
<td>No</td>
<td>HV-FANT</td>
</tr>
<tr>
<td>Whole House Fan</td>
<td>Electric</td>
<td>No</td>
<td>HV-HFAN</td>
</tr>
</tbody>
</table>

**Lighting**

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>LED Lighting</td>
<td>Electric</td>
<td>Yes</td>
<td>LI-LEDL</td>
</tr>
<tr>
<td>Requirements: LED fixtures and light bulbs. Must be ENERGY STAR® certified. Recessed light fixtures in insulated ceilings must be rated ICAT (insulation contact air tight).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LED Tape Lighting</td>
<td>Electric</td>
<td>Yes</td>
<td>LI-TAPE</td>
</tr>
</tbody>
</table>

**Pool Products**

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool Cover (Electric Heater)</td>
<td>Electric</td>
<td>Yes</td>
<td>PP-COVE</td>
</tr>
<tr>
<td>Pool Cover (Gas Heater)</td>
<td>Gas</td>
<td>Yes</td>
<td>PP-COVG</td>
</tr>
<tr>
<td>Pool Pump Motor</td>
<td>Electric</td>
<td>Yes</td>
<td>PP-MOTR</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Eligible Energy Efficiency Measures (EEEMs) For REEL

Be sure to check the Requirements to confirm your project meets eligibility specifications.

### Water Heating

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faucet Aerator</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>WH-FAER</td>
</tr>
<tr>
<td>Heat Pump Water Heater</td>
<td>Electric</td>
<td>No</td>
<td>WH-HP55</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shower Head – Low Flow</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>WH-SHLF</td>
</tr>
<tr>
<td>Shower Thermostatic Value</td>
<td>Electric or Gas</td>
<td>No</td>
<td>WH-SHTV</td>
</tr>
<tr>
<td>Tank Insulation</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>WH-TINS</td>
</tr>
<tr>
<td>Requirements: For domestic hot water heater</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tank Storage Water Heater (Gas)</td>
<td>Gas</td>
<td>No</td>
<td>WH-WHEG</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tankless On-Demand Water Heater (Electric)</td>
<td>Electric</td>
<td>No</td>
<td>WH-ETNK</td>
</tr>
<tr>
<td>Tankless On-Demand Water Heater (Gas)</td>
<td>Gas</td>
<td>No</td>
<td>WH-GTNK</td>
</tr>
<tr>
<td>Requirements: ENERGY STAR®</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Pipe Insulation</td>
<td>Electric or Gas</td>
<td>Yes</td>
<td>WH-PIPE</td>
</tr>
<tr>
<td>Requirements: For domestic hot water pipes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th>Measure Name</th>
<th>Eligible if IOU Provides</th>
<th>Eligible for Self-Install</th>
<th>Public Identifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Measures Qualifying Through IOU/RENC Program(s)</td>
<td>Electric or Gas</td>
<td>No</td>
<td>OT-REBA</td>
</tr>
<tr>
<td>Requirements: Measure not elsewhere on this list that qualifies for an IOU/RENC energy efficiency or demand response program</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Other Measures Qualifying Through IOU/RENC Program(s) – Self-Install | Electric or Gas | Yes | OT-REBB |
| Requirements: Measure not elsewhere on this list that qualifies for an IOU/RENC energy efficiency or demand response program and for which the IOU/RENC program allows self-install | | | |
BURBANK WATER AND POWER BOARD
MINUTES OF MEETING
AUGUST 5, 2021

Ms. LaCamera called the regular meeting of the Burbank Water and Power Board to order at 5:03 p.m. by video conference/teleconference. This online meeting was held pursuant to Executive Order N-29-20 issued by California Governor Gavin Newsom which suspends certain requirements of the Ralph M. Brown Act.

Ms. LaCamera called for the Pledge of Allegiance to the Flag.

ROLL CALL

Board Present:  Ms. LaCamera, Mr. Brody, Mr. Bardin, Mr. Eskandar, Mr. Ford, Mr. Herman
Mr. Smith

Board Absent:  None.

Staff Present:  Ms. Lindell, General Manager, BWP; Mr. Chwang, Senior Assistant City Attorney; Mr. Liu, Chief Financial Officer; Mr. Compton, Assistant General Manager, Chief Technology Officer; Mr. Tunnicliff, Assistant General Manager, Customer Service and Marketing; Mr. Wilson, Assistant General Manager, Water; Mr. Sleiman, Assistant General Manager, Electrical; Ms. Samra, acting Assistant General Manager, Power; Mr. Aquino, Administrative Officer; Ms. Edwards, Manager of Planning and Performance; Ms. Kaczmarek, Manager Customer Service Operations; Ms. Carreon, Customer Service Supervisor; Ms. Waloejo, Financial Planning and Risk Manager; Mr. Mellon, acting Power Resources Manager; Ms. Kramer, Executive Assistant; Mr. Casillas, acting Recording Secretary

INTRODUCTION OF ADDITIONAL AGENDA ITEMS

None requested.

ORAL COMMUNICATIONS

Ms. Kirschenbaum addressed the Board. She recently attended the Energy Committee for the Los Angeles City Council. The Energy Committee is in support of LADWP’s plan of 100% clean energy by 2035. Ms. Kirschenbaum states that the City’s current plan will not allow for the City to achieve its goal of renewable clean energy. She would like to see if the City would align more towards LADWP’s goal and plan for local resilience and create more jobs in hopes of achieving the City’s goal of renewable clean energy.
BOARD AND STAFF RESPONSE TO ORAL COMMUNICATIONS

Mr. Eskandar thanked Ms. Kirschenbaum for her appointment to the City’s Sustainable Burbank Commission.

Mr. Smith responded asking to see when the next IRP review schedule would be to check on the current plan in place. At which, a decision can be made if any adjustments would be needed.

Ms. Samra responded that the next IRP review would be in 2024, with the due date being January 1, 2024. There is a plan to start reevaluating the studies and the different scenarios in the upcoming IRP starting next year.

Ms. Lindell thanked both Mr. Smith and Ms. Samra for their comments. Ms. Lindell noted that the City is moving forward with solar and local storage, on-site project plans for the Magnolia Power Plant campus – citing additional solar and storage. Additionally, the City is working on multiple storage projects throughout Burbank in conjunction with local businesses and has a partnership with LADWP with the Green Hydrogen Plants.

SELECTION OF BWP BOARD CHAIR AND VICE CHAIR

Ms. LaCamera called for nominations for Board Chair and Vice Chair. Ms. LaCamera nominated Mr. Brody as Board Chair and Mr. Bardin seconded the motion. Mr. Smith also nominated Mr. Eskandar as Board Chair. This motion did not move forward due to lack of a second. Mr. Smith discussed his reasons for nominating Mr. Eskandar, citing a need for leadership from a veteran board member. It was moved by Ms. LaCamera, seconded by Mr. Bardin, and carried 6-1, noting one no vote from Mr. Smith, to select Mr. Brody as Board Chair for fiscal year 2021/22.

Mr. Brody called for nominations for Vice Chair. It was moved by Mr. Brody, seconded by Mr. Eskandar, and carried 7-0 to select Mr. Ford as Vice Chair for fiscal year 2021/22.

Mr. Brody concluded the discussion by thanking Ms. LaCamera for her service as Board Chair.

GENERAL MANAGER REPORT

Ms. Lindell gave an update to the Board on COVID-19 noting that BWP has had a total of 38 positive cases. Ms. Lindell informed the Board that we will continue to follow the LA County/City protocols for COVID-19 and we will resume in-person board meetings once the City Council resumes in-person meetings.

Ms. Lindell reminded the Board of the virtual strategic planning meeting scheduled for Thursday, August 19, 2021. Ms. Lindell and Ms. Edwards presented BWP’s strategic business elements in preparation for the upcoming strategic planning meeting.

CONSENT CALENDAR

MINUTES

It was moved by Mr. Ford, seconded by Mr. Eskandar, and carried 6-1, noting one abstention from Mr. Herman, to approve the meeting minutes of the regular meeting of June 03, 2021.
BWP Board Meeting Minutes
August 5, 2021

REPORTS TO THE BOARD

BWP OPERATIONS AND FINANCIAL REPORTS

Mr. Liu presented BWP’s financial update for the month of May 2021.

Mr. Liu and Mr. Sleiman responded to board member questions.

This was an information item only. No action was taken.

COVID-19 IMPACT UPDATE

Ms. Carreon presented an update on the number of customers in arrears and the status of associated debt. Ms. Carreon also reported out on the breakdown of applications for the COVID-19 Job Loss Bill Credit Program and the Rental and Utilities Assistance Program. Staff continues to work with customers impacted by COVID-19 through payment plan arrangements. Ms. Kaczmarek also presented on the California Arrearage Payment Program (CAPP).

Ms. Carreon, Mr. Tunnicliff, and Ms. Kaczmarek responded to board member questions.

This was an information item only. No action was taken.

2021 WATER REVENUE BOND ISSUANCE

Mr. Wilson and Mr. Liu presented the 2021 water bond financing. Mr. Wilson reported on the purpose of bond issuance, challenges faced, and proposed projects for bond funding. Mr. Liu reported on the reasons for financing bonds.

Mr. Wilson and Mr. Liu responded to board member questions.

It was moved by Mr. Herman, seconded by Mr. Eskandar, and carried 7-0 that the BWP Board recommend that the City Council authorize the City of Burbank to issue a water revenue bond of up to $31 million for various generational capital investments for the water system and refinancing of the State Water Resource Control Board (SWRCB) loans for interest savings.

APPROVAL OF THE NAMING OF THE RON E. DAVIS ADMINISTRATION BUILDING AND ECOCAMPUS

Ms. Kramer presented a recommendation to approve the naming of the Ron E. Davis Administration Building and EcoCampus at Burbank Water and Power for former City Manager Ron E. Davis.

Ms. Kramer responded to board member questions.

It was moved by Mr. Eskandar, seconded by Mr. Herman, and carried 7-0 that the BWP Board recommend that the City Council approve the naming of the Ron E. Davis Administration Building and EcoCampus located at 164 West Magnolia Boulevard, Burbank, CA 91502.
BWP Board Meeting Minutes
August 5, 2021

APPROVAL OF A FIFTH AMENDMENT TO THE LOS ANGELES-BURBANK HOOVER TRANSMISSION SERVICE AGREEMENT AND A SECOND AMENDMENT TO THE LOS ANGELES-BURBANK INTERMOUNTAIN POWER PROJECT TRANSMISSION SERVICE AGREEMENT WITH THE LOS ANGELES DEPARTMENT OF WATER AND POWER

Mr. Mellon presented two amendments to the Transmission Service Agreements that will enable energy to be continued to be delivered to Burbank.

Mr. Mellon, Mr. Chwang, Ms. Lindell, and Ms. Samra responded to board member questions.

It was moved by Mr. Bardin, seconded by Ms. LaCamera, and carried 7-0 that the BWP Board recommend that the City Council approve and authorize the General Manager of BWP, as designee of the City Manager, to:

1. Execute the Fifth Amendment to the Los Angeles-Burbank Hoover Transmission Service Agreement, DWP Agreement No. 10928

2. Execute the Second Amendment to the Los Angeles-Burbank IPP Transmission Service Agreement, DWP Agreement No. 10006.

INFORMATION FROM STAFF

UPDATE ON CITY COUNCIL AGENDA ITEMS

Ms. Kramer provided an update on recent items that BWP has taken to the City Council, the voting outcomes of those items, and future items that BWP has scheduled on the City Council agenda forecast.

LEGISLATIVE UPDATE

Mr. Aquino provided a federal and state legislative update. Mr. Aquino reported out on the legislative calendar and highlighted legislation that BWP is monitoring.

Mr. Aquino responded to board member questions.

WATER DIVISION UPDATE

Mr. Wilson provided an update on current drought conditions and MWD’s implementation of using their in-system storage. Mr. Wilson reported on current actions being done by the state. MWD is urging everyone to do more to increase conservation and released a statement following the state’s response to the ongoing drought. Mr. Wilson reported on BWP’s proposed response to the Governor’s call for conservation. Mr. Wilson also reported on the current chlorine shortage and BWP’s response to the shortage.

Mr. Wilson, Ms. Lindell, Mr. Oyoung, and Mr. Tunnicliff responded to board member questions.
POWER SUPPLY UPDATE

Ms. Samra updated the Board on the CA Energy Commission Renewable Portfolio Standard (RPS) regulations that went into effect on July 12, 2021. Ms. Samra reported out that the BWP RPS mandates were at 33% in 2020, which BWP did meet. Ms. Samra reported on future updates to the BWP Board regarding RPS procurement plans and the IRP process and timeline.

ELECTRIC SERVICES UPDATE

Mr. Sleiman updated the Board on the next five-year developments for the division’s volt systems throughout the City.

Mr. Sleiman responded to board member questions.

COMMENTS AND REQUESTS FROM BOARD MEMBERS

Mr. Brody thanked the Board for allowing him to become the Board Chair. Mr. Brody also thanked Ms. LaCamera for her service during her term as Board Chair.

Ms. LaCamera commented on her term as Board Chair and expressed her experience with virtual Board meetings. Ms. LaCamera also commented on the budget process for the adoption of fiscal year 2021/22 budget and thanked the City Council for approving the BWP budget for fiscal year 2021/22.

Mr. Ford thanked the Board for allowing him to become the Board Vice Chair.

Mr. Bardin commented on how helpful the presentations were and expressed his support for naming the Administration Building and EcoCampus after former City Manager, Ron E. Davis. Mr. Bardin also acknowledged the Charge Forward event and expressed his immense sense of pride for Burbank. Mr. Bardin gave a shoutout to BWP Employee, Drew Kidd, for seeing his name on the list for the California Clean Fuel Award.

Mr. Eskandar congratulated Ms. LaCamera for her term as Board Chair.

Mr. Smith commented on the Board’s objectives. Mr. Smith would like to see certain metrics that would assist on the Board’s progress, safety metrics, and make cyber security a regular topic. Mr. Smith would like to see if other board members would consider such suggestions. Mr. Smith noted examples of suggestions such as ethics procedures and standards of conduct for interactions between BWP staff and the BWP Board. Mr. Smith recommended that the Board act to support legislation that allows for greater rights for utility customers. Mr. Smith also encouraged board member support for the idea of establishing audit committees.

Mr. Herman gave shoutouts to Mr. Oyoung and Ms. Soloyan for their presentation at a recent Rotary meeting regarding public assistance and rebates. Mr. Herman welcomed back Mr. Sleiman for his return as the Assistant General Manager of Electric Services.
ADJOURNMENT

The meeting was adjourned at 8:40 p.m. The next scheduled board meeting is a special meeting scheduled for August 19, 2021 and will be held by video conference/teleconference.

__________________________________________  ________________________________
Armando Casillas                                Dawn Roth Lindell
Acting Recording Secretary                      Secretary to the Board

__________________________________________
Robbie Brody, BWP Board Chair
CITY OF BURBANK
BURBANK WATER AND POWER
STAFF REPORT

DATE: September 2, 2021
TO: BWP Board
FROM: Dawn Roth Lindell, General Manager, BWP
SUBJECT: July 2021 Operating Results

*Please note that changes from last month's report are in BOLD*

SAFETY

For this reporting period BWP experienced one OSHA recordable injury. BWP's 12 month rolling average rate is 2.9.

TOTAL RECORDABLE INJURY RATE (TRIR)

OSHA Recordable Injury Rate = No. of recordable cases per 100 full time employees. Current year expressed as 12 month rolling average
PASMA - Public Agency Safety Management Association (Utilities only Data)
POU - Publicly Owned Utilities - Bureau of Labor Statistics
APPA - American Public Power Authority - Average recordable injury rate for similar sized organization. Category F = 250K - 1MM manhours/year
Non-POU - Bureau of Labor Statistics, all non-governmental utility services
Water Estimated Financial Results

For the month of June, net income (NI) was $494,000, which was $102,000 less than budgeted. The unfavorable result was primarily attributed to lower potable water sales than planned.

For fiscal-year-to-date (FYTD) June, NI was $2,665,000, which was $2,751,000 higher than budgeted. The favorable result was primarily attributed to lower operating expenses and higher potable water sales as a result of COVID-19.

For additional details, please see the section “COVID-19 “Safer at Home” Order Impacts” and the attached financial statements.

Electric Estimated Financial Results

For the month of June, NI was $1,276,000, which was $2,200,000 higher than budgeted. The favorable result was primarily attributed to the wholesale asset utilization program and lower retail power supply and transmission expenses, offset slightly by lower retail sales as a result of COVID-19.

For FYTD June, NI was $6,358,000, which was $10,724,000 higher than budgeted. The favorable result was primarily attributed to lower operating expenses, lower retail power supply and transmission expenses, and the wholesale asset utilization program, offset partially by lower retail sales as a result of COVID-19.

For additional details, please see the section “COVID-19 “Safer at Home” Order Impacts” and the attached financial statements.

COVID-19 “Safer at Home” Order Impacts

Financial Impacts

June’s results reflect the fifteenth month of the impacts resulting from the COVID-19 pandemic beginning on March 19, 2020. With many Burbank commercial enterprises being closed or curtailing operations, this order has significantly impacted commercial demand for water and energy in Burbank.

The current year’s adopted budget, based on the estimated impacts of the pandemic order at the time, reflects a 5% lower energy demand and a 3% lower potable water usage as compared to last year’s budget. Recent data has shown that the impact of COVID-19 has resulted in a significant reduction in electric demand and only a slight reduction in water demand. Along with the decrease in demand, there is a large increase in customer receivables and uncollectibles.
For the electric fund, June energy demand was 2% below budget. COVID-19 has had a negative impact on energy sales, especially when commercial customers account for approximately 75% of electric sales. FYTD energy usage was 7% below budget and retail revenues were $11,987,000 below budget. The loss in retail revenue was more than offset by retail load management, economic dispatch and the wholesale asset utilization program, resulting in a higher gross margin of $1,707,000.

For the water fund, the decrease in demand from commercial customers related to COVID-19 was fully offset by an increase in demand from residential customers primarily driven by warmer summer temperatures and a drier winter. For the fiscal year, potable water demand is 5% higher than budget. There is a decrease in demand from commercial customers related to COVID-19, but it has been offset by an increase in demand from residential customers.

Accounts Receivables

The chart below shows the drastic increase for receivables that are over 31 days old for BWP’s electric and water funds.

*Excludes in-lieu and utility users tax. The COVID-19 Job Loss Bill Credit Program commenced on December 1, 2020. BWP also began engaging in customer outreach to key commercial accounts on December 17, 2020.
WATER DIVISION

State Water Project Update

On July 8, 2021 Governor Newsom signed executive order N-10-21, “To preserve the state’s surface and groundwater supplies and better prepare for the potential for continued dry conditions next year, and to join existing efforts by agricultural water users, public water systems, and governmental agencies to respond to water shortages, I call on all Californians to voluntarily reduce their water use by 15 percent from their 2020 levels.” The State Water Resources Control Board (Water Board) shall track and report monthly on the State’s progress toward achieving a 15 percent reduction in statewide urban water use as compared to 2020 use.

The DWR State Water Project’s (SWP) current allocation is 5% of requested supplies for the 2021 water year. Allocations are based on conservative assumptions regarding hydrology and factors such as reservoir storage. Allocations are reviewed monthly and may change based on snowpack and runoff information.

Lake Oroville, the SWP’s largest reservoir, is currently at 24% of capacity and 34% of average for this time of year. Shasta Lake, the Central Valley Project’s (CVP) largest reservoir, is at 30% of capacity and 44% of average. In southern California, SWP’s Castaic Lake is at 36% of capacity and 43% of average.

Burbank’s Water Use

The table below shows water use in Burbank during July 2020 compared to July 2021 measured in gallons per capita per day (gpcd). Also shown is a comparison of Burbank’s water use based on a 12 month rolling average.

<table>
<thead>
<tr>
<th></th>
<th>Average Monthly Use</th>
<th>12 Month Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>157 gpcd</td>
<td>137 gpcd</td>
</tr>
<tr>
<td>July 2021</td>
<td>162 gpcd</td>
<td>143 gpcd</td>
</tr>
</tbody>
</table>
Burbank Operating Unit (BOU) Water Production

The table below provides the operational data for the BOU for the months of October 2020 through July 2021.

<table>
<thead>
<tr>
<th>Month</th>
<th>BOU Capacity Factor</th>
<th>BOU Ave. Flow Rate</th>
<th>Total System Blend % MWD/BOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-Oct</td>
<td>97.81%</td>
<td>8,803 gpm</td>
<td>21% / 79%</td>
</tr>
<tr>
<td>20-Nov</td>
<td>55.61%</td>
<td>5,005 gpm</td>
<td>49% / 51%</td>
</tr>
<tr>
<td>20-Dec</td>
<td>86.25%</td>
<td>7,762 gpm</td>
<td>19% / 81%</td>
</tr>
<tr>
<td>21-Jan</td>
<td>69.16%</td>
<td>6,224 gpm</td>
<td>24% / 76%</td>
</tr>
<tr>
<td>21-Feb</td>
<td>93.55%</td>
<td>8,402 gpm</td>
<td>25% / 75%</td>
</tr>
<tr>
<td>21-Mar</td>
<td>96.00%</td>
<td>8,640 gpm</td>
<td>27% / 73%</td>
</tr>
<tr>
<td>21-Apr</td>
<td>86.40%</td>
<td>7,776 gpm</td>
<td>21% / 79%</td>
</tr>
<tr>
<td>21-May</td>
<td>92.72%</td>
<td>8,344 gpm</td>
<td>20% / 80%</td>
</tr>
<tr>
<td>21-Jun</td>
<td>88.61%</td>
<td>7,975 gpm</td>
<td>31% / 69%</td>
</tr>
<tr>
<td>21-Jul</td>
<td>91.93%</td>
<td>8,274 gpm</td>
<td>29% / 71%</td>
</tr>
</tbody>
</table>

The total system blend percentage represents the total amount of water that was purchased from Metropolitan Water District (MWD) vs. the amount treated by the BOU. This, along with the capacity factor, is an important measure of efficiency. The capacity factor may fluctuate based on demand and plant production; the blend percentage measures how much of the total system’s demand is made of purchased or produced water. The amount of MWD water needed is determined by demand, availability of BOU water, and O&M outages.

Key Performance Indicators

The graphs below illustrate the progress the water division has made on key performance measures through July. Note that the values provided need to be viewed with respect to where we are in the fiscal year. Pipeline installation is 17% complete and we are 8% through the fiscal year. We have been fortunate on our Monterey, Orchard to Lincoln pipeline project that we have encountered relatively few utilities, boosting our production rate to 115 feet per day and for the first month of the new fiscal year we find ourselves ahead of our goal.
Leak Alert Notifications

In 2009, BWP began installing an automated metering infrastructure (AMI) system by Itron. The system consists of endpoints that connect directly to the meter to get the meter read. The meter read was transmitted by radio from the endpoints located in the meter box and received by 10 collectors stationed throughout the city. The data was “backhauled” or bundled using the Tropos radio system and delivered to database servers that accepted and processed the meter data. Full deployment of the system (approximately 26,000 endpoints) was completed in 2011.

Benefits of AMI technology allow data to be collected rapidly and frequently and can be analyzed to find higher than normal usage and alert customers of leaks. BWP began providing leak alert service to residents who registered to receive notifications. This service, called Water Smart, works by receiving hourly water usage from the meter and analyzes this data to determine if a leak might be present based on continuous usage. Since 2015, BWP has provided 11,756 leak alerts to customers. Unfortunately, a
high volume of water meter communication modules are not working reliably and replacement units are no longer produced.

As of **July 2021**, BWP was not able to receive remote reads for **5,643** water meters out of **27,060 (21% of the total)** due to failing communications modules and they had to be read manually. In March 2021, staff deployed an interim automatic meter reading (AMR) system to read approximately 800 meters with failed communication modules and we are now able to read them.

BWP previously notified customers who participate in the leak alert program that the failure of these communication modules prevents the sending of leak alert notifications, and due to continued failures BWP is now in the process of notifying additional customers.

BWP is now exploring an updated AMI system. The AMR system unfortunately will not enable BWP to notify customers of leaks at all. This will leave customers vulnerable to unnoticed leaks causing water damage, bills that could reach thousands of dollars as well as unnecessary and significant water waste.

![Total Number of Failed Communication Modules](chart)

**Projects**

**Monterey – Lincoln to Orchard; 8-inch Potable Water Main Project:**

This capital improvement project (CIP) is an essential part of the Water Master Plan. We continue to upgrade our water distribution system by installing additional water mains to take the service connection load off of existing transmission mains. This improves the reliability of the transmission systems, which moves massive amounts of water between the different sections of town. Also, by having dedicated distribution mains for service connections, mains can be repaired without disrupting transmission service.
ELECTRIC DISTRIBUTION

ELECTRIC RELIABILITY

In June 2021, BWP experienced one sustained feeder outage. In the past 12 months, automatic reclosing has reduced customer outage time by approximately 1,262,841 customer minutes.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Average Outages Per Customer Per Year (SAIFI)</td>
<td>0.3982</td>
<td>0.2773</td>
</tr>
<tr>
<td>Average Outage Duration (CAIDI)</td>
<td>20.78 minutes</td>
<td>29.65 minutes</td>
</tr>
<tr>
<td>Average Service Availability</td>
<td>99.998%</td>
<td>99.998%</td>
</tr>
<tr>
<td>Average Momentary Outages Per Customer Per Year (MAIFI)</td>
<td>0.4039</td>
<td>0.3016</td>
</tr>
<tr>
<td>No. of Sustained Feeder Outages</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>No. of Sustained Outages by Mylar Balloons</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>No. of Sustained Outages by Animals</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>No. of Sustained Outages by Palm Fronds</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

PROJECT UPDATES

Distribution Capital Projects
The electrical engineering section is seeing an unprecedented amount of development requests including large site developments, major housing developments, and accessory dwelling units. Staff is currently managing these requests with an acceptable turn-around time while utilizing overtime and consultant services. If this level of development is to continue, the electrical engineering section will need to staff accordingly to be able to keep up with the maintenance work that is currently being placed on hold to accommodate the development work and resulting capital projects.
Residential and Commercial Service Planning Activities

BWP provides our residential and commercial customers with the electrical power they need for new services or upgrades to their existing service. In order for a customer to obtain a building permit for their construction, BWP service planners must visit the customer’s facility and fill out an electric service confirmation form which details what type of service is required and how it will be served. After reviewing and approving a customer’s electrical plans, BWP service planners issue service orders to our field crews to carry out the inspections and electrical service work. The graph below summarizes monthly activity for our residential and commercial service planning group within the T&D engineering section.

**Residential and Commercial Service Planning Activity Summary**

**July 2020 - July 2021**

**Activity from Jan-21 includes staff revisions to electric confirmations**
AVION Burbank Development Update

The AVION Burbank development is a large planned development near the airport currently under construction. The on-site development includes six warehouses, nine office buildings, two retail buildings, and a hotel. This development contributed to a portion of the cost to construct the Ontario Substation as well as the underground conduit on Winona Ave. between Ontario St. and Hollywood Way.

Figure 1 – Aerial photograph looking south-west from Hollywood Way/Tulare (this is Phase 1 of Avion)
Figure 2 – Aerial photograph looking north-east from the airport parking lot (warehouses 5 & 6)

Figure 3 – Aerial photograph looking south from San Fernando (future hotel site, phase 2 in progress)
In order to provide electrical service to this development, two new 12 kV distribution feeders have been installed from the Ontario Substation to the project site. To date, all six warehouse buildings have been energized. Amazon, the tenant in warehouse buildings 1-4, is fully operational as of May 2021. As work progresses onsite, additional underground 12 kV electrical infrastructure will be installed over the coming months. The new streetlight system along the newly extended Tulare Avenue is also complete.

Figure 4 – New street lighting system along Tulare Ave (looking west from Hollywood Way)
Willow Substation and Distribution Work to Second Century Project at The Burbank Studios

Willow Substation is a new 69 kV to 12 kV electrical substation that will replace an existing 34 kV to 4 kV substation in the Media District area and provide capacity for serving the Second Century Project at The Burbank Studios. The request for proposal (RFP) and technical specifications for a design-build contract for this new substation is expected to be released in August with evaluations of bids concluding in late November. Expected completion of Willow Substation is currently scheduled for the 4th quarter 2023. Below is a conceptual drawing of Willow Substation:

![Conceptual drawing](image)

In order to serve the new Second Century development and existing load at The Burbank Studios, BWP is installing two 12 kV feeders from the Willow Substation and extending an existing feeder to the project site. In order to temporarily serve the project site while Willow Substation is being constructed, BWP’s contractor has already completed a portion of the underground electric substructure work including the installation of a new manhole and conduit system on California Street. BWP crews are now working on pulling cables and installing electric equipment to serve Phase I of the Second Century project’s load with an estimated energization of the service in September 2021. BWP engineering is currently working on the design for Phase 2 of the Second Century project.
Golden State Rebuild Project

As a result of the Golden State Substation transformer fire in April 2020, and the future need for additional capacity in the area, BWP is proceeding with a project to rebuild large portions of the substation. The rebuild would include two larger size transformers, a control building, 12 kV switchgear, capacitor banks, protection and control equipment, and other auxiliary equipment. The RFP and technical specifications are near ready to be released for bidding. The anticipated completion of the substation rebuild is currently scheduled for the 3rd quarter of 2023.

Regional Intermodal Transportation Center (RITC) Solar + Storage Project

The Regional Intermodal Transportation Center (RITC) Solar + Storage Project will feature a 1.5-2 MW rooftop solar PV generation plant with a 6-8 MWh energy storage technology. Renewable energy from the project will feed directly into BWP’s 12 kV distribution system and will contribute to BWP’s renewable energy goals. This project was conceived as part of the developer’s agreement for future expansion plans of the Hollywood Burbank Airport. As part of the terms, BWP contributed electric vehicle (EV) charging infrastructure to the airport and in return BWP received the rights to build a rooftop solar PV generation at the RITC. The EV chargers have been installed at the airport and now BWP is beginning the process to install the solar PV.

In addition to working towards fulfilling BWP’s renewable portfolio standards, the energy storage will provide BWP with many exciting opportunities to evolve the distribution grid and prepare it for an impending future of increased distributed
energy resources. The approach typically used to maximize the usefulness of energy storage is called “value stacking”, or put simply, using the energy storage for multiple prioritized applications. For example, the main use of the battery could be to peak shift, but it could also be used as needed to provide voltage or frequency support to the grid. This project is expected to begin preliminary engineering design work this fiscal year 21-22 with construction taking place sometime in the fiscal year 22-24 timeframe.

Hillside Vault Replacements

As identified in the Electric Distribution Master Plan, BWP established a program to modernize aging submersible transformers housed in deteriorating subsurface vaults in our residential underground distribution system. As part of this program, BWP plans to replace the 28 existing submersible transformers with above ground padmount transformers and convert the deteriorating vaults to new standard pullboxes. This modernization will provide improved safety, reduced maintenance and enhanced reliability.

So far, 7 vaults have been replaced as part of this program. In July, BWP issued a notice to proceed to the contractor, Doty Bros Construction Co, for the substructure work of 10 additional vault replacements and is currently expecting this work to be completed by mid-September, about 1 1/2 months ahead of the original schedule. The remaining BWP electrical work to install and wire the new padmount transformers will be completed several weeks after the contract work is done.

Vault 17 before and after (the new transformer will be installed off frame to the right)
Winona-Lincoln #1 Sub-Transmission Line Relay Replacement at Lincoln & Winona Substations

BWP is in the process of replacing its older electromechanical sub-transmission line relays with modern microprocessor relays. These older relays take about 6 times longer to isolate the electrical system from a fault, resulting in higher arc flash levels and a higher risk of additional equipment failure. Some of these older line relays currently installed in BWP’s system have exceeded their typical life expectancy of 40 years. Pursuant to the Electric Distribution Master Plan, BWP has targeted to budget CIP funding to replace all of its older line relays by fiscal year 2022-23.

BWP’s electrical equipment section completed the installation and testing of the new relays for Winona-Lincoln #1 line in July 2021. The new relaying improves personnel and equipment safety by isolating faults much more quickly, increasing reliability through their ability to self-diagnose, improving maintenance by reducing the number of relays by roughly 1/3, increasing the routine testing interval from 3 to 5 years, and logging digital event records which aides in troubleshooting.
34.5 kV Lincoln Circuit Breaker Replacement

The 34.5 kV oil-filled circuit breaker (OCB) at Lincoln Substation, used to help isolate the Winona Lincoln #1 and Winona Lincoln #2 lines from the Lincoln 34.5 kV Bus, was not opening as quickly as designed. The existing unit was commissioned back in 1971. After performing additional maintenance on this circuit breaker, it was determined it could not be brought back to its original design specifications. As such, this circuit breaker was removed and replaced with a new vacuum circuit breaker (VCB). The new VCB opens faster than the original OCB, which means it does a better job of protecting equipment and reducing arc flash exposure to personnel.
STREET LIGHTING

LED Replacement Program

In accordance with the Street Lighting Master Plan, BWP is replacing high pressure sodium (HPS) street light luminaires with light emitting diodes (LED) luminaires. Replacement is carried out on a maintenance basis, and LEDs are installed daily as the HPS luminaires burn out. The LED replacements consume approximately 60% less energy. To date, 70.73% of the total street light luminaires have been converted to LEDs, which translates to an annualized energy savings of 3,745 MWh or a 40.41% reduction in energy consumption. LED conversions have also reduced evening load by 855 kW, which shortens the “neck of the duck curve” and reduces the amount of energy generation that BWP needs. The graph below shows the annualized energy savings in MWh for the past 13 months.

![Annualized Energy Savings Graph](image_url)
Wireless Telecom Attachments

BWP has entered into four master license agreements to allow communication carriers to attach, install, operate and maintain communication facilities on street light poles with the public right-of-way. These agreements are currently with AT&T, Verizon, Extenet, and Crown Castle.

In order for the communication carriers to build a new location for a wireless telecom attachment, BWP must first provide an electric service confirmation, which details how the location will be served. Each design must meet the city’s aesthetic requirements as well as BWP’s design guidelines. Once BWP approves the plans and a Public Works permit is issued, BWP issues work orders to our field crews to carry out inspection as well as the electrical and street lighting work. The table below summarizes the activity that has taken place to date:

<table>
<thead>
<tr>
<th></th>
<th>Confirmations in Progress</th>
<th>Written Confirmations</th>
<th>Plan Sign-offs</th>
<th>WTA Work Orders Issued</th>
<th>WTA Sites Energized</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>1</td>
<td>40</td>
<td>12</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Verizon</td>
<td>115</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Crown Castle</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>122</strong></td>
<td><strong>115</strong></td>
<td><strong>12</strong></td>
<td><strong>9</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

CUSTOMER SERVICE

Customer Service Operations

Call volumes decreased by 8% in July. BWP continues to assist customers through the COVID-19 Job Loss Bill Credit Program. Customer service representatives assist customers, make payment arrangements to reduce the amount in arrears, and provide additional resources to help customers manage their utility bill.

BWP Call Center Call Types & Volume

<table>
<thead>
<tr>
<th>Call Types</th>
<th>% of Calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>12%</td>
</tr>
<tr>
<td>Update Account Info</td>
<td>8%</td>
</tr>
<tr>
<td>Residential Stop</td>
<td>6%</td>
</tr>
<tr>
<td>Residential Start</td>
<td>5%</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>3%</td>
</tr>
</tbody>
</table>
Online Account Manager

The enrollment in the online account manager (OAM) is currently at 58% of all active accounts; increases in enrollments have also been on the rise since the COVID-19 pandemic. Of all registered accounts, about 82% are paperless customers helping BWP reduce costs and reduce carbon emissions. BWP will continue its efforts to drive customers to the OAM, paperless, and auto pay. These initiatives will continue to drive down costs. BWP’s second milestone is to have 80% of all active accounts registered on the OAM by the end of 2021.

The OAM adoption plan consists of three phases. Phase one was to build awareness and promotion through broad communications. The second phase is to provide targeted messages to segments that have not adopted the OAM. The third phase is to provide incentives to adopt the OAM. Currently, about 86% of customers that have not adopted the OAM are residential. Therefore, phase two and three will be focused on residential adoption to reach the 80% overall adoption goal. The adoption plan is currently in phase two and will move into phase three during the last quarter of this calendar year.

The images below are examples of marketing messaging aimed at key customer segments including: General Market, Seniors, Green, and Constrained.

Find Your Zenergy

BWP's Online Account Manager takes the stress out of paying your bill and managing your account.

Register now at my.BurbankWaterAndPower.com

General Market
Peace of mind, for both of you.

BWP's Online Account Manager lets you set up a Guest User for any account, so you can get help from someone you trust to manage your account.

Register now at: my.burbankwaterandpower.com

Seniors and Adult Children

Whatever schedule you have to keep, we're right there with you.

BWP's Online Account Manager is available 24/7, so you can manage your account no matter where you have to be.

Register now at: my.burbankwaterandpower.com

Constrained

Choosing green is choosing the future.

BWP's Online Account Manager is paperless. It's one small decision you can make for the planet, and for those who will live in the future we create.

Make the switch at: my.burbankwaterandpower.com

Green
Marketing is promoting OAM utilizing every owned channel including on-bill messaging, digital Currents, print Currents, social media, and BWP’s website.

Below is the chart outlining activity for the OAM:

![Chart](image)

<table>
<thead>
<tr>
<th></th>
<th>Active Users</th>
<th>% of Total Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>30,306</td>
<td>58%</td>
</tr>
<tr>
<td>Paperless</td>
<td>24,689</td>
<td>47%</td>
</tr>
<tr>
<td>Autopay</td>
<td>16,058</td>
<td>31%</td>
</tr>
</tbody>
</table>

**BWP's Energy Efficiency and Water Savings – Fiscal Year to July 31, 2021**

Changes in state and local COVID-19 orders allow for more services to be restored for efficiency programs that require home or onsite visits. BWP collaborated with vendors to ensure proper protocols are in place to restore services and comply with health orders. As a result, the Refrigerator Exchange Program has been resumed as of June 2021. It is feasible that all remaining onsite services may be restored during the month of September 2021. Meanwhile, other energy efficiency and water conservation programs that do not require onsite visits such as BWP’s rebate programs continue to operate. As a result of the program suspensions due to COVID-19, program activities continued to be significantly reduced for the month of **July 2021**. In April 2020, the online Home Energy Audit was launched as part of a larger suite of online resources for residential customers. Promotion for the suite of resources has appeared in the **Currents** newsletter and other communication channels. The Home Energy Audit allows residential customers to complete the audit, analyze their energy use, and receive energy saving tips. Commercial program participation continues to significantly contribute to the reported savings for the month of **July**, mostly from the BWP business rebates program utilized by some of the largest commercial customers. Incentives for large projects have incentive caps but yield total project efficiency savings.
Energy Efficiency Savings FYTD 2021-2022
Period ending on 7/31/2021

1% Demand Goal = 2.92 MW

Demand Savings to Date

GOAL!

| Savings: 0.02 | Remaining: 2.81 |

Savings by Program

- Business Rebates
- Upstream HVAC Program
- LED Street Lighting Project
- Home Improvement Program
- Other Programs

88% 12%

1% Consumption Savings Goal = 10,172 MWh

Savings to Date

GOAL!

| Savings: 33 | Remaining: 10,139 |

Savings by Program

- Business Rebates
- Upstream HVAC Program
- LED Street Lighting Project
- Home Improvement Program
- Other Programs

100%

Water Savings Goal FYTD 2021-2022

1% (49,630,000 Gallons) Potable Water Savings Goal

Savings to Date

GOAL!

| Savings: 5 | Remaining: 238,976 Gallons of Water Saved |

Savings by Program

- Home Improvement Program
- Retrofit Upon Resale
- Water Leak Detection
- MWD Regional Programs

34% 7% 59%

Efficiency Investments FYTD 2021-2022

*Electric Programs: $21,197

- Commercial Programs
- Residential Programs
- Both Residential and Commercial Programs

$15,507 $1,100 $4,590

Water Programs: $1,250

- Home Improvement Program
- Water Smart
- MWD Regional Program

$1,250

*The sum of the program values may differ from the total due to rounding to the nearest dollar.
Electric Vehicle (EV) Charging Program

73 public EV charging ports are installed in Burbank, including 2 DC fast chargers and 24 curbside ports. As of July 1, 2021, summer peak pricing is in effect for public EV charging stations. The public charging rate is $0.3069 per kilowatt-hour (kWh) from 4PM to 7PM and $0.1753 per kWh for all other hours for Level 1 and Level 2. For DC fast chargers, the charging rate is $0.4980 per kWh from 4PM to 7PM and is $0.2817 per kWh for all other hours.

Data from the California DMV indicates that as of December 2020, there are now 2,233 registered plug-in hybrid electric vehicles (PHEV) and EVs in the City of Burbank, versus 2,236 registered PHEVs and EVs in December of 2019. However, the total share of electric vehicles rose from 2.5% to 2.8% in that time. The reason for this is the total number of internal combustion engine (ICE) vehicles changed from 88,378 to 78,710, for a total reduction of 9,668 ICE vehicles. This does show a greater resiliency in the EV market in Burbank as this is a 10.9% reduction in ICE vehicle numbers, while there was only a 0.13% reduction in total EV numbers.

BWP surpassed the goal to install 24 publicly available EV charging ports during fiscal year 2020-2021 and installed 26 ports. The goal was completed as of June 10 and all new 26 EV charging ports are installed and available to the public.

The 26 EV charging ports are as follows:

Curbside EV Chargers Project – Six new curbside charging ports are operational in three locations with existing curbside chargers with two ports at each location. The three locations are N. Hollywood Way, near Victory Blvd., Buena Vista Street, adjacent to the Buena Vista Library and Alameda Ave., near Main Street.

- Community Services Building – 16 Ports

In collaboration with the Community Development and Public Works Departments, publicly available charging ports are available in the Community Services building parking lot. The charging ports are in the parking lot nearest the intersection of Olive Ave. and Glenoaks Blvd. Repaving and restriping was added to the project at the request of the Public Works Department and was completed the week of July 6. A ribbon cutting ceremony occurred on July 12, 2021, which was attended by Congressman Schiff, City Council, Board Member Brody, and was covered by CBS, KTLA, and Fox News.
Transportation Electrification 2021-2022  Period ending on 7/31/2021

EV Growth in Burbank*

<table>
<thead>
<tr>
<th>% of Total Vehicles Registered</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total EV/PHEV DMV Vehicle Registrations

2021: 2,233
2020: 2,238
2019: 1,912
2018: 1,494

* DMV data as of Jan 01 of the reporting year

Transportation Electrification Initiatives for FY 2021-2022

**Used EV Rebates**
Goal: 40

**Charging Station Rebates**
RES. Goal: 50  COM. Goal: 40

**Public Charging Ports**
Goal: 40

<table>
<thead>
<tr>
<th></th>
<th>RES:</th>
<th>COM:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>GOAL!</td>
<td>GOAL!</td>
</tr>
<tr>
<td>95%</td>
<td>94%</td>
<td>100%</td>
</tr>
</tbody>
</table>


Public Charging Port Statistics

<table>
<thead>
<tr>
<th>Public Charging Ports</th>
<th>Total Ports</th>
<th>Total Available</th>
<th>Total Sessions</th>
<th>Total Energy</th>
<th>Total Revenue</th>
<th>Total GHG Reduced (a)</th>
<th>Peak Charging Sessions (b)</th>
<th>Charging Occupancy (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>73</td>
<td>73</td>
<td>3,376</td>
<td>33,631</td>
<td>$7,006</td>
<td>19,373</td>
<td>23%</td>
<td>12%</td>
</tr>
<tr>
<td>Average</td>
<td>73</td>
<td>73</td>
<td>3,376</td>
<td>33,631</td>
<td>$7,006</td>
<td>19,373</td>
<td>23%</td>
<td>12%</td>
</tr>
<tr>
<td>FY Total</td>
<td>73</td>
<td>73</td>
<td>3,376</td>
<td>33,631</td>
<td>$7,006</td>
<td>19,373</td>
<td>23%</td>
<td>12%</td>
</tr>
</tbody>
</table>

* Source: U.S. Dept of Energy Alternative Fuels Data Center (AFDC) values used to calculate GHG savings. GHG values revised using AFDC data as of 06/09/2020.

Load Management Opportunity (LMO) Hours

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LMO Hours, 12pm-7pm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1Peak is defined as 4 - 7 PM, as is reflected in the Public EV Charging Station rate
2Charging Occupancy is defined as the percentage of time EV's are charging at stations for all available hours in a given month across all charging stations
Rooftop Solar and Battery Installations

Customer owned rooftop solar and battery storage system installations continue to grow. Burbank Water and Power does not provide rebates for installing these systems. However, overall, lower equipment costs and the Federal Investment Tax Credit make purchasing solar and/or battery systems more accessible. System capacity and number of installations are tracked monthly and in total below.

<table>
<thead>
<tr>
<th>Reporting Month</th>
<th>All Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solar Installations</strong></td>
<td><strong>Solar Installations</strong></td>
</tr>
<tr>
<td>Residential Avg. Size (kW)</td>
<td>Residential Avg. Size (kW)</td>
</tr>
<tr>
<td>7.43</td>
<td>5.44</td>
</tr>
<tr>
<td>Installed Capacity (MW)</td>
<td>Installed Capacity (MW)</td>
</tr>
<tr>
<td>0.03</td>
<td>5.26</td>
</tr>
<tr>
<td>Commercial Avg. Size (kW)</td>
<td>Commercial Avg. Size (kW)</td>
</tr>
<tr>
<td>0.00</td>
<td>100.98</td>
</tr>
<tr>
<td>Installed Capacity (MW)</td>
<td>Installed Capacity (MW)</td>
</tr>
<tr>
<td>0.00</td>
<td>5.15</td>
</tr>
</tbody>
</table>

**Total # of Solar Systems**

**Total Rooftop Solar Capacity**

<table>
<thead>
<tr>
<th>Reporting Month</th>
<th>All Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Battery Installations</strong></td>
<td><strong>Battery Installations</strong></td>
</tr>
<tr>
<td>Installations</td>
<td>Installations</td>
</tr>
<tr>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Batteries</td>
<td>Batteries</td>
</tr>
<tr>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>Power (kW)</td>
<td>Power (kW)</td>
</tr>
<tr>
<td>0</td>
<td>140</td>
</tr>
<tr>
<td>Energy (kWh)</td>
<td>Energy (kWh)</td>
</tr>
<tr>
<td>0.0</td>
<td>453.1</td>
</tr>
</tbody>
</table>

**TECHNOLOGY**

Broadband Services (ONEBurbank)

<table>
<thead>
<tr>
<th>July 2021 New Orders</th>
<th>Revenues for July 2021</th>
<th>FYTD 2021-22 Revenues</th>
<th>FYTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lit</td>
<td>$140,941</td>
<td>$140,941</td>
<td>$135,000</td>
</tr>
<tr>
<td>Dark</td>
<td>$181,465</td>
<td>$181,465</td>
<td>$202,500</td>
</tr>
<tr>
<td>Total</td>
<td>$322,406</td>
<td>$322,406</td>
<td>$337,500</td>
</tr>
</tbody>
</table>
POWER SUPPLY

BWP SYSTEM OPERATIONS:

The maximum load for July 2021 was 242.1 MW at 4:02 PM on July 22, and the minimum load was 84 MW at 3:58 AM on July 5.


<table>
<thead>
<tr>
<th>YEAR</th>
<th>MAX LOAD</th>
<th>MAX DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>248.5 MW</td>
<td>15-June-21 14:57</td>
</tr>
<tr>
<td>2020</td>
<td>292.3 MW</td>
<td>18-Aug-20 15:22</td>
</tr>
<tr>
<td>2019</td>
<td>282.66 MW</td>
<td>04-Sep-19 15:31</td>
</tr>
<tr>
<td>2018</td>
<td>306.3 MW</td>
<td>06-Jul-18 16:41</td>
</tr>
<tr>
<td>2017</td>
<td>322.1 MW</td>
<td>31-Aug-17 16:02</td>
</tr>
</tbody>
</table>

The Burbank power system did not experience any operational issues or natural gas supply issues for July 2021. BWP had zero days of red flag warnings.

Southern California continues to experience natural gas reliability and affordability challenges because of supply and demand mismatches. SoCalGas' system capacity and supply are primarily a function of two components: (1) transmission pipelines, which bring gas into and then transport it throughout the system; and (2) underground natural gas storage connected to transmission pipelines near system load. While one component of the system's limited supply is the transmission pipeline reductions and outages, the other critical component is storage operating constraints from the CPUC restricting the use of the Aliso Canyon Storage Facility. The current effective withdrawal protocol is restrictive but is less restrictive than the previous protocol, in that Aliso Canyon was only allowed to
be withdrawn from if curtailment was imminent, but now can occur under less acute circumstances.

**ELECTRICITY GENERATION:**

BWP Generating Facilities

<table>
<thead>
<tr>
<th>Unit</th>
<th>Availability</th>
<th>Operating Hrs</th>
<th>MWH (Net)</th>
<th>Net Heat Rate (Btu/kWh)</th>
<th>Number of Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olive 1</td>
<td>0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Olive 2</td>
<td>0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lake 1</td>
<td>99%</td>
<td>227</td>
<td>7,792</td>
<td>10,475</td>
<td>25</td>
</tr>
<tr>
<td>MPP</td>
<td>100%</td>
<td>744</td>
<td>127,961</td>
<td>7,613</td>
<td>0</td>
</tr>
</tbody>
</table>

Olive 1 and 2 remained in dry storage, with a 120-day notice required to restart. Olive 1 and 2 have been in dry storage since 2011 and 2012, respectively.

Lake 1 experienced operational concerns in late December. As a result, it was removed and shipped to a certified facility in Houston, TX for inspection and repairs. The inspection findings indicated the need to replace multiple components that were worn beyond allowable limits and BWP is now proceeding with a full turbine overhaul. Revised estimates included a possible December 2021 return to service and a leased turbine remains installed to mitigate summer risks. The leased turbine was placed online twenty five times during the month of July.
Magnolia Power Project (MPP)

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>FYTD</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability</td>
<td>100%</td>
<td>100%</td>
<td>55%</td>
</tr>
<tr>
<td>Unit Capacity Factor (240 MW)</td>
<td>72%</td>
<td>72%</td>
<td>38%</td>
</tr>
</tbody>
</table>

There were no plant trips or other outages at MPP during the month of July.

Tieton Hydropower Project (Tieton)

Tieton’s 2021 generation season began April 5, 2021 with a single generation unit due to limited water flow controlled by the United States Bureau of Reclamation (BOR). In July, the Rimrock Reservoir, which supplies Tieton, was reduced to 93% capacity and water flow to Tieton allowed operation of a single generation unit. Approximately 6,560 MWh were generated in July for the project.

ENVIRONMENTAL

Air Quality

Air quality tests were conducted on MPP on June 3 and June 4, 2021 and on the Lake unit on June 7, 2021. The tests were completed successfully, and the formal reports are pending. Air quality testing is required by the Environmental Protection Agency (EPA) and the South Coast Air Quality Management District (SCAQMD) to ensure the facility is operating in accordance with its permit to operate.

Storm Water

The State Water Resources Control Board Industrial General Permit requires industrial facilities to collect, at a minimum, four storm water samples per reporting year and compare them to statewide regulatory limits. On January 28, 2021, a second set of storm water samples was collected. The results from the last two samples continue to indicate ongoing compliance issues with metals, specifically zinc. Samples were also collected from the offsite influent that commingles with BWP’s storm water discharge. The offsite samples also exceeded the limits for metals.

In order to address the storm water compliance issues, BWP is in the process of implementing a campus storm water improvement project. BWP has completed an environmental review of the project required under the California Environmental Quality Act (CEQA). The environmental review will be finalized when the project is approved by the Burbank City Council. MNS Engineers was contracted to prepare the final design plans, as well as provide engineering support and permitting support for the project. After the final design is completed, bid specifications will be prepared and a request for proposals (RFP) will be issued for the construction activities. As an interim measure, BWP has also applied for time schedule orders (TSOs) that include interim limits which are achievable for this site. The final TSOs were approved by the Los Angeles Regional Water Quality Control Board on June 7, 2021. These TSOs and interim limits will apply
until the improvement project is complete. Milestone achievements are required, and project completion must be achieved by November 17, 2023.

**PROJECT UPDATES:**

**Power Resources**

**Renewable Portfolio Standard (RPS) Compliance**

BWP continues to be on track to meet RPS compliance requirements for calendar year 2021. The calendar year 2021 goal is 35.75% RPS. BWP staff continues to evaluate renewable resources in order to meet future compliance requirements. Staff will submit the RPS report to the California Energy Commission in August.

On December 22, 2020, the California Energy Commission (CEC) adopted new regulations on several important RPS regulations. The regulations were finalized on July 12, 2021. The CEC provided clarification on how to count resources towards the long term requirement (LTR), which requires that 65% of RPS compliance come from contracts that are 10 years or longer in duration, as well as set new interim targets, post calendar year 2020. The new regulations now comply with the SB 100 requirement of utilities needing to meet a 60% RPS by 2030, meaning that 60% of BWP’s retail load requirement will need to come from renewable resources by 2030.

**Integrated Resource Plan (IRP) Update**

As BWP moves forward with an update to the IRP, it is possible that it may look different and it may be a document that provides a path towards BWPs many compliance requirements. Concurrently, BWP is starting to review options for a new IRP, which is due to the CEC in 2024. Stakeholder engagement efforts, compliance and costs will be some of the major factors in the 2024 IRP.

**Transmission Update**

Negotiations with LADWP regarding the renewal of several existing transmission service agreements (TSA), including those associated with Hoover and IPP, are ongoing. An amendment for a one-year extension of the existing Hoover TSA was approved by consent by City Council on April 28, 2020. This amendment extended the Hoover TSA through September 30, 2021. In mid-July, staff worked with LADWP to finalize the TSA documents for both Hoover and IPP. Staff took the agreements to the Board on August 5, 2021 and to City Council on August 10, 2021 and received unanimous approval. These agreements will be signed and forwarded to LADWP in the near future.

**Intermountain Power Project (Delta, UT) Renewal Progress**

LADWP, BWP and GWP (the IPP repowering participants) are working together to create a detailed roadmap for green hydrogen production, and power generation at IPP. In the medium-term, the IPP Renewal participants are targeting 30% green hydrogen combustion by July 2025, when the IPP repower project is scheduled to come on-line. On a monthly basis, IPP participants continue to meet to discuss the IPP Renewal, including concerns on facilities development and potential additional resources at the site. At the
June 3, 2021, BWP Board meeting staff provided an IPP update. The update included details on the IPP renewal contract, costs and how the green hydrogen will be incorporated into the IPP renewal. Staff will provide updates on IPP as costs are refined and as the project breaks ground.

Staff is presently working with IPA and SCPPA on agreements which relate to funding and bond issuances in support of construction at IPP. As these items are finalized, staff will be bringing them to the Board seeking their support and recommendation to City Council.

Power Production

**Lake One Power Plant Emissions Retrofit Project**

BWP is in the process of developing a bid specification and front-end documents for the retrofit of the Lake One power plant emissions control system. The new emissions control system will allow Lake One to remain in compliance with upcoming SCAQMD requirements. The project consists of designing, engineering, permitting, constructing/installing, commissioning, and testing the new emissions system. This project is planned to conclude in the first half of 2023.
Financial Report
June-21
Burbank Water and Power
Electric Fund (496)
Statement of Changes in Net Assets \(^{(1)}(2)\)
MTD and FYTD June 2021
($ in 000's except MWh Sales)

<table>
<thead>
<tr>
<th>MTD Actual FY 20-21</th>
<th>MTD Budget FY 20-21</th>
<th>$ Variance</th>
<th>% Variance</th>
<th>YTD Actual FY 20-21</th>
<th>YTD Budget FY 20-21</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>91,087</td>
<td>92,663</td>
<td>(1,576)</td>
<td>(2%) (^{(a)})</td>
<td>NEL MWh</td>
<td>1,015,538</td>
<td>1,086,294</td>
<td>(7%) (^{(a)})</td>
</tr>
<tr>
<td>$ 12,965</td>
<td>$ 13,621</td>
<td>$ (655)</td>
<td>(5%)</td>
<td>Retail Sales</td>
<td>$ 151,329</td>
<td>$ 163,316</td>
<td>$ (11,987)</td>
</tr>
<tr>
<td>626</td>
<td>622</td>
<td>4</td>
<td>1%</td>
<td>Other Revenues</td>
<td>5,270</td>
<td>7,464</td>
<td>(29%) (^{(b)})</td>
</tr>
<tr>
<td>9,844</td>
<td>10,218</td>
<td>374</td>
<td>4% (^{(b)})</td>
<td>Retail Power Supply &amp; Transmission</td>
<td>103,656</td>
<td>112,650</td>
<td>8,994</td>
</tr>
<tr>
<td>3,748</td>
<td>4,025</td>
<td>(276)</td>
<td>(7%)</td>
<td>Retail Margin</td>
<td>52,944</td>
<td>58,130</td>
<td>(5,186)</td>
</tr>
<tr>
<td>Wholesale</td>
<td>Wholesale Power Supply</td>
<td>Wholesale Margin</td>
<td>Wholesale Margin</td>
<td>Wholesale Margin</td>
<td>7,893</td>
<td>1,000</td>
<td>6,893</td>
</tr>
<tr>
<td>8,271</td>
<td>4,955</td>
<td>3,315</td>
<td>67%</td>
<td>Wholesale Sales</td>
<td>29,504</td>
<td>50,000</td>
<td>(20,496)</td>
</tr>
<tr>
<td>5,696</td>
<td>4,856</td>
<td>(840)</td>
<td>(17%)</td>
<td>Wholesale Power Supply</td>
<td>21,610</td>
<td>49,000</td>
<td>27,390</td>
</tr>
<tr>
<td>2,575</td>
<td>99</td>
<td>2,476</td>
<td>2498% (^{(c)})</td>
<td>Wholesale Margin</td>
<td>7,893</td>
<td>1,000</td>
<td>6,893</td>
</tr>
</tbody>
</table>

| Gross Margin        | 60,837              | 59,130      | 1,707      | 3% |

Operating Expenses

| Distribution        | 10,749              | 11,438      | 690        | 6% \(^{(e)}\) |
| Administration/Safety | 1,443              | 1,489       | 46         | 3% |
| Finance, Fleet, & Warehouse | 2,137              | 2,910       | 773        | 27% \(^{(f)}\) |
| Transfer to General Fund for Cost Allocation | 6,273 | 6,296 | 23 | 0% |
| Customer Service, Marketing & Conservation | 4,342 | 5,705 | 1,363 | 24% \(^{(g)}\) |
| Public Benefits     | 3,827               | 4,637       | 809        | 17% \(^{(h)}\) |
| Security/Oper Technology | 2,215              | 2,754       | 539        | 20% \(^{(i)}\) |
| Telecom             | 1,212               | 1,374       | 163        | 12% |
| Construction & Maintenance | 1,536              | 2,246       | 710        | 32% \(^{(j)}\) |
| Depreciation        | 17,462              | 21,374      | 3,913      | 18% \(^{(k)}\) |

| Total Operating Expenses | 51,196              | 60,225      | 9,029      | 15% |

| Operating Income/(Loss) | $ 9,642              | $ (1,095)   | $ 10,737   | 981% |

\(^{(a)}\) As a percent of MWh
\(^{(b)}\) As a percent of Retail Sales
\(^{(c)}\) As a percent of Retail Margin
\(^{(d)}\) As a percent of Wholesale Margin
\(^{(e)}\) As a percent of Operating Income/(Loss)
\(^{(f)}\) As a percent of Wholesale Sales
\(^{(g)}\) As a percent of Customer Service, Marketing & Conservation
\(^{(h)}\) As a percent of Public Benefits
\(^{(i)}\) As a percent of Security/Oper Technology
\(^{(j)}\) As a percent of Construction & Maintenance
\(^{(k)}\) As a percent of Depreciation
# Burbank Water and Power
## Electric Fund (496)
### Statement of Changes in Net Assets (1) (2)  
**MTD and FYTD June 2021**  
($ in 000's)

<table>
<thead>
<tr>
<th>MTD Actual FY 20-21</th>
<th>MTD Budget FY 20-21</th>
<th>$ Variance</th>
<th>% Variance</th>
<th>YTD Actual FY 20-21</th>
<th>YTD Budget Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,327</td>
<td>$(873)</td>
<td>$ 2,200</td>
<td>252%</td>
<td>Operating Income/(Loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>142</td>
<td>142</td>
<td>0</td>
<td>0%</td>
<td>Interest Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>91</td>
<td>91</td>
<td>0</td>
<td>0%</td>
<td>Other Income/(Expense) (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(284)</td>
<td>(284)</td>
<td>0</td>
<td>0%</td>
<td>Bond Interest/(Expense)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(51)</td>
<td>(51)</td>
<td>0</td>
<td>0% (e)</td>
<td>Total Other Income/(Expenses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,276</td>
<td>(924)</td>
<td>2,200</td>
<td>238%</td>
<td>Net Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,054</td>
<td>1,054</td>
<td>0</td>
<td>0% (f)</td>
<td>Capital Contributions (AIC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 2,330</td>
<td>$ 130</td>
<td>$ 2,199</td>
<td>1689%</td>
<td>Net Change In Net Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. This report may not foot due to rounding.  
2. ( ) = Unfavorable.  
3. Other Revenues include transmission, telecom and internet revenues as well as other items such as damaged property recovery, connection fees, late fees, and tampering fees.  
4. Other Income/(Expense) includes a one-time payment to CalPERS (for pension), revenues and expenses related to Low Carbon Fuel Standard credits, and miscellaneous revenue from the sale of scrap materials, inventory, and assets, as well as BABS subsidy.
<table>
<thead>
<tr>
<th>Footnote #</th>
<th>Accounts/Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Electric Usage in MWh</td>
<td>91,087</td>
<td>92,663</td>
<td>(1,576)</td>
<td>NEL is 2% lower than budget, which is driven primarily by the closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020, and is partially offset by higher than average temperature in June. The average high temperature was 83.5°F, compared to the 15-year average high temperature of 81.3°F. The average low temperature was 59.1°F, compared to the 15-year average low temperature of 59.2°F. MTD CDD were 206 versus the 15-year average of 168.</td>
</tr>
<tr>
<td>b.</td>
<td>Retail Power Supply &amp; Transmission</td>
<td>9,844</td>
<td>10,218</td>
<td>374</td>
<td>The favorable variance is attributable to various components within Retail Power Supply &amp; Transmission. Please refer to page 5 for additional details.</td>
</tr>
<tr>
<td>c.</td>
<td>Wholesale Margin</td>
<td>2,575</td>
<td>99</td>
<td>2,476</td>
<td>The wholesale margin is higher than budget driven by heatwaves in the Pacific Northwest and the Southwest.</td>
</tr>
<tr>
<td>d.</td>
<td>Total Operating Expenses</td>
<td>4,996</td>
<td>4,997</td>
<td>0</td>
<td>The accounting books have not closed for the month of June 2021 and expenses are estimated at budgeted values.</td>
</tr>
<tr>
<td>e.</td>
<td>Total Other Income/(Expenses)</td>
<td>(51)</td>
<td>(51)</td>
<td>0</td>
<td>The accounting books have not closed for the month of June 2021 and total other income/expenses are estimated at budgeted values.</td>
</tr>
<tr>
<td>f.</td>
<td>Capital Contributions (AIC)</td>
<td>1,054</td>
<td>1,054</td>
<td>0</td>
<td>The accounting books have not closed for the month of June 2021 and capital contributions are estimated at budgeted values.</td>
</tr>
<tr>
<td>Footnote #</td>
<td>Accounts/Description</td>
<td>Actual</td>
<td>Budget</td>
<td>Variance to Budget</td>
<td>Explanation</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A.</td>
<td>Electric Usage in MWh</td>
<td>1,015,538</td>
<td>1,086,294</td>
<td>(70,756)</td>
<td>NEL is 7% lower than budget, which is driven primarily by the closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020, and is partially offset by warmer summer temperatures. Summer (Jul-Sep) actual average high temperature was 90.1°F, compared to the 15-year average high temperature of 87.7°F. Summer (Jul-Sep) CDD were 1,015 versus the 15-year average of 929.</td>
</tr>
<tr>
<td>B.</td>
<td>Other Revenues</td>
<td>5,270</td>
<td>7,464</td>
<td>(2,193)</td>
<td>Other revenues include transmission, telecom and internet revenues as well as other items such as damaged property recovery, connection fees, late fees, and tampering fees which tend to fluctuate. The unfavorable variance is also attributable to the moratorium on fees in light of the COVID-19 pandemic.</td>
</tr>
<tr>
<td>C.</td>
<td>Retail Power Supply &amp; Transmission</td>
<td>103,656</td>
<td>112,650</td>
<td>8,994</td>
<td>The favorable variance is attributable to various components within Retail Power Supply &amp; Transmission. Please refer to page 6 for additional details.</td>
</tr>
<tr>
<td>D.</td>
<td>Wholesale Margin</td>
<td>7,893</td>
<td>1,000</td>
<td>6,893</td>
<td>The wholesale margin is higher than budget driven by BWP's asset optimization strategy during persistent and record breaking heatwave this past summer.</td>
</tr>
<tr>
<td>E.</td>
<td>Distribution</td>
<td>10,749</td>
<td>11,438</td>
<td>690</td>
<td>The favorable variance is primarily attributable to more capital labor and work for others than planned.</td>
</tr>
<tr>
<td>F.</td>
<td>Finance, Fleet, &amp; Warehouse</td>
<td>2,137</td>
<td>2,910</td>
<td>773</td>
<td>The favorable variance is primarily attributable to vacancies and lower than planned spending on software purchases and professional services.</td>
</tr>
<tr>
<td>G.</td>
<td>Customer Service, Marketing &amp; Conservation</td>
<td>4,342</td>
<td>5,705</td>
<td>1,363</td>
<td>The favorable variance is primarily attributable to vacancies and lower than planned spending on professional services.</td>
</tr>
<tr>
<td>H.</td>
<td>Public Benefits</td>
<td>3,827</td>
<td>4,637</td>
<td>809</td>
<td>Lifeline discounts of $533k are recorded as a reduction to retail sales but are budgeted as an expense. The balance of the variance is attributable to lower than planned electric retail sales.</td>
</tr>
<tr>
<td>I.</td>
<td>Security/Oper Technology</td>
<td>2,215</td>
<td>2,754</td>
<td>539</td>
<td>The favorable variance is primarily attributable to lower than planned spending on software purchases and professional services.</td>
</tr>
<tr>
<td>J.</td>
<td>Construction &amp; Maintenance</td>
<td>1,536</td>
<td>2,246</td>
<td>710</td>
<td>The favorable variance is primarily attributable to more work for others and capital than planned and to lower than planned spending on building grounds maintenance &amp; repair.</td>
</tr>
<tr>
<td>K.</td>
<td>Depreciation</td>
<td>17,462</td>
<td>21,374</td>
<td>3,913</td>
<td>The favorable variance is primarily attributable to delays in capital projects.</td>
</tr>
<tr>
<td>L.</td>
<td>Interest Income</td>
<td>1,217</td>
<td>1,702</td>
<td>(485)</td>
<td>The unfavorable variance is primarily attributable to a lower rate of return than planned.</td>
</tr>
<tr>
<td>M.</td>
<td>Other Income/(Expense)</td>
<td>(1,093)</td>
<td>(1,567)</td>
<td>473</td>
<td>The favorable variance is primarily attributable to higher than planned miscellaneous revenue from the sale of scrap materials, inventory, and assets.</td>
</tr>
<tr>
<td>N.</td>
<td>Capital Contributions (AIC)</td>
<td>1,562</td>
<td>12,651</td>
<td>(11,089)</td>
<td>The unfavorable variance is attributable to the timing of AIC projects.</td>
</tr>
</tbody>
</table>
June 2021 Budget to Actual P&L Variance Highlights - Electric Fund
($ in 000's)

<table>
<thead>
<tr>
<th>Variance Month-to-Date</th>
<th>Favorable Items</th>
<th>Unfavorable Items</th>
<th>Budget to Actual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTD NET INCOME/(LOSS):</td>
<td>$ 2,200</td>
<td>$ -</td>
<td>$ 2,200</td>
</tr>
</tbody>
</table>

MTD GROSS MARGIN VARIANCE

<table>
<thead>
<tr>
<th>Retail Sales</th>
<th>-</th>
<th>(655)</th>
<th>(655)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply and Transmission:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lower retail load</td>
<td>33</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>- Lower than planned renewables cost and other</td>
<td>793</td>
<td>-</td>
<td>793</td>
</tr>
<tr>
<td>- Lower transmission</td>
<td>215</td>
<td>-</td>
<td>215</td>
</tr>
<tr>
<td>- Higher energy prices offset by retail load management</td>
<td>-</td>
<td>(416)</td>
<td>(416)</td>
</tr>
<tr>
<td>- Prior period adjustment</td>
<td>-</td>
<td>(251)</td>
<td>(251)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>4</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Wholesale Margin</td>
<td>2,476</td>
<td>-</td>
<td>2,476</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,521</td>
<td>$ (1,322)</td>
<td>$ 2,200</td>
</tr>
</tbody>
</table>
## June 2021 Budget to Actual P&L Variance Highlights - Electric Fund
($ in 000's)

<table>
<thead>
<tr>
<th>Month-to-Date</th>
<th>Variance Fiscal Year-to-Date</th>
<th>Budget to Actual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Favorable Items</td>
<td>Unfavorable Items</td>
</tr>
<tr>
<td><strong>FYTD NET INCOME/(LOSS): $6,358</strong></td>
<td>10,724</td>
<td>-</td>
</tr>
<tr>
<td><strong>FYTD GROSS MARGIN VARIANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Sales</td>
<td>-</td>
<td>(11,987)</td>
</tr>
<tr>
<td>Power Supply and Transmission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lower retail load</td>
<td>1,468</td>
<td>-</td>
</tr>
<tr>
<td>- Prior period true up credits and adjustments</td>
<td>1,457</td>
<td>-</td>
</tr>
<tr>
<td>- Lower transmission</td>
<td>1,005</td>
<td>-</td>
</tr>
<tr>
<td>- Financing savings</td>
<td>417</td>
<td>-</td>
</tr>
<tr>
<td>- Higher than planned renewables cost and other</td>
<td>-</td>
<td>(274)</td>
</tr>
<tr>
<td>- Lower O&amp;M</td>
<td>1,113</td>
<td>-</td>
</tr>
<tr>
<td>- Lake Unit Repairs</td>
<td>-</td>
<td>(1,014)</td>
</tr>
<tr>
<td>- Retail load management and economic dispatch offset by higher energy prices</td>
<td>5,073</td>
<td>-</td>
</tr>
<tr>
<td>- Prior period adjustment</td>
<td>-</td>
<td>(251)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>-</td>
<td>(2,193)</td>
</tr>
<tr>
<td>Wholesale Margin</td>
<td>6,893</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17,427</td>
<td>$(15,720)</td>
</tr>
</tbody>
</table>

## FYTD O&M AND OTHER VARIANCES

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>690</td>
</tr>
<tr>
<td>Administration/Safety</td>
<td>46</td>
</tr>
<tr>
<td>Finance, Fleet, &amp; Warehouse</td>
<td>773</td>
</tr>
<tr>
<td>Customer Service, Marketing &amp; Conservation</td>
<td>1,363</td>
</tr>
<tr>
<td>Public Benefits</td>
<td>809</td>
</tr>
<tr>
<td>Security/Oper Technology</td>
<td>539</td>
</tr>
<tr>
<td>Telecom</td>
<td>163</td>
</tr>
<tr>
<td>Construction &amp; Maintenance</td>
<td>710</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>3,913</td>
</tr>
<tr>
<td>All other</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$9,017</td>
</tr>
</tbody>
</table>
**Burbank Water and Power Electric Fund (496)**

**Statement of Cash Balances (a)**

($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Jun-21</th>
<th>Mar-21</th>
<th>Dec-20</th>
<th>Sep-20</th>
<th>Jun-20</th>
<th>Jun-19</th>
<th>Recommended Reserves</th>
<th>Minimum Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Operating Reserve</td>
<td>$ 73,291</td>
<td>$ 70,186</td>
<td>$ 65,223</td>
<td>$ 65,133</td>
<td>$ 52,719</td>
<td>$ 67,320</td>
<td>$ 52,010</td>
<td>$ 37,570</td>
</tr>
<tr>
<td>Capital &amp; Debt Reduction Fund</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>21,000</td>
<td>5,200</td>
</tr>
<tr>
<td>BWP Projects Reserve Deposits at SCPPA (g)</td>
<td>$3,740</td>
<td>$4,210</td>
<td>$6,021</td>
<td>$3,760</td>
<td>$17,163</td>
<td>$16,817</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Total Cash and Investments</td>
<td>$87,031</td>
<td>$84,396</td>
<td>$81,244</td>
<td>$78,902</td>
<td>$79,882</td>
<td>$94,137</td>
<td>73,010</td>
<td>42,770</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>(4,245)</td>
<td>(2,722)</td>
<td>(3,083)</td>
<td>(1,486)</td>
<td>(1,811)</td>
<td>(5,641)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Benefits Obligation</td>
<td>(8,216)</td>
<td>(8,198)</td>
<td>(8,267)</td>
<td>(7,826)</td>
<td>(6,990)</td>
<td>(6,069)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pacific Northwest DC Intertie</td>
<td>-</td>
<td>-</td>
<td>(45)</td>
<td>(48)</td>
<td>(62)</td>
<td>(2,218)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Carbon Fuel Standard (h)</td>
<td>(2,999)</td>
<td>(2,470)</td>
<td>(3,273)</td>
<td>(3,294)</td>
<td>(3,642)</td>
<td>(2,267)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments (less Commitments)</td>
<td>$71,570</td>
<td>$71,005</td>
<td>$66,558</td>
<td>$66,149</td>
<td>$67,376</td>
<td>$77,042</td>
<td>73,010</td>
<td>42,770</td>
</tr>
</tbody>
</table>

(a) The Statement of Cash Balances may not add up due to rounding.
(b) Includes a $3.95M loan to the Water Fund for the purchase of cyclic storage water.
(c) Denotes funds reserved related to the sale of Low Carbon Fuel Standard (LCFS) credits, net of Electric Vehicle charger infrastructure expenditures.
(d) Includes early redemption of the 2010A Electric Bonds ($7.63M).
(e) Includes a $2.5M loan to the Water Fund for the purchase of cyclic storage water.
(f) Includes a one-time payment to CalPERS (for pension) in the amount of $2.75M.
(g) Includes a $4.4M drawdown to pay SCPPA for June and July power invoices, $4.6M for July and August power invoices, $4.6M for August and September power invoices, and $2.3M for December and January power invoices.
### Burbank Water and Power
### Water Fund (497)
### Statement of Changes in Net Assets (1)(2)
### MTD and FYTD June 2021
### ($ in 000's except Gallons)

<table>
<thead>
<tr>
<th>MTD Actual FY 20-21</th>
<th>MTD Budget FY 20-21</th>
<th>Variance</th>
<th>% Variance</th>
<th>YTD Actual FY 20-21</th>
<th>YTD Budget FY 20-21</th>
<th>Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>499</td>
<td>467</td>
<td>31</td>
<td>7% (a)</td>
<td>5,404</td>
<td>5,134</td>
<td>270</td>
<td>5% (A)</td>
</tr>
<tr>
<td>115</td>
<td>105</td>
<td>10</td>
<td>10%</td>
<td>Metered Recycled Water in Millions of Gallons</td>
<td>976</td>
<td>995</td>
<td>(19)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 2,542</td>
<td>$ 2,627</td>
<td>$(85)</td>
<td>(3%)</td>
<td>Potable Water</td>
<td>$ 28,384</td>
<td>$ 27,702</td>
<td>$ 682</td>
</tr>
<tr>
<td>461</td>
<td>427</td>
<td>34</td>
<td>8%</td>
<td>Recycled Water</td>
<td>3,924</td>
<td>4,052</td>
<td>(128)</td>
</tr>
<tr>
<td>123</td>
<td>122</td>
<td>1</td>
<td>1%</td>
<td>Other Revenue (3)</td>
<td>1,536</td>
<td>1,462</td>
<td>75</td>
</tr>
<tr>
<td>3,126</td>
<td>3,175</td>
<td>(49)</td>
<td>(2%)</td>
<td>Total Operating Revenues</td>
<td>33,844</td>
<td>33,216</td>
<td>629</td>
</tr>
<tr>
<td>1,159</td>
<td>1,107</td>
<td>(52)</td>
<td>(5%) (b)</td>
<td>Water Supply Expense</td>
<td>12,131</td>
<td>12,324</td>
<td>193</td>
</tr>
<tr>
<td>1,967</td>
<td>2,069</td>
<td>(102)</td>
<td>(5%)</td>
<td><strong>Gross Margin</strong></td>
<td>21,714</td>
<td>20,892</td>
<td>821</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>502</td>
<td>502</td>
<td>0</td>
<td>0%</td>
<td>Operations &amp; Maintenance - Potable</td>
<td>7,914</td>
<td>8,780</td>
<td>845</td>
</tr>
<tr>
<td>142</td>
<td>141</td>
<td>0</td>
<td>0%</td>
<td>Operations &amp; Maintenance - Recycled</td>
<td>1,465</td>
<td>1,695</td>
<td>230</td>
</tr>
<tr>
<td>207</td>
<td>207</td>
<td>0</td>
<td>0%</td>
<td>Operations &amp; Maintenance - Shared Services</td>
<td>1,940</td>
<td>2,522</td>
<td>582</td>
</tr>
<tr>
<td>175</td>
<td>175</td>
<td>0</td>
<td>0%</td>
<td>Transfer to General Fund for Cost Allocation</td>
<td>2,101</td>
<td>2,101</td>
<td>-</td>
</tr>
<tr>
<td>356</td>
<td>355</td>
<td>0</td>
<td>0%</td>
<td>Depreciation</td>
<td>3,884</td>
<td>4,263</td>
<td>379</td>
</tr>
<tr>
<td>1,381</td>
<td>1,381</td>
<td>0</td>
<td>0% (c)</td>
<td>Total Operating Expenses</td>
<td>17,303</td>
<td>19,340</td>
<td>2,037</td>
</tr>
<tr>
<td>586</td>
<td>688</td>
<td>(102)</td>
<td>(15%)</td>
<td><strong>Operating Income/(Loss)</strong></td>
<td>4,410</td>
<td>1,552</td>
<td>2,858</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Other Income/(Expense)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>21</td>
<td>0</td>
<td>0%</td>
<td>Interest Income</td>
<td>203</td>
<td>257</td>
<td>(54)</td>
</tr>
<tr>
<td>45</td>
<td>45</td>
<td>0</td>
<td>0%</td>
<td>Other Income/(Expense)(4)</td>
<td>(203)</td>
<td>6</td>
<td>(209)</td>
</tr>
<tr>
<td>(158)</td>
<td>(158)</td>
<td>0</td>
<td>0%</td>
<td>Bond Interest/(Expense)</td>
<td>(1,745)</td>
<td>(1,900)</td>
<td>155</td>
</tr>
<tr>
<td>(92)</td>
<td>(92)</td>
<td>0</td>
<td>0% (d)</td>
<td>Total Other Income/(Expense)</td>
<td>(1,745)</td>
<td>(1,537)</td>
<td>(108)</td>
</tr>
<tr>
<td>494</td>
<td>595</td>
<td>(102)</td>
<td>(17%)</td>
<td><strong>Net Income/(Loss)</strong></td>
<td>2,665</td>
<td>(85)</td>
<td>2,751</td>
</tr>
<tr>
<td>94</td>
<td>94</td>
<td>0</td>
<td>0% (e)</td>
<td>Aid in Construction</td>
<td>231</td>
<td>1,124</td>
<td>(893)</td>
</tr>
<tr>
<td><strong>$ 588</strong></td>
<td><strong>$ 688</strong></td>
<td><strong>$(102)</strong></td>
<td><strong>(15%)</strong></td>
<td><strong>Net Change in Net Assets</strong></td>
<td><strong>$ 2,896</strong></td>
<td><strong>$ 1,039</strong></td>
<td><strong>$ 1,858</strong></td>
</tr>
</tbody>
</table>

1. This report may not foot due to rounding.
2. ( ) = Unfavorable
3. Other Revenue includes items such as fire protection services, damaged property recovery, connection fees, late fees, and tampering fees.
4. Other Income/(Expense) includes a one-time payment to CalPERS (for pension) and miscellaneous revenue from the sale of scrap materials, inventory, and assets.
Burbank Water and Power
Water Fund (497)
Statement of Changes in Net Assets - Footnotes
MTD June 2021
($ in 000's except Gallons)

<table>
<thead>
<tr>
<th>Footnote #</th>
<th>Accounts/Description</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Water put into the system in Millions of Gallons</td>
<td>499</td>
<td>467</td>
<td>31</td>
<td>- Potable water demand was higher than budget, which was driven by higher than average temperature in June. The average high temperature was 83.5°F, compared to the 15-year average high temperature of 81.3°F. The average low temperature was 59.1°F, compared to the 15-year average low temperature of 59.2°F. MTD CDD were 206 versus the 15-year average of 168.</td>
</tr>
<tr>
<td>b.</td>
<td>Water Supply Expense</td>
<td>1,159</td>
<td>1,107</td>
<td>(52)</td>
<td>- The unfavorable variance was primarily a result of higher demand.</td>
</tr>
<tr>
<td>c.</td>
<td>Total Operating Expenses</td>
<td>1,381</td>
<td>1,381</td>
<td>0</td>
<td>- The accounting books have not closed for the month of June 2021 and expenses are estimated at budgeted values.</td>
</tr>
<tr>
<td>d.</td>
<td>Other Income/(Expense)</td>
<td>45</td>
<td>45</td>
<td>0</td>
<td>- The accounting books have not closed for the month of June 2021 and total other income/expenses are estimated at budgeted values.</td>
</tr>
<tr>
<td>e.</td>
<td>Aid in Construction</td>
<td>94</td>
<td>94</td>
<td>0</td>
<td>- The accounting books have not closed for the month of June 2021 and capital contributions are estimated at budgeted values.</td>
</tr>
<tr>
<td>Footnote #</td>
<td>Accounts/Description</td>
<td>Actual</td>
<td>Budget</td>
<td>Variance to Budget</td>
<td>Explanation</td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A.</td>
<td>Water put into the system in Millions of Gallons</td>
<td>5,404</td>
<td>5,134</td>
<td>270</td>
<td>Potable water demand is higher than budget, which is driven by warmer summer temperatures and a drier winter, offset by the closing of businesses within Burbank due to the pandemic orders beginning on March 19th, 2020. Summer (Jul-Sep) actual average high temperature was 90.1°F, compared to the 15-year average high temperature of 87.7°F. Summer (Jul-Sep) CDD were 1,015 versus the 15-year average of 929. Burbank received 4.9 inches of rainfall FYTD as compared to the normal of 13.8 inches.</td>
</tr>
<tr>
<td>B.</td>
<td>Metered Recycled Water in Millions of Gallons</td>
<td>976</td>
<td>995</td>
<td>(19)</td>
<td>FYTD Recycled water demand was lower than budget as a result of the MPP major overhaul, offset by warmer summer temperatures and a drier winter. Summer (Jul-Sep) actual average high temperature was 90.1°F, compared to the 15-year average high temperature of 87.7°F. Summer (Jul-Sep) CDD were 1,015 versus the 15-year average of 929. Burbank received 4.9 inches of rainfall FYTD as compared to the normal of 13.8 inches.</td>
</tr>
<tr>
<td>C.</td>
<td>Water Supply Expense</td>
<td>12,131</td>
<td>12,324</td>
<td>193</td>
<td>The favorable variance is a result of using more Valley/BOU water which is less costly than imported MWD water.</td>
</tr>
<tr>
<td>D.</td>
<td>Operations &amp; Maintenance - Potable</td>
<td>7,914</td>
<td>8,760</td>
<td>845</td>
<td>The favorable variance is primarily attributable to vacancies and lower than planned spending on professional and private contractual services.</td>
</tr>
<tr>
<td>E.</td>
<td>Operations &amp; Maintenance - Shared Services</td>
<td>1,940</td>
<td>2,522</td>
<td>582</td>
<td>The favorable variance is attributable to lower than planned shared expenses (Customer Service, Finance and Administration).</td>
</tr>
<tr>
<td>F.</td>
<td>Depreciation</td>
<td>3,884</td>
<td>4,263</td>
<td>379</td>
<td>The favorable variance is primarily attributable to delays in capital projects.</td>
</tr>
<tr>
<td>G.</td>
<td>Other Income/(Expense)</td>
<td>(203)</td>
<td>6</td>
<td>(209)</td>
<td>Other Income/(Expense) include miscellaneous revenue from the sale of scrap materials, inventory, and assets, which tend to fluctuate.</td>
</tr>
<tr>
<td>H.</td>
<td>Aid in Construction</td>
<td>231</td>
<td>1,124</td>
<td>(893)</td>
<td>The unfavorable variance is attributable to the timing of AIC projects.</td>
</tr>
</tbody>
</table>
June 2021 Budget to Actual P&L Variance Highlights - Water Fund
($ in 000's)

<table>
<thead>
<tr>
<th>Variance Month-to-Date</th>
<th>Favorable Items</th>
<th>Unfavorable Items</th>
<th>Budget to Actual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTD NET INCOME (LOSS): $494</td>
<td>$</td>
<td>$ (102)</td>
<td>$ (102)</td>
</tr>
<tr>
<td>MTD GROSS MARGIN VARIANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potable Revenues</td>
<td>-</td>
<td>(85)</td>
<td>(85)</td>
</tr>
<tr>
<td>Recycled Revenues</td>
<td>34</td>
<td>-</td>
<td>34</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Water Supply Expense</td>
<td>-</td>
<td>(52)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>$ (137)</strong></td>
<td><strong>$ (102)</strong></td>
</tr>
</tbody>
</table>
June 2021 Budget to Actual P&L Variance Highlights - Water Fund
($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Favorable Items</th>
<th>Unfavorable Items</th>
<th>Budget to Actual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYTD NET INCOME: $2,665</td>
<td>$ 2,751</td>
<td>$</td>
<td>$ 2,751</td>
</tr>
<tr>
<td>FYTD GROSS MARGIN VARIANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potable Revenues</td>
<td>682</td>
<td>-</td>
<td>682</td>
</tr>
<tr>
<td>Recycled Revenues</td>
<td>-</td>
<td>(128)</td>
<td>(128)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>75</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>Water Supply Expense</td>
<td>193</td>
<td>-</td>
<td>193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 949</strong></td>
<td><strong>$ (128)</strong></td>
<td><strong>$ 821</strong></td>
</tr>
<tr>
<td>FYTD O&amp;M AND OTHER VARIANCES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potable O&amp;M</td>
<td>845</td>
<td>-</td>
<td>845</td>
</tr>
<tr>
<td>Recycled Water O&amp;M</td>
<td>230</td>
<td>-</td>
<td>230</td>
</tr>
<tr>
<td>Allocated O&amp;M</td>
<td>582</td>
<td>-</td>
<td>582</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>379</td>
<td>-</td>
<td>379</td>
</tr>
<tr>
<td>All Other</td>
<td>-</td>
<td>(108)</td>
<td>(108)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,037</strong></td>
<td><strong>$ (108)</strong></td>
<td><strong>$ 1,929</strong></td>
</tr>
</tbody>
</table>
### Water Fund (497)
#### Statement of Changes in Cash and Investment Balances *(a)*
($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Jun-21</th>
<th>Mar-21</th>
<th>Dec-20</th>
<th>Sep-20</th>
<th>Jun-20</th>
<th>Jun-19</th>
<th>Recommended Reserves</th>
<th>Minimum Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Operating Reserves</td>
<td>$12,459</td>
<td>$15,066</td>
<td>$13,972</td>
<td>$10,972</td>
<td>$8,396</td>
<td>$11,555</td>
<td>$12,630</td>
<td>$8,070</td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>2,220</td>
<td>2,220</td>
<td>2,220</td>
<td>2,220</td>
<td>2,220</td>
<td>2,220</td>
<td>5,200</td>
<td>1,300</td>
</tr>
<tr>
<td>Sub-Total Cash and Investments</td>
<td>14,679</td>
<td>17,286</td>
<td>16,192</td>
<td>13,192</td>
<td>10,615</td>
<td>13,775</td>
<td>17,830</td>
<td>9,370</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>(1,125)</td>
<td>(1,151)</td>
<td>(1,311)</td>
<td>(1,133)</td>
<td>(1,227)</td>
<td>(1,454)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments (less commitments)</td>
<td>$13,554</td>
<td>$16,136</td>
<td>$14,882</td>
<td>$12,060</td>
<td>$9,388</td>
<td>$12,321</td>
<td>$17,830</td>
<td>$9,370</td>
</tr>
</tbody>
</table>

*(a) The Statement of Cash Balances may not add up due to rounding.*
*(b) Includes a $3.95M loan from the Electric Fund for the purchase of cyclic storage water.*
*(c) Includes early redemption of the 2010A Water Bonds ($2.07M).*
*(d) Includes a $2.5M loan from the Electric Fund for the purchase of cyclic storage water.*
*(e) Includes a one-time payment to CalPERS (for pension) in the amount of $440k.*