Opinion: EDC energy program fleeces seniors

By Larry Weitzman

Another “legacy” instituted by former El Dorado County CAO Larry Combs, which is running rampant in our senior community like a bad disease, is the PACE program. PACE is the acronym for Property Assessed Clean Energy. It is also known as the HERO program which acronym means Home Energy Renovation Opportunity.

Whatever you call the program, to seniors on a fixed income it is mostly a Supervisor Created Access to (senior) Money or SCAM.


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Here’s how this county program works. It allows home owners to borrow money for certain “energy saving” projects for their home. The cost for these improvements is borrowed from a county program at what they say is a competitive interest rate and its secured and assessed on to your property tax. With people who have been in their homes for some years (Proposition 13), have seen their taxes double, triple or more.

On top of that, these energy saving items are expensive, especially solar for seniors who don’t make enough money to benefit from the $7,500 federal tax credit. On top of that most seniors live in smaller houses that don’t use much energy to begin with. In doing my research, a $20,000 4 kWh solar system in optimum conditions will only produce about 600 kWh a month at best, which would save EDC seniors about $120 a month or about $1,400 a year. The other types of improvements might not even be noticed on your energy bills. And if you want a more efficient heating system, may I suggest a good sweat shirt.

With unsuspecting seniors who get told a line of bovine of how they are going to contribute to saving the world for their grandchildren (remember it’s always about saving the children) and the solar system will save them thousands of dollars a year and there won’t even be a monthly bill, it will simply cost a few cents a day and you will pay it semi-annually on your property tax bill. The problem is the exorbitant interest rates some seniors are being hit with; so high that the loan interest will be double, triple or even quadruple the energy savings. It’s a lose, lose situation.

But what happens can perhaps best be explained by a recent lawsuit filed in EDC over the PACE program. According to the complaint for damages filed on May 8, a salesman from a Rancho Cordova based company sold a lady who is 77 years old a bill of goods and promises. That the system would cost only $200 a month, which would be paid for by energy savings from the solar panels and in fact she would get money back from her energy provider, PG&E.

So, what did they “sell” this senior? What I believe to be a 10kWh system for the princely sum of $58,000. But that’s only the beginning. Under the PACE or HERO program, the debt is assessed on the property taxes and therefore becomes a first lien on the property. What that means is if you had a first trust deed against the property like a home loan, it would be unlikely you could ever refinance that home loan as it would now be in second position against this new property tax lien.

With respect to the plaintiff's property which is a manufactured home on 10 acres in Somerset, it has had a property tax assessment of about $250,000 for the last 11 years which was the exact assessment for the years 2014 and 2015 with an actual tax bill of $2,651 for both years. But for the year 2016 the tax assessment is $300,246 and the annual property tax has grown by $6,041 to $8,692 instead of what should be a tax of about $3,000. This solar system is costing this unsuspecting woman $500 a month in new taxes as payments on a $58,000 loan. But it gets worse.

The interest rate being charged on this loan is about 9.25 percent (which considering today's interest rates of 4-4.5 percent would be considered "usurious") or of the $6,000 additional in annual property taxes, $500 is for the actual property taxes charged for the improvement and the balance is almost all interest on this loan. At this rate, it will never be paid off and the gross benefit from the solar system is at best $200 a month. What this company did under the guise of the county PACE program is unconscionable. There are other legal issues involved with this legal matter, but not a subject of this column. This elderly woman's electric bill probably never exceeded $200 a month to begin with.

I spoke with my county supervisor, Mike Ranalli, not of this case, but how the program lacked protections for seniors and unscrupulous salesmen. This program was snuck on to the board agenda (by Larry Combs) as an addendum, which was a last-minute add-on to the regular agenda, and I doubt that anyone thought of the ramifications and did the proper vetting to protect our residents of El Dorado County, especially our rapidly growing population of seniors. Ranalli certainly didn't as he praised the program saying at the board hearing on Sept. 15, 2015, when it was approved (the vote was 5-0 on a motion seconded by Ranalli) that: "I am totally in favor of the PACE program, it helps property owners and the benefits are really great."

I have knowledge of the high-pressure tactics of the solar and related industries. On any given day, I received more than two phone calls a day from different telemarketers trying to sell solar. This has gone on for years now. I have developed a good technique for short circuiting such calls and understand solar is no panacea to energy, far from it. But that doesn't stop them from calling over and over again. Seniors might be lonelier and will accept attention from anyone, including high pressure sales people and therein lies the problem. And that problem is exemplified by the aforementioned litigation.

Our board did nothing to safeguard our seniors and other residents and should have known better as I am sure they are besieged by the same sales pressure telemarketers almost daily.

Placer County also has a PACE program, but at least that board had the foresight to put some safeguards in place. For any person acquiring a PACE financed solar or related energy system or improvement which has a cost less than $60,000, it must be signed off by an official in the treasurer's/tax collector's office. If the system exceeds $60,000, up to $500,000, it must be signed off by a committee within the tax collector's office and if the system were to exceed half a million dollars, the entire Board of Supervisors have to approve it. This litigation would probably not be happening if such a minimal safeguard was in place here.

But better than the Placer system, not only could such a program be put in place where an impartial trained county official could analyze a PACE contract since the county becomes the free collector of the payment for such a program, but as to seniors, senior legal should be a requirement for signing off on any deals.

Combs, who pushed this program for approval without revealing the potential pitfalls, was the chairman of the Joint Powers Authority. This JPA makes a ton of money on this program. Can you say conflict of interest? PACE may have some good things, but it suffers by a lack of government oversight which is necessary as the government becomes the collector and could eventually foreclose on a customer’s home with severe consequences. Is that what government should be doing, forcefully collecting debt for private businesses?

Larry Weitzman is a resident of Rescue.