



City of Sacramento City Council

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 6/26/2012

Report Type: Consent

**Title: Ordinance: Special Tax for Community Facilities District No. 2012-01 (Clean Energy)
(Passed for Publication 6-19-22, Published 6-22-12)**

Report ID: 2012-00552

Location: Citywide

Recommendation: Pass an Ordinance levying a special tax within Community Facilities District No. 2012-01 (Clean Energy).

Contact: Yvette Rincon, Sustainability Program Manager, (916) 808-5827, General Services Department

Presenter: None

Department: General Services Dept

Division: Office of the Director

Dept ID: 13001021

Attachments:

- 1- Description/Analysis
- 2-Exhibit A Ordinance

City Attorney Review

Approved as to Form
Joseph Cerullo
6/20/2012 10:58:31 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
6/7/2012 10:27:04 AM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 6/14/2012 5:41:03 PM



Description/Analysis

Issue: This report recommends that the City Council adopt the special-tax ordinance for Community Facilities District No. 2012-01 (Clean Energy), which is part of the Clean Energy Sacramento (CES) program. Under the CES program, the City will levy a special tax on commercial, industrial, and residential real property within the City, but only with the property owner's consent, to finance the installation of energy-efficiency, water-conservation, and renewable-energy improvements on the property. The ordinance outlines the process the City will undertake to levy the tax and to prepare the annual special-tax roll.

Policy Considerations: The recommendations in this report are consistent with the City Council's economic and sustainability priorities for the City. Participation in the CES program will be entirely voluntary and will enable owners of commercial, industrial, and residential property to finance renewable-energy, energy-efficiency, or water-conservation improvements using investor funds repaid through a special tax on their property-tax bills. These projects will reduce energy costs for property owners, create jobs, and reduce greenhouse-gas emissions.

Environmental Considerations:

California Environmental Quality Act (CEQA): Adoption of the ordinance is not a "project" subject to CEQA because (a) it has no potential to cause a significant effect on the environment and (b) it pertains to creation of a government-funding mechanism not involving a commitment to a specific project that may result in a potentially significant physical impact on the environment. (Cal. Code Regs. title. 14, §§ 15061(b)(3) & 15378(b)(4).)

Sustainability: Implementation of the CES program is one of the implementation actions identified in the 2011 Sustainability Plan and a voluntary implementation item in the City's Climate Action Plan.

Commission/Committee Action: None

Rationale for Recommendation: Adoption of the ordinance is a requirement of state law, the Mello-Roos Community Facilities Act of 1982 as amended in 2011. The ordinance outlines the City's process for levying the tax and preparing the annual special-tax roll for the program.

The CES program will benefit the environment as well as the local economy. Two studies have been commissioned by the City, and completed by the Center for Strategic Economic Research (CSER), to analyze the potential impact of a residential and commercial program. CSER determined that the commercial component of the program has the potential to annually create \$30 million in economic output, 232 jobs, \$13 million in salaries, and \$1.6 million in state and local-tax revenue. On the residential component of the program, for every one percent of participation, 700 jobs could be created and \$170 million in economic output could be realized.

Financial Considerations: There is no financial impact to the City as a result of approving the ordinance for the CES program. The program will be administered and funded by the City's program administrator, Ygrene Energy Fund California, LLC (Ygrene) at no cost to the City. Ygrene's sole source of compensation for performing these services will be derived from the interest-rate spread between the cost of funds and the interest rate charged to property owners who obtain financing from Ygrene through the program. In addition, the City will make available to Ygrene up to \$321,000 in funds from an Energy Efficiency Conservation Block Grant (EECBG) for Ygrene's use in (1)

developing administrative software for the CES program; (2) conducting marketing and outreach for CES program; and (3) conducting energy audits to confirm actual energy savings associated with the financed improvements. The City Council previously accepted these grant funds on May 22, 2009, through the adoption of Resolution No. 2009-320, which authorized the acceptance of \$4.7 million in EECBG funds through the American Recovery and Reinvestment Act of 2009. A total of \$630,812 of this grant has been programmed in the City's Federal Energy Efficiency Grant Project (G13000050, Fund 2702, Operating Grants) for establishment of a regional clean-energy financing program.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.

ORDINANCE NO. 2012-_____

Adopted by the Sacramento City Council

**LEVYING A SPECIAL TAX FOR FISCAL YEAR 2012-2013 AND
FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO
COMMUNITY FACILITIES DISTRICT NO. 2012-01 (CLEAN ENERGY)
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1. Pursuant to California Government Code section 53328.1(b) and Council Resolution No. 2012-_____ (the "**Resolution of Formation**"), adopted June 19, 2012, and relating to "Community Facilities District No. 2012-01 (Clean Energy), City of Sacramento, County of Sacramento, State of California" (the "**District**"), a special tax is hereby levied on each taxable parcel within the District for the 2012-2013 fiscal year and for each subsequent fiscal year, in each case in the amount of the special tax specified for the fiscal year in the Unanimous Approval Agreement (the "**Agreement**") pertaining to the parcel.

SECTION 2. The City Treasurer is authorized and directed, with the aid of the appropriate officers and agents of the City, to do the following:

- (a) determine each year, without further action of the Council, the appropriate amount of special tax to be levied on each parcel in the District;
- (b) prepare the annual special-tax roll for the parcels in the District in accordance with the Resolution of Formation and this ordinance; and
- (c) provide all necessary and appropriate information to the Sacramento County Auditor-Controller Division, in proper form and in proper time, to effect the correct and timely billing and collection of the special tax on the secured property-tax roll of the County, except that, as stated in the Resolution of Formation and in California Government Code section 53340(e), the Council hereby reserves the right to enforce the collection of delinquent special taxes through judicial foreclosure, including the City's assigning to a trustee the ability to pursue judicial foreclosure in the City's name for the benefit of the holders of any debt (as defined in the Act) secured in whole or in part by the special tax revenues.

SECTION 3. The appropriate officers and agents of the City are authorized, if needed to match the special-tax levy with the assessor's parcel numbers the County uses in sending out property-tax bills, to make adjustments to the special-tax roll before the final posting of the special taxes to the tax roll each fiscal year.

SECTION 4. When the special tax is collected on the secured property-tax roll of the County, the County may, before remitting the special-tax collections to the City, deduct from the amounts collected its reasonable and agreed charges for collecting the special tax.

SECTION 5. If a court with jurisdiction finds, for any reason, that any portion of this ordinance is invalid or that the special tax does not apply to any particular parcel, the balance of this ordinance, and the application of the special tax to all other parcels, will not be affected.

SECTION 6. Upon completion of the payment of the entire special-tax obligation for a parcel within the District, as specified in the Agreement pertaining to that parcel, the appropriate officers of the City are authorized and directed, with the aid of the appropriate agents of the City and without further action of this Council, to record a Notice of Cessation of Special Tax for such parcel in accordance with California Government Code section 53330.5.

SECTION 7. In accordance with section 32(c) of the Sacramento City Charter, after the Council passes this ordinance for publication the City Clerk shall have the title of this ordinance, and only the title, published at least once in a newspaper of general circulation that is published in the City and designated by the Council as the official newspaper of the City, with the publication to occur at least three days before the Council adopts this ordinance. The Council hereby finds that the title of this ordinance was published in the *Metropolitan News*, a newspaper of general circulation published in the City of Sacramento, on June ____, 2012.