

Meeting Date: 1/12/2016

Report Type: Consent

Report ID: 2016-00063

Title: Inclusion of Properties within the City of Sacramento in the California Statewide Communities Development Authority Open Property Assessed Clean Energy Program

Location: Citywide

Recommendation: Pass a Resolution consenting to the inclusion of properties within the City of Sacramento in the California Statewide Communities Development Authority (CSCDA) Open Property Assessed Clean Energy (PACE) Program.

Contact: Randi Knott, Director of Governmental Affairs, (916) 808-5771, Office of the City Manager

Presenter: None

Department: City Manager

Division: Executive Office

Dept ID: 02001011

Attachments:

1-Description/Analysis

2-Resolution

City Attorney Review

Approved as to Form

Jeffrey L. Massey

1/6/2016 4:08:56 PM

Approvals/Acknowledgements

Department Director or Designee: Howard Chan - 1/5/2016 5:47:03 PM

Description/Analysis

Issue Detail: In December 2015, the City Council approved an amendment to an exclusive agreement with Ygrene to enable competition among Property Assessed Clean Energy (PACE) providers. At this time, the Council is asked to adopt a resolution consenting to the inclusion of properties within the City of Sacramento in the California Statewide Communities Development Authority (CSCDA) Open PACE Program. CSCDA is the largest Joint Powers Authority (JPA) in California and is founded and sponsored by the League of California Cities and the California Association of Counties.

CSCDA is implementing the PACE program under Chapter 29 of Division 7 of the Streets and Highways Code (commonly referred to as AB 811) which authorizes a legislative body, the City in this instance, to designate an area within which the JPA may enter into voluntary contractual assessments to finance the installation of energy efficiency improvements. CSCDA provides three options to property owners: Alliance NRG Program, Renewable Funding LLC and PACE Funding LLC.

Policy Considerations: The recommendation in this report is consistent with the City Council's economic and sustainability priorities for the City. Participation in PACE programs is voluntary and will enable owners of commercial and residential property to finance renewable energy, energy efficient, and water conservation improvements. The result reduces costs for business owners, creates jobs, lowers utility expenses for homeowners and reduces greenhouse gas emissions.

Economic Impacts: None

Environmental Considerations: Adoption of the proposed resolution is not subject to CEQA as it has no potential to cause a significant impact on the environment.

Sustainability: PACE programs are one of the implementation actions identified in the 2011 Sustainability Plan and a voluntary implementation item in the City's Climate Action Plan. For every project financed through a PACE provider, there will be a corresponding decrease in greenhouse gas emissions from energy efficiency improvements.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: In December 2015, the City Council voted to approve an 'open market' for PACE programs in the City of Sacramento. This resolution will increase the number of program providers that residents and businesses can work with and compare cost.

Financial Considerations: Not applicable

Local Business Enterprise (LBE): Not Applicable

RESOLUTION NO. _____

Adopted by the Sacramento City Council
January _____, 2016

CONSENT TO THE INCLUSION OF PROPERTIES IN THE CSCDA OPEN PACE PROGRAMS; AUTHORIZE THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE TERRITORY OF THE CITY; AND AUTHORIZING RELATED ACTIONS

BACKGROUND

A. The California Statewide Communities Development Authority (the “Authority”) is a joint powers authority, the members of which include numerous cities and counties in the State of California, including the City of Sacramento; and

B. The Authority is implementing Property Assessed Clean Energy (PACE) programs, which it has designated CSCDA Open PACE, consisting of CSCDA Open PACE programs each administered by a separate program administrator (collectively with any successors, assigns, replacements or additions, the “Programs”), to allow the financing or refinancing of renewable energy, energy efficiency, water efficiency and seismic strengthening improvements, electric vehicle charging infrastructure and such other improvements, infrastructure or other work as may be authorized by law from time to time (collectively, the “Improvements”) through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code (“Chapter 29”) within counties and cities throughout the State of California that consent to the inclusion of properties within their respective territories in the Programs and the issuance of bonds from time to time; and

C. The program administrators currently active in administering Programs are Alliance NRG, Renewable Funding LLC and PACE Funding LLC, and the Authority will notify the City in advance of any additions or changes; and

D. Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner or owners of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

E. The City has directly provided PACE programs in the past through an exclusive relationship with Ygrene Energy Fund California, LLC (“Ygrene”), and the City now desires to expand opportunities through additional alternative programs; and

F. The City has now suspended its exclusive relationship with Ygrene but agreed to continue to have Ygrene operate PACE programs in the City through the Golden State Financing Authority (“GSFA”); and

G. The City desires to allow the owners of property (“Participating Property Owners”) within the City of Sacramento to participate in the Programs and to allow the Authority to conduct assessment proceedings under Chapter 29 within its territory and to issue bonds to finance or refinance Improvements; and

H. The territory within which assessments may be levied for the Programs shall include all of the territory within the City of Sacramento’s official boundaries; and

I. The Authority will conduct all assessment proceedings under Chapter 29 for the Programs and issue any bonds issued in connection with the Programs; and

J. The City of Sacramento will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs;

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City hereby finds that properties in the City of Sacramento will benefit from the availability of the Programs within the City and, pursuant thereto, the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 and the issuance of bonds to finance or refinance Improvements.

Section 2. In connection with the Programs, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the City of Sacramento and the issuance of bonds to finance or refinance Improvements; provided, that

- (1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and
- (2) The City will not be responsible for the conduct of any assessment proceedings; the levy of assessments; any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of any bonds issued in connection with the Programs.

Section 3. The appropriate officials and staff of the City of Sacramento are hereby authorized and directed to make applications for the Programs available to all property owners who wish to finance or refinance Improvements; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the City Manager his designee of the City from time to time, are hereby designated as the contact persons for the Authority in connection with the Programs: The Director of Governmental Affairs and the Sustainability Manager.

Section 4. The appropriate officials and staff of the City of Sacramento are hereby authorized and directed to execute and deliver such certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the Programs.

Section 5. The City hereby finds that adoption of this Resolution is not a “project” under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Section 6. This Resolution and all of the approvals granted herein are provisional until Ygrene’s exclusive agreement with the City is fully terminated, not merely suspended. Such termination will occur on June 15, 2016, unless the City has terminated its associate membership with the GSFA. If the City terminates its associate membership with GSFA before June 15, 2016, the Authority will no longer have the power to levy any new assessments or enter into any new agreements related to the Programs.

Section 7. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority at: Secretary of the Board, California Statewide Communities Development Authority, 1400 K Street, Sacramento, CA 95814.