

**Meeting Date:** 6/14/2016

**Report Type:** Consent

**Report ID:** 2016-00502

**Title:** Inclusion of Properties within the City of Sacramento in the California Municipal Finance Authority Property Assessed Clean Energy Program

**Location:** Citywide

**Recommendation:** Pass a Resolution authorizing the inclusion of properties within the City of Sacramento in the California Municipal Finance Authority (CMFA) Property Assessed Clean Energy (PACE) Program.

**Contact:** Jennifer Venema, Program Manager, (916) 808-1859; Jon Blank, Facilities Manager, (916) 808-7914, Department of Public Works

**Presenter:** None

**Department:** Public Works Department

**Division:** Architecture & Engineering

**Dept ID:** 15004541

**Attachments:**

1-Description/Analysis

2-Resolution

---

**City Attorney Review**

Approved as to Form

Jeffrey L. Massey

6/7/2016 1:39:03 PM

**Approvals/Acknowledgements**

Department Director or Designee: Jerry Way - 5/19/2016 8:06:36 AM

## **Description/Analysis**

**Issue Detail:** PACE programs allow property owners, primarily residential property owners, a means to finance energy improvements to existing buildings through a voluntary special tax assessment on their property. Three PACE providers currently offer financing to properties within the City limits. The CMFA, a joint powers authority (JPA), has also requested authorization to provide PACE financing. The CMFA proposes to implement its PACE program under Chapter 29 of Division 7 of the Streets & Highways Code (commonly referred to as California Assembly Bill 811), which allows cities, counties, or special districts to designate an area within which a JPA may enter into voluntary contractual assessments with willing property owners to finance the installation of distributed renewable energy generation, as well as energy and water efficiency improvements.

**Policy Considerations:** On September 27, 2011, the City Council adopted Resolution No. 2011-539 authorizing Ygrene Energy Fund California, LLC (Ygrene) to exclusively operate a City-sponsored PACE program within the City. In December 2015, the City Council took action to amend Ygrene's exclusive agreement and allow other entities to operate PACE programs. On January 12 and January 19, 2016, City Council adopted Resolution Nos. 2016-0008 and 2016-0016, respectively, authorizing two new PACE programs: the California Statewide Communities Development Authority Open PACE and the California Home Energy Renovation Opportunity (HERO). Approval of the resolution recommended in this report will authorize an additional PACE provider, the CMFA. The City will not administer or actively participate in any future assessment proceedings or other actions related to the CMFA PACE program.

**Economic Impacts:** None

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The recommendation in this report is not a project under CEQA, because it 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).

**Sustainability:** The recommendation in this report is consistent with the City Council's economic and sustainability priorities. 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. Participation in PACE programs will enable the financing of energy and water conservation improvements that lower utility expenses, reduce greenhouse gas emissions, and encourage local job creation.

**Commission/Committee Action:** Not applicable

**Rationale for Recommendation:** Expanding the number of PACE providers will increase competition and options for property owners seeking financing for energy and water improvements. The City may authorize the CMFA PACE program due to its existing membership in the CMFA. The resolution recommended for approval in this report does not preclude the City from authorizing new PACE providers.

**Financial Considerations:** Not applicable

**Local Business Enterprise (LBE):** Not applicable

## **RESOLUTION NO. 2016-**

Adopted by the Sacramento City Council

June 16, 2016

### **CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY OF THE CITY IN THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY PROPERTY ASSESSED CLEAN ENERGY PROGRAM; AUTHORIZING THE CALIFORNIA MUNICIPAL FINANCE 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 Municipal Finance Authority (Authority) is a joint exercise of powers authority, the members of which include numerous cities and counties in the State of California, including the City of Sacramento (City); and
- B. The Authority has established its California Municipal Finance Authority Property Assessed Clean Energy (PACE) Program (Program) 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, 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 Program and the issuance of bonds from time to time; and
- C. The program administrator currently active in administering the Program is Energy Efficient Equity, and the Authority will notice 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. On December 15, 2015, the City 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; and

- G. The City desires to allow the owners of property (Participating Property Owners) within the City to participate in the Program 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 Program shall include all of the territory within the City's official boundaries; and
- I. The Authority will conduct all assessment proceedings under Chapter 29 for the Program and issue any bonds issued in connection with the Program; and
- J. 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, administration repayment or guarantee of any bonds issued in connection with the Program;

**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 territory of the City will benefit from the availability of the Program within the territory of 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 Program, the City hereby consents to the conduct of special assessment proceedings by the Authority pursuant to Chapter 29 on any property within the territory of the City 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, administration, repayment or guarantee of any bonds issued in connection with the Program.
- Section 3. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the Program 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 person, together with any other staff persons chosen by the City Manager or the City Manager's designee from time to time, is hereby designated as the contact person for the Authority in connection with the Program: The Sustainability Program Manager.

- Section 4. The appropriate officials and staff of the City 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 Program.
- 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 shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Financial Advisor of the Authority at: California Municipal Finance Authority, 2111 Palomar Airport Road, Suite 320, Carlsbad, California 92011, Attn: Anthony Stubbs.