



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

September 10, 2019

SUBJECT: Consideration of Resolution No. 33-19 of the City Council of the City of Wheatland Consenting to the Inclusion of Properties Within the Territory of the City in the CSCDA Open PACE Program; and Other Matters Related Thereto

PREPARED BY: Jim Goodwin, City Manager

Recommendation

Staff recommends that the Council adopt the attached Resolution No. 33-19 authorizing the City's participation in California Statewide Communities Development Authority (CSCDA) Open PACE Programs, which will enable property owners to finance permanently fixed renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements as well as electric vehicle charging infrastructure.

Background/Discussion

CSCDA, the largest Joint Powers Authority in California, founded and sponsored by the League of California Cities and the California State Association of Counties, is implementing Property Assessed Clean Energy ("PACE") under the provisions of Chapter 29 of Division 7 of the Streets & Highways Code (commonly referred to as "AB 811") on behalf of its member counties and cities. AB811 authorizes a legislative body to designate an area within which authorized public officials (including a joint powers authority like CSCDA) and property owners may enter into voluntary contractual assessments to finance the installation of renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements as well as electric vehicle charging infrastructure, in each case affixed to real property (the "Improvements").

Rachel Hobbs from CSCDA will be available to answer any questions you may have regarding the program.

CSCDA's Commissioners pre-qualified and appointed several PACE Administrators to manage the CSCDA Open PACE program in order to offer members turn-key PACE solutions that provide residential and commercial property owners the choice among prequalified PACE financing providers, creating competition on terms, service and interest rates. The prequalified program administrators operating the following programs are AllianceNRG Program™, PACE

Funding Group LLC, Renewable Funding LLC (administering CaliforniaFIRST), Clean Fund Commercial PACE Capital and Petros PACE Finance.

These Programs were selected to offer a combination of both commercial and residential benefitting the all property owners and local home improvement businesses within the City. CSCDA's Open PACE program offers turnkey solutions to save California cities and counties the time and resources of developing standalone PACE programs. Jurisdictions only need to adopt the form of resolution accompanying this staff report related to the CSCDA Open PACE program to begin the process. The City of Wheatland joined CSCDA in February 2005. There is no cost to approving the resolution.

This program has been approved and is available in over 460 cities and counties throughout the State, and approximately \$4 Billion in energy efficiency, water efficiency and renewable projects have been funded. Yuba County Board of Supervisors has already approved this program for operation in unincorporated Yuba County.

Previously the Wheatland City Council approved a different PACE program, California HERO Program, in 2016. Multiple organizations sponsor PACE programs.

PACE is also the most comprehensively regulated home improvement financing available in the State. AB 2693 brought improvements to the industry in 2017, and AB 1284 and SB 242 went into effect for 2018 bringing further underwriting and reporting requirements, as well as putting the entire PACE industry under the oversight of the California Department of Business Oversight.

More information about CSCDA and CSCDA's Open PACE Program Administrators is available at www.cscda.org.

Analysis

CSCDA Open PACE is being offered to allow property owners in participating cities and counties to finance renewable energy, energy water efficiency improvements, seismic improvements and electric vehicle charging infrastructure on their property. Participation in the assessment is 100% voluntary by the property owner. The improvements installed on the owner's property are financed by the issuance of bonds by CSCDA. The bonds are secured by a voluntary contractual assessment levied on the owner's property. Property owners who wish to participate in PACE agree to repay the money through the voluntary contractual assessment collected with property taxes. The voluntary contractual assessments will be levied by CSCDA and collected in annual installments through the applicable county secured property tax bill.

According to CSCDA, the benefits to the property owner include:

- **Competition:** CSCDA Open PACE provides five options with a mix of residential and commercial PACE to property owners: AllianceNRG Program, PACE Funding, CaliforniaFIRST, Clean Fund Commercial PACE Capital and Petros PACE Finance. Property owners can shop for the best price and service through the availability of the PACE administrators.
- **Eligibility:** In today's economic environment, alternatives for property owners to finance renewable improvements may not be available. Many property owners do not have financing options available to them to lower their utility bills.

- Savings: Energy prices continue to rise and installing energy efficient, water efficient and renewable energy models lower utility bills.
- 100% voluntary: Only property owners who choose to finance improvements will have assessments placed on their property.
- Payment obligation can stay with the property: Under Chapter 29, a voluntary contractual assessment stays with the property upon transfer of ownership. Most private loans are due on sale of the property. Certain mortgage providers will, however, require the assessment be paid at the time the property is refinanced or sold.
- Prepayment option: The property owner can choose to pay off the assessments at any time, with no residential prepayment penalties.
- Customer oriented: Part of the success of the CSCDA Open PACE is prompt customer service.
- Favorable Terms: The economic terms of PACE financing will often be more favorable than other options. Competition in the marketplace is a good thing and cities and counties are encouraged to approve multiple providers to create a competitive environment.
- Not a personal loan or mortgage: The PACE assessment in effect is not a personal obligation of the property owner through a conventional loan or mortgage but an assessment on the property secured by an assessment lien and collected as part of the regular tax roll on the property.

CSCDA cites the benefits to the City of Wheatland as:

- Prequalified PACE Administrators. CSCDA has pre-qualified the PACE Administrators based on their business practices, qualifications, experience, and capital commitment to the PACE market.
- Single Resolution. The City can pass a single resolution and provide access to residential and commercial property owners to highly qualified PACE administrators. There is no need to pass multiple resolutions to approve the administrators.
- Project Eligibility. The CSCDA Open PACE platform can provide financing for all aspects of PACE including: 1) Residential, 2) Commercial, and 3) Seismic strengthening programs such as Mandatory Soft Story programs,
- Increase local jobs. Property improvements provide jobs in the local economy.
- Increase in housing prices. Updated and higher efficient homes are generally more valuable.
- Increase Revenue to the City of Wheatland. Property improvements result in an increase in sales, payroll and property tax revenue to the City of Wheatland.
- No City Obligation. As in conventional assessment financing, the City is not obligated to repay the bonds or to pay the assessments levied on the participating properties. Unlike

conventional assessment financing, the City has no administrative duties and its name is not on the bonds, as CSCDA's name is on the bonds.

- No City staff support required. All CSCDA Open PACE and assessment administration, bond issuance and bond administration functions are handled by CSCDA and the Administrators; AllianceNRG Program, PACE Funding Group and Renewable Funding, CleanFund Commercial PACE Capital and Petros PACE Finance. No City staff time is needed to participate in CSCDA Open PACE.
- No internal management requirements. The City can provide access for its residents to CSCDA Open PACE without the higher staff costs that an independent program established by the City would require.
- Availability of Information on Projects Financed. The City will receive periodic updates on CSCDA Open PACE projects that have been completed in their community.
- Demonstration of Community Commitment to the Environment. Participating in CSCDA Open PACE demonstrates the City's commitment to do everything in its power to improve the environment.

CSCDA (and not the city) will be responsible for entering into voluntary contractual assessment agreements with participating property owners, levying the voluntary contractual assessments, issuing bonds to finance the Improvements and taking remedial actions in the event of delinquent assessment payments. The resolution expressly provides that the county or 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 assessment payments, or the issuance, sale or administration of any bonds issued in connection with CSCDA Open PACE.

Fiscal Impact

There is no negative fiscal impact to the City's general fund by consenting to the inclusion of properties within the City limits in CSCDA Open PACE. All CSCDA Open PACE administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and an annual administrative fee, which is also collected on the property owner's tax bill.

Attachments

1. Resolution No. 33-19

RESOLUTION NO. 33-19

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHEATLAND
CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE TERRITORY
OF THE CITY IN THE CSCDA OPEN PACE PROGRAMS; AUTHORIZING 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**

WHEREAS, the California Statewide Communities Development Authority (the “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 Wheatland (the “City”); and

WHEREAS, 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

WHEREAS, the program administrators currently active in administering Programs are the AllianceNRG Program (CounterPointe Energy Solutions (CA) LLC), PACE Funding Group LLC, CaliforniaFirst (Renew Financial Group LLC), CleanFund Commercial PACE Capital and Petros PACE Finance and the Authority will notify the City in advance of any additions or changes; and

WHEREAS, 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

WHEREAS, the City desires to allow the owners of property (“Participating Property Owners”) within its territory 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

WHEREAS, the territory within which assessments may be levied for the Programs shall include all of the territory within the City’s official boundaries; and

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

WHEREAS, 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;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Wheatland as follows:

Section 1. This City Council hereby finds and declares that properties in the territory of the City will benefit from the availability of the Programs 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 Programs, 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 or administration of any bonds issued in connection with the Programs.

Section 3. The appropriate officials and staff of the City 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 of the City from time to time, are hereby designated as the contact persons for the Authority in connection with the Programs: City 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 Programs.

Section 5. The City Council 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 Secretary of the Authority at: Secretary of the Board, California Statewide Communities Development Authority, 1400 K Street, Sacramento, CA 95814.

PASSED AND ADOPTED this 10th day of September, 2019 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Joe Henderson, Mayor

Lisa J. Thomason, City Clerk