



City of Chula Vista

Staff Report

File#: 16-0183, **Item#:** 9.

- A. RESOLUTION NO. 2016-072 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING: AN AMENDMENT TO A CONTRACT WITH YGRENE ENERGY FUND CALIFORNIA, LLC ("YGRENE") REGARDING THE ADMINISTRATION OF THE CITY'S CLEAN ENERGY CHULA VISTA PROPERTY-ASSESSED CLEAN ENERGY FINANCING PROGRAM; AND AN INDEMNIFICATION AND INSURANCE AGREEMENT WITH YGRENE
- B. RESOLUTION NO. 2016-073 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA HOME FINANCE AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CLEAN ENERGY) TO FINANCE RENEWABLE ENERGY IMPROVEMENTS, ENERGY EFFICIENCY AND WATER CONSERVATION IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND APPROVING ASSOCIATE MEMBERSHIP IN THE JOINT EXERCISE OF POWERS AUTHORITY RELATED THERETO
- C. RESOLUTION NO. 2016-074 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA HOME FINANCE AUTHORITY PROGRAM TO FINANCE RENEWABLE ENERGY GENERATION, ENERGY AND WATER EFFICIENCY IMPROVEMENTS AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE AND APPROVING ASSOCIATE MEMBERSHIP IN THE JOINT EXERCISE OF POWERS AUTHORITY RELATED THERETO

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

As part of its Climate Action Plan implementation, the City has been pursuing the establishment of Property Assessed Clean Energy (PACE) programs, which allow property-owners to finance energy and water-saving improvements through a voluntary tax assessment on their property.

Last year, Ygrene Energy Fund ("Ygrene") launched a statewide PACE program operated by California Home Finance Authority ("CHFA"), a California joint powers authority, doing business as Golden State Financing Authority. When Chula Vista started the Clean Energy Chula Vista PACE program with Ygrene the statewide program was not an option. To improve PACE program consistency in Chula Vista, City staff is recommending transitioning the local Clean Energy Chula Vista program to the statewide program offered by CHFA and administered by Ygrene. This proposed change will reduce Chula Vista staff administration time and all four PACE programs would be operating in a similar manner. Approval of these resolutions will maintain the number of PACE program providers and Chula Vista home and building owners will see no change or impacts in the program operation.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

On October 13, 2014, the Resource Conservation Commission recommended that the City Council expand PACE program offerings in Chula Vista to provide greater customer choice and to maximize energy and water efficiency retrofit opportunities.

DISCUSSION

As part of its Climate Action Plan implementation, the City has been pursuing the establishment of Property Assessed Clean Energy (PACE) programs, which allow property-owners to finance energy and water-saving improvements through a voluntary tax assessment on their property. Currently, Chula Vista property-owners can choose between four different PACE program providers:

- Local Clean Energy Chula Vista program (administered by Ygrene Energy Fund and the City of Chula Vista). Since program formation in August of 2013 the Clean Energy Chula Vista PACE program has funded more than 560 projects for a total of \$12 million in financing. The residential sector is the largest sector accounting for 88% of the total funding and applications have increased 58% from the first quarter of 2015 to the fourth quarter.
- CaliforniaFIRST program (administered by Renew Financial & California Statewide Communities Development Authority (CSCDA)). Has financed 57 projects for a total of \$1.5 million in financing in Chula Vista.
- California HERO Program (administered by Renovate America and the Western Riverside Council of Governments (WRCOG)). Too new to report.
- OnDemand PACE Program (administered by Figtree Financing & California Enterprise Development Authority (CEDA)). Too new to report.

The City contracted with Ygrene Energy Fund California in August of 2013 to design, fund, implement and market the City’s local Property Assessed Clean Energy (PACE) program also known as Clean Energy Chula Vista. Council established a Chula Vista Community Facilities District No. 2013-1 (Clean Energy CFD) and authorized the levy of special taxes to finance or refinance energy efficiency, water conservation and renewable energy improvements and electrical vehicle charging stations. This is the only PACE program operating in Chula Vista that requires the City to participate in program administration.

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Staff is recommending that the City adopt the resolutions necessary to transition the Clean Energy Chula Vista program to the CHFA statewide PACE programs, administered by Ygrene. Participation in the CHFA "Ygrene Works for California" programs allows the City to continue offering PACE financing while streamlining program components and eliminating staff time required to administer the local program.

The existing Clean Energy Chula Vista PACE program would remain active and the special taxes for properties signing financing agreements prior to the transition date would continue to be collected on the property tax roll. There would be no interruption in service to Chula Vista property owners, and Chula Vista building owners would continue to receive the same level of customer service from Ygrene staff.

Participants in the transitioned PACE program will continue to be assessed via their property tax bill. Funds will be collected by the County of San Diego and remitted directly to CHFA. The City of Chula Vista will have no role in the placement of PACE assessments on the tax roll or the remittance of funds collected to CHFA.

The agreement and amendment require Ygrene and CHFA to defend and indemnify the City and to conduct the "Ygrene Works for California" Program in accordance with state and local law, and the City's PACE Program Guidelines.

Adoption of the resolutions would approve the following actions:

- Approve an amendment to the original Third-Party Administration Agreement ("Amendment") to allow for the transition of the existing Chula Vista PACE program to the CHFA Ygrene works JPA program. This action also ensures that the new program will comply with the City's PACE Guidelines.
- Approve an Indemnification and Insurance Agreement By and Between the City of Chula Vista and Ygrene Energy Fund CA, LLC.
- Authorize the City to join the JPA as an Associate Member and permits property owners within the incorporated areas of the City to participate in the CHFA SB 555 Community Facilities District.
- Authorizes the City to join the JPA as an Associate Member and permits property owners within the incorporated areas of the City to participate in the CHFA AB 811 Authority PACE Program.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18705.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. PACE programs support the Healthy Community goal as they fund energy and water upgrades in the community, which is a key objective under Initiative 3.2.1. - "Design and implement innovative environmental & conservation programs."

CURRENT YEAR FISCAL IMPACT

There is no fiscal impact to the City's General Fund from switching administration of the Ygrene PACE program from the City to CHFA. Current administration costs, under the City program are covered by the Local Government Partnership with San Diego Gas & Electric

ONGOING FISCAL IMPACT

There is no ongoing impact to the General Fund. PACE programs are implemented at no-cost to the City and the actions will minimize staff time associated with reviewing additional PACE programs. Any further PACE actions will be reimbursed through the City's Local Government Partnership with San Diego Gas & Electric.

ATTACHMENTS

1. Chula Vista Third Party Administration Agreement First Amendment
2. Indemnification and Insurance Agreement
3. CHF JPA Agreement w/signature page for new association members

Staff Contact: Lynn France, Economic Development - Office of Sustainability.