



City of Chula Vista

Staff Report

File#: 17-0032, **Item#:** 5.

RESOLUTION NO. 2017-150 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA CONSENTING TO THE INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM; APPROVING THE CMFA JOINT EXERCISE OF POWERS AGREEMENT AND THE CITY'S MEMBERSHIP IN THE CMFA; AND APPROVING PARTICIPATION AGREEMENTS WITH CMFA AND ITS ADMINISTRATORS: ENERGY EFFICIENT EQUITY, INC., BLUEFLAME PACE SERVICES, LLC., AND ONPACE ENERGY SOLUTIONS, LLC.

RECOMMENDED ACTION

Council adopt the resolution.

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.

City staff is recommending joining the CMFA PACE program and allowing the CMFA PACE Program Administrators listed below to operate in Chula Vista.

- Residential: Energy Efficient Equity, Inc.
- Commercial: BlueFlame PACE Services LLC; and
- OnPACE Energy Solutions, LLC.

This proposed change will not affect Chula Vista staff administration needs, other existing PACE programs or past participants but will broaden PACE program options for residents and businesses, encouraging competition.

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 because it will not result in a physical change in the environment; 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

Not Applicable

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:

- Ygrene Program (administered by California Home Finance Authority ("CHFA")). Since program formation in August of 2013 the Ygrene PACE program has funded more than 1,150 projects for a total of more than \$22 million in financing.
- CaliforniaFIRST program (administered by Renew Financial & California Statewide Communities Development Authority (CSCDA)). Has financed 150 projects for a total of \$4.5 million in financing in Chula Vista.
- California HERO Program (administered by Renovate America and the Western Riverside Council of Governments (WRCOG)). Has financed more than 500 projects for a total of \$14.5 million in financing in Chula Vista.
- OnDemand PACE Program (administered by Figtree Financing & California Enterprise Development Authority (CEDA)). No Projects yet.

California Municipal Financing Authority (CMFA), a PACE provider that is not currently operating in Chula Vista, has request that Chula Vista become a member of CMFA and allow the Program Administrators listed below to operate in Chula Vista.

- Residential: Energy Efficient Equity, Inc.
- Commercial: BlueFlame PACE Services LLC and
- OnPACE Energy Solutions, LLC.

Participation in the CMFA program allows the City to expand PACE options for residents and businesses, encourages competition, and does not require significant staff time to administer the program. Additionally, the CMFA program has a Consumer Protection Policy that meets or exceeds the City's policies and is currently operating in nine (9) jurisdictions in San Diego County.

In order for the CMFA to have the authority to provide PACE financing in the City, it is necessary for the City to become a member of the CMFA. The Joint Exercise of Powers Agreement, attached, provides that the CMFA is a public entity, separate and apart from each jurisdictional member executing such agreement and authorizes the City to join the JPA as a Member. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the jurisdictional members executing such agreement. There are no costs associated with membership in the CMFA. CMFA and each of the Program Administrators listed above have also executed Participation Agreements, attached, which require CMFA and the PACE Program Administrators to defend and indemnify the City and to conduct the PACE programs in accordance with state and local law, and the City's PACE Program Guidelines.

The resolution authorizes the CMFA to accept financing applications from property owners in Chula Vista for municipal financing of authorized improvements through the CMFA program. It also authorizes the CMFA to conduct assessment proceedings and levy assessments against the property of participating owners within the City.

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 18702.2(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 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 efficiency upgrades in the community, which is a key objective under Initiative 3.2.1 - "Design and implement innovative environmental and conservation programs."

CURRENT YEAR FISCAL IMPACT

There is no fiscal impact to the City's General Fund by adding another PACE Program provider. Current administration costs under the program are covered by the Local Government Partnership with San Diego Gas & Electric.

ONGOING FISCAL IMPACT

There are no ongoing impacts to the General Fund. PACE programs are implemented at no cost to the City. Any further PACE actions will be reimbursed through the City's Local Government Partnership with San Diego Gas & Electric.

ATTACHMENTS

- 1) Joint Exercise of Powers Agreement - California Municipal Finance Authority
- 2) Energy Efficient Equity, Inc. Participation Agreement
- 3) BlueFlame PACE Services LLC Participation Agreement
- 4) OnPACE Energy Solutions, LLC Participation Agreement

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