

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
--	--

TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Environmental Services	DATE: 4/17/2014
---------------------	--	--------------------

SUBJECT: Proposed City Participation in the CaliforniaFIRST Residential Property Assessed Clean Energy (PACE) Program

PRIMARY CONTACT (NAME, PHONE): Anita Pyle, 858-492-6004; MS 1103A	SECONDARY CONTACT (NAME, PHONE): Dave Weil, 858-492-6001; MS 1103A
--	---

COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): Some minimal staff time, to be absorbed by existing staff, will be required for all work related to joining and monitoring this program. All costs related to energy efficiency, water conservation, and/or renewable energy projects will be borne by the property owner.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Liaison Office	ORIG DEPT.	Sierra, Mario	07/07/2014
Environmental Analysis	CFO		
Financial Management	DEPUTY CHIEF		
Debt Management	COO		
	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

Approve a resolution to allow the California Statewide Communities Development Authority (California Communities), as the administrator of the CaliforniaFIRST PACE Program, to offer the program to all owners of residential property in the City of San Diego under the conditions outlined.

STAFF RECOMMENDATIONS: Approve Requested Action	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	All
COMMUNITY AREA(S):	All
ENVIRONMENTAL IMPACT:	Adoption of a PACE Program for the City of San Diego is not a project under the California Environmental Quality Act, because the program does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, and therefore is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 4/17/2014

ORIGINATING DEPARTMENT: Environmental Services

SUBJECT: Proposed City Participation in the CaliforniaFIRST Residential Property Assessed Clean Energy (PACE) Program

COUNCIL DISTRICT(S): All

CONTACT/PHONE NUMBER: Anita Pyle/858-492-6004; MS 1103A

DESCRIPTIVE SUMMARY OF ITEM:

Property Assessed Clean Energy (PACE) programs allow property owners to finance energy and water conservation projects through a special tax or assessment on their property. There are four major providers of PACE programs: Ygrene, HERO, CaliforniaFIRST and FigTree, of which HERO and FigTree have been authorized to provide a "residential" PACE Program to San Diego residents. This item requests authorization to allow a third provider, CaliforniaFIRST, to offer its "residential" PACE program to San Diego homeowners.

STAFF RECOMMENDATION:

Approve Requested Action

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The City of San Diego is recognized as a sustainability leader for its highly successful energy efficiency, renewable generation and water conservation programs. Adoption of PACE programs such as the one recommended here will continue to keep San Diego in the forefront of providing innovative solutions for its residents to reduce their impact on our environment by using less of our constrained resources, while also ensuring that San Diego is a city that generates high-paying, quality jobs in up-and-coming green industries.

In April 2014 the City Council approved both the HERO and Figtree Residential PACE programs for San Diego residents. This action requests approval for a third provider, CaliforniaFIRST, to offer its Residential PACE program to San Diego homeowners. CaliforniaFIRST was originally approved in 2012 by the City Council to provide a Commercial PACE Program to San Diego businesses.

PACE programs allow property owners to finance energy efficiency, water conservation and renewable energy projects on existing residential and commercial structures through a special tax or assessment on their property. CaliforniaFIRST, like the previous two adopted providers, is a program that is set up under the Improvement Act of 1911 (Improvement Act) as amended by AB811. AB811 allows for the formation of assessment districts to provide for the financing of clean energy improvements on private property.

As discussed during previous PACE actions, Federal Housing Finance Agency's (FHFA) concerns regarding PACE lien priority remain. However, given the establishment of the State's PACE Loss Reserve Program as well as the success of PACE programs statewide, staff recommends that the City of San Diego continue expanding PACE by adopting the

CaliforniaFIRST residential program. As with the previous PACE offerings, the following underwriting criteria will be included in the authorizing resolution:

1. The applicant(s) must be the property owner(s) of record. If the legal property owner is a corporation, trust or similar legal entity, the applicant must be authorized to act on behalf of such entity;
2. Property owner(s) must be current on all property taxes for the property; No late payment levied on the property more than once during the prior three years or since the purchase of the property;
3. Property owner(s) must be current on their property debt for the prior twenty four (24) months;
4. Property owner(s) have not declared bankruptcy in the past seven (7) years and the property is not currently an asset in a bankruptcy proceeding;
5. Total existing secured indebtedness (including mortgage and other special tax and assessment liens) in combination with the PACE lien, does not exceed 95% of the existing property value;
6. Property must not have any involuntary liens, including construction liens.

FISCAL CONSIDERATIONS: Some minimal staff time, which will be absorbed by existing staff, will be required for all work related to joining and monitoring this program. All costs related to energy efficiency, water conservation, and/or renewable energy projects will be borne by the property owner.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

City Council Meeting - April 8, 2014

1. Council adopted R-308871 to allow Western Riverside Coalition of Governments (WRCOG), as the administrator of the Home Energy Renovation Opportunity (HERO) PACE Program, to offer the program to owners of residential property in the City of San Diego.
2. Council adopted R-308872 to allow the California Enterprise Development Authority, as the administrator of the Figtree PACE program, to offer the program to all owners of residential property in the City of San Diego.

Environment Committee - February 5, 2014

1. Staff authorized to prepare all necessary Council authorizations to allow the City to participate in the California HERO program as administered by the Western Riverside Council of Governments (WRCOG) joint powers authority.

2. Staff authorized to prepare a resolution to allow the California Enterprise Development Authority, as the administrator of the Figtree PACE program, to offer the program to the owners of all residential property in the City.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

From November 2010 through September 2012 interested property owners, contractors, lenders, community groups, energy non-profits and industry groups were engaged in stakeholder and community outreach efforts.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

While PACE providers will derive direct financial benefit from program adoption, successful program implementation will also provide significant benefit to the City of San Diego through clean energy, energy efficiency, and water conservation improvements, jobs creation, and reductions in greenhouse gas emissions.

Sierra, Mario

Originating Department

Deputy Chief/Chief Operating Officer