



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: April 4, 2017
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Theodore A. Fallati, CPA 568-2101
Director(s) Auditor-Controller
Contact Info: C. Edwin Price, Jr., CPA 568-2126
Chief Deputy Controller

SUBJECT: Property Assessed Clean Energy (PACE) Special Assessments for the City of Lompoc

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Recommended Actions:

- a) Approve and authorize the Chair to execute the Agreement for Collection of Special Taxes and Special Assessments with Western Riverside Council of Governments (WRCOG) establishing fees for placement of voluntary residential special assessments on the County tax roll pursuant to Streets and Highways Code section 5898.20(b) and reimbursing County for expenses incurred for annual processing, correction of errors and special reporting requests.
- b) Authorize the Auditor-Controller to place residential special assessments administered by Western Riverside Council of Governments (WRCOG) on the County tax rolls for the City of Lompoc, who has entered into a joint powers agreement with WRCOG, in order to participate and enroll in the WRCOG California Home Energy Renovation Opportunity (HERO) Program which is a residential Property Assessed Clean Energy (PACE) program.
- c) Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines, because they are government fiscal, organizational, or administrative activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

Pursuant to AB 811 (2008), a city or county may designate an area where property owners can receive financing for energy efficiency upgrades and renewable energy installations on their private properties by entering into voluntary contractual assessments where the costs for the improvement are paid via the assessment on their property tax bill.

The Auditor-Controller (A-C) in accordance with AB 811, requests that your Board authorize the placement of the Western Riverside Council of Governments (WRCOG) PACE assessments on the County tax rolls for the City of Lompoc. Additionally, the Auditor-Controller requests that your Board authorize a fee agreement, summarized in the following table, with WRCOG to place the PACE assessments on the County tax rolls per AB811.

Charge to Taxpayer:

\$16	Annually, per Assessor parcel number
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Charge to WRCOG:

\$50	Per taxpayer assistance communication
\$100	Per correction to special assessments requested by WCROG
\$100	Per special assessment removed from tax bill due to delinquency
\$200	Per fund, created to collect and account for the special assessment(s)
Actual costs	Any other services requested by WRCOG

The proposed agreement with WRCOG indemnifies the County and its officers and establishes fees for collection as well as additional operational costs and corrections of errors. This will be the first agreement in Santa Barbara County for special assessments where the governmental entity responsible for the special assessment exists outside the County borders and the first since other counties have entered into similar agreements.

Once the program is operational, the Auditor will place the voluntary special assessment(s) on the Property Tax bills for participants in the City of Lompoc, on the behalf of WRCOG. The Treasurer-Tax Collector will collect the payments along with property taxes twice annually. Delinquent amounts will, as allowed by statute, be removed from the tax bills and handled by WRCOG. The amount of the voluntary special assessment and parcel/property will be determined by WRCOG and delivered to the County. Corrections of errors caused by WRCOG will be billed to WRCOG for full cost reimbursement as well as special or customized reporting.

Background:

PACE Programs

Since adoption in 2008 of Assembly Bill 811 (AB 811), counties and cities in the State of California have had the opportunity to join and implement Property Assessment Clean Energy (PACE) programs. PACE programs allow for residential and commercial upgrades to buildings relating to energy and water efficiency, renewable energy, and other improvements that increase building energy performance,

through a funding mechanism that allows for repayment as annual assessments to property tax rolls over the course of the improvement loan.

The Federal Housing Financing Agency (FHFA) issued a statement of concern over PACE's senior lien position over mortgage investments. Given potential risks to consumers and local governments, your Board adopted a Resolution (7/13/10) directing staff not to accept the County emPower residential PACE applications until FHFA's concerns had been resolved and approved a redesigned County emPower program that does not utilize PACE assessments. The loan position risk with FHFA for PACE financing has not changed.

Lompoc

The City of Lompoc completed the legal actions to become an Associate Member of WRCOG and participate in WRCOG's California HERO program, which could result in PACE assessments on County property tax bills. If a property owner in the City of Lompoc chooses to participate, the installed improvements will be financed by the issuance of bonds by a joint powers authority, WRCOG. The bonds are secured by a voluntary contractual assessment levied on the owner's property, with no recourse or liability to the local government or other participating jurisdictions. Failure to repay the assessment lien could result in other interest and penalties and may result in foreclosure by WRCOG.

Performance Measure: * N/A

Budgeted: No

Fiscal Analysis:

Direct fiscal impact is estimated to be minimal and is subject to the number of participants in the PACE program and the accuracy of WRCOG's data and processing. General risks to economic factors related to FHFA's position on purchasing mortgage loans secured by properties with outstanding PACE obligations are unknown at this time.

Staffing Impacts:

Special Instructions:

Return one original executed copy of agreement to Auditor-Controller.

Attachments:

Attachment A: Agreement for Collection of Special Taxes and Special Assessments with WRCOG

Authored by:

Theodore A. Fallati, CPA Auditor-Controller; Ed Price, Chief Deputy Controller

cc:

County Counsel
County Executive Office