



**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: Community Services
Department No.: 057
For Agenda Of: March 13, 2018
Placement: Set Hearing for April 3, 2018
Estimated Tme:
Continued Item: Yes
If Yes, date from: October 18, 2016
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director
Director(s) (805) 568-2467
Contact Info: Ashley Watkins, Co-Division Chief
(805) 568-3514
SUBJECT: Implementation of California Statewide Communities Development Authority's
Open PACE Program

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors on March 13, 2018:

- a. Adopt a resolution declaring the County of Santa Barbara's intention to make voluntary contractual assessment financing available to owners of commercial property within the unincorporated area of Santa Barbara County through participation in the California Statewide Communities Development Authority's ("CSCDA") Open PACE Program for the installation of renewable energy, energy efficiency, water efficiency, and electric vehicle charging infrastructure and improvements (the "Program") (Attachment 1); and
- b. Set a hearing on April 3, 2018 to consider CSCDA's report about the Program (the "Report") (Attachment 2), including the extent of the area proposed to be included within the Program, the terms and conditions of a draft contract between CSCDA and owners of commercial property participating in the Program, and the proposed financing provisions for the Program; and, to consider the adoption of a resolution consenting to the implementation of the Program to make voluntary contractual assessment financing available to owners of commercial property within the unincorporated area of Santa Barbara County.

On April 3, 2018, your Board's actions should include the following:

1. Adopt a resolution consenting to the implementation of the Program within the unincorporated area of Santa Barbara County (Attachment 3);
2. Approve and authorize the Chair of the Board of Supervisors to execute the Participation Agreement for the California Statewide Communities Development Authority Property Assessed Clean Energy Open PACE Program ("CSCDA Agreement"). (Attachment 4); and
3. Determine that the above recommended actions are not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption (NOE) (Attachment 5).

Summary Text:

The Board of Supervisors last received an update regarding commercial PACE on October 18, 2016. At that time staff provided a report on commercial PACE that included: 1) An analysis of the business model options and an estimate of possible costs to the County; 2) Information on potential disadvantages to the County associated with establishing a commercial PACE program; and, 3) Input from other local governments about their experiences with commercial PACE. The Board directed staff to move forward with implementation of a third-party administration model for commercial PACE using the CSCDA Open PACE Program model.

Implementation of the CSCDA Open PACE Program (the "Program") was subsequently delayed for several reasons including: 1) CSCDA did not have a general agreement in place for local governments opting into the Program. County staff felt a general agreement was necessary to set forth the terms and conditions by which CSCDA would implement and administer the Program in the County and to ensure the Program reported completed projects in a format that allowed tracking towards Energy and Climate Action Plan goals. County Staff drafted an agreement; however, during contract negotiations, CSCDA's Board of Directors directed its staff to convene a stakeholder group to provide input on development of its own master general agreement for local governments opting into the Program; and 2) New PACE-related legislation (AB 1284 and SB 242) was passed and signed into law. This delayed CSCDA's development of the master general agreement as the bills' provisions needed to be incorporated.

This agenda item provides the Board with the opportunity to consider the Program and to move forward with its implementation for commercial properties in the unincorporated area of Santa Barbara County. At the public hearing set for April 3, 2018, the Board may adopt a resolution confirming the Report or abandon the proceedings.

Background:

PACE programs allow property owners to finance the upfront cost of energy efficiency, water efficiency and renewable energy projects and repay these costs over time through an assessment on the property. PACE is a financing tool that is currently operating in hundreds of jurisdictions throughout the state, and has been used to fund thousands of projects.

CSCDA, the largest Joint Powers Authority in California, founded and sponsored by the League of California Cities and CSAC, is implementing 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. The County of Santa Barbara is already a member of CSCDA. CSCDA pre-qualified and appointed several Third-Party Administrators to manage CSCDA’s Open PACE program in order to offer members turn-key PACE solutions that provide property owners the choice among prequalified PACE financing providers, creating competition on terms, service and interest rates.

Adoption of the Resolutions enables the Program to be made available to owners of commercial property within the unincorporated territory of the County to finance permanently fixed renewable energy, energy efficiency, and water efficiency improvements as well as electric vehicle charging infrastructure.

The CSCDA Agreement sets forth the terms and conditions by which CSCDA will implement and administer the Program in the County. This Agreement allows the County to ensure protections for its constituents and requires regular program participation reports that include information on energy savings and greenhouse gas emissions reductions that can be reported towards the Energy and Climate Action Plan.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Costs associated with implementing a commercial PACE program will come from existing funding sources.

Staffing Impacts:

Required staff time will be covered by existing staff.

Special Instructions:

Clerk of the Board to publish notice (Attachment 6), in accordance with California Government Code section 6066, of the hearing to be held on April 3, 2018.

Please send two copies of the signed Resolution of Intention, Resolution Confirming Report, CSCDA Agreement, and minute order to Ashley Watkins.

Attachments:

Attachment 1: Commercial PACE Resolution of Intention
Attachment 2: CSCDA Program Report
Attachment 3: Resolution Consenting to Commercial PACE
Attachment 4: CSCDA Agreement
Attachment 5: CEQA Notice of Exemption
Attachment 6: Public Hearing Notice
Attachment 7: PowerPoint Presentation

Authored by:

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Commercial Property Assessed Clean Energy Financing
March 13, 2018