



Monterey County

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File Number: RES 22-130

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In Control: Board of Supervisors

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Adopt a resolution to:

- a. Approve consenting to inclusion of commercial properties within the County's jurisdiction in Golden State Finance Authority Community Facilities District No. 2014-1 (Clean Energy) to finance renewable energy improvements, energy efficiency and water conservation improvements, including electric vehicle charging infrastructure, and seismic strengthening and wildfire safety improvements; and
- b. Approve consenting to inclusion of commercial properties within the County's unincorporated area in Golden State Finance Authority's program to finance renewable energy generation, energy and water efficiency improvements, including electric vehicle charging infrastructure, and seismic strengthening and wildfire safety improvements.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Approve consenting to inclusion of commercial properties within the County's jurisdiction in Golden State Finance Authority Community Facilities District No. 2014-1 (Clean Energy) to finance renewable energy improvements, energy efficiency and water conservation improvements, including electric vehicle charging infrastructure, and seismic strengthening and wildfire safety improvements; and
- b. Approve consenting to inclusion of commercial properties within the County's unincorporated area in Golden State Finance Authority's program to finance renewable energy generation, energy and water efficiency improvements, including electric vehicle charging infrastructure, and seismic strengthening and wildfire safety improvements.

SUMMARY/DISCUSSION:

On March 1, 2022, a Board Referral 2022.08 was made by Supervisor Chris Lopez to bring back to the Board of Supervisors for an examination the current list of Commercial PACE (CPACE) vendors allowed to do business in Monterey County, and to open up the opportunity to those who have expressed interest and others who may have the same interest, in offering services in Monterey County.

On March 22, 2022, Economic Development staff provided a preliminary analysis report in response to Board Referral No. 2022.08 to the Board of Supervisors. The report detailed a full list of all CPACE providers and potential costs for developing a marketing plan and costs for additional Economic Development staff to make the program a priority initiative. Direction was provided by the Board of Supervisors to review additional documentation and return with a more comprehensive analysis of referral.

On May 3, 2022, Economic Development staff provided a follow up analysis report in response to Board Referral No. 2022.08 to the Board of Supervisors. The report provided a comprehensive analysis of the referral, which was received by the Board of Supervisors. Staff was directed to prepare a board report and resolution for an upcoming Board of Supervisors meeting to enter into an agreement with Golden State Finance Authority to include CPACE services.

The County of Monterey is a Member of the Golden State Finance Authority (GSFA), formerly known as the California Home Finance Authority. GSFA is an exercise of joint powers authority established pursuant to Chapter 5 of Division 7, Title 1 of the Government Code of the State of California (Section 6500 and following) (the "Act") and the Joint Power Agreement entered into on July 1, 1993, as amended from time to time (the "Authority JPA").

GSFA has established Property Assessed Clean Energy ("PACE") financing programs to address high up-front costs for commercial property owners who wish to improve their properties through installation of measures that may include renewable energy sources, energy or water efficiency improvements (including electric vehicle charging infrastructure), and seismic strengthening or wildfire safety improvements. By offering low-cost financing to commercial property owners, GSFA's PACE programs allow construction of these projects to proceed and, in the process, stimulate building activity and the overall local economy, reduce peak energy demand, increase property values, and generate savings on utility bills for property owners. (For purposes of GSFA's PACE programs, "commercial properties" means any real property other than residential real property with four or fewer units.)

GSFA contracts with program administrators to operate its PACE programs, including Ygrene Energy Fund CA LLC, which operates the Ygrene Works for California program.

Commercial PACE Financing Programs

GSFA has established two PACE programs under the legislative authority of two separate California PACE laws:

SB 555 PACE Community Facilities District: Senate Bill 555 amended the Mello-Roos Community Facilities Act, set forth in sections 53311 through 53368.3 of the California Government Code and particularly in accordance with sections 53313.5(1) and 53328.1(a) ("Mello-Roos Act"), to allow for the creation of Community Facilities Districts ("CFDs") for the purpose of financing or refinancing the acquisition, installation, and improvement of distributed generation renewable energy sources, energy or water efficiency improvements, including electric vehicle charging infrastructure, and seismic strengthening and wildfire safety improvements, permanently affixed to private or publicly-owned real property. Individual commercial properties can be annexed into the district and be subjected to the special tax that is imposed to repay project financing only if (i) the Board adopts a resolution consenting to the inclusion of parcels in the unincorporated areas of the County within the CFD and (ii) each participating owner provides its unanimous written approval for annexation of its property into the PACE CFD.

AB 811 PACE Contractual Assessment Program: By the passage of Assembly Bill 811, the

California State Legislature added Chapter 29 to the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code. This legislation authorized cities and counties to establish voluntary contractual assessment programs for the purpose of financing private property improvements that promote renewable energy generation and energy and water efficiency improvements, reduction of greenhouse gases, enhancing seismic safety and wildfire safety, and protection of the environment. As with the SB 555 CFD, commercial properties can be annexed into the AB 811 PACE program and be subject to the property tax assessment that is imposed to repay project financing only if (i) the Board adopts a resolution consenting to the inclusion of parcels in the unincorporated areas of the County within the program and (ii) each participating owner consents in writing to the annexation of its property into the PACE program.

Program Authorization Being Sought

Most cities and counties that have approved the GSFA program to date have adopted both resolutions and are listed here. Authorizing both programs ensures that no matter the market or legislative environment for PACE, the GSFA program will be established and able to operate successfully in The County of Monterey without the need for additional review or investment of staff resources.

In support of GSFA's approach, the Board is being asked to pass two resolutions that would approve the following actions:

- The first resolution will permit commercial property owners within the unincorporated areas of the County to participate in the GSFA SB 555 Community Facilities District.
- The second resolution will permit commercial property owners within the unincorporated areas of the County to participate in the GSFA AB 811 Authority PACE Program.

Each resolution also authorizes GSFA (1) to accept applications from commercial property owners within the County's unincorporated area to finance authorized improvements; and (2) to conduct proceedings and levy special taxes or contractual assessments, as applicable, on the property of participating owners.

Following are additional PACE program considerations:

- Supports development of renewable energy sources, installation of energy and water efficiency improvements, reduction of greenhouse gases, and protection of the environment.
- Only commercial property owners who voluntarily choose to participate in the program will be subject either to assessments or special taxes, depending on which program is selected.
- Program financing provides for an affordable method for many commercial property owners to reduce their energy costs and improve their properties.
- Because program financing can be readily transferred on sale, even owners who are planning to sell have the ability to make responsible and beneficial improvements to their property.
- While early payment premiums apply in some circumstances, property owners can choose to pay off the program financing at any time.
- The County incurs no financial obligations as a result of program participation.
- Once the Board passes the resolutions, the County will incur no costs, and no staff time is required for administration or funding of the PACE program. The County will assist in the

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levying, collection and enforcement of the special tax or contractual assessment.

OTHER AGENCY INVOLVEMENT:

Staff consulted with the Auditor-Controller and Treasurer-Tax Collector. County Counsel has approved as to form.

FINANCE:

There are no fiscal impacts associated with the recommended actions. There is no cost to the County by opting into the commercial PACE programs described in this report. The County will have no administrative responsibilities, marketing obligations, or financial obligations associated with the PACE program, other than the levying and collection of special taxes and/or contractual assessments for any property participating in either PACE financing program.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The opportunity to expand access of commercial PACE financing services supports the Board approved strategic initiatives.

Mark a check to the relates Board of Supervisors Strategic Initiatives

X Economic Development

Administration

Health & Human Services

X Infrastructure

Public Safety

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Approved by: Dewayne Woods, Assistant County Administrative Officer, ext. 5309

Attachments: Resolution No. 1 GSFA CPACE; Resolution No. 2 GSFA CPACE; Board Referral No. 2022.08; Board Order Item No. 17