



# Board Agenda Item 31

DATE: March 1, 2016

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Resolutions Consenting to Inclusion of Fresno County Properties in the California Home Finance Authority PACE Programs

RECOMMENDED ACTION(S):

- 1. Adopt Resolution consenting to Inclusion of Properties within the County's Jurisdiction in California Home Financing Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Generation, Energy Efficiency, Water Conservation and Electric Vehicle Charging Infrastructure Improvements and Consenting to the California Home Finance Authority's Levy of Special Taxes to Secure Repayment of Such Financing, subject to the execution of the Agreement in Recommended Action 3.**
- 2. Adopt Resolution consenting to Inclusion of Properties within the County's Unincorporated Area in the CHF PACE Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure and Consenting to the California Home Finance Authority's Levy of Voluntary Contractual Assessments to Secure Repayment of Such Financing, subject to the execution of the Agreement in Recommended Action 3.**
- 3. Authorize the County Administrative Officer or his designee(s) to execute, subject to the approval of County Counsel and the Auditor-Controller/Treasurer-Tax Collector, an Agreement for the Collection of Taxes and Special Contractual Assessments.**
- 4. Authorize the County Administrative Officer or his designee(s) to execute, subject to the approval of County Counsel and the Auditor-Controller/Treasurer-Tax Collector, any subsequent documents necessary to implement the actions above.**

The first resolution will permit property owners within the unincorporated areas of the County to participate in the CHF SB 555 Community Facilities District. The second resolution will permit property owners within the unincorporated areas of the County to participate in the CHF AB 811 Authority PACE Program. Neither resolution will become effective until the execution of the reimbursement agreement contemplated by the third recommended action.

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

ALTERNATIVE ACTION(S):

Your Board may choose not to allow property owners within the unincorporated areas of the County to participate in this program.

FISCAL IMPACT:

There are no net County costs associated with the recommended actions. There is no cost to the County by opting into the 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 collection of special taxes and/or contractual assessments for any property participating in either PACE financing program. The Agreement for Collection of Special Taxes and Contractual Assessments includes the County's standard charges for the services provided.

DISCUSSION:

The County of Fresno is an Associate Member of the California Home Finance Authority (CHF), formerly called the California Rural Home Mortgage Finance Authority, which is in the process of formally changing its name to Golden State Finance Authority, a joint exercise of 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"). The County became an Associate Member under Board Resolution 09-407, adopted on September 22, 2009. CHF has established Property Assessed Clean Energy ("PACE") financing programs for residential, commercial, industrial and agricultural properties to address high up-front costs for property owners who wish to improve their properties through installation of measures that will generate renewable energy or reduce their energy and water use.

CHF contracts with Ygrene Energy Fund CA LLC (Ygrene) to serve as the program administrator and to operate the Ygrene Works for California PACE financing program.

**PACE Financing Programs**

CHF 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 ("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 energy efficiency, water conservation, renewable energy and electric vehicle charging infrastructure improvements permanently affixed to private or publicly-owned real property. Government Code section 53328.1 in particular provides for such a program.

Individual properties can be annexed into the district and be subjected to a 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 Part 3 of the Improvement 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, energy and water efficiency and electric vehicle charging infrastructure. As with the SB 555 CFD, 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.

The County has previously approved participation in other PACE programs, namely the California HERO program established by the Western Riverside Council of Governments and the CaliforniaFIRST program established by the California Statewide Communities Development Authority. Adding the CHF PACE programs, to be administered by Ygrene, provides more options for County property owners.

CHF sought and has completed the process of validation for both the SB 555 and the AB 811 programs in the Superior Court for the County of Sacramento. As of August 25, 2015, the CHF SB 555 PACE program is fully operational. Although CHF is implementing only the SB 555 PACE program at this time, CHF chose to form, validate and maintain both the SB 555 and AB 811 programs offerings to ensure flexibility.

Should market conditions, consumer demand and/or legislative changes affect one PACE program more than another, CHF has the flexibility to offer the program that best supports CHF's vision of service without any interruption to participating counties and cities and their property owners. CHF intends to maximize the benefits of both program offerings.

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 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 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 collect the special taxes or voluntary contractual assessments levied by CHF, but only subject to the terms of an agreement to receive reimbursement for the cost of that collection.

REFERENCE MATERIAL:

BAI #23, August 19, 2014

BAI #26, March 24, 2015

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with the Clerk - Resolution SB 555

On file with the Clerk - Resolution AB 811

CAO ANALYST:

John Hays