



COUNCILWOMAN
JEANNINE PEARCE

Date: January 22, 2019

To: Honorable Mayor and Members of the City Council

From: Councilwoman Jeannine Pearce *JP*

Subject: Golden State Finance Authority (GSFA) Joint Power Agreement

RECOMMENDATION:

1. Request the City Manager and City Attorney prepare a report on the state of residential PACE programs in California, including impacts of recent state legislation and existing programs in Long Beach, to be brought back within 45 days.
2. Request the City Manager and City Attorney review and bring back for potential adoption within 45 days a resolution consenting to the Inclusion of Properties within the City's Incorporated Area in GSFA Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Generation, Energy Efficiency, Water Conservation and Electric Vehicle Charging Infrastructure and Other Authorized Improvements. Attachment A.
3. Request the City Manager and City Attorney review and bring back for potential adoption within 45 days a resolution consenting to inclusion of Residential Properties within the City's Incorporated Area in the GSFA PACE Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements, Electric Vehicle Charging Infrastructure, and Other Authorized Improvements. Attachment B.

BACKGROUND

On April 5, 2016, the Long Beach City Council approved a resolution consenting to the inclusion of commercial, industrial, and agricultural properties within the City's jurisdiction in the California Home Finance Authority (CHF) Community Facilities District No. 2014-1 (Clean Energy) to finance renewable energy improvements, energy efficiency and water conservation improvements, and electrical vehicle charging infrastructure, and approving related Associate Membership in the Joint Exercise of Powers Authority (JPA).

The Council also approved a resolution consenting to inclusion of commercial, industrial and agricultural properties within the City's jurisdiction in the CHF Property Assessed Clean Energy Program (PACE) to finance renewable energy generation energy and water efficiency improvements and electrical vehicle charging infrastructure and Associate Membership in the related JPA.

Golden State Finance Authority ("GSFA"), which was formerly known as the California Home Finance Authority, is 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 primary mission of GSFA is to develop and administer financing programs to provide a source of financing for individuals and families to make energy efficiency improvements to their homes or properties. GSFA established its 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, reduce their energy and water use, seismic strengthening, and other authorized improvements. By offering low cost financing, 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.

GSFA contracts with Ygrene Energy Fund CA LLC (Ygrene) to serve as the program administrator and to operate the Ygrene PACE financing program. Ygrene provides residential, multifamily and commercial PACE financing for properties throughout the country. Specifically, the Ygrene Works program provides financing for energy efficiency, renewable energy, and in certain locations, water conservation, electric vehicle charging stations and seismic upgrades.

In 2016, the City of Long Beach formally approved the option for use of Ygrene financing for commercial, agricultural and industrial properties in the City. As a City approved program administrator, Ygrene offers financing for commercial, agricultural and industrial properties and requests City Council approval for expansion of their current operations to include residential properties in the City. Adding the GSFA PACE programs, to be administered by Ygrene, will provide additional financing options for City residential property owners.

As the City continues to pursue opportunities for the development of renewable energy generation and energy efficiency improvements, expansion of Ygrene's current operation to include residential properties will allow property owners to achieve energy efficiency and water conservation and other authorized improvements at their place of residence and will provide opportunities that may otherwise not be available or affordable. Expansion of the GSFA / Ygrene program will also help the City with GHG reduction, environmental equity and enhanced quality of life for homeowners as well as creating economic development opportunities.

On April 5, 2016, the City Council authorized GSFA to offer its PACE programs to commercial, industrial, and agricultural properties within the City's jurisdiction. GSFA and its administrator, Ygrene, are now seeking the Council's approval to include residential properties in the PACE program.

The City of Long Beach already participates in two other comparable PACE programs, Renovate America and California First, through a JPA with the County of Los Angeles. The addition of GSFA and its administrator Ygrene, who already operate commercial PACE in Long Beach would bring an additional residential PACE option.

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.
- 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 upon sale, even owners who are planning to sell have the ability to make responsible and beneficial improvements to their property.
- Property owners can choose to pay off the program financing in whole or in part at any time without penalty.
- The City incurs no financial obligations as a result of program participation.
- The City incurs no costs by expanding the program to include residential properties, and no staff time is required for administration or funding of the PACE program.

FISCAL IMPACT

There are no fiscal impacts associated with the recommended actions. The City incurred no cost by opting into the PACE commercial programs previously authorized and will incur no cost by adding residential to the programs described in this report. The City has no administrative responsibilities, marketing obligations, or

financial obligations associated with the PACE program. Ygrene assumes all costs associated with program implementation, including staffing and marketing, and provides all project funding.

ATTACHMENT A

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _____, CALIFORNIA
CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION
IN THE GOLDEN STATE FINANCE AUTHORITY COMMUNITY FACILITIES DISTRICT
NO. 2014-1 (CLEAN ENERGY) TO FINANCE RENEWABLE ENERGY IMPROVEMENTS,
ENERGY EFFICIENCY AND WATER CONSERVATION IMPROVEMENTS, ELECTRIC
VEHICLE CHARGING INFRASTRUCTURE AND OTHER IMPROVEMENTS AND
APPROVING ASSOCIATE MEMBERSHIP IN THE JOINT EXERCISE OF POWERS
AUTHORITY RELATED THERETO

Recitals

WHEREAS, the Golden State Finance Authority, a California joint powers authority formerly known as California Home Finance Authority (the "Authority"), has established the Community Facilities District No. 2014-1(Clean Energy) in accordance with the Mello-Roos Community Facilities Act, set forth in sections 53311 through 53368.3 of the California Government Code (the "Act") and particularly in accordance with sections 53313.5(l) and 53328.1(a) (the "District"); and

WHEREAS, the purpose of the District is to finance or refinance (including the payment of interest) 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 (the "Authorized Improvements"); and

WHEREAS, the City of _____ is committed to development of renewable energy generation and energy efficiency improvements, reduction of greenhouse gases, and protection of the environment; and

WHEREAS, in the Act, the Legislature has authorized a parcel within the territory of the District to annex to the District and be subject to the special tax levy of the District only (i) if the city or county within which the parcel is located has consented, by the adoption of a resolution by the applicable city council or county board of supervisors, to the inclusion of parcels within its boundaries in the District and (ii) with the unanimous written approval of the owner or owners of the parcel when it is annexed (the "Unanimous Approval Agreement"), which, as provided in section 53329.6 of the Act, shall constitute the election required by the California Constitution; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy efficiency and water conservation and in doing so cooperate with Authority in order to efficiently and economically assist property owners the City in financing such Authorized Improvements; and

WHEREAS, the Authority has established the District, as permitted by the Act, the Authority JPA, originally made and entered into July 1, 1993, as amended to date, and the City, desires to become an Associate Member of the JPA by acknowledgement of the JPA Agreement,

a copy of which is attached as Exhibit "A" hereto, to participate in the programs of the JPA and, to assist property owners within the incorporated area of the City in financing the cost of installing Authorized Improvements; and

WHEREAS, the City will not be responsible for the conduct of any special tax proceedings; the levy and collection of special taxes or any required remedial action in the case of delinquencies in the payment of any special taxes in connection with the District.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This City Council finds and declares that properties in the City's incorporated area will be benefited by the availability of the Authority CFD No. 2014-1 (Clean Energy) to finance the installation of the Authorized Improvements.

2. This City Council consents to inclusion in the Authority CFD No. 2014-1 (Clean Energy) of all of the properties in the incorporated area within the City and to the Authorized Improvements, upon the request of and execution of the Unanimous Approval Agreement by the owners of such properties when such properties are annexed, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

3. The consent of this City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the Authority CFD No. 2014-1 (Clean Energy) and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Authorized Improvements.

4. This City Council hereby approves joining the JPA as an Associate Member and authorizes the execution by appropriate City officials of any necessary documents to effectuate such membership.

5. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the Authority CFD No. 2014-1 (Clean Energy) within the City, and report back periodically to this City Council on the success of such program.

6. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority.

(Insert Voting Block for the City)

Exhibit A
JPA Agreement
[to be inserted]

ATTACHMENT B

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF _____, CALIFORNIA, CONSENTING TO INCLUSION OF PROPERTIES WITHIN THE CITY'S JURISDICTION IN THE GOLDEN STATE FINANCE AUTHORITY PROGRAM TO FINANCE RENEWABLE ENERGY GENERATION, ENERGY AND WATER EFFICIENCY IMPROVEMENTS, ELECTRIC VEHICLE CHARGING INFRASTRUCTURE, AND OTHER IMPROVEMENTS AND APPROVING ASSOCIATE MEMBERSHIP IN THE JOINT EXERCISE OF POWERS AUTHORITY RELATED THERETO

WHEREAS, the Golden State Finance Authority ("Authority") is 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"); and

WHEREAS, Authority has established a property-assessed clean energy ("PACE") Program (the "Authority PACE Program") to provide for the financing of renewable energy generation, energy and water efficiency improvements, electric vehicle charging infrastructure, and other improvements (the "Improvements") pursuant to Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29") within counties and cities throughout the State of California that elect to participate in such program; and

WHEREAS, City of _____ (the "City") is committed to development of renewable energy generation and energy and water efficiency improvements, reduction of greenhouse gases, and protection of the environment; and

WHEREAS, in Chapter 29, the Legislature has authorized cities and counties to assist property owners in financing the cost of installing Improvements through a voluntary contractual assessment program; and

WHEREAS, installation of such Improvements by property owners within the jurisdictional boundaries of the counties and cities that are participating in the Authority PACE Program would promote the purposes cited above; and

WHEREAS, the City wishes to provide innovative solutions to its property owners to achieve energy and water efficiency, and in doing so cooperate with Authority in order to efficiently and economically assist property owners within the City in financing such Improvements; and

WHEREAS, Authority has established the Authority PACE Program, which is such a voluntary contractual assessment program, as permitted by the Act, the Authority JPA, originally made and entered into July 1, 1993, as amended to date, and the City, desires to become an Associate Member of the JPA by acknowledgment of the JPA Agreement, a copy of which is attached as Exhibit "A" hereto, to participate in the programs of the JPA and to assist property owners within the jurisdiction of the City in financing the cost of installing Improvements; and

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy and collection of assessments or any required remedial action in the case of delinquencies in the payment of any assessments or the issuance, sale or administration of any bonds issued in connection with the Authority PACE Program.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This City Council finds and declares that properties in the City's incorporated area will be benefited by the availability of the Authority PACE Program to finance the installation of the Improvements.

2. This City Council consents to inclusion in the Authority PACE Program of all of the properties in the jurisdictional boundaries of the City and to the Improvements, upon the request by and voluntary agreement of owners of such properties, in compliance with the laws, rules and regulations applicable to such program; and to the assumption of jurisdiction thereover by Authority for the purposes thereof.

3. The consent of this City Council constitutes assent to the assumption of jurisdiction by Authority for all purposes of the Authority PACE Program and authorizes Authority, upon satisfaction of the conditions imposed in this resolution, to take each and every step required for or suitable for financing the Improvements, including the levying, collecting and enforcement of the contractual assessments to finance the Improvements and the issuance and enforcement of bonds to represent such contractual assessments.

4. This City Council hereby approves joining the JPA as an Associate Member and authorizes the execution by appropriate City officials of any necessary documents to effectuate such membership.

5. City staff is authorized and directed to coordinate with Authority staff to facilitate operation of the Authority PACE Program within the City, and report back periodically to this City Council on the success of such program.

6. This Resolution shall take effect immediately upon its adoption. The City Clerk is directed to send a certified copy of this resolution to the Secretary of the Authority.

(Insert Voting Block for the City)

Exhibit A
JPA Agreement
[to be inserted]