



CITY OF POMONA COUNCIL REPORT

February 5, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Darron Poulsen, Water Resources Director

Subject: **Adopt Resolutions Approving Participation in Four (4) Property Assessed Clean Energy (PACE) Programs**

OVERVIEW

Recommendation – That the City Council:

1. Adopt a Resolution approving the City's participation in the California Municipal Finance Authority (CMFA) Open PACE Programs (Attachment 2);
 - i. Authorize the CMFA to accept applications from property owners, conduct contractual assessment proceedings and levy contractual assessment within the City and authorized related actions;
2. Adopt a Resolution approving the participation in the California Statewide Communities Development Authority's (CSCDA) Open PACE Programs (Attachment 3);
 - i. Authorize CSCDA to accept applications from property owners, conduct contractual assessment proceedings, and levy contractual assessment within the City and authorized related actions;
3. Adopt a Resolution to join the California Enterprise Development Authority (CEDA) as an Associate Member (Attachment 4);
 - i. Authorize CEDA, through Figtree Financing, to offer their program and levy assessments within the City;
4. Adopt two Resolutions for the Golden State Finance Authority (GSFA) Ygrene Works Program:
 - i. To join the Joint Powers Authority (JPA) as an Associate Member and permit property owners, within the City, to participate in the GSFA SB555 (Attachment 5);
 - ii. To join the JPA as an Associate Member, permitting property owners within the City to participate in the GSFA AB811 Authority PACE Programs (Attachment 6); and

5. Authorize the City Manager to execute all appropriate documents and take any actions necessary to carry out the intent of these resolutions, subject to the review of the City Attorney.

Fiscal Impact – There is no fiscal impact to the City by consenting to the inclusion of properties within City limits in any or all of the four (4) PACE Programs, becoming an Associate Member of the JPA's or by opting into the PACE Programs as presented herein.

The California Foundation for Stronger Communities' Board of Directors also acts as the Board of Directors for the CMFA. The CMFA shares a portion of the issuance fees it receives with the member communities. The City will receive a portion of the issuance fee from the CMFA. Such grant may be used for any lawful purpose chosen by the City. An additional amount will be donated by the CMFA to a non-profit organization located in the City at their discretion. No expenditures of these fees will be made without Council action to recognize the funds and appropriate them accordingly.

Previous Related Action – On July 15, 2013, City Council adopted a Resolution Approving Participation in the California Home Energy Renovation Opportunity (HERO) Program for Financing of Residential Efficiency Projects which is part of the Los Angeles County PACE Programs.

On December 4, 2017, City Council directed Staff to bring PACE back with additional information.

EXECUTIVE SUMMARY

The PACE Programs provide loans to property owners, secured by the property owner's real estate, to finance various types of energy efficiency, renewable energy, and water efficiency projects. Amortized annual assessments are included in the owner's property tax bill. The PACE Programs are voluntary and are not administered by the City.

DISCUSSION

California Assembly Bill No. 811 along with Assembly Bill No. 474, authorized legislative bodies to designate an area where property owners enter into a voluntary contractual assessments to finance the installation of distributed generation renewable energy sources (such as solar panels), electric vehicle charging infrastructure, and/or water conservation improvements that are permanently fixed to real property. Financing for these improvements can be made available to property owners through the PACE Programs. There are no guarantees that energy cost savings will off-set the cost of the improvements.

Marketing Calls

The energy efficient services provided to residents by the PACE Programs are typically offered through home improvement contractors that provide services such as: HVAC, solar, roof, door,

and windows. Contractors may call residents regularly to solicit services. While City staff cannot stop the calls, the customers may contact the designated City representative or the PACE providers and report the contractors. The PACE providers can re-train the contractors and/or terminate them from being a PACE contractor if deemed appropriate.

The newly enacted laws help protect consumer's rights. Marketing practices, disclosures and other customer support mechanisms have evolved over time as the companies providing PACE and their local government partners have identified gaps and worked to establish consumer protections.

Consumer Protections

Over the last two years, Governor Jerry Brown has signed new protections into law, including a requirement for improved, standard disclosure forms. Below are three legislations passed since 2016 in reference to the PACE Programs:

1. AB 2693 (2016)
 - a. Closely mirrors federal "know before you owe" laws
 - b. Guarantees a 3 day right to cancel on all PACE Assessments
 - c. Standardizes clear disclosures and financing terms that all PACE providers must follow
2. SB 242 (2017)
 - a. Mandates confirmed term calls for all PACE customers
 - b. Standardized annual reporting and metrics to state regulators
 - c. Prohibits kickbacks to contractors for steering customers into a particular program
3. AB 1284 (2017)
 - a. Designates the Department of Business Oversight as the regulator for PACE programs
 - b. Requires PACE administrators to determine a consumer's ability to repay before entering into an assessment
 - c. Creates strict regulations for contractors who use PACE

On December 7, 2017 the U.S. Department of Housing and Urban Development (HUD) announced the FHA stopped insuring mortgages on homes that carry PACE liens. California (by far the largest PACE market) established a \$10 million loss-reserve fund to protect mortgage lenders (such as FHA) from losses related to home mortgage defaults on properties with PACE liens. No claims have ever been filed against the reserve.

By adopting the proposed resolutions, City Council will be authorizing the City of Pomona property owners to participate in any of the PACE Programs providers listed, in addition to the HERO and the Los Angeles County's PACE Programs which are currently operating within the City. The PACE Programs are 100 percent voluntary to property owners.

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Attachments: 1. Resolution to join the CMFA Open PACE Program
2. Resolution to join the CSCDA Open PACE Program
3. Resolution to join the CEDA Figtree Finance
4. Resolution GSFA SB555 Community Facilities District
5. Resolution GSFA AB811
6. Council Report dated December 4, 2017 with Program Descriptions

Prepared by: Julie Carver, Environmental Programs Supervisor