

**City of Garden Grove**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Karl Hill
Dept:	City Manager	Dept:	Community Development
Subject:	ADOPTION OF A RESOLUTION TO AUTHORIZE PARTICIPATION IN THE CALIFORNIAFIRST PROGRAM; AUTHORIZE THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE INCORPORATED TERRITORY OF THE CITY; AND TO AUTHORIZE RELATED ACTIONS.		
Date:	November 24, 2015		

**OBJECTIVE**

To authorize the participation of the City of Garden Grove residents and businesses in multiple Property Assessed Clean Energy (PACE) Programs to enable consumer choice and local competition.

**BACKGROUND**

Assembly Bill (AB) 811 (2008) established the PACE Program, which allows Cities, Counties and Special Agencies to offer financing to eligible property owners for renewable energy efficiency, water efficiency, and seismic strengthening improvements. Financing provided is repaid over time through a voluntary assessment on their property tax bills.

CaliforniaFIRST is a PACE program established under AB811 and is available to residential, commercial, industrial, agricultural and non-profit properties. CaliforniaFIRST is sponsored by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The City of Garden Grove is a member of California Communities.

**DISCUSSION**

CaliforniaFIRST is a voluntary program where property owners can access financing to manage the high upfront costs of energy and water improvements. CaliforniaFIRST PACE improvements are financed by the issuance of bonds by California Communities. California Communities will levy "contractual assessments"

ADOPTION OF RESOLUTION TO AUTHORIZE PARTICIPATION IN THE CALIFORNIAFIRST PROGRAM; AUTHORIZE THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (CSCDA) TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE INCORPORATED TERRITORY OF THE CITY; AND TO AUTHORIZE RELATED ACTIONS.

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on the owner's property and the assessment is repaid through the property tax bill. California Communities has selected Renewable Funding LLC to provide administration and financing for the program.

Communities are best served when there are more options available for financing energy and water improvements. The City of Garden Grove has previously approved participation in another PACE program, the California HERO Program. The HERO program primarily focuses on residential properties. CaliforniaFIRST is available for residential and commercial properties, so more property owners in the City will be able to take advantage of PACE financing. By creating a marketplace with multiple PACE options, the City's PACE providers will have to compete for business. This generally leads to improved services and reduced rates for property owners.

CaliforniaFIRST also includes consumer protections designed to ensure property owners understand the details of the financing, the measures meet efficiency standards and the work is performed by qualified contractors. CaliforniaFIRST also includes a dispute resolution process that is supported by a call center that is open seven days a week.

PACE assessments are designed to transfer with the property upon sale. This encourages property owners who may sell their property to make responsible and beneficial improvements to their property. In the event that a buyer or a buyer's lender do not want to assume the PACE assessment CaliforniaFIRST includes several options including subordinating the assessment and enabling prepayment without a penalty. These options are all included in the Program disclosures that all property owners must sign before accessing the financing.

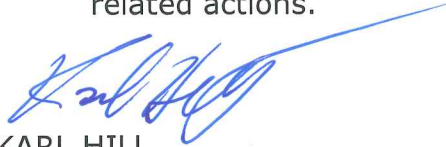
#### FINANCIAL IMPACT

There is no negative fiscal impact to the City's General Fund by consenting to the recommended actions. California Communities handles all assessment administration, bond issuance, and bond administration functions. All CaliforniaFIRST program administrative costs are covered through an initial administrative fee included in the property owner's voluntary contractual assessment and will be collected on the property owner's tax bill. The City incurs no financial obligations as a result of program participation.

#### RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution:

- Adopt the attached Resolution Authorizing the City to join the CaliforniaFIRST program; authorizing the California Statewide Communities Development Authority (California Communities) to accept applications from property owners, conduct contractual assessment proceedings and levy contractual assessments within the incorporated territory of the City, and authorizing related actions.



KARL HILL

Acting Community Development Director



By: Alana Cheng

Senior Administrative Analyst

Attachment 1: Resolution authorizing the City of Garden Grove to join the CaliforniaFIRST program and authorize CSCDA to sponsor their participation.

Attachment 2: (4) Letters of Support

Recommended for Approval



Scott C. Stiles  
City Manager

RESOLUTION NO. \_\_\_\_\_

RESOLUTION TO AUTHORIZE THE CITY OF GARDEN GROVE TO JOIN THE CALIFORNIAFIRST PROGRAM; TO AUTHORIZE THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT CONTRACTUAL ASSESSMENT PROCEEDINGS AND LEVY CONTRACTUAL ASSESSMENTS WITHIN THE INCORPORATED TERRITORY OF THE CITY; AND TO AUTHORIZE RELATED ACTIONS.

WHEREAS, the California Statewide Communities Development Authority ("California Communities") is a joint exercise of powers authority, the members of which, include numerous cities and counties in the State of California, including the City of Garden Grove (the "City"); and

WHEREAS, California Communities has established the CaliforniaFIRST program (the "CaliforniaFIRST Program") and will provide financing for certain improvements authorized by Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29"), including, but not limited to, renewable energy, energy efficiency and water efficiency improvements and seismic strengthening improvements (the "Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds (the "Bonds") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied; and

WHEREAS, the City desires to allow the owners of property ("Participating Property Owners") within the incorporated territory of the City to participate in the CaliforniaFIRST Program and to allow California Communities to conduct assessment proceedings under Chapter 29 within the incorporated territory of the City and to issue Bonds under the 1915 Act to finance the Improvements; and

WHEREAS, California Communities will conduct assessment proceedings under Chapter 29 and issue Bonds under the 1915 Act to finance Improvements;

WHEREAS, the City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove as follows:

Section 1. This City Council hereby finds and declares that properties in the City's incorporated area will benefit from the availability of the CaliforniaFIRST Program within the incorporated territory of the City and, pursuant thereto, the conduct of special assessment proceedings by California Communities pursuant to Chapter 29 and the issuance of Bonds under the 1915 Act.

Section 2. In connection with the CaliforniaFIRST Program, the City hereby consents to the conduct of special assessment proceedings by California Communities pursuant to Chapter 29 on any property within its jurisdiction and the issuance of Bonds under the 1915 Act; provided, that

(1) The Participating Property Owners, who shall be the legal owners of such property, execute a contract pursuant to Chapter 29 and comply with other applicable provisions of California law in order to accomplish the valid levy of assessments; and

(2) The City will not be responsible for the conduct of any assessment proceedings; the levy or collection of assessments or any required remedial action in the case of delinquencies in such assessment payments; or the issuance, sale or administration of the Bonds or any other bonds issued in connection with the CaliforniaFIRST Program.

(3) The issuance of Bonds will occur following receipt of a final judgment in a validation action filed by California Communities pursuant to Code of Civil Procedure Section 860 that the Bonds are legal obligations of California Communities.

Section 3. Pursuant to the requirements of Chapter 29, California Communities has prepared and will update from time to time the "Program Report" for the CaliforniaFIRST Program (the "Program Report"), and California Communities will undertake assessment proceedings and the financing of Improvements as set forth in the Program Report.

Section 4. The appropriate officials and staff of the City are hereby authorized and directed to make applications for the CaliforniaFIRST program available to all property owners who wish to finance improvements; provided, that California Communities shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the City Manager from time to time, are hereby designated as the contact persons for California Communities in connection with the CaliforniaFIRST Program: Community Development Department Senior Administrative Analyst.

Section 5. The appropriate officials and staff of the City are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by California Communities in accordance with the Program Report to implement the CaliforniaFIRST Program for Participating Property Owners.

Section 6. The City Council hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project, which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 7. This Resolution shall take effect immediately upon its adoption. The City Clerk is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of California Communities.



525 Cabrillo Park Drive, Suite 125, Santa Ana, CA 92701-5076  
(714) 245-9500 Fax (714) 245-9505  
www.AAOC.com

June 11, 2015

To Whom it May Concern:

The Apartment Association of Orange County would like to express its strong support for Property Assessed Clean Energy (PACE) programs in Orange County. An innovative public-private partnership that has been adopted by cities in nearly every county in California, PACE programs like CaliforniaFIRST give apartment owners a new tool for making energy and water efficiency investments.

Energy and water saving projects carry high upfront costs. PACE programs eliminate this burden by providing an easily accessed, long term financing mechanism repaid through property taxes. PACE programs make energy and water saving projects more flexible and affordable for apartment owners, putting these projects within reach for many property owners that might have otherwise been turned down by traditional credit-based financing. That has allowed apartment owners across California to make improvements like adding solar panels, efficient water heaters or artificial turf that lowers utility bills, raises property values and helps cities lower their water and energy use.

CaliforniaFIRST is a program of the California Statewide Communities Development Authority (CSCDA), and has strong support from the Association of California Cities- Orange County. Twenty-two cities in Orange County already have at least one PACE program, and have seen how these programs help save water and energy, create jobs, and increase property values.

AAOC urges cities in Orange County to adopt all three of the PACE programs supported by ACC-OC, which will create a competitive PACE market that offers more choices and lead to lower prices. And we encourage you to immediately adopt the CaliforniaFirst program so residents can have more ways to make these water and energy efficiency upgrades.

Sincerely,

A handwritten signature in black ink, which appears to read "Lou Penrose". The signature is fluid and cursive, with a large initial "L" and "P".

Lou Penrose  
Executive Director



April 28, 2015

**RE: Support for Property Assessed Clean Energy (PACE) Programs**

Dear City, County, and City and County:

The California Solar Energy Industries Association (CALSEIA) is the nation's largest statewide solar energy association, with 275 member companies across the state. Since the 1970's, CALSEIA has advanced the common interests of the solar industry, helping make California's solar market the most robust in the United States. CALSEIA wishes to express our strong support for Property Assessed Clean Energy (PACE) programs and to encourage local governments to enable multiple PACE programs to ensure healthy competition in the PACE marketplace.

PACE is an innovative public/private partnership that gives homeowners and commercial property owners a new tool for investing in solar energy. PACE programs can be used to finance a broad range of solar energy projects, including solar photovoltaic panels, solar pool heating and solar water heating. CALSEIA represents a diverse membership committed to growing the California solar industry. This includes solar contractors, manufacturers, distributors, developers, engineers, consultants and educational organizations. The majority of our members and their customers will benefit from having this financing option more widely available.

Over the past ten years the solar energy industry has created 55,000 jobs in California. We've done this by advocating for the best policies and programs that build the strongest solar marketplace. PACE financing is an important and rapidly growing part of our solar landscape and should be available in every community.

Thank you for considering our perspective on this matter.

Sincerely,

Bernadette Del Chiaro  
Executive Director, CALSEIA



June 3, 2015

To whom it concerns:

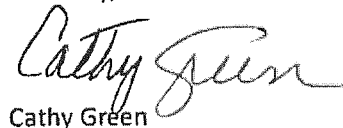
I would like to express my strong support for Property Assessed Clean Energy (PACE) programs in Orange County. As California's drought continues to strain water supplies, cities must keep finding creative ways to save water. PACE programs are an innovative public-private partnership that has been adopted by cities in nearly every county in California, giving homeowners and commercial property owners a new tool for making water and energy efficiency investments – which can result in significant water savings for our community.

PACE programs make water and energy saving projects more flexible and affordable for property owners, putting these projects within reach for many Orange County residents and businesses that might have otherwise been turned down by traditional credit-based financing. These programs have become a key way for cities and counties to reduce their water and energy use, and can be used to fund a variety of projects, including artificial turf, drip irrigation, greywater systems and low flow faucets and toilets.

And as cities face mandatory water reductions, these programs are helping Orange County cities conserve water. Right now we need to give property owners as many options as possible to save water and make these critical upgrades.

CaliforniaFIRST is a program of the California Statewide Communities Development Authority (CSCDA), and has strong support from the Association of California Cities- Orange County. Twenty-two cities in Orange County already have at least one PACE program, and have seen how these programs help save water and energy, create jobs, and raise property values. I urge cities in Orange County to adopt all three of the PACE programs supported by ACC-OC, which will create a competitive PACE market that offers more choices and lead to lower prices.

Sincerely,

A handwritten signature in cursive script that reads "Cathy Green". The signature is written in dark ink and is positioned above the printed name.

Cathy Green



April 22, 2015

Subject: Joining Property Assessed Clean Energy (PACE)

Dear City Council Members:

On behalf of the CleanTech OC Board of Directors, I am writing to express our enthusiastic support of your city's adoption of PACE (Property Assessed Clean Energy) programs. We are encouraging all local governments to make these programs available to their residential and commercial property owners. These programs provide an additional mechanism for financing renewable energy, energy efficiency and water conservation measures for both residential and commercial customers. PACE helps property owners minimize their water and energy bills and increase their property values. Even better, unlike conventional lending tools, PACE ensures the funds are used to improve the property.

CleanTech OC, a non-profit organization, is a catalyst to job creation and economic growth in the cleantech industry in Orange County. We facilitate cooperation among the community to advance the development of renewable energy, clean transportation, energy efficiency, green building, green consumer products and corporate sustainability. One of our objectives is to identify and promote programs that will lead to the expansion of cleantech in the County.

Our goal is to establish Orange County's reputation as a center of cleantech innovation, investment, and research. We are at the cusp of reaching that potential and believe that PACE will help us to get there as it has helped our counterparts in San Diego and Los Angeles. PACE-financed upgrades are direct investments in the community. These projects can range from \$5,000 to \$5,000,000, and are almost always done by the local work force which, of course, benefits CleanTech OC member companies and the industry.

There are multiple organizations that offer PACE financing such as HERO, Figtree and California First. We recommend that you allow all of them to operate in your city ensuring fair business practice. We anticipate that adoption of PACE will, over time, drastically reduce your city's energy consumption while providing significant fiscal stimulus.

I would welcome any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Scott Kitcher".

C. Scott Kitcher  
President, CleanTech OC  
[scott@cleantech-oc.org](mailto:scott@cleantech-oc.org)  
(949) 616-3390  
[www.cleantech-oc.org](http://www.cleantech-oc.org)