



City of Sunnyvale

Meeting Minutes - Draft

Sustainability Commission

Monday, May 15, 2017

7:00 PM

West Conference Room, City Hall, 456 W.
Olive Ave., Sunnyvale, CA 94086

CALL TO ORDER

Chair Paton called the meeting to order at 7:03 p.m. in the West Conference Room.

SALUTE TO THE FLAG

Chair Paton led the salute to the flag.

ROLL CALL

Present: 5 - Chair Bruce Paton
Vice Chair Amit Srivastava
Commissioner Dan Hafeman
Commissioner Petya Kisyova
Commissioner Kristel Wickham
Absent: 1 - Commissioner Steven Zornetzer

Vice Chair Srivastava arrived at 7:05 p.m.
Commissioner Zornetzer's absence is excused.

Council Liaison – Larry Klein (present)

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

Commissioner Hafeman pulled the minutes of the April 17, 2017 meeting to ask whether Study Issue ESD 17-01 "Eliminate the Use of Chemical Pesticides on City Owned or Leased Property" would still need be evaluated by Council for prioritization as indicated in the minutes, or whether it would automatically be approved for 2018. Elaine Marshall, Environmental Programs Manager, clarified that this year's Study Issue ranking process established a new category for

approved Study Issues that would be conducted pending staffing and resource availability and which also specified that any approved Study Issues not completed would be forwarded for Council consideration as part of the next Study Issue cycle. Commissioner Hafeman acknowledged that the minutes accurately reflected the process as clarified by Ms. Marshall.

- 1 [17-0554](#) Approve the Sustainability Commission Meeting Minutes of April 17, 2017

Commissioner Wickham moved, and Commissioner Kisyova seconded, a motion to approve the minutes. The motion carried by the following vote:

Yes: 4 - Chair Paton
 Commissioner Hafeman
 Commissioner Kisyova
 Commissioner Wickham

No: 0

Absent: 1 - Commissioner Zornetzer

Abstain: 1 - Vice Chair Srivastava

Vice Chair Srivastava abstained as he was not present for the April 17 meeting.

PUBLIC HEARINGS/GENERAL BUSINESS

- 2 [16-0585](#) Adopt Resolutions Authorizing the Operation of Property Assessed Clean Energy (PACE) Financing Programs Within the City of Sunnyvale, Authorize the City Manager to Execute Agreements and Other Documents Necessary to Implement the Same, and Find that the Actions are Exempt from Environmental Review under CEQA Guidelines Section 15378(b)(4)

Elaine Marshall provided an overview of Property Assessed Clean Energy (PACE) financing programs, outlining their general operational process, benefits and risks to homeowners, the City's role in the administration of these programs, and the operating conditions proposed by staff for PACE providers operating in Sunnyvale. She highlighted that staff recommended authorizing PACE providers that agreed to the staff proposed operating conditions by signing a letter of agreement and that agreed to the operate in accordance with the best practices laid out in the Association of Bay Area Governments' (ABAG) Regional Collaborative Services Agreement (RSCA). Ms. Marshall also noted that a representative of the HERO

program informed staff of recent changes to their program and that HERO program will no longer offer contractual subordination of PACE assessments, which would preclude them from signing the proposed letter of agreement. Staff was alerted of this change on May 12, 2017 after the Commission Agenda packet had been posted.

The Commission discussed the staff recommendation, identifying concerns and receiving clarification from staff and PACE program representatives. Ms. Marshall provided several key several clarifications, which included: (1) Council would need to adopt resolutions to join each program's Joint Powers Authority (JPA) with no financial relationship; (2) PACE is a form of public-private partnership that would involve the issuance of bonds by JPAs to fund the projects; (3) the programs are primarily marketed through contractors that are affiliated with the PACE providers and who work directly with property owners; and (4) the City will provide information on available PACE programs on the City's website, but would not provide lists of approved contractors (as these are available on PACE provider websites).

Commissioner Kisyova expressed concerns about the lack of performance measures to assess whether PACE-funded projects actually achieve energy, water, and long-term financial savings. Additionally, Commissioner Kisyova asked about realtors' acceptance of PACE programs and noted that the real estate association had opposed a Climate Action Plan item requiring energy audits at time of resale. The Commission discussed how PACE program participation is voluntary while the CAP item that was opposed by the real estate association was mandatory. Commissioner Kisyova also observed that sustainability should be achieved through codes and regulations and applied to all projects rather than through the creation of special programs like PACE. Commissioner Wickham noted that PACE program interest rates were higher than those offered for other types of financing.

Chair Paton opened the Public Hearing.

Emily Goodwin, Ygrene Works, clarified several questions posed by the Commission regarding the operation of PACE programs, including that PACE was aligned with the State's AB 32 goals and targets for water and energy conservation. Although Ygrene does not measure energy and water savings, it does communicate with each homeowner directly at the outset to confirm the contractor's scope of work. While contractors are not exclusive to individual PACE programs, if one PACE provider is released from program due to quality issues, information is shared among the PACE providers to ensure that poor contractors do not move among the providers. Ms. Goodwin also noted that PACE creates local jobs by providing financing that may be otherwise unavailable to property owners.

Leah Wiggs, HERO PACE Program, also clarified several questions from the Commission. She explained that most PACE programs perform rigorous quality assurance to ensure that their approved contractors meet specific standards. HERO has a contractor quality rating system and has excluded contractors from their approved pool for failing to meet quality standards. Furthermore, HERO's team of property advisors work directly with realtors and homeowners of active Multiple Listings Service (MLS) listings to assist them in selling or refinancing homes with PACE liens. Ms. Wiggs confirmed that HERO is no longer offering contractual subordination based on the recent experience with Federal Housing Finance Agency's (FHFA) position. However, she noted that the Federal Housing Administration (FHA) and Veterans Affairs (VA) have recently taken a position to allow PACE assessments on their loans.

Rachel Hobbs, California Statewide Communities Development Authority (CSCDA) OpenPACE program, noted that the quick 3-day loan approval turnaround offered by PACE programs was particularly useful for financing unanticipated energy and water efficiency upgrades (e.g., replacing an air conditioner that stopped working).

Chair Paton closed the Public Hearing.

Vice Chair Srivastava moved, and Commissioner Hafeman seconded, a motion to approve Alternatives 1-8 as recommended by staff. Chair Paton clarified that approval of Alternative 3 would be contingent on HERO's agreement to sign the proposed Letter of Agreement. The motion carried by the following vote:

Yes: 4 - Chair Paton
Vice Chair Srivastava
Commissioner Hafeman
Commissioner Wickham

No: 0

Absent: 1 - Commissioner Zornetzer

Abstain: 1 - Commissioner Kisyova

Commissioner Kisyova abstained due to the aforementioned concerns.

- 3** [17-0492](#) Approve the City's Green Infrastructure Plan Framework and Find that the Action is Categorically Exempt from Environmental Review under CEQA Guidelines Section 15308