



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

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)

SUMMARY OF COMMISSION ACTION

The Sustainability Commission considered this item on May 15, 2017.

The Sustainability Commission voted to approve Alternatives 1 through 8. The vote was 4-0, with Commissioner Kisyova abstaining and Commissioner Zornetzer absent (Attachment 15 - Excerpt of Draft Sustainability Commission meeting minutes). The Commission's approval of Alternative 3 was contingent on HERO agreeing to all the conditions included in the proposed Letter of Agreement Regarding Operational Requirements for PACE Programs in the City of Sunnyvale (Attachment 3).

Staff presented the report and responded to Sustainability Commission questions related to benefits of PACE assessments compared to conventional loans, contractor training and oversight, and program marketing and outreach. Additionally, several PACE Providers including HERO, Ygrene, and Pace Funding addressed the Commission during the Public Hearing and responded to clarification questions.

The representative from HERO informed the Commission about its recent programmatic change whereby HERO will no longer subordinate assessments.

ACTIVITY SINCE SUSTAINABILITY COMMISSION REPORT

On the afternoon of May 12, 2107, a representative of HERO informed City staff that HERO had just instituted a major change to its program and will no longer be contractually subordinating its PACE assessments and could no longer agree to that specific operating condition included in staff's proposed Letter of Agreement. HERO cited that this was due to recent experience and further guidance on the Federal Housing and Finance Administration's position on PACE assessments. At this time, HERO is the only provider that has discontinued contractual subordinations.

Staff maintains the recommendation to establish a set of operating conditions for PACE Providers to operate in Sunnyvale, including continuing to require that PACE Providers offer contractual subordination to property owners. Due to HERO's position that they cannot agree to the proposed operating conditions, staff is no longer recommending that the City Council approve Alternative 3 and that the City Council not sponsor the HERO program at this time.

PUBLIC CONTACT

Public contact was made by posting the City Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Approve the proposed operating conditions as presented in Attachment 3 and establish these conditions as requirements for PACE providers to operate in Sunnyvale.
2. Authorize the City Manager to execute the Adoption of the Association of Bay Area Governments (ABAG) Regional Collaborative Services Agreement with Residential PACE Providers (Attachment 4).
3. Adopt a resolution (Attachment 5) authorizing the inclusion of properties within the City's jurisdiction in the California HERO program and approving an amendment to the Western Riverside Council of Governments (WRCOG) Joint Powers Agreement (Attachment 6) adding the City of Sunnyvale as an Associate Member, and authorize the City Manager to execute the Associate Member Agreement with WRCOG (Attachment 7).
4. Adopt a resolution (Attachment 8) authorizing the inclusion of properties within the territory of the City of Sunnyvale in the CSCDA Open PACE Program for those providers signing the City's Letter of Agreement and the ABAG Regional Agreement.
5. Adopt resolutions (Attachments 9 and 10) authorizing the inclusion of properties within the City's jurisdiction in the Ygrene program through the California Home Finance Authority Community Facilities District No. 2014-1 (Clean Energy) under SB 555 and under AB 811 and approving an amendment to the California Home Finance Authority/Golden State Finance Authority's Joint Powers Agreement (formerly the California Rural Home Mortgage Finance Authority) adding the City of Sunnyvale as an Associate Member, and authorize the City Manager to execute the amendment to the California Home Finance Authority/Golden State Finance Authority's Joint Powers Agreement adding Sunnyvale as an Associate Member (Attachment 11).
6. Adopt a resolution (Attachment 12) authorizing the City to join the FigTree PACE Program, approving Associate Membership for the City in the California Enterprise Development Authority's Joint Powers Agreement (Attachment 13), and authorizing the California Enterprise Development Authority to conduct contractual assessment proceedings and levy contractual assessments within the territory of the City of Sunnyvale, and authorize the City Manager to execute the Associate Member Agreement with the California Enterprise Development Authority (Attachment 14);
7. Authorize the City Manager to execute other documents or agreements necessary to implement the above PACE programs as the City Manager concludes are necessary and appropriate.
8. Find that the Actions are Exempt from Environmental Review under CEQA Guidelines Section 15378(b)(4).
9. Do not join any of the Joint Powers Authorities and do not add additional PACE providers.
10. Other actions as directed by the City Council.

STAFF RECOMMENDATION

Alternatives 1, 2, and 4 through 8:

1. Approve the proposed operating conditions as presented in Attachment 3 to the report and establish these conditions as requirements for PACE providers to operate in Sunnyvale;
2. Authorize the City Manager to execute the Adoption of the Association of Bay Area

- Governments (ABAG) Regional Collaborative Services Agreement with Residential PACE Providers (Attachment 4 to the report);
4. Adopt a resolution (Attachment 8 to the report) authorizing the inclusion of properties within the territory of the City of Sunnyvale in the CSCDA Open PACE Program for those providers signing the City's Letter of Agreement and the ABAG Regional Agreement;
 5. Adopt resolutions (Attachments 9 and 10 to the report) authorizing the inclusion of properties within the City's jurisdiction in the Ygrene program through the California Home Finance Authority Community Facilities District No. 2014-1 (Clean Energy) under SB 555 and under AB 811 and approving an amendment to the California Home Finance Authority/Golden State Finance Authority's Joint Powers Agreement (formerly the California Rural Home Mortgage Finance Authority) adding the City of Sunnyvale as an Associate Member, and authorize the City Manager to execute the amendment to the California Home Finance Authority/Golden State Finance Authority's Joint Powers Agreement adding Sunnyvale as an Associate Member (Attachment 11 to the report).
 6. Adopt a resolution (Attachment 12 to the report) authorizing the City to join the FigTree PACE Program, approving Associate Membership for the City in the California Enterprise Development Authority's Joint Powers Agreement (Attachment 13 to the report), and authorizing the California Enterprise Development Authority to conduct contractual assessment proceedings and levy contractual assessments within the territory of the City of Sunnyvale, and authorize the City Manager to execute the Associate Member Agreement with the California Enterprise Development Authority (Attachment 14 to the report);
 7. Authorize the City Manager to execute other documents or agreements necessary to implement the above PACE programs as the City Manager concludes are necessary and appropriate; and
 8. Find that the Actions are Exempt from Environmental Review under CEQA Guidelines Section 15378(b)(4).

Prepared by: Elaine Marshall, Environmental Programs Manager

Reviewed by: Melody Tovar, Regulatory Division Manager

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Report to Sustainability Commission No. 16-0585, May 15, 2017 (without attachments)
2. PACE Provider Comparison
3. Final Draft Letter of Agreement Regarding Operational Requirements for PACE Programs in the City of Sunnyvale
4. ABAG Adoption of Agreement for Collaborative Services
5. Resolution - HERO/WRCOG
6. WRCOG JPA Agreement (HERO)
7. WRCOG JPA Amendment (HERO)
8. Resolution - Opt-in for CSCDA Open PACE Program
9. Resolution - Ygrene SB 555
10. Resolution - Ygrene AB 811
11. California Home Finance Authority/Golden Station Finance Authority JPA
12. Resolution - FigTree
13. CEDA JPA
14. CEDA Associate Member Agreement

Additional Attachment for Report to Council

15. Excerpt of Draft Minutes of the Sustainability Commission Meeting of May 15, 2017