

South Bay Cities Council of Governments

CAP/EECAP Working Group

June 24, 2015

2:30 pm - 4:30 pm

Minutes

Attendees: Max Castillo (Carson), William Kavadas (Gardena), Doug Krauss (Hawthorne), Leanne Singleton (Hermosa Beach), Grace Huizar (Lawndale), Elizabeth Corpuz (Palos Verdes Estates), Leza Mikhail (Rancho Palos Verdes), Rosemary Lackow (Rolling Hills), Danny Santana (Torrance), Nina Lang (Torrance), Kim Fuentes (SBCCOG), Lena Luna (SBCCOG), Marilyn Lyon (SBCCOG), Amanda Maki (AM), Renee Daigneault (SBCCOG), Sara Favrot (Atkins), Laura Zahn (Consultant), Sabrina Bornstein (Center for Sustainable Energy), Marcus Gilmore (Center for Sustainable Energy), James Ross (Ygrene)

EECAP Project Update

- Sarah Favrot will be project managers for the EECAP project. The community and municipal reduction draft measures and initial calculations have been completed. All measures with the community are listed, even if the city wasn't sure they wanted to do the item. These non-selected measures are show with strikethrough.
- 2013-2014 projects completed before 2013 are captured in GHG inventories. 2013-2014 measures are in the report.
- Individual city meetings to discuss final measures will be scheduled for the last two weeks of July and first two weeks in Aug. SBCCOG staff will start contacting cities in July. City staff anticipate needing to meet first with department heads and possibly then commissions, and finally council.
- KF stated we may need to calendar out the plan for each individual city, with their individual needs.
- The EECAP chapter template can be complete in the next couple of weeks.
- We are on track with the schedule. The next step is the development of the chapters that fall under the Strategic Growth Council funding which include: land use, transportation, greening waste, and power generation/ storage. Greening waste and power generation/ storage draft measures are completed and are ready for city review. Land use and transportation will be available at the end of the year. Once the chapters are completed, they will be combined into individual cities CAP. KF anticipates June 2016 for city adoption of full CAP.
- KF stated that we will draft staff report language for cities to use. .
- KF asked if anyone be interested in a field trips to see onsite power generation/storage operations, but city staff stated it was a challenge for them to attend additional meetings.

Update from the COG

- Lena Luna and Amanda Maki presented on the Greening, Waste, and Power Generation/Storage Chapters and the presentation is posted on SBCCOG website.
- SBCCOG is working on the Green Building Challenge Grant which is a gamification focused on businesses. There are 900 commercial buildings in the South Bay and our goal is to engage 250 of the buildings. We are trying to add water, and LACSD as partners. Renee

Daigneault was hired to work on this program. The soft launch will be in August with a full launch in September. Chicago and D.C. have launched successful programs.

Ygrene Works Presentation - James Ross, Regional Account Manager

- Presented on their pace program that is available for commercial and residential
- Materials distributed in the meeting can be found on the website.
- Follow-up Q and A based on the presentation can be found below:

Q: What is Mello-Roos is, how did you obtain it and how you differ from HERO with liens etc.?

A: SB 555 is the superior version of PACE financing for several reasons:

1. Fully tax deductible
2. Longest repayment terms / lowest payments
3. Strongest consumer protections

SB 555 (Ygrene)

Senate Bill 555 (2011) ("SB 555") amended the Mello-Roos Community Facilities Act of 1982 and authorizes a jurisdiction to form a voluntary special-use community facilities district to finance (or re-finance) the acquisition, installation, and improvement of energy efficiency, water conservation, renewable energy and other improvements to or on real property and in buildings, whether the real property or buildings are privately or publicly owned. Property owners within the district, by executing program financing agreements, effectively vote to annex their properties into the district, authorize levy of a special tax and approve recordation of a special tax lien which only affects their parcel. Financing is repaid through biannual imposition of special tax levies on the improved property for terms not to exceed the useful life of the improvements or 40 years (30 years in the case of the Ygrene Works program), whichever is less.

AB 811 (HERO, CalFirst and Figtree)

Assembly Bill 811 (2008) ("AB 811") amended Chapter 29 of the Streets and Highways Code and allows a jurisdiction to form a voluntary contractual assessment district to finance energy-efficiency, water conservation, renewable energy generation and electric vehicle charging infrastructure improvements that are permanently attached to private real property. Amortized repayment of the funding for these projects is secured by property tax assessments authorized by the owners of the improved properties. Liens remain with the property upon change of ownership unless paid. Property owners voluntarily enter into a program financing agreement that authorizes recording of an assessment and tax lien on their property to secure project financing. Assessments are repaid through biannual, non ad valorem property tax installments at fully amortized fixed interest rates for terms approved by the jurisdiction.

Q: Why Both Programs?

A: Ygrene and GSFA fully intend and expect to operate the SB 555 version of the PACE program. However, in order to ensure that the Ygrene Works program remains the

most innovative, cost effective and most secure PACE program, we are establishing both the AB 811 and SB 555 models from the outset. Should market conditions, consumer demand and/or legislative changes affect one program more than another, there will be the flexibility to switch without any service interruption to the City/County and its residents.

Probably the most important differences relate to the fact that, unlike AB 811 assessments, the SB 555 special taxes are true, above the line, property taxes. By signing our finance agreement, which is 100% voluntary, property owners effectively vote to annex their property to the district, the resulting taxes are technically involuntary.

There is no bulk assessment recorded against the property, nor separate principal and interest components, so the annual tax is fully deductible (rather than only the interest component as with AB 811 assessments.) We always state we are not tax professionals and recommend property owners consult with their tax professional regarding eligible tax write offs.

Another benefit is the nearly blanket exclusion of taxes in prohibitions found in deeds of trust against encumbering property used to secure loans. This gives residential property owner's access to the unilateral right to elect impounds as protection, written into the CA standard form trust deed, against default claims by lenders (strong consumer protection).

Q: For residential projects, does YGRENE require a whole house assessment to obtain funding or can home owners obtain funding for a single project without being required to do a whole house audit?

A: On residential properties we recommend an energy audit but do not require it. On commercial projects over \$250,000 we do require an energy audit, it's done internally by Ygrene.

Q: Do you have any insight the industry streamlining this sort of funding process, so cities don't have to adopt a resolution every time new funding or companies come out as additional funding sources.

A: At this time adopting the resolutions in one meeting is the most streamlined process available when adding a PACE provider to your city.

AB 2188 and Streamlined Solar Permitting Resources – Sabrina Bornstein, Project Manager

- California Assembly Bill 2188 requires cities and counties to adopt an expedited solar permitting process and cites the Guidebook as the primary resource for conforming to the new requirements.
- The ordinance must be adopted by September 30, 2015 and must create an expedited, streamlined permitting process for small residential rooftop solar energy systems that substantially conform to the recommendations, standard plans, and checklists found in the current Solar Permitting Guidebook. www.energycenter.org/solarguidebook