



City of Culver City

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Staff Report

File #: 19-1334, **Version:** 1

Item #: C-7.

CC - Adoption of a Resolution Authorizing the California Statewide Communities Development Authority to Offer Property Assessed Clean Energy Financing to Southern California Hospital.

Meeting Date: June 10, 2019

Contact Person/Dept: Joe Susca/Public Works
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Fiscal Impact: Yes No **General Fund:** Yes No

Public Hearing: **Action Item:** **Attachments:**

Commission Action Required: Yes No **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/05/19); William Lockyer, representing Southern California Hospital (05/15/19); Minh Le, County of Los Angeles PACE program (06/05/19); James Hamill, Managing Director of the California Statewide Communities Development Authority (06/05/19)

Department Approval: Charles D. Herbertson, Director of Public Works/City Engineer (05/30/19)

RECOMMENDATION

Staff recommends the City Council adopt a Resolution to join the California Statewide Communities Development Authority (CSCDA) and authorize the CSCDA to offer their Property Assessed Clean Energy ("Open PACE") program to Southern California Hospital.

BACKGROUND

In July 2008, California passed Assembly Bill 811 - the *Contractual Assessments: Energy Efficiency Improvements Act*. AB 811 explicitly authorized local governments to provide up to 20 year loans, repaid through property tax assessments, for the purpose of implementing energy efficiency, water saving and self-generation systems (such as rooftop solar panels) on private property. Later, seismic retrofits were added to the program (a.k.a. Property Assessed Clean Energy or "PACE" program.)

Approximately 90% of Culver City housing units were built prior to 1978, which is when contemporary energy efficiency standards were initially established. Many of these older homes lack insulation, well-sealed windows and doors, and other basic items necessary to become an energy efficient

house.

Some Culver City residents have access to private financing, either through home equity loans or other means to pay for their energy efficiency and water saving improvements, however, other homeowners may find it difficult to finance these upgrades. PACE programs provide an alternative funding mechanism for such improvements as it allows qualified property owners to pay for them through a property tax assessment. The assessment is secured by a lien placed upon the property, which remains until the loan is paid off. The unique nature of a PACE loan is that it does not have to be paid off when the property is sold. Instead, its obligations are transferred from the seller to the buyer of the property.

In April 2009, the Los Angeles County Board of Supervisors directed County staff to begin creating a PACE program to offer cities within the County that became known as the Los Angeles County Energy Program (LACEP), which commenced operations in May 2010. In June 2010, the City Council adopted a Resolution authorizing property owners to participate in the LACEP, which initially focused on residential homeowners. Since its inception, 91 residential projects valued at \$2.5 million have been completed along with six commercial projects valued at \$17 million. Although it is relatively easy to sign up to participate in the LACEP residential program, the individual terms and conditions for commercial properties are negotiated through a lengthy and costly process led by County staff in conjunction with the PACE administrator.

DISCUSSION

Staff was contacted by Southern California Hospital, who indicated that they were about to conclude negotiations with Alliance NRG Program, aka Counter Pointe Energy Solutions (“Counter Pointe”), a CSCDA Open PACE administrator, to finance the cost to implement their prior and future seismic retrofits to the hospital. Staff referred Southern California Hospital to LACEP to consider their program as an alternative, however, they indicated that the process, cost, terms and conditions they negotiated with Counter Pointe were more favorable than LACEP and they requested the City join the CSCDA so they may proceed to execute their loan agreement with them.

Nearly half the cities in California participate in the CSCDA and their staff thoroughly evaluates any Open PACE administrator who applies to join their program. For example, 14 PACE administrators have submitted proposals to join their program over the past three years and after evaluating them, all 14 were rejected as they did not adhere to the rigor and standards the CSCDA Commissioners established. CSCDA staff also investigates complaints and performs an annual review of each Open PACE administrator to ensure their operation continues to adhere to their contractual obligations. The CSCDA staff has indicated that Counter Pointe remains in good standing.

The CSCDA requires the City to adopt a Resolution to allow Southern California Hospital to execute the loan agreement. The proposed Resolution specifically references Counter Pointe and its agreement with Southern California Hospital only. The Resolution does not permit CSCDA to offer their Open PACE program to other property owners in the City. LACEP will continue to offer City residential and commercial customers their PACE financing program in the future.

FISCAL ANALYSIS

There is no direct fiscal impact to the City by adopting the proposed Resolution.

ATTACHMENTS

1. Proposed Resolution to Join the CSCDA Open PACE Program

MOTION

That the City Council:

1. Adopt a Resolution authorizing the California Statewide Communities Development Authority to offer their Property Assessed Clean Energy program financing to Southern California Hospital.