

**CITY OF ALBANY
MEMORANDUM**

DATE: July 20, 2016

TO: Sustainability Committee

FROM: Claire Griffing, Sustainability Coordinator

SUBJECT: Association of Bay Area Governments (ABAG) Regional Collaborative Services Agreement (RCSA) with Residential PACE Providers (RPPs)

RECOMMENDATION

That the Committee make a recommendation that Council authorize the City Manager to sign the ABAG Regional Collaborative Services Agreement with residential PACE providers and adopt resolutions to join additional PACE programs.

BACKGROUND

Property Assessed Clean Energy (PACE) financing programs are an innovative and effective tool for lowering the upfront cost of energy upgrades. PACE programs provide a voluntary financing option for solar installations, energy efficiency, and water upgrades, and seismic retrofits. The loans are repaid over the assigned term via an annual assessment on the property tax bill. This allows property owners to begin saving on energy costs while they are paying for the upgrades, and in some cases property owners see net gains even with an increased property tax bill.

Currently, the City has authorized three PACE providers – CaliforniaFIRST and AllianceNRG, administered by the California Statewide Communities Development Authority (CSCDA), and the HERO PACE Program, administered by the Western Riverside Council of Governments.

DISCUSSION

In order to safeguard consumer interests and promote program success, ABAG and the Bay Area Regional Energy Network (BayREN) have developed the “Regional Collaborative Services Agreement” (RCSA) which establishes the terms, conditions and roles each residential PACE provider (“RPP”) will follow when operating in ABAG territory. ABAG and BayREN staff have worked together to adopt a similar agreement currently in use in Sonoma and Marin Counties, and have worked with each of the PACE providers to consider suggested edits to the Agreement. While the Agreement is between ABAG and RPPs, the language of the agreement states that it also applies to actions of the RPP in participating cities/towns that chose to authorize PACE programs with RPPs.

Features of the RCSA include:

- Designates ABAG as the liaison to the RPPs locally
- Requires all RPPs to have clearly visible disclosures regarding the FHFA’s policies on residential PACE programs

- Requires all RPPs to participate in the state’s CAEATFA PACE Loss Reserve program
- Limits claims that RPPs (or their designated contractors) can make to applicants regarding the tax deductibility of PACE assessments
- Requires data sharing between the RPPs and PEs to monitor program performance locally and report out to local stakeholders
- Requires RPPs to accept responsibility for negligence in administering PACE programs

SUSTAINABILITY IMPACT

Participation in PACE programs directly supports the City’s CAP goals by stimulating investments that will reduce carbon emissions and reduce water consumption. PACE increases affordability, therefore increasing the number of projects completed. The Open PACE Program provides the additional option of financing seismic upgrades, which can reduce the loss of the natural resources embodied in existing buildings.

FINANCIAL IMPACT

The City will have no financial obligations. PACE programs are managed by third parties, and all PACE administrative costs are covered through an initial administrative fee included in the property owner’s voluntary contractual assessment and an annual administrative fee, which is also collected on the property owner’s tax bill.