PARTICIPATION IN THE CALIFORNIA HERO PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM

Stockton City Council
May 6, 2014
Agenda Item 15.1
PACE Basics

- **Property Assessed Clean Energy**
  - AB811 signed into law in 2008
- Allows property owners to finance the installation of energy efficient improvements on businesses and homes through an assessment.
- Types of improvements include:
  - Renewable energy, energy/water efficiency, and electric vehicle charging improvements
Background

• August 2013 - Figtree PACE program approved by Council
  • Primarily for commercial properties

• Western Riverside Council of Governments (WRCOG) making the California HERO Program available to all CA cities/counties
  • City must become associate member of WRCOG in order to participate

• HERO program will serve residential properties
How it Works

- 100% voluntary by property owners
- Improvements financed through WRCOG bond issuance
- Paid back through additional assessment on County property tax bill
  - Obligation remains with property
  - Some mortgage lenders may require assessment be paid off at the time property is sold or refinanced (Fannie Mae/Freddie Mac)
Benefits to the City

• Indebtedness issued by WRCOG and secured solely by assessment revenues
  • City is not obligated to repay bonds or delinquent assessments
• Administrative functions undertaken by WRCOG; minimal City staff time
• Provides financing option to homeowners to make energy efficient improvements
• Potential to create jobs, increase property values, and increase tax revenues
Recommendations

City Council adopt a resolution related to the City’s participation in the California HERO Property Assessed Clean Energy (PACE) Program:

• Approving an Amendment to the Western Riverside Council of Governments Joint Powers Agreement to add the City of Stockton as an Associate Member;

• Authorizing the Western Riverside Council of Governments to conduct contractual assessment proceedings and levy contractual assessments within Stockton City boundaries, and authorizing related actions; and

• Authorizing the City Manager, or his designee, to execute all documents and take any actions necessary and appropriate to carry out the intent of this resolution.