

TOWN OF FAIRFAX

STAFF REPORT

TO: Mayor, Members of the Town Council

DATE: February 13, 2012

FROM: Michael Rock, Town Manager



SUBJECT: Adoption of Resolution No. 12-12, A Resolution of the Town Council of the Town of Fairfax Supporting a Grant Application by the Marin Energy Authority to the California Strategic Growth Council's Sustainable Communities Planning Grant and Incentive Program for Start-Up Funding of a Marin PACE (Property Assessed Clean Energy) Program

RECOMMENDATION: Adopt the resolution as presented.

DISCUSSION:

The Marin Energy Authority (MEA) proposes to submit a grant application to the California Strategic Growth Council's Sustainable Communities Planning Grant and Incentive Program for start-up funds for a Property Assessed Clean Energy (PACE) loan program to incentivize energy efficiency upgrades to existing commercial and residential buildings. Resolutions of support are being sought from each jurisdiction in Marin.

The California Strategic Growth Council is soliciting applications for \$18 million in grant funding from Proposition 84 (The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) for both planning and implementation of sustainable community strategies. Grants will range from \$100,000 to \$1 million and no local match is required.

An eligible implementation program for grant funding would be initiation of a PACE loan program. The Marin Managers' Association (MMA) has been pursuing discussions with the Marin Community Foundation and the Sonoma County Energy Independence Program (SCEIP) for more than one year, and has determined that an impediment to launching such a program is availability of start-up funds for administration.

PACE funding would allow property owners to finance building retrofits over a 15 or 20-year period with no upfront costs and repay the assessment on their property tax bill.

ANALYSIS:

Since the Marin Energy Authority now represents all of the jurisdictions in Marin and includes in its charge the development of programs to promote energy efficiency, a PACE program could be administered through this JPA. Participation in the PACE program would be available to all property owners in Marin, regardless of whether they sign up for power procurement through MEA. Attachment A includes a more thorough description of the potential Marin PACE program.

The Marin Energy Authority proposes to submit the grant request under Focus Area # 3: Regional Planning Activities with Multiple Partners, which requires resolutions of support from jurisdictions which would participate in the assessment district formation. The grant will request approximately \$350,000 to cover initial district formation, preparation of funding agreements, implementation of application processing protocols by the SCEIP and initial program marketing. The grant submittal deadline is February 15, 2012.

FISCAL IMPACT:

There is no fiscal impact to the Town to support the grant application.

AGENDA ITEM # 2

ATTACHMENTS:
Marin PACE Program Description
Resolution 12-12

Attachment A: Marin PACE Program Description

Over the last 40 years, technological innovation and trend-setting regulations have kept California's per capita water and energy usage relatively stable. However, California's population and economic growth over that period have resulted in an overall increase in demand for those resources. The unfortunate byproducts of this growth include degraded natural resources, habitat loss, climate change, and the expense of building ever more infrastructure. In response to these issues, the Marin Energy Authority (MEA) is seeking funding to launch a property assessed clean energy (PACE) program that will reduce a key barrier to the implementation of energy efficiency, water conservation and distributed generation: high upfront capital costs. By offering property owners a means to finance eligible improvement projects, the Marin PACE program will reduce the environmental impacts and strains on infrastructure caused by the consumption of energy and water in Marin County. These benefits can be achieved cost effectively when savings resulting from PACE-funded improvement projects exceed annual financing payments.

MEA, a Joint Powers Authority comprised of the County and all of the cities and towns within Marin County, plans to implement this program by contracting with the successful Sonoma County Energy Independence Program for administrative expertise. In addition, MEA will partner with the Marin Municipal Water District (MMWD) to implement the water measures in the program. A partnership with the Marin City Community Development Corporation (MCCDC) will connect trainees from MCCDC's job training program with contractors working on PACE projects, thereby ensuring that disadvantaged communities in Marin benefit from the anticipated creation of over 300 green jobs.

The Marin PACE program will also serve as a model for public-private partnerships. Private sector investment in the initial \$30 million loan pool will be critical to the PACE Program becoming a self-sustaining program in which revenues from property owners are used to re-fund the loan pool and cover operational expenses. In the early stages however, the PACE Program will have to rely on grant funding to cover staffing costs, marketing costs, program structuring fees, and attorneys' fees.

In order to reduce risk, property owners under the PACE Program will be required to certify that the outstanding mortgage debt, plus the debt to be undertaken for the improvement project, will not exceed the property value. In addition, all PACE Program applicants will be screened to ensure that they are not in default on their property taxes. The PACE Program will also require a 10% reduction in total energy use as a condition of financing solar-photovoltaic or other on-site renewable generation.

Given the strong environmental awareness of Marin County residents, the community support of progressive environmental initiatives, the potential economic benefits to the customer, and the success of the PACE programs in the City of Palm Desert and the County of Sonoma, MEA is confident that there is significant local market demand for a property-based financing program.

RESOLUTION NO. 12-12

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX SUPPORTING A GRANT APPLICATION BY THE MARIN ENERGY AUTHORITY TO THE CALIFORNIA STRATEGIC GROWTH COUNCIL'S SUSTAINABLE COMMUNITIES PLANNING GRANT AND INCENTIVE PROGRAM FOR START-UP FUNDING FOR A MARIN PACE (PROPERTY ASSESSED CLEAN ENERGY) PROGRAM

WHEREAS, the California Strategic Growth has allocated \$18 million in grant funding from Proposition 84 (The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006) for both planning and implementation of sustainable community strategies; and

WHEREAS, the Marin Energy Authority, on behalf of all of its member agencies is desirous of submitting a grant proposal for implementation of a Marin PACE program which would provide assessment district financing options for property owners wishing to upgrade residential and commercial buildings for increased energy efficiency, water conservation and generation of renewable energy; and

WHEREAS, all of the existing climate action plans adopted by Marin jurisdictions include objectives to initiate a PACE program for constituents to incentivize building energy and water retrofits and energy generation to achieve reductions in greenhouse gases required by AB 32 (the California Global Warming Solutions Act); and

WHEREAS, it is projected that implementation of a PACE program in Marin has the potential to create investment of over \$30 million by retrofitting over 1,000 existing buildings, and resulting in over 338 direct jobs, \$44 million in new business revenue and over \$2 million in new taxes to local and state government, and reducing greenhouse gas emissions by between 1.6 and 3.4 million pounds per year; and

WHEREAS the Sustainable Communities Planning Grant and Incentive Program requires, for applications submitted under Focus Area 3 – Regional Planning Activities with Multiple Partners, the submittal of letters of support from agencies likely to participate in the future PACE program,

NOW, THEREFORE, BE IT RESOLVED that the Town of Fairfax supports the application of the Marin Energy Authority for grant funding from the Sustainable Communities Planning Grant and Incentive Program.

The foregoing Resolution was duly introduced and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said Town on the 13th day of February, 2012, by the following vote:

AYES:
NOES:
ABSENT:

PAM HARTWELL-HERRERO, MAYOR

Attest:

Judy Anderson, Town Clerk