



# City of Morgan Hill

## Legislation Text

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## **CITY COUNCIL STAFF REPORT**

### **MEETING DATE: FEBRUARY 15, 2017**

PREPARED BY: Anthony Eulo, Program Administrator/Community Services  
APPROVED BY: City Manager

## **RESOLUTIONS AUTHORIZING AN ADDITIONAL PACE ADMINISTRATOR**

### **RECOMMENDATION(S)**

Adopt resolutions authorizing an additional administrator to serve Morgan Hill customers for property improvements.

### **COUNCIL PRIORITIES, GOALS & STRATEGIES:**

#### **Ongoing Priorities**

Enhancing public safety  
Protecting the environment

### **REPORT NARRATIVE:**

The purpose of this agenda item is to present the Council with an opportunity to again expand the number of administrators eligible to finance property improvements in Morgan Hill.

Property Assessed Clean Energy, commonly referred to as PACE, is a financing mechanism in which a property owner may enter into voluntary contractual assessments to finance the installation of renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements as well as electric vehicle charging infrastructure. Once the improvements are made, the property owners who wish to participate in PACE agree to repay the money through the voluntary contractual assessment collected with property taxes. An advantage of this mechanism is that the obligation to pay the assessment is connected to the property, not the property owner, and can remain with the property after a transfer of ownership.

There are several PACE programs currently serving Morgan Hill. California First and HERO have been serving the community for several years. Additional providers, including Open Pace and Alliance NRG, were authorized to begin serving the community on February 1. Since the City must authorize a PACE administrator to operate in the community, City staff and the City Council have heard from one additional PACE provider, Ygrene Works, that they would also like to serve the community. Like any service provided to a customer, having more choices in the eligible providers

has the potential to improve customer service and reduce costs by enhancing competition.

With this in mind, staff recommends adopting the attached resolutions authorizing Ygrene Works, the PACE administrator associated with the California Home Finance Authority (also known as the Golden State Finance Authority) to provide services in Morgan Hill. There are two different resolutions recommended as Ygrene is seeking approval to provide funding using two different sections of State law. The first resolution authorizes funding via assessments and the second authorizes funding via special taxes.

#### **COMMUNITY ENGAGEMENT: Inform**

If the resolutions are adopted, the City's website will be updated to reflect the availability of project financing from the additional administrator. Most of the communication about these administrators is likely to come from contractors making financing available to their customers.

#### **ALTERNATIVE ACTIONS:**

The Council could decline to adopt the resolutions pending additional analyses or could direct staff to suspend any efforts to expand the number of PACE administrators serving Morgan Hill.

#### **PRIOR CITY COUNCIL AND COMMISSION ACTIONS:**

The City Council adopted a resolution authorizing California First to offer financing in Morgan Hill on December 16, 2009 and a resolution authorizing HERO to serve the community on February 4, 2015. A resolution authorizing the additional providers associated with the California Statewide Communities Development Authority was adopted by the Council on February 1, 2017.

#### **FISCAL AND RESOURCE IMPACT:**

There are no City fiscal impacts associated with this proposed action as neither the initial funding nor the repayment assessments are administered by the City. The staffing resources to consider energy financing opportunities for the community are included in the work program of the Community Services Department.

#### **CEQA (California Environmental Quality Act):**

Not a Project

The recommended action does not constitute a "project" under the California Environmental Quality Act, because the resolutions do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

#### **LINKS/ATTACHMENTS:**

1. Resolutions
2. JPA Agreement