



City of Rialto

Legislation Text

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For Economic Development Committee [November 15, 2017]

TO: Honorable Economic Development Committee Members

APPROVAL: Robb R. Steel, Asst. CA/Director of Dev. Svs.

FROM: John Dutrey, Project Manager

Consider Rialto's Participation in the California Municipal Finance Authority's Open Property Assessed Clean Energy ("PACE") Program. (Economic Development)

BACKGROUND:

The California Municipal Finance Authority ("CMFA") has approached the City to consider adopting a resolution to make its Open Property Assessed Clean Energy ("PACE") Program available for Rialto residential and business property owners.

The CMFA is a Joint Powers Authority formed to assist local governments, non-profit organizations, and businesses by promoting economic, cultural and community development, with the financing of economic development and charitable activities throughout California. To date, over 270 municipalities, including the City of Rialto, have become members of the CMFA.

As part of its economic and community development mission, the CMFA along with its current Program Administrators (Energy Efficient Equity, Inc.; BlueFlame PACE Services LLC; OnPACE Energy Solutions, LLC; Petros PACE Administrator, LLC; Structured Finance Associates, LLC; and Twain Community Partners II LLC) are offering PACE financing for residential and commercial property owners. The CMFA expects to issue limited obligation bonds, notes or other forms of indebtedness to fund the projects.

PACE finances energy, water, and renewable energy upgrades for residential and commercial buildings. Property owners who participate repay the loans through a voluntary contractual assessment collected together with their property taxes. A repayment lien attaches to the property. When the owner sells or refinances the property, the new owner may repay or assume the loan.

ANALYSIS/DISCUSSION:

The benefits to the property owner include:

- Competition: CMFA Open PACE currently provides three options to property owners: Energy Efficient Equity, Inc.; BlueFlame PACE Services LLC; OnPACE Energy Solutions, LLC; and Structured Finance Associates, LLC. Property owners can shop for the best price and service through the availability of the PACE administrators.
- Savings: Renewable energy, energy efficiency, and water conservation improvements help

lower utility bills.

- Payment obligation is tied to the property: The debt does not need to be repaid when the property is sold or transferred. The new owner assumes the obligation to repay the remaining balance with the property taxes.
- 100% Voluntary: Property owners choose to participate in the program at their own discretion.
- Repayment obligation matched to the useful life of the financed improvements: The term of the financing is based on the expected useful life of the improvements. Depending on the lender and the specific improvements, the term can range from 5-39 years.
- Prepayment options: Property owners can pay off the assessments at any time without penalty.

The benefits to the City include:

- Prequalified PACE Administrators: The CMFA's Board has pre-qualified the PACE administrators based on their business practices, qualifications, experience and capital commitment to the PACE market.
- No City Obligation: The City is not obligated to repay the bonds issued by CMFA or to pay the assessments levied on the participating properties. The City will not incur any cost or involvement, and there are no administrative responsibilities, marketing obligations, or financial exposures to the City.
- No City staff support required: The CMFA and its Program Administrators handle all assessment administration, bond issuance and bond administration functions.
- CMFA Give Back: The CMFA shares 50% of its issuance fees with its JPA member where the project is located: 25% to the City/County general fund and 25% to a local charity.

FINANCIAL IMPACT:

There is no negative fiscal impact to the City's general fund incurred by consenting to the inclusion of properties within the City limits in the PACE Programs.

RECOMMENDATION:

Recommend to the City Council adoption of a resolution (Exhibit A) to participate in the California Municipal Finance Authority's Open Property Assessed Clean Energy ("PACE") Program for Rialto residential and business property owners.