

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: TASHA WRIGHT, SUSTAINABILITY COORDINATOR, WATER DEPARTMENT
SUBJECT: SONOMA COUNTY ENERGY INDEPENDENCE PROGRAM AMENDMENT FOR EXPANSION TO INCLUDE SEISMIC STRENGTHENING IMPROVEMENTS AND WILDFIRE SAFETY IMPROVEMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Department and the Water Department that Council, by resolution, 1) approve the Eighth Amendment to the Cooperative Agreement with the County of Sonoma to allow property owners within the incorporated area of the City to finance seismic strengthening improvements and wildfire safety improvements through the Sonoma County Energy Independence Program (SCEIP); and 2) delegate authority to the City Manager to extend the term of the Agreement in substantially the same form, provided that any such extension does not go beyond March 31, 2030.

EXECUTIVE SUMMARY

The Sonoma County Energy Independence Program (SCEIP) has been in operation since March 2009, providing a Property Assessed Clean Energy (PACE) financing mechanism for local property owners to make energy efficiency, water conservation, and renewable generation property improvements. SCEIP is administered by the County of Sonoma's Auditor-Controller-Treasurer-Tax Collector and General Services Energy and Sustainability Division. SCEIP has recently been expanded to allow property owners throughout the unincorporated areas of the County to finance seismic strengthening and wildfire safety improvements in addition to energy and water improvements. For these additional improvements to be made available to Santa Rosa residents, the Council needs to adopt a resolution opting-in to the expanded portfolio of seismic and wildfire improvements.

BACKGROUND

On July 21, 2008, the Governor signed AB 811 (Levine) as an urgency measure, amending Chapter 29 of Part 3 of Division 7 of the California Streets and Highways

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Code to provide California counties and cities with a new way to help property owners finance energy improvements. Specifically, AB 811 authorized the establishment of contractual assessment programs in order to finance the installation of solar panels and other energy efficiency improvements that are permanently fixed to real property. Participation is voluntary and property owners who participate, install improvements and pay the assessment on their property tax bills over time.

SCEIP is a key element in achieving community-wide greenhouse gas emission reduction and water conservation goals. SCEIP provides an important owner financing tool for directing more community resources toward greater energy efficiency, conservation of water resources, renewable energy generation, and energy independence. Lower energy use translates directly into reduced greenhouse gas emissions and helps secure our energy future. Reducing water use helps conserve our finite water supply and saves even more energy. In addition, SCEIP helps create and retain jobs in the local building industry sector.

Since the formation of SCEIP in March 2009, the program has evolved from a limited focus on existing building improvements and over time expanded to include financing for improvements in new construction. Providing a means of financing these improvements, SCEIP helps to address the housing crisis and accelerate the process of rebuilding fire-damaged or destroyed properties. Furthermore, these improvements help mitigate against future disasters by upgrading existing structures or building more resilient new construction.

In 2018, the State Legislature adopted the Wildfire Safety Finance Act (SB 465), codified as Section 5899.4 of the California Streets and Highways Code, effective January 1, 2019, which authorizes contractual assessment programs, such as SCEIP, to finance the installation of wildfire safety improvements that are permanently fixed to existing residential, commercial, industrial, agricultural, or other real property. The legislation dictates that financing through contractual assessment programs can only be used for these types of wildfire safety improvements until January 1, 2029.

Additionally, in 2011, the State Legislature adopted the Seismic Safety Finance Act (AB 184), codified as Section 5899 of the California Streets and Highways Code, effective January 1, 2012, which authorizes contractual assessment programs, like SCEIP, to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property to make them more resistant to seismic activity, ground motion, or soil failure due to earthquakes.

On April 30, 2019, the Sonoma County Board of Supervisors adopted two resolutions of intention (Resolution Nos. 19-0166 and 19-0167), declaring its intention to expand SCEIP to include the financing of wildfire safety improvements and seismic strengthening improvements, and setting a public hearing thereon so that interested

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members of the public can weigh in on the proposed SCEIP expansion. This action was followed on July 23, 2019 when the Board formally approved the expansion, requested staff to work with each of the nine incorporated Cities to adopt the measures within their jurisdictions, and to seek a legal judgement from the Superior Court of California to validate the expansion in accordance with California Code of Civil Procedure Section 860, et seq.

PRIOR CITY COUNCIL REVIEW

- 04/04/2009 – Adoption of Resolution 27342 and SCEIP Initial Agreement
- 03/16/2010 - Adoption of Resolution 27592 and SCEIP First Amendment
- 09/28/2010 - Adoption of Resolution 27724 and SCEIP Second Amendment
- 11/01/2011 - Adoption of Resolution 28003 and SCEIP Third Amendment
- 10/30/2012 - Adoption of Resolution 28199 and SCEIP Fourth Amendment
- 10/15/2013 - Adoption of Resolution 28360 and SCEIP Fifth Amendment
- 10/07/2014 - Adoption of Resolution 28564 and SCEIP Sixth Amendment
- 03/31/2015 - Adoption of Resolution 28623 and SCEIP Seventh Amendment

ANALYSIS

The wildfire safety improvements proposed to be expanded in SCEIP include improvements to roofing, siding, eaves, soffits, decks, windows, roof gutters and gutter enclosures, vents, and hardscaping, using a range of equipment, systems, and technology, that meet ignition-resistant, ember-resistant, or non-combustible material ratings. Under state law, wildfire safety improvements must be fixed to an existing building or structure and cannot be used as a part of a project to construct a new home or to rebuild or reconstruct a home that was destroyed or damaged in a fire.

The seismic strengthening improvements proposed to be expanded by SCEIP must be fixed to an existing building or structure and include strengthening of cripple walls and sill plate anchorage of light, wood -framed buildings.

California's largest wildfires have occurred within the past 30 years and changing climate patterns have made California more vulnerable to wildfire, which poses a significant risk to the public's health, safety, and welfare throughout the County. Wildfire safety improvements will aid in preventing the start of wildfires and reducing the speed and scale in which wildfires spread, thereby making the County more resilient to destructive wildfires like those that occurred in October 2017. Additionally, the County is prone to seismic events, being located on multiple fault lines, including the San Andreas, Rodgers Creek, Maacama and Healdsburg Faults, and also includes areas with high risk of liquefaction. The seismic strengthening improvements financed through SCEIP will aid in reducing the scale of destruction which could result from a major

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seismic event, making the City more seismically resilient and promoting public health and safety.

In addition to expanding the SCEIP program to include seismic strengthening and wildfire safety improvements, the County has notified the City that the County removed all references to ownership of carbon, renewable energy or other forms of environmental credits from SCEIP agreements with property owners entered into on or after January 14, 2020. The City does not object to the change, given the high administrative costs of processing environmental attributes and low value of the attributes under the program.

The current City-County Cooperative Agreement expires on March 31, 2025. Staff recommends that the Council delegate authority to the City Manager to extend the term of the Agreement, in substantially the same form, provided that any such extension does not go beyond March 31, 2030.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

The Sonoma County Energy Independence Program is funded through a County-administered enterprise fund. Property-owner improvements are paid back to the County Treasury at a fixed rate of 5.99%, as of Oct. 1st, 2020, over either a 10-year or 20-year term. There are no ongoing costs or fees to the incorporated Cities who make this Program available to their residents.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 – Existing Facilities, in that implementation of the Sonoma County Energy Independence Program would allow for the retrofitting of existing facilities and structures.

RECOMMENDATIONS

It is recommended by the Transportation and Public Works Department and the Water Department that Council, by Resolution, approve the Eighth Amendment to the Cooperative Agreement with the County of Sonoma to allow property owners within the incorporated area of the City of Santa Rosa to finance seismic strengthening improvements and wildfire safety improvements through the Sonoma County Energy Independence Program (SCEIP).

NOTIFICATION

Not applicable.

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ATTACHMENTS

- Attachment 1 – CC Resolution 27342
- Resolution/Exhibit A – Eighth Amendment to Cooperative Agreement with the County of Sonoma

CONTACT

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