ITEM NO. 27

MEMORANDUM

DATE: June 6, 2012

TO: Honorable Mayor and Councilmembers

FROM: Patricia Allison, City Manager's Office

SUBJECT: **REQUEST BY COUNCILMEMBER KERN FOR COUNCIL SUPPORT OF SAN DIEGO COUNTY'S DEVELOPMENT OF ADDITIONAL PROPERTY ASSESSED CLEAN ENERGY (PACE) FINANCING PROGRAMS, AND DIRECTION TO STAFF TO SEND THE ATTACHED LETTER TO SUPERVISOR BILL HORN**

DRAFT

San Diego County Supervisor Bill Horn

1600 Pacific Highway, Room 335

San Diego, CA 92101

RE: San Diego County PACE Financing

Letter of Support

Dear Supervisor Horn:

The City of Oceanside supports San Diego County's development of additional Property Assessed Clean Energy (PACE) financing programs. PACE has the potential to significantly improve our local economy by creating jobs, reducing property owner utility bills, increasing economic activity, and adding value to our building inventory. This program also has the potential to be a significant driver for North County's Prosperity on Purpose effort, and is a way to help pay for the increased commercial/industrial building efficiency that will result from the scheduled implementation of AB 1103 starting on January 1, 2013.

It is important that the county, on behalf of its 18 cities and the unincorporated areas, demonstrate leadership by making a prudent and responsible decision. The county should allow for competition amongst PACE funding providers while requiring that the expanded PACE financing program include three key elements:

- Available and Committed Funding: Assurance that funding to complete property improvements will be available from day one.

- Local Program Management: Assurance that there will be a local team to work with organizations to implement the program, provide contractor training, and property owner education and support.

• Proven Success: Assurance that San Diego County's PACE program will incorporate the elements that have made the Sonoma County Energy Independence Program (SCEIP) so successful. To date, Sonoma County's PACE program has funded more projects - by a factor of five - than all other PACE programs in the U.S. We can learn from what Sonoma County has accomplished and extend that model to ensure our region's success and continued leadership in clean energy.

Sole-sourcing PACE financing to one program (California First) and one vendor (Renewable Funding) will not achieve optimal results. I encourage you to endorse and support an open, competitive market where property owners and contractors can immediately access the financing they need from multiple capital providers. Proceeding with just one program is not in the best interests of the county or its residents. By working with other program operators who are able to implement the key elements described above, the entire San Diego region stands to greatly benefit.

The goals, challenges, and opportunities that lie ahead are enormous. Through an open and competitive market with multiple financing providers we can realize the full potential for the benefit of the people, environment, and economy of San Diego County. The City of Carlsbad respectfully requests that you support the implementation of an expanded PACE financing program in the county with the elements described above.