



Western Riverside Council of Governments Administration & Finance Committee

AGENDA

**Wednesday, March 10, 2021
12:00 p.m.**

**Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501**

**WRCOG's OFFICE IS CURRENTLY CLOSED TO THE PUBLIC DUE TO COVID-19
AND STAFF ARE WORKING REMOTELY**

**Members of the public are encouraged to participate in this meeting via Zoom
(see meeting information below)**

**Join Zoom Meeting
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**Meeting ID: 886 7434 8123
Password: 145274**

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SPECIAL NOTICE – COVID-19 RELATED PROCEDURES IN EFFECT

Due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19), Governor Newsom has issued Executive Order N-29-20 (issued March 17, 2020) in which Section 3 supersedes Paragraph 11 of Executive Order N-25-20 (issued on March 12, 2020). This new order states that WRCOG does not need to make a physical location available for members of the public to observe a public meeting and offer public comment. The Order allows WRCOG to hold Committee meetings via teleconferencing and allows for members of the public to observe and address the meeting telephonically or electronically.

To follow the Order issued by the Governor, the Administration & Finance Committee meeting scheduled for Thursday, March 10, 2021, at 12:00 p.m. will be held via video and teleconference and any members of the public can attend electronically. Members of the public may send public comments by emailing snelson@wrcog.us, or calling (951) 405-6703 before or during the meeting, prior to the close of public comment.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Suzy Nelson prior to 12:00 p.m. on March 8, 2021, at (951) 405-6703 or at snelson@wrcog.us.

The Administration & Finance Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Kevin Bash, Chair)

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENTS

At this time members of the public can address the Administration & Finance Committee regarding any items listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Summary Minutes from the February 10, 2021, Administration & Finance Committee Meeting are Available for Consideration. P. 1

Requested Action: 1. *Approve the Summary Minutes from the February 10, 2021, Administration & Finance Committee meeting.*

B. Finance Department Activities Update P. 5

Requested Action: 1. *Receive and file.*

6. REPORTS / DISCUSSION

A. Update of the WRCOG Economic Development and Sustainability Framework P. 11

Requested Action: 1. *Receive and file.*

B. Regional Housing Trust Initiative Update P. 15

Requested Action: 1. *Direct staff to submit a letter of support for AB 687, which allows agencies in Riverside County to form a Housing Trust.*

C. PACE Programs Activities Update: Addition of Direct Capital Provider P. 21

Requested Action: 1. *Recommend that the Executive Committee adopt Resolution Number 02-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing WRCOG to issue and directly place bonds to finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program with certain capital providers, and in connection with such authorization, approving amendments to the Program Report for*

such programs, Assessment Contract, Master Indenture, Master Fiscal Agent Agreement and Master Bond Purchase Agreement, and authorizing the issuance of bonds pursuant to such Master Indenture or Master Fiscal Agent Agreement secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto and approve amendments to the Program Reports to include Direct Capital Provider.

D. Energy Department Programs Activities Update

P. 33

Requested Action: 1. *Receive and file.*

7. REPORT FROM THE DEPUTY EXECUTIVE DIRECTOR *Chris Gray*

8. ITEMS FOR FUTURE AGENDAS *Members*

Members are invited to suggest additional items to be brought forward for discussion at future Administration & Finance Committee meetings.

9. GENERAL ANNOUNCEMENTS *Members*

Members are invited to announce items / activities which may be of general interest to the Administration & Finance Committee.

10. NEXT MEETING: **The next Administration & Finance Committee meeting is scheduled for Wednesday, April 14, 2021, at 12:00 p.m., on the Zoom platform.**

11. ADJOURNMENT

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1. CALL TO ORDER

The meeting of the Administration & Finance Committee was called to order at 12:03 p.m. by Chair Kevin Bash on the Zoom virtual platform.

2. PLEDGE OF ALLEGIANCE

Chair Bash led members and guests in the Pledge of Allegiance.

3. ROLL CALL

Members present:

Mike Lara, City of Beaumont
Chris Barajas, City of Jurupa Valley
Brian Tisdale, City of Lake Elsinore
Kevin Bash, City of Norco (Chair)
Rita Rogers, City of Perris
Crystal Ruiz, City of San Jacinto
Ben Benoit, City of Wildomar
Karen Spiegel, County of Riverside, District 2
Chuck Washington, County of Riverside, District 3 (12:40 p.m. departure)
Brenda Dennstedt, Western Municipal Water District (WMWD)

4. PUBLIC COMMENTS

Arnold San Miguel, SCAG, announced that SCAG's Regional Council has approved the release of guidelines for SCAG's 2020/2021 Sustainable Communities Program Smart Cities and Mobility Innovations. Applications are due April 23, 2021. Application webinars will be held on March 8, 2021, and April 5, 2021.

5. CONSENT CALENDAR – (WMWD / Wildomar) 10 yes; 0 no; 0 abstention. Items 5.A, 5.B, and 5.D were approved.

A. Summary Minutes from the January 13, 2021, Administration & Finance Committee Meeting are Available for Consideration.

Action: 1. *Approved the Summary Minutes from the January 13, 2021, Administration & Finance Committee meeting.*

B. Finance Department Activities Update

Action: 1. *Received and filed.*

C. 2nd Quarter Draft Budget Amendment for Fiscal Year 2020/2021

This item was pulled for discussion by Committee member Mike Lara who asked if staff are seeing a significant drop in residential and commercial construction or in the HERO Program.

Andrew Ruiz, WRCOG Chief Financial Officer, responded that during the creation of the Fiscal Year 2020/2021 Agency Budget, staff took a conservative approach and reduced it across all categories by 30%; however, TUMF revenues have remained steady, even higher than anticipated.

Action: 1. *Recommended that the Executive Committee approve the 2nd Quarter Draft*

(Beaumont / WMWD) 10 yes; 0 no; 0 abstention. Item 5.C was approved.

D. Request for Proposal Issuance Policy Update

- Actions:**
1. *Approved the updated Policy outlined in this staff report related to Request for Proposal for professional services.*
 2. *Directed staff to update its Financial Manual to include the updated Policy.*

6. REPORTS / DISCUSSION

A. WRCOG Small Business Preference Policy

This item was tabled for a future discussion.

- Action:**
1. *Tabled this item for a future discussion.*

B. Environmental Department Activities Update

Kyle Rodriguez, WRCOG Senior Analyst, reported that the Environmental Department oversees the WRCOG Solid Waste Committee (SWC), Western Riverside County Clean Cities Coalition, and a Used Oil Recycling / Household Hazardous Waste Program.

At its meeting next week, the SWC will be discussing recycling diversion goals and programs and relevant legislation.

Staff released a Request for Proposal for on-call environmental services in December 2020; selection of a vendor(s) is anticipated by February 2021.

The Clean Cities Coalition submitted State Route (SR) 91 as a designated alternative fuel corridor for electric and hydrogen vehicles. The entire SR 91, from Riverside to Los Angeles, was designated.

Mr. Rodriguez shared a video on the importance of streamlining electric vehicles permits.

This year's SoCal AltCar event will be held virtually and is scheduled for April 21, 2021.

Three Used Oil & Filter Collection events have been held so far in 2021 and over 70 gallons of used oil has been recycled.

- Action:**
1. *Received and filed.*

C. Economic Development and Sustainability Framework Logo Refresh

This item was tabled for a future discussion.

- Action:**
1. *Tabled this item for a future discussion.*

7. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop reported that staff have met with all but one of the new Executive Committee members.

8. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

9. GENERAL ANNOUNCEMENTS

There were no items for general announcements.

10. CLOSED SESSION

There were no reportable actions.

11. NEXT MEETING: The next Administration & Finance Committee meeting is scheduled for Wednesday, March 10, 2021, at 12:00 p.m., on the Zoom platform.

12. ADJOURNMENT: The meeting of the Administration & Finance Committee adjourned from Closed Session at 1:14 p.m.

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Finance Department Activities Update

Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6740

Date: March 10, 2021

The purpose of this item is to provide an update on the Agency audit for Fiscal Year 2020/2021 and financials through January 2021.

Requested Action:

1. Receive and file.

Fiscal Year 2019/2020 Agency Audit

WRCOG's annual interim audit was completed on June 19, 2020. WRCOG utilizes the services of the audit firm Rogers, Anderson, Malody, and Scott (RAMS) to conduct its financial audit. The first visit is known as the "interim" audit, which involves preliminary audit work that is conducted prior to fiscal year end. The interim audit tasks are conducted to compress the period needed to complete the final audit after fiscal year end. In December 2020, RAMS returned to finish its second round, which is known as "fieldwork." The audit was completed on February 1, 2021, and it is anticipated that the final audit will be presented to this Committee in April 2021.

Financial Report Summary Through January 2021

The Agency Financial Report summary through January 2021, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

March 1, 2021: The Executive Committee received and filed.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

1. Financial Report summary through January 2021.

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Item 5.B

Finance Department Activities
Update

Attachment 1

Financial Report summary through
January 2021

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Western Riverside Council of Governments
Annual Budget
For the Month Ending January 31, 2021

Total Agency Budget

	Approved Budget 6/30/2021	Thru Actual 1/31/2021	Remaining Budget 6/30/2021
Revenues and Transfers in			
Member Dues	311,410	294,410	17,000
General Assembly Revenue	300,000	-	300,000
Interest Revenue - Other	25,000	8,975	16,025
Operating Transfer In	2,208,432	1,288,252	920,180
Clean Cities	175,000	128,000	47,000
Solid Waste	112,970	112,970	-
Used Oil	376,396	376,396	-
HHW Grant	60,000	-	60,000
Gas Company Revenue	108,400	53,225	55,175
Regional Streetlights Revenue	201,915	-	201,915
WRCOG HERO	136,290	51,342	84,948
PACE Residential	78,000	27,257	50,743
PACE Commercial	200,000	125,617	74,383
CA HERO	1,464,730	679,009	785,721
Commercial/Svcs - Admin Portion	41,137	\$51,552	(10,416)
Retail - Admin Portion	89,632	\$44,732	44,901
Industrial - Admin Portion	236,729	\$69,101	167,628
Single Family Residential - Admin Portion	652,270	\$899,423	(247,153)
Multi Family - Admin Portion	267,415	\$161,036	106,379
Commerical/Service	987,281	\$1,237,260	(249,979)
Retail	2,151,178	\$1,073,563	1,077,615
Industrial	5,681,507	\$1,658,433	4,023,074
Single Family Residential	15,654,486	\$21,586,154	(5,931,669)
Multi-Family	6,417,964	\$3,864,870	2,553,094
LTF Revenue	676,500	676,500	-
Total Revenues and Transfers in	\$ 40,539,536	\$ 34,468,078	\$ 6,071,459
Expenses			
Salaries	2,053,769	1,260,621	793,148
Benefits	1,027,040	497,878	529,162
Overhead	1,443,294	841,922	601,373
Legal	285,600	137,565	148,035
Advertising Media	65,667	38,100	27,567
Bank Fees	33,885	5,732	28,153
Coffee and Supplies	3,000	984	2,016
Commissioner Per Diem	62,500	29,800	32,700
Communications - Cellular Phones	13,500	2,869	10,631
Communications - Computer Services	53,000	14,791	38,209
Communications - Regular Phone	16,000	5,799	10,201
Computer Hardware	10,000	4,315	5,685
Computer Software	80,500	18,600	61,900
Consulting Labor	2,268,780	908,534	1,360,246
Event Support	165,736	6,897	158,839

Membership Dues	32,750	3,767	28,983
Office Lease	390,000	242,706	147,294
OPEB Repayment	110,526	110,526	-
Parking Cost	20,000	10,712	9,288
Postage	5,350	1,509	3,841
Printing Services	5,000	1,830	3,170
Program/Office Supplies	14,700	4,735	9,965
Recording Fee	173,525	43,684	129,841
Rent/Lease Equipment	20,000	2,246	17,754
Storage	9,500	3,454	6,046
Subscriptions/Publications	4,250	100	4,150
Supplies/Materials	75,478	9,223	66,255
Training	10,000	1,000	9,000
Travel - Mileage Reimbursement	11,250	491	10,759
TUMF Project Reimbursement	30,892,416	12,866,423	18,025,993
Total Expenses	\$ 40,468,538	\$ 17,076,813	\$ 23,391,725



Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: Update of the WRCOG Economic Development and Sustainability Framework

Contact: Chris Gray, Deputy Executive Director, cgray@wrcog.us, (951) 405-6710

Date: March 10, 2021

The purpose of this item is to present a work plan for the update of the WRCOG Economic Development and Sustainability Framework and discuss its role in serving as a Strategic Planning and Guidance document for WRCOG programs and activities.

Requested Action:

1. Receive and file.
-

Introduction

In December 2012, WRCOG completed work on the WRCOG Economic Development and Sustainability Framework. Funding for this effort was provided by the Southern California Association of Governments through its Compass Blueprint Program. The completed document can be found at <https://www.wrcog.us/DocumentCenter/View/189/Sustainability-Framework-PDF?bidId=>.

As stated in the document's Executive Summary, the Framework's objectives are to:

- Serve as a starting point for a dialogue about sustainability
- Establish goals to inform and guide regional collaboration
- Define and prioritize short-term actions for WRCOG
- Define initial indicators, benchmarks, and targets for the WRCOG subregion

The Framework is organized around six focus areas as listed below. Note that these focus areas were affirmed at subsequent WRCOG Executive Committee and Technical Advisory Committee visioning sessions in 2014 and 2017.

1. Economic Development
2. Education
3. Health
4. Transportation
5. Water and Wastewater
6. Energy and the Environment

Each of the issue areas are further detailed in terms of goals and action items. For example, for Economic Development, Goal 1 is "Vision and Branding." That is further defined as "A common understanding of and unified voice for economic development needs, services, assets, and challenges." There are six action items under this goal including "Define the appropriate organizational framework to provide subregional economic development leadership." Under the six focus areas, there are 22 separate goals and 132 total actions.

In addition to the focus areas, goals, and actions, the Framework also contains over 50 regional indicators that were intended to measure how the region is progressing in terms of the six focus areas.

Next Steps

Even though the Framework is eight years old, it is still a sound document and provides valuable insight to staff and member agencies on WRCOG's priorities. As previously mentioned, during subsequent visioning sessions held with the Executive and Technical Advisory Committees in 2014 and 2017, the priorities in the Framework were affirmed. However, it would be appropriate to update the document to address the following:

- The inclusion of Western Community Energy and the Riverside County Habitat Conservation Agency under WRCOG's umbrella
- Updating the baseline data in the document from 2012 to 2019, or the latest available data
- Updating the list of indicators based on the previous work
- Potentially revisiting the focus areas to potentially include other focus areas or consolidating the existing focus areas
- Updating the actions as appropriate to reflect recent activities and any changes in WRCOG programs

Update Process

Staff have had discussions with one of WRCOG's on-call consultants to discuss a scope and budget for an update of the Framework. The process will first involve a review and assessment of the current Framework. An initial task is to review WRCOG documents, policies, presentations, and new programs that have been produced or established since the original Framework. The Framework will then be assessed, and criteria will be established to ensure consistency with the WRCOG mission and policies, to allow WRCOG to continue to assist its member agencies, and to confirm alignment with current state and/or regional climate, carbon, and related sustainability targets, legislation, or policy.

The initial task will include outreach to the various WRCOG committees. WRCOG is proposing this outreach phase so that feedback from the local elected officials and staff are heard to gain perspective on what needs to be included in the Framework update. WRCOG is proposing two feedback groups, of which one-on-one meetings will be offered to each Executive Committee representative and staff at each WRCOG member agency. The goal with meeting each Executive Committee representative is to request feedback on the focus areas and goals of each focus area to include in the Framework update. The goal with meeting staff at each member agency is to obtain feedback on not only the focus areas and goals, but also the actions for each focus area. It is anticipated that the outreach phase of the Framework update will take place in the May / June 2021 timeframe.

The feedback received will then be combined with an assessment and presented to the various WRCOG committees in a memorandum and matrix. The memorandum will include a summary of recommendations for refreshing focus areas, encapsulating new / other areas of sustainability, such as conservation or resiliency, and address equity throughout the Framework and indicators. The matrix will categorize goals, actions, and indicators so that staff can provide feedback in an organized manner. Once all of these findings and recommendations have been presented to the various WRCOG committees and approved ultimately by the Executive Committee, the Framework document will be updated.

As part of this update, staff will be preparing one additional deliverable, which is a Project Initiation / Risk Assessment template. The goal of this deliverable is to ensure that WRCOG follows a formal and transparent process when considering new programs for WRCOG or conducting a thorough review to determine if there are sufficient resources to initiate a new program. Currently, WRCOG does not have a formal process that looks at resource availability or risk when considering new initiatives. WRCOG would like to establish this to ensure transparency when new programs are considered or even when new initiatives are requested of WRCOG.

Prior Actions:

February 1, 2021: The Executive Committee received and filed.

January 21, 2021: The Technical Advisory Committee received and filed.

January 13, 2021: The Administration & Finance Committee received and filed.

Fiscal Impact:

WRCOG staff time for the review of the Framework is included in the Transportation & Planning Department Budget for Fiscal Year (FY) 2020/2021. Consultant expenses for an update to the Framework would be divided between the FY 2020/2021 and the FY 2021/2022 Transportation & Planning Department Budget.

Attachment:

None.

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Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Regional Housing Trust Initiative Update

Contact: Ivana Medina, Senior Analyst, imedina@wrcog.us, (951) 405-6753

Date: March 10, 2021

The purpose of this item is to present an update on latest developments related to the establishment of the Western Riverside Regional Housing Trust.

Requested Action:

1. Direct staff to submit a letter of support for AB 687, which allows agencies in Riverside County to form a Housing Trust.

Background

WRCOG staff held a visioning session in June 2020, to re-visit Agency goals and accomplishments and discuss new initiatives, some suggested by member agency staff, for potential WRCOG involvement. One idea that was introduced was a Regional Housing Trust. The Regional Housing Trust matter was presented to the Administration & Finance Committee in July 2020, where Committee members encouraged WRCOG staff to further research and develop a conceptual work plan. Staff then completed research and due diligence of information gathering, which included outreach to stakeholders in the housing industry.

Staff briefed the Technical Advisory Committee members in September 2020 on research findings and subsequently met with WRCOG member agencies individually. These meetings included WRCOG staff and representatives of the member agency, which often included City Managers / Assistant City Managers, Planning / Community Development Directors, and other city staff.

Authorizing Legislation

Assembly member Kelly Seyarto introduced Assembly Bill (AB) 687, authorizing the creation of a Western Riverside County Housing Finance Trust, a joint powers authority (JPA), for the purposes of funding housing, specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Riverside as specified. AB 687 would allow any WRCOG member agency to enter into a joint powers agreement to join the Trust. This Bill would also include language that the Housing Trust shall be governed by a Board of Directors consisting of elected officials representing the County of Riverside and representative cities that are party to the joint powers agreement.

It should be noted that the legislation simply enables the formation of a Housing Trust but does not require that a Housing Trust be formed. Additionally, the language does not specify which agency will administer the Housing Trust, nor whether any of the agencies in Western Riverside County are required to join the trust.

Authorizing legislation for a Housing Trust is not necessary to establish a Housing Trust but has been done by neighboring Housing Trusts such as the Orange County Housing Financing Trust and the San Gabriel Valley Regional Housing Trust. By doing so, this allows the Housing Trust to authorize and issue bonds, certificates

of participation, and any other debt instrument repayable from funds and financing. It also can potentially lead to greater funding opportunities. To indicate support for this proposal, Assembly member Seyarto's office has requested that the WRCOG Executive Committee adopt a letter or resolution in support of the enabling legislation.

Steering Committee

A Steering Committee will be convened in April 2021 and will hold three to four meetings. The purpose of this Committee is to provide input on the JPA, Administrative Plan, and other governance documents. In March 2021, the Planning Directors Committee will designate staff to the Steering Committee, and the Executive Committee will be asked to appoint members at its April 5, 2021, meeting. Other housing advocacy and industry groups will be invited to participate as well. This Steering Committee will also determine goals and key functions of the Housing Trust. For example, housing trusts provide a dedicated source of revenues for a variety of housing activities such as:

- New construction of affordable housing
- Preservation or rehabilitation of existing affordable housing
- Land acquisition for development of affordable housing
- Homeless housing services
- Pre-development activities
- Gap financing loans
- Down payment assistance for developers or eligible first-time home buyers

There are housing authorities, non-profits, community land trusts, and other entities that offer programs and assistance related to the above activities. One goal of the steering committee will be to identify the primary focus of the Housing Trust and determine which programs should be implemented by the Trust.

Prior Actions:

December 9, 2020: The Administration & Finance Committee received and filed.

September 17, 2020: The Technical Advisory Committee received and filed.

August 13, 2020: The Planning Directors Committee received and filed.

Fiscal Impact:

Funds for this effort are provided by the REAP Grant provided by SCAG. REAP funds will be used to fund outreach activities and other due diligence efforts related to the establishment of the Housing Trust.

Attachment:

1. Draft letter of support.

Item 6.B

Regional Housing Trust Initiative
Update

Attachment 1

Draft letter of support

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March 15, 2021

The Honorable Kelly Seyarto
California State Assembly
Capitol Office, Room 5164
P.O. Box 942849
Sacramento, CA 94249-0067

Subject: Support of AB 687 (Seyarto) – Formation of the Western Riverside County Housing Finance Trust

Dear Assembly Member Seyarto:

Western Riverside Council of Governments (WRCOG) supports AB 687 – the authorization of the creation of the Western Riverside County Housing Finance Trust, a joint powers authority, for the purposes of funding and assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Riverside. Housing Trusts provide a variety of benefits that provide quality housing for those who might otherwise struggle to afford it. This includes teachers, service workers, warehouse and logistics personnel, and other essential workers.

Western Riverside County faces a significant housing supply and affordability crisis spurred by high land costs, rising construction costs, and limited financing options. The ability for residents to purchase homes continue to decline and creative solutions that address funding limitations are urgently needed. Housing trusts offer benefits to communities by providing safe affordable homes for all income levels, including extremely low- or no-income households. In addition, Housing Trusts ensure long-term investment in affordable housing as well as addressing increasing homelessness, gentrification, and displacement. The Bill also provides for the advancement of transit-oriented development, linking housing affordability and transportation.

Housing is a designated Priority Area in WRCOG's Legislative Platform, including the establishment of a funding program to fill the void created by the elimination of redevelopment housing set-asides. Housing Trusts have proven to be effective models for permanent affordable housing revenue streams. AB 687 would address the challenges faced with affordable housing and homeless assistance services and programs by providing a funding mechanism for local agencies that can also leverage additional state and federal funds.

For these reasons, the WRCOG strongly supports AB 687. If you have any questions, please contact Chris Gray, WRCOG Deputy Executive Director, at (951) 405-6710 or cgray@wrcog.us.

Sincerely,

Kevin Bash
Chair, WRCOG Executive Committee

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Western Riverside Council of Governments Administration & Finance Committee

Staff Report

Subject: PACE Programs Activities Update: Addition of Direct Capital Provider

Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720

Date: March 10, 2021

The purpose of this item is to provide an update on the possible addition of Direct Capital Provider to the Program Report.

Requested Action:

1. Recommend that the Executive Committee adopt Resolution Number 02-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing WRCOG to issue and directly place bonds to finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program with certain capital providers, and in connection with such authorization, approving amendments to the Program Report for such programs, Assessment Contract, Master Indenture, Master Fiscal Agent Agreement and Master Bond Purchase Agreement, and authorizing the issuance of bonds pursuant to such Master Indenture or Master Fiscal Agent Agreement secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto and approve amendments to the Program Reports to include Direct Capital Provider.

WRCOG's PACE Program provides financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing for these improvements is paid back through a lien placed on the property tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG currently offers Greenworks, CleanFund, and Twain as Commercial PACE (C-PACE) providers.

Direct Capital Providers

To expand the C-PACE Program, staff and bond counsel have identified an opportunity to partner directly with banks and other financial institutions ("Capital Providers"). For these projects, there would be no program administrator or program administration agreement between WRCOG and the Capital Provider.

The benefits of this expansion would be as follows:

- Working with Capital Providers subject to federal banking regulations and audited by the federal government.
- Typically, with Capital Providers, PACE financings constitute only a small portion of its portfolio and, as such, there is a diversification of Capital Provider's investments / assets.

- Capital Providers with a commercial lending platform could offer PACE as an additional lending option to projects. As such, the banks would conduct their own due diligence projects and would have established underwriting criteria.
- With no program administrator for these projects, interest rates and fees would be lower as the financing is directly placed with the Capital Provider.
- Potentially, the Capital Provider could also serve as the fiscal agent / trustee and thereby reduce the costs of financing as well.
- Increased minimum project size leads to more sophisticated property owners that would likely have a better understanding of the financing.

Risk Analysis

As part of the Sustainability Framework update, staff have identified a series of potential steps that can be taken to minimize risk to the Agency. These potential steps include:

1. Analyzing potential risk
2. Mitigating the risk through program design
3. Actively managing the effort
4. Reassess

When applied to the question of whether to allow a Direct Capital Provider, the following information results:

Analyze Potential Risks:

- No indemnification
- Failed or fraudulent projects
- Increases in annual administrations costs

Mitigation:

- Indemnification: Require an investor letter in which the bank describes the responsibilities and liabilities the bank is assuming
 - While not blanket indemnification, WRCOG's experience with other indemnification agreements suggests that any agreement is only as good as the institution it comes from
 - Partnering with stable and diverse capital providers, WRCOG may be able to mitigate future risk
- Failed or fraudulent projects: The risk of failed or fraudulent projects is not greater than with a program administrator
 - Any claim of failed or fraudulent projects would be addressed with same process that already exists with program administrators
- Increases in annual administration costs: Property owners would be subject to any increases in annual administration costs

Manage:

- Staff and bond counsel have developed a list of requirements for Capital Providers (provided below) that will assist in ensuring only federally regulated, experienced Capital Providers would utilize the Program
- Utilization of existing compliance processes will be used to investigate any claims of failed or fraudulent projects

Reassess:

- Staff will return to the Executive Committee in one year and report findings from the previous year and adjust as needed

The following are the parameters that would be added to the Program Report:

- No program administration agreement with WRCOG
- WRCOG would be the issuer of bonds
- Minimum of \$10M in capital available for financing C-PACE loans. Availability of capital needs to be evidenced by a capital commitment letter or letter of intent
- Minimum transaction size of \$2M
- Ability to manage delinquency of assessments
- C-PACE finance team to include dta as assessment administrator, BBK as bond counsel, and fiscal agent / trustee to be determined upon mutual agreement between Capital Provider and BBK
- Minimum 2 years of C-PACE and 10 years of commercial banking experience
- Federally regulated bank or financial institution
- All projects must, at a minimum, meet the following requirements, unless expressly waived by authorized personnel of WRCOG:
 - Applicant must be the property owner of record
 - Property Owner must be current on the payment of special taxes and not have had any major delinquencies for the past three years
 - No bankruptcy of property owner or affiliated companies for seven years
 - No liens except mortgage debt for which lender consent has been obtained, except liens of community facilities district and assessments district
 - Must finance or refinance products improvements authorized under program report
 - Total effective tax rate not to exceed 5%
 - Value to Lien requirement 95% (includes PACE plus existing debt)
 - Energy savings report

Refinancing:

- Authorized to refinance existing debt or cash financed-eligible improvements
- Improvements installed three years prior to date of application of PACE refinancing
- Useful life of improvements is equal to or greater than the term of the PACE refinancing
- Compliance with parameters established for commercial program in Program Report

On February 16, 2021, the PACE Ad Hoc Committee met and recommended that the Executive Committee adopt a resolution amending the Program Report to include Direct Capital Provider.

Prior Action:

February 16, 2021: The PACE Ad Hoc Committee recommended that the Executive Committee adopt a resolution amending the Program Reports to include Direct Capital Provider.

Fiscal Impact:

There is no fiscal impact associated with this item.

Attachment:

1. Resolution Number 02-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing WRCOG to issue and directly place bonds to finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program with certain capital providers, and in connection with such authorization, approving amendments to the Program Report for such programs, Assessment Contract, Master Indenture, Master Fiscal Agent Agreement and Master Bond Purchase Agreement, and authorizing the issuance of bonds pursuant to such Master Indenture or Master Fiscal Agent Agreement secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto.

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Item 6.C

PACE Programs Activities Update: Addition of Direct Capital Provider

Attachment 1

Resolution Number 02-21; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing WRCOG to issue and directly place bonds to finance eligible improvements to be installed on commercial properties located within the boundaries of both the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the California HERO Program with certain capital providers, and in connection with such authorization, approving amendments to the Program Report for such programs, Assessment Contract, Master Indenture, Master Fiscal Agent Agreement and Master Bond Purchase Agreement, and authorizing the issuance of bonds pursuant to such Master Indenture or Master Fiscal Agent Agreement secured by assessments levied on commercial properties to finance the installation of eligible improvements on such commercial properties and approving other actions in connection thereto

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RESOLUTION NUMBER 02-21

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

AUTHORIZING WRCOG TO ISSUE AND DIRECTLY PLACE BONDS TO FINANCE ELIGIBLE IMPROVEMENTS TO BE INSTALLED ON COMMERCIAL PROPERTIES LOCATED WITHIN THE BOUNDARIES OF BOTH THE WRCOG ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY AND THE CALIFORNIA HERO PROGRAM WITH CERTAIN CAPITAL PROVIDERS, AND IN CONNECTION WITH SUCH AUTHORIZATION, APPROVING AMENDMENTS TO THE PROGRAM REPORT FOR SUCH PROGRAMS, ASSESSMENT CONTRACT, MASTER INDENTURE, MASTER FISCAL AGENT AGREEMENT AND MASTER BOND PURCHASE AGREEMENT, AND AUTHORIZING THE ISSUANCE OF BONDS PURSUANT TO SUCH MASTER INDENTURE OR MASTER FISCAL AGENT AGREEMENT SECURED BY ASSESSMENTS LEVIED ON COMMERCIAL PROPERTIES TO FINANCE THE INSTALLATION OF ELIGIBLE IMPROVEMENTS ON SUCH COMMERCIAL PROPERTIES AND APPROVING OTHER ACTIONS IN CONNECTION THERETO

WHEREAS, acting under the provisions of Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29"), the Executive Committee has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "WRCOG Program") pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential or commercial real property located within the County of Riverside and the cities within the western portion of the County of Riverside that have elected to participate in the WRCOG Program (the "WRCOG Program Area") to finance the installation of distributed generation renewable energy sources, energy and water efficiency improvements, seismic improvements and electric vehicle charging infrastructure (the "Eligible Improvements"); and

WHEREAS, acting under Chapter 29, WRCOG has also established the California HERO Program (the "California Program" and, together with the WRCOG Program, the "Programs") pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential and commercial real property located within cities and counties located outside of the western portion of the County of Riverside that have elected to become associate members of WRCOG (the "California Program Area" and, together with the WRCOG Program Area, the "Program Area") and to participate in the California Program to finance the installation of Authorized Improvements; and

WHEREAS, WRCOG is authorized to issue limited obligation improvement bonds pursuant to Section 5898.22 and Section 5898.28 of Chapter 29 and the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (the "Bond Act"), to finance the installation of Authorized Improvements that are permanently fixed to residential or commercial real property located within the Program Area; and

WHEREAS, since the establishment of the Programs the administration and financing of the Eligible Improvements on commercial properties ("Commercial Properties") located within the Program Areas has been accomplished by program administrators;

WHEREAS,

Chapter

29 and the Bond Act authorize WRCOG to administer the Programs, issue bonds to finance the Eligible Improvements and sell such bonds directly to capital providers (each a "Capital Provider"); and

WHEREAS, the Executive Committee determined that it would be in the best interests of the Programs and the owners of Commercial Properties within the Program Areas to enable WRCOG to administer and finance Eligible Improvements by selling bonds directly to capital providers (the "Capital Provider Program") that meet certain requirements as set forth in the program reports for each Program Area (the "Program Reports") and approved by the Executive Director of WRCOG or his designee (the "Authorized Representative"); and

WHEREAS, in order to provide for and implement such authorization for the establishment of the Capital Provider Program as a part of each Program, it will be necessary to modify the Program Reports, approve a handbook (the "Commercial Handbook") and approve a form of an assessment contract for use with respect to each commercial property participating in the Capital Provider Program (the "Commercial Assessment Contract") to be incorporated into each Program Report; and

WHEREAS, there has been submitted to the Executive Committee the forms of a Master Indenture, a Supplemental Indenture, a Master Fiscal Agent Agreement and a Supplemental Fiscal Agent Agreement providing for the issuance of limited obligation improvement bonds to be designated as the "Western Riverside Council of Governments Limited Obligation Improvement Bonds (Capital Provider Program-[Name of Capital Provider]) ([Number] Commercial Property Tranche)" (the "Limited Obligation Improvement Bonds") in one or more series (each such series of such bonds referred to as a "Series") pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("Chapter 29"), the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code (the "1915 Act") and the use of the proceeds of such bonds to finance the construction and installation of Eligible Improvements on commercial parcels that are participating in the Capital Provider Program; and

WHEREAS, there has been submitted to the Executive Committee the form of a Master Bond Purchase Agreement providing for the terms and conditions for the purchase of the Limited Obligation Improvement Bonds by a Capital Provider; and

WHEREAS, there has been submitted to the Executive Committee the form of a Professional Services Agreement providing for the terms and conditions for the provision of assessment administration services by David Taussig & Associates, Inc.; and

WHEREAS, this Executive Committee, with the aid of its staff and counsel, has reviewed the documents identified in the preceding recitals and found them to be in proper order; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Limited Obligation Improvement Bonds exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including Chapter 29 and the 1915 Act;

NOW, THEREFORE, BE IT RESOLVED, by the Executive Committee of the Western Riverside Council of Governments as follows:

Section 1. Approval of Capital Provider Program and Amended Program Reports. The Executive Committee hereby approves the establishment of the Capital Provider Program and authorizes WRCOG to directly administer the Capital Provider Program as outlined in the amended Program Reports. The Executive Committee hereby approves the amendments to the Program Reports presented at this meeting. The Authorized Representatives are hereby authorized to approve

Capital Providers in accordance with the guidelines set forth in the Program Report and take all actions and enter into all agreements necessary to implement the Capital Provider Program.

Section 2. Approval of the Commercial Assessment Contract and the Commercial Handbook. The Executive Committee hereby approves the form of the Commercial Assessment Contract and the Commercial Handbook, each as presented to the Executive Committee at this meeting together with any changes therein and additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel (defined below).

Section 3. Approval of Form of the Master Bond Purchase Agreement. The Executive Committee hereby approves the form of the Master Bond Purchase Agreement presented to the Executive Committee at this meeting, together with any changes therein or additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final forms of the Master Indenture for and in the name of WRCOG.

Section 4. Authorization of Issuance of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the issuance of one or more Series of the Limited Obligation Improvement Bonds under and pursuant to Chapter 29, the 1915 Act and this Resolution in the maximum aggregate principal amount not to exceed \$[150,000,000] to finance the installation of Eligible Improvements to be installed or caused to be installed on commercial properties that are participating in the Capital Provider Program and are located in the Program Areas.

Section 5. Approval of Master Indenture, Supplemental Indenture, Fiscal Agent Agreement and Supplemental Fiscal Agent Agreement. With respect to the Limited Obligation Improvement Bonds to be issued on or after the effective date of this Resolution, the Executive Committee hereby approves the form of the master indenture (the "Master Indenture") and the master fiscal agent agreement (the "Master Fiscal Agent Agreement") substantially in the forms on file with the Secretary, together with any changes therein and additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes the delivery and the performance of the Master Indenture and the Master Fiscal Agent Agreement.

The Executive Committee hereby approves the forms of the Supplemental Indenture substantially in the form contained in the Master Indenture and Supplemental Fiscal Agent Agreement substantially in the form contained in the Master Fiscal Agent Agreement, together with any changes therein or additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel, required for the issuance of each Limited Obligation Improvement Bond or Series of Limited Obligation Improvement Bonds, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final form of each Supplemental Indenture or Supplemental Fiscal Agent Agreement, as applicable, for and in the name of WRCOG for each Series of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the delivery and performance of each Supplemental Indenture or Supplemental Fiscal Agent Agreement, as applicable, for each Series of Limited Obligation Improvement Bonds.

Section 6. Sale of the Limited Obligation Improvement Bonds. WRCOG hereby authorizes the negotiated sale of the Limited Obligation Improvement Bonds to a Capital Provider approved by the Authorized Representative (the "Purchaser") provided that the conditions for issuance of each such Limited Obligation Improvement Bond set forth in the Master Indenture or Master Fiscal Agent Agreement, and the Supplemental Indenture or Supplemental Fiscal Agent Agreement, as applicable, have been satisfied. Each Limited Obligation Improvement Bond shall be sold to the Purchaser pursuant to the Master Indenture or Master Fiscal Agent Agreement, as applicable, and the applicable Supplemental Indenture or Supplemental Fiscal Agent Agreement applicable to such bond or Series thereof. The Executive Committee hereby delegates to the Executive Director or another Authorized Representative the authority to establish and agree with the Purchaser to the final terms for each Limited Obligation Improvement Bond or Series thereof including, but not limited to, the principal amount thereof, the interest rate on such Limited Obligation Improvement Bond or Series thereof and the redemption provisions.

Section 7. Appointment of Professionals. The following professionals are hereby approved to serve in the following capacities:

- a. *Assessment Administrator.* David Taussig & Associates, Inc. shall serve as assessment administrator for the Capital Provider Program.
- b. *Bond Counsel.* Best Best & Krieger LLP shall serve as bond counsel for the Capital Provider Program.
- c. *Trustee/Fiscal Agent.* The Authorized Representatives are hereby authorized to appoint a trustee and/or fiscal agent to serve as trustee or fiscal agent, as applicable, pursuant to each Master Indenture and each Master Fiscal Agent Agreement, and to take any and all actions provided for therein, respectively, by the Trustee and the Fiscal Agent.

Section 8. Form of Limited Obligation Improvement Bonds. The form of Limited Obligation Improvement Bonds as set forth in the form of the Master Indenture and each Supplemental Indenture or the form of the Master Fiscal Agent Agreement and each Supplemental Fiscal Agent Agreement, as applicable, is approved. The Treasurer of WRCOG and the Secretary of the Executive Committee are authorized and directed to execute by manual or facsimile signature, in the name and on behalf of WRCOG, the Limited Obligation Improvement Bonds or Series thereof in either temporary or definitive form and to deliver or cause the delivery of each Limited Obligation Improvement Bond or Series thereof to the applicable purchaser pursuant to the Master Indenture and the applicable Supplemental Indenture or the form of the Master Fiscal Agent Agreement and each Supplemental Fiscal Agent Agreement, as applicable.

Section 9. Approval of Form of Professional Services Agreement for Assessment Administration Services. The Executive Committee hereby approves to form of Professional Services Agreement with David Taussig & Associates, Inc. in substantially the form on file with the Secretary of the Executive Committee, together with any charges therein or additions thereby approved by the Executive Director of WRCOG and execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes therein or additions. The Executive Committee hereby authorizes the delivery and performance of the Professional Services Agreement.

Section 10. No Obligation of WRCOG, its Regular Members or Associate Members. Pursuant to Streets and Highways Code Section 8769, this Executive Committee does hereby determine that WRCOG will not obligate itself to advance funds from the WRCOG treasury to cure any deficiency in the Redemption Fund (as such term is defined in the Master Indenture) for the Limited Obligation Improvement Bonds established pursuant to the Master Indenture or the Fiscal Agent

Agreement. The Executive Committee further declares and determines that no Regular Member or Associate Member shall be obligated to advance funds from the treasury of such Regular Member or Associate Member to cure any such deficiency in such Redemption Fund or the Assessment Collection Account.

Section 11. Conditions of Approval. The approvals, authorization and direction given by this Resolution related to the Limited Obligation Improvement Bonds are conditioned upon the satisfaction of the requirements hereof and of the Master Indenture or Master Fiscal Agent Agreement with respect to the issuance and sale of the Limited Obligation Improvement Bonds. The Authorized Officers and shall not be required to take any action with respect to the execution and delivery of a Supplemental Indenture or the issuance, sale or delivery of any Limited Obligation Improvement Bond unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions as to any Limited Obligation Improvement Bond, this Resolution shall be fully effective and shall be carried out as to such Limited Obligation Improvement Bonds or Series thereof without the further approval or action of the Executive Committee.

Section 12. Official Actions with Regard to the Limited Obligation Improvement Bonds. Each officer of WRCOG or Authorized Representative is hereby authorized and directed, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Limited Obligation Improvement Bonds. All actions heretofore taken by the officers and agents of WRCOG with respect to the sale and issuance of the Limited Obligation Improvement Bonds are hereby approved, confirmed and ratified.

Section 13. Other Additional Action. All actions heretofore taken by the officers and agents of WRCOG with respect to the other matters contemplated by this Resolution and the Program Reports are hereby approved, confirmed and ratified, and the proper officers of WRCOG, including but not limited to the Executive Director, the Secretary, and the Director of Energy and Environmental Programs, and their designees, are hereby authorized, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, assignments, notes and other documents which they, or any of them, may deem necessary or advisable with respect to the establishment of the Capital Provider Program and in order to consummate the matters contemplated by this Resolution and the Program Report. The Executive Director or any Authorized Representative is hereby authorized and directed to approve any other documents related to the Capital Provider Program necessary in the judgment of the Executive Director or such Authorized Representative to conform such documents to the actions taken by the adoption of this Resolution.

Section 14. Effective Date. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED at a Meeting of the Executive Committee of the Western Riverside Council of Governments held this 1st day of February 2021.

Kevin Bash, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Best Best & Krieger, LLP
WRCOG Executive Committee

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____



Western Riverside Council of Governments

Administration & Finance Committee

Staff Report

Subject: Energy Department Programs Activities Update

Contact: Daniel Soltero, Senior Analyst, dsoltero@wrcog.us, (951) 405-6738

Date: March 10, 2021

The purpose of this item is to provide Energy Department updates from the Regional Streetlight Program and Western Riverside County Energy Resiliency Plan.

Requested Action:

1. Receive and file.
-

Background

The WRCOG Energy Department administers multiple regionally beneficial programs to support member agencies, including the Regional Streetlight Program and Western Riverside County Energy Resiliency Plan.

At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program that allowed the 11 participating member agencies (and Community Service Districts) to purchase streetlights within its boundaries which were previously owned and operated by Southern California Edison (SCE). Once the streetlights were owned by the member agency, the lamps were retrofitted to light-emitting diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use). Local control of the streetlight system provides agencies with opportunities for future revenue generation such as digital-ready networks and telecommunications and information technology strategies.

In November 2019, the Bay Area Council, a business association in San Francisco dedicated to economic development in the San Francisco Bay Area, announced the California Resilience Challenge (CRC), a statewide effort led by businesses and a diverse range of partners that provides grants for local governments to build climate resiliency and to support a shared vision for a resilient California in the face of increasing climate threats. On February 3, 2020, the Executive Committee adopted a resolution authorizing WRCOG's submittal of a proposal to the CRC 2020 Grant Program. WRCOG's bid proposed the development of a Western Riverside County Energy Resiliency Plan to build local energy resiliency against impacts from wildfires, extreme heat, and power shutoffs of the region's power supply for critical facilities maintained and operated by member agencies. In April 2020, the Bay Area Council, through the CRC, awarded WRCOG a \$200,000 grant to develop the Plan to build resiliency against power shutoffs and/or power issues at subregional critical facilities by developing a blueprint for energy resiliency technologies, projects, and strategies for member agencies.

Regional Streetlight Program Update

Streetlight Rebates: In December 2020, staff completed submittal of all LED rebate applications to SCE on behalf of 10 participating member agencies. From 2017 to 2018, WRCOG coordinated with SCE to secure LED rebates for member agencies that acquired SCE-owned streetlights and completed an LED conversion.

Upon completion of the LED retrofit project in each member agency, WRCOG staff compiled the required information, prepared, and then submitted the rebate applications to SCE.

In February 2021, WRCOG staff confirmed receipt of all SCE rebate checks and is coordinating with the Fiscal Department to remit the rebate funds to member agencies. Additionally, staff are offering a presentation to each participating member agencies' City Council or Board of Directors to present the project outcomes such as savings and the LED rebate. As a whole, WRCOG will disburse \$3.6 million in rebate funds to the 10 participating member agencies listed below.

Jurisdiction	Rebate Amount
Eastvale	\$413,918.00
Hemet	\$172,294.93
JCSD	\$199,650.00
Lake Elsinore	\$395,601.45
Menifee	\$534,421.62
Murrieta	\$475,471.40
Perris	\$525,757.24
San Jacinto	\$186,548.84
Temecula	\$640,754.89
Wildomar	\$101,191.84

Smart Streetlights Implementation Plan and Broadband Assessment: By Fall 2020, the Regional Streetlight Program entered the maintenance phase whereby all member agencies had completed its streetlight acquisitions and LED conversion projects. Taking local control of the streetlight system provides member agencies with opportunities for future revenue generation such as digital-ready networks and telecommunications, as well as opportunities to increase public services by utilizing streetlights as smart city assets. In order to identify and elaborate on these new opportunities, WRCOG entered into an Agreement with Michael Baker International (MBI) in February 2021 to develop a Smart Streetlights Implementation Plan (Smart Streetlights Plan) and Broadband Assessment.

The Smart Streetlights Plan will assess member agencies' preparedness to utilize streetlights as a smart city asset through a variety of use-types such as mobility, public safety, environmental and sustainability, asset management, and connectivity. In order to provide context on smart city possibilities to WRCOG and its member agencies, staff and MBI will assess five locations where a public agency successfully deployed a smart city project or program. A summary of the WRCOG member agency preparedness and a technical memorandum of the five locations where smart city projects and/or problems were deployed will inform staff as the Smart Streetlights Plan is developed.

Once WRCOG and its member agencies are aware of the possibilities with smart city projects and/or programs, MBI will identify and provide a summary of potential smart streetlight applications in the WRCOG subregion. The smart city applications will be categorized by their use-types including mobility, public safety, environmental and sustainability, economic, asset management, and connectivity. The information gathered for each smart city application will include general assessments of the potential needs for hardware, support infrastructure required, backhaul communications requirement, back-end systems and monitoring, and operational and maintenance requirements. Considerations for deployment of any technology-based system must extend beyond the individual equipment and system components. The Smart Streetlights Plan in its final form will include technical memorandums, assessment summaries, and provide an implementation framework with economic and procurement strategies.

One of the key issues related to smart cities is broadband access. Within Riverside County, there have been several previous and on-going efforts to facilitate public and private broadband development. The Broadband Assessment will evaluate the potential for WRCOG to encourage development of a broadband network serving residences, businesses, and government facilities.

Western Riverside County Energy Resiliency Plan Update

On February 8, 2021, WRCOG entered into an agreement with AECOM to develop the Western Riverside County Energy Resiliency Plan. The purpose of the Plan is to assess subregional critical facilities and identify feasibility of implementing future microgrids and/or other energy resiliency solutions to maintain power supply during environmental events that cause power outages or power issues. To determine if microgrids or other energy resiliency solutions are viable, an in-depth technical feasibility study will be conducted at three critical facilities across the subregion from which the results will be extrapolated to be applied to similar critical facilities at all member agencies. The Plan will contain an implementation framework consisting of the technical feasibility study of the three critical facilities, as well as a financing plan that will identify available funding opportunities for member agencies to implement projects identified through the Plan.

Recognizing that the Plan may identify future resilience projects in the subregion, staff believe it is pertinent to establish an Advisory Group consisting of member agencies to help guide development. It is important to note that this Advisory Group will opine on which three critical facilities or sites across the subregion will receive an in-depth microgrid analysis as part of the Plan. Staff have considered a few criteria to identify agencies that are encouraged to participate in the Advisory Group. Such criteria include a two-part equity factor focused on disadvantaged communities and communities with facilities most at-risk for power outages or power issues, agencies that participate in Western Community Energy (WCE), and member agencies with a publicly-owned utility.

First, staff identified an equity-based criterion which will select a site based on the surrounding community's CalEnviroScreen score and the likelihood of the site to experience a power outage or power issues. A communities' CalEnviroScreen score is based on environmental, health, and socio-economic information to produce scores for every census tract in the state. Moreover, the evaluation process to determine the likelihood of an agency's critical facility or site experiencing a power outage or power issues will be developed through the Plan. This may include the number of power outages in a year at a specific site, time elapsed during an outage, and circuit reliability data. A member agency that identifies a critical facility or site that is in a disadvantaged community according to CalEnviroScreen and/or identifies a critical facility that experiences frequent power outages or has a high likelihood to experience power outages should be considered for a seat on the Advisory Group.

Second, it is important to note that Community Choice Aggregators (CCAs) are uniquely positioned to rapidly advance local energy resilience initiatives such as microgrids to keep critical facilities online, and locally sited distributed energy resources like solar and energy storage to help prevent future wildfires and grid outages. CCAs are in fact already supporting local governments with resiliency projects and are actively advocating for policies that accelerate the development of mitigating resources, such as utilization of the Self-Generation Incentive Program to promote installation of solar and energy storage systems. Staff believe agencies participating in WCE have an advantage in being able to implement energy resilience or energy generation projects that are identified through the Plan and should be considered for a position in the Advisory Group.

Moreover, staff determined that member agencies with a publicly-owned utility should be considered for a seat on the Advisory Group. Local governments with publicly-owned utilities have an advantage in being able to implement resilience upgrades or projects at the local level due to the distribution system being under local control. Additionally, agencies with publicly-owned utilities can allocate revenues to implement projects identified by the Plan as part of the utilities' resilience efforts.

Agencies with high scoring Disadvantaged Communities¹	Member agencies in WCE	Member Agencies with publicly-owned utilities
City of Riverside	City of Eastvale	City of Banning
City of Moreno Valley	City of Hemet	City of Moreno Valley
City of Corona	City of Jurupa Valley	City of Riverside
City of Perris	City of Norco	
City of Jurupa Valley	City of Perris	
City of Hemet	City of Wildomar	
City of Lake Elsinore		

¹Jurisdictions which encompass census tracts that scored in the 75% – 100% percentiles in CalEnviroScreen 3.0 for pollution burden and population characteristics.

Prior Actions:

February 11, 2021: The Public Works Directors received and filed.

December 9, 2020 The Administration & Finance Committee authorized the Executive Director to award the contract to AECOM for the development of the Western Riverside County Energy Resiliency Plan and to execute the Professional Services Agreement between WRCOG and AECOM.

Fiscal Impact:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment:

None.