



Snohomish County Council

Committee: Committee Of the Whole
ECAF: 2022-1126
Motion: 22-475

Analyst: Nicole Gorle
Date: November 15, 2022

Consideration:

Motion 22-475 would:

- Approve the Snohomish County C-PACER Guide and attachments;
- Authorize the Director of DCNR to execute agreements under the program;
- Authorize the Director of DCNR to revise the C-PACER Guide as necessary to comply with RCW and Snohomish County Code; and
- Requires that all proposed revisions be reported to the Council prior to implementation.

Background:

A C-PACER program provides a financial tool for commercial property owners to obtain low-cost financing for energy efficiency and resiliency upgrades that carries with the life of the property instead of the property owner.

On December 15, 2021 Council approved Ordinance [21-097](#), which established a C-PACER program in Snohomish County, and went into effect December 26, 2021. Unlike other jurisdictions, the ordinance establishing the program was adopted with the intent of the guidebook being developed over the next year as allowed by RCW. A main point of discussion was, what would constitute as a qualified improvement in the County's program. The Ordinance adopted provided give goals the Department had to align the definition of qualified improvement to in the guidebook:

1. Reduces greenhouse gas emissions;
2. Conserve energy, water, and resources and use renewable energy technologies;
3. Electrification of HVAC infrastructure;
4. Increase resilience for fires and natural hazards; and
5. Proactively address impacts of climate change.

As required under RCW, DCNR held two stakeholder meetings on the proposed guidebook. One on June 28th and July 27th of 2022. In accordance with the adopted ordinance, the Executive's Office has submitted the C-PACER Program Guide for Council review and approval prior to program implementation.

Current Proposal:

Scope:

Motion 22-475 would approve the proposed guidebook and supporting materials for the Snohomish County C-PACER Program. Under the proposed guidebook qualified improvements would be:

- Energy Efficiency Improvement – an improvement that decreases electricity consumption, demand, or greenhouse gas emissions through the use of efficiency technologies, products, or activities, or support the reduction of electricity consumption/demand. These improvements shall not include installation, maintenance, or repair of any system that burns fossil fuels EXCEPT as defined under Renewable Energy Improvements.

- Electrification Improvement – an improvement that eliminates the combustion of fossil fuels by the use of electricity for space or water heating.
- Renewable Energy Improvement – an improvement that supports the production of clean, renewable energy as defined in the Clean Energy Transformation Act. This can include a product, device, or combination of both on the customer’s side of the meter that generate electricity, provides thermal energy, or regulates temperature.
- Water Conservation Improvement – an improvement that decreases water consumption or demand, or addresses safe drinking water through the use of efficiency technologies, products or activities, or support the reduction of water consumption, allow for the reduction in water demand, or reduce or eliminate lead from water which may be used for drinking or cooking.
- Resiliency Improvement – an improvement that increases a building or community resiliency that reduces potential public risk or need for emergency response. This includes seismic retrofits, flood mitigation, stormwater management, fire detection and suppression, wildfire and wind resistance, energy storage, and energy microgrids.

Additionally, property owners who implemented a qualified improvement as defined in the guidebook no more than three (3) years prior to the date of their C-PACER Application, can refinance the improvement under this program.

Duration: Perpetuity

Fiscal Implications: Staff time, which will be compensated through an application fee of \$1,500.

Snohomish County C-PACER Guide

Section 1 – Introduction

Provides an introduction to the program, and outlines the statutory authority for it under RCW and Snohomish County Code.

Section 2 – Definitions

Provides definitions for Assessment Agreement, Capital Provider, **CNR Director**, Eligible Property, Financing, Financing Agreement, Lien, Project Application, **Property Owner**, **Qualified Improvements**, **Qualifying Costs**, Qualified Project, **Renewable Hydrogen**, and **Renewable Natural Gas**.¹

Section 3 – Geographic Boundaries

In line with County Code, states that eligible properties must be located wholly within Snohomish County.

Section 4 – Administration of the Program

Consistent with County Code, the DCNR Director is responsible for administration of the program. This section also reiterates what the County’s role is, and is not, in this program.

Section 5 – Qualified Improvements, projects, costs, and Eligible Property

Outlines what constitutes a qualified improvement, project, costs, and property under Snohomish County’s program. See scope section for more detail on qualified improvements.

¹ Items **bolded** are new definitions not included in County code, or definitions substantially expanded upon (qualified improvement).

Section 6 – C-PACER Process

Outlines the application process, documents required, who is responsible for what, approval/disapproval of an application, appeal process, and certification of project completion.

Section 7 – Certification Responsibilities, Criteria and Required Credentials

Outlines the certification criteria for each qualified improvements and requires that they must be certified to meet the County's definition of qualified improvement by a licensed professional engineer or (when allowed) a firm accredited by a list provided in the guidebook.

Section 8 – Interest Rate

These are negotiated between the property owner and capital provider. The County has no role in reviewing or setting these rates.

Section 9 – Billing and Collection of Assessments

Billing and collection of delinquent C-PACER Liens or financing payments, including foreclosure, is the capital providers responsibility.

Section 10 – Enforcement of C-PACER Liens

Consistent with County Code, the capital provider is the enforcement authority of C-PACER liens.

Section 11 – Fees

The application fee will be set at \$1,500 to be paid at the time of closing. This is the estimate to cover the cost of employee time to review the application and the Auditor's Office for the recording fees. Any changes to this fee requires no less than 90 days' notice and will apply to applications received after the date of enactment of the new fee.

Section 12 – Term of an Assessment, and Calculation of Useful Life of Qualified Improvements

Term of the assessment may not exceed the life of the qualified improvement or average life if there's more one improvement on a qualified project.

Section 13 – Written Consent from Lienholder(s) Required

Consistent with County Code, the capital provider must obtain written consent from any holder of a lien, mortgage, or interest on the property that the C-PACER lien takes precedence over all others on the property prior to entering into a financial agreement under this program.

Section 14 – Provisions for marketing and Participate Education

There will be a website that will contain the program guide and all associated documents. The County encourages stakeholders to share materials and promote the program.

Section 15 – County Liability for Financial Responsibility

Clarifies that the County and staff are not personally liable for actions taken in exercising rights or responsibilities under this program. Additionally, the County cannot pledge, offer, or encumber its full faith and credit for any lien amount under the C-PACER program. No public funds can be used to repay any C-PACER obligation.

Section 16 – Limitations of Snohomish County Authority

Outlines the County's limitations under this program, consistent with RCW and Snohomish County Code.

Program Attachments

There are eight (8) attachments/documents relating to the program.

2022 Budget: No

Future Budget Impact: Yes

Handling: Expedite – December 26, 2022 (The adopted ordinance went into effect December 26, 2021 and per RCW the County has until December 26, 2022 to begin accepting applications for the program.

Approved-as-to-form: n/a

Risk Management:

Executive Recommendation: Approve

Attachment: None

Amendments: None

Request: For Council to consider taking action.