

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

CONSENT AGENDA REQUEST

TO: Board of County Commissioners

FROM: Brent A. Butler, Chief Strategy Officer

DATE: September 18, 2023

RE: **HEARING NOTICE for:** Ordinance Adopting a New Chapter of the Jefferson County Code, Chapter 15.20, “to Establish a Jefferson County Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program

STATEMENT OF ISSUE:

On April 11, 2022, the Department of Community Development (“DCD”) included the C-PACER program on the Board of County Commissioners’ (“BoCC” or “Board”) agenda as a new program for consideration. At that regular session, the Director was joined by the County Assessor, the County Treasurer, Kitsap Bank’s Rich Martinez, and Bayside Housing’s Gary Keister, and Hastings Estate’s Heather Dudley-Nollette. Key items discussed by the attendees included:

- C-PACER implements the comprehensive plan’s sustainability targets;
- Five Washington counties had adopted the program
- Hastings Estate and Bayside Housing were interested in C-PACER
- DCD would have the greatest capacity impacts
- Technical issues had been resolved
- BoCC expressed concern about capacity impacts (no action was taken).

In response to the 2022 discussion, DCD amended its workplan, adding C-PACER as one of three new projects to the twelve focused housing projects on the long-range planning list. The March 23, 2023 workplan discussion before the BoCC identified new or omitted projects, including: 1) the Fee Ordinance/Study, 2) C-PACER, and 3) Permanent Housing Facilities.

On April 17, 2023, DCD updated the Board on the progress made to date. At that BoCC meeting, the DCD Director discussed options to reduce the capacity issues related to the C-PACER program. In attendance were the County Assessor; the County Treasurer; and the C-PACER Specialist John Kennedy who provided input. Options included administration by another county through an interlocal agreement or a professional services agreement. On June 1, 2023 the Director was appointed as the Chief Strategy Officer (“CSO”), and C-PACER was included as one of the CSO’s six projects. In this role, the CSO worked collaboratively with the County Administrator to move forward with Request for Proposals to retain a Program Administrator and with the Deputy Prosecuting Attorney to prepare an implementing ordinance

adopting the program. During this time, Port Ludlow Associates joined Bayside Housing and the Hastings Estate as C-PACER interested property owners. Now, after consideration of the issues, DCD attaches a Draft Ordinance to this Agenda Request as Appendix A for the Board's consideration.

At this time, the Board is requested to approve the attached HEARING NOTICE, as Appendix B, amending the Jefferson County Code by establishing chapter 15.20 C-PACER, in Title 15 Buildings and Construction as a new Chapter of the Jefferson County Code, known as the Commercial Property Assessed Clean Energy and Resiliency (C-PACER) Program. The Board is also requested to set a Hearing on Monday, October 9, 2023 at 2:30pm in the Jefferson County Commissioners Chambers, 1820 Jefferson Street, Port Townsend, WA.

The C-PACER program is managed by a program administrator and the regulations are set forth in a Program Guidebook (Guidebook) that implements the procedures and requirements through forms used by participating jurisdictions. A Draft Program Guidebook is attached as Appendix C. A final Guidebook will be published after discussion with the City of Port Townsend. Forms included in the Guidebook are set forth below:

1. Application Checklist,
2. Lien Holder Consent to C-PACER Assessment and Lien,
3. Certification of Qualified Improvements,
4. Certificate of Capital Provider Qualification,
5. Assessment Agreement for C-PACER Financing,
6. Notice of Assessment Interest and C-PACER Lien,
7. Assignment of Notice of Assessment Interest and C-PACER Lien and Assessment Agreement
8. Certificate of C-PACER Improvements Completion.

ANALYSIS:

C-PACER financing is repaid by a voluntary assessment on the improved property, secured by a lien in favor of Jefferson County, which is then immediately assigned to the C-PACER capital provider. The lien is second only in priority to the lien for unpaid taxes. Once C-PACER financing is advanced, the administration of the C-PACER financing (including enforcement) is done by the private capital provider. After the adoption of a C-PACER program, Jefferson County's role is limited to the approval of an assessment and recordation of a C-PACER lien, as well as to the administration of the C-PACER program which may be contracted out to a private third party.

As discussed in the April 2023 agenda request, the C-PACER program would be in conformance with the Jefferson County Comprehensive Plan ("CP"). Specifically, this program encourages the adoption of programs, policies and procedures that increase energy efficiency in publicly funded infrastructure (see CP page 149), partnerships with other stakeholders such as the Public Utility District #1 (see CP page 331), and resource consuming facilities (CP page 356), among other areas.

Program Administration

After Whatcom and Pierce County declined our invitation to administer the Jefferson County C-PACER program through an interlocal agreement, DCD published a Request for Proposal (RFP) and selected, Shea, Carr & Jewell, Inc. (dba SCJ Alliance) to administer the C-PACER program. SCJ Alliance was already under contract with the Jefferson County Public Works Department for the Quilcene Complete Streets Project and most recently completed the City of Port Townsend's Sidewalk Tunnel Reconstruction and Downtown Streetscape project. They agreed to serve as the C-PACER Program Administrator, as set forth in the professional services agreement's scope of work dated June 5, 2023. Consequently, DCD would immediately assign the role of program administrator to SCJ Alliance, and work with them to start the program effective November 5, 2023, which would be the earliest date the program shall start pursuant to the Department of Commerce's response to DCD's 60-day notice of intent to amend the county's development regulations.

FISCAL IMPACT:

Holding a public hearing will require staff time and resources which is funded by the general fund. Any subsequent permitting activity carried out under the C-PACER Ordinance would be funded by the requisite permit fees.

RECOMMENDATION:

Hold a Public Hearing to decide whether to adopt chapter 15.20 JCC.

REVIEWED BY:

Monte Reinders, Acting County Administrator

Date