



Sustainable Groundwater Management Update

UTILITIES & ENVIRONMENTAL SERVICES

Jan Lee
Water Resources Manager

July 10, 2017

Sustainable Groundwater Management Act (SGMA)



- ▶ **Phase 1:**
Form Groundwater Sustainability Agencies (GSAs) by June 30, 2017
- ▶ **Phase 2:**
Prepare Groundwater Sustainability Plans (GSPs) by January 31, 2022
- ▶ **Phase 3:**
Implement GSPs





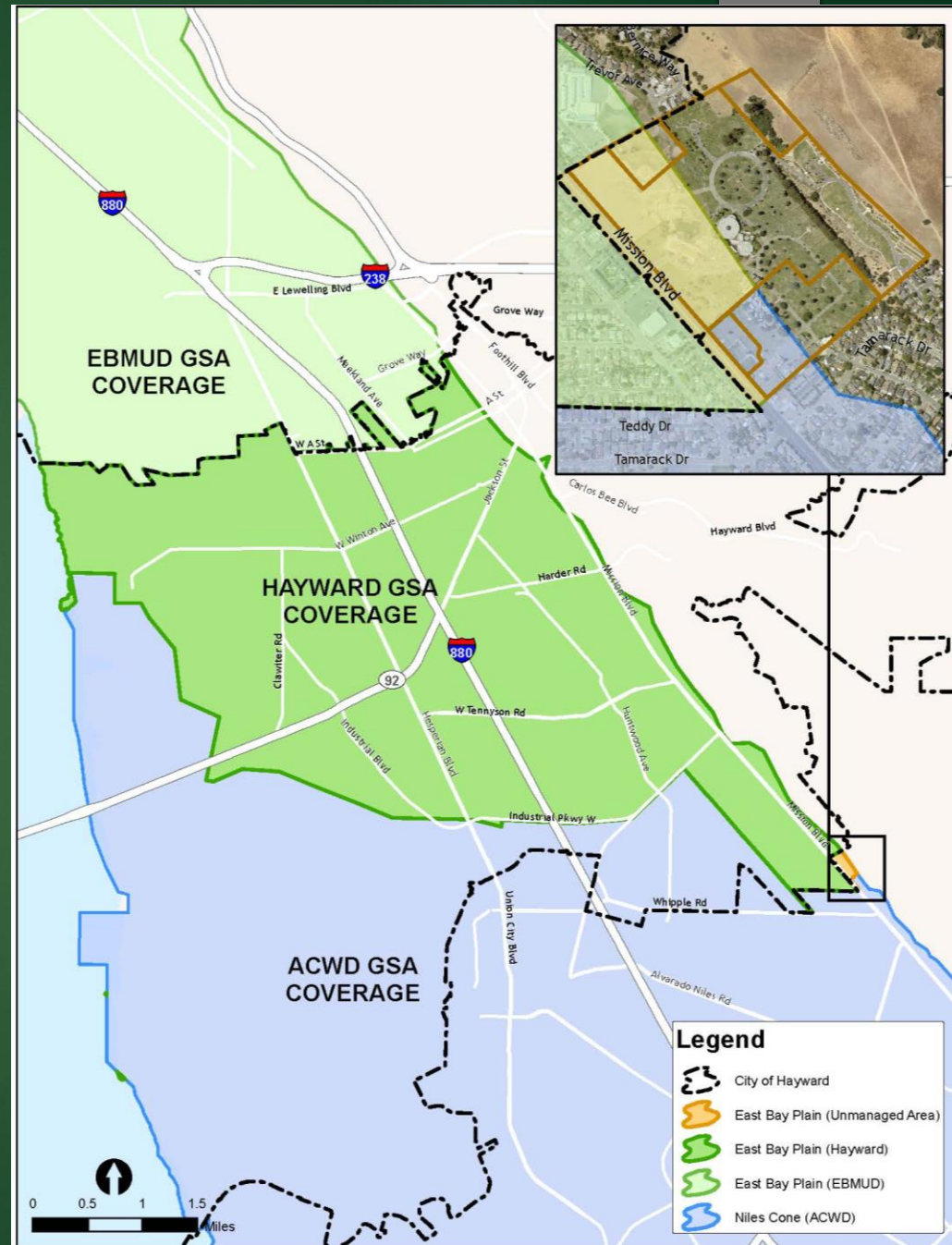
GSA Coverage

- ▶ East Bay Plain Subbasin
 - Hayward GSA for portion underlying City
 - EBMUD GSA for remaining portion
- ▶ ACWD GSA for Niles Cone Subbasin



Unmanaged Area

- ▶ ~ 21-acres of East Bay Plain Subbasin not covered by GSA
- ▶ Located in Union City, outside City limits and ACWD service area
- ▶ Groundwater well used to irrigate cemetery
- ▶ Working with local agencies and landowner to find solution



Proposed Staff Actions



1. Enter into Memorandum of Understanding with EBMUD to establish framework for cooperating on a single GSP for the entire East Bay Plain Subbasin
2. Provide resolution of support for EBMUD's grant application for State funding to prepare GSP

Questions & Discussion





Update on PAYS Implementation

UTILITIES & ENVIRONMENTAL SERVICES


July 10, 2017

Green Hayward PAYS®




- Council passed in June 2013
- \$1,000,000 from Water Fund
- City selected a preferred contractor
- Paid back over ten years through bi-monthly surcharge
- The surcharge must be no more than 80% of the projected bill savings

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GREEN HAYWARD PAYS®

Green Hayward PAYS® is designed to save multifamily buildings money, energy, and water.



ENROLL TODAY!

Call 510-463-6119 or email Environment@hayward-ca.gov.

How Does It Work?

You will receive a free site visit from our certified contractor, who will estimate the savings potential on your property. You will then work with the certified contractor or your own contractor to install water and energy efficiency upgrades in your multifamily building. There are no upfront costs for most upgrades. When the installation is complete, the repayment will be added as a surcharge on your water bill.

Examples of Qualifying Upgrades

- Basic Measures: Toilets, Showerheads, Faucet Aerators, LED Bulbs
- Energy Measures: Common Area Lighting, Central Hot Water
- Landscape Measures: Weather-Based Irrigation Controls, Leaks

City Certified Contractor: The City of Hayward has selected Bottom Line Utility Solutions as the recommended program contractor. BLUS has more than 13 years of experience providing excellent customer service for cities and water utilities. You are also welcome to use your own contractor. Contact us to find out how your contractor can participate.

Target Properties for the Program

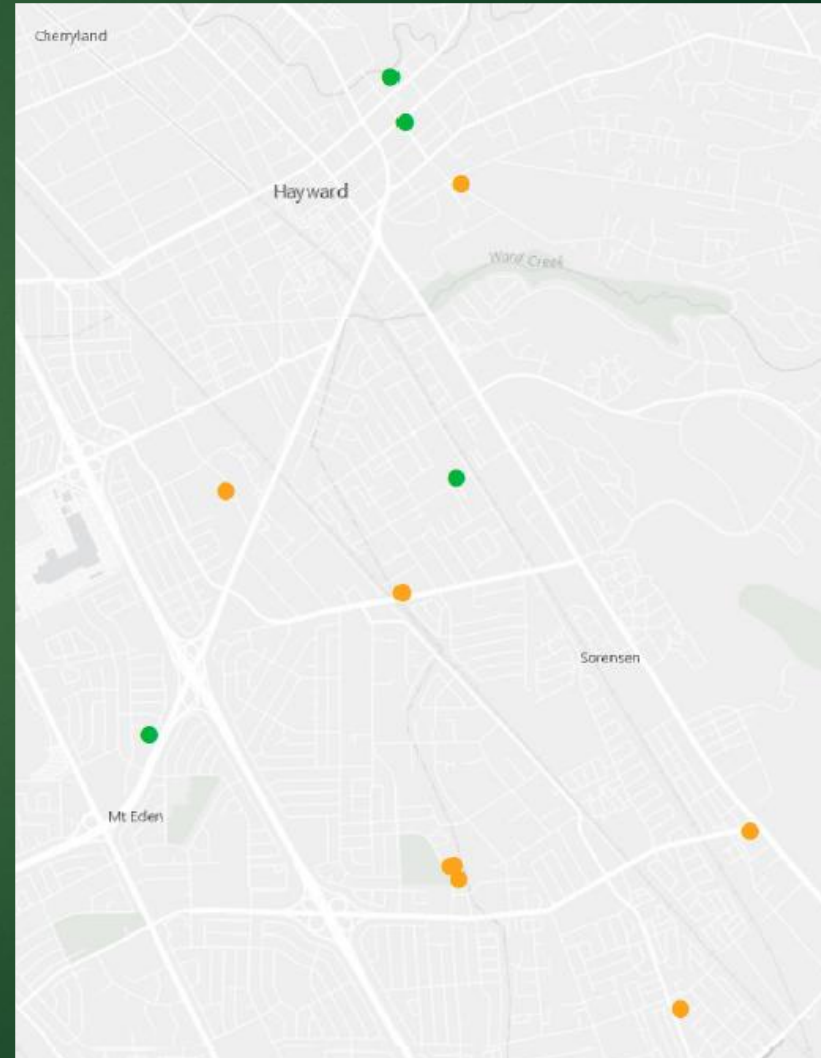
- Multifamily properties that are City of Hayward water customers
- Master-metered water and central water heating
- Multifamily buildings with 5 or more units

DOWNLOAD THE FAQ

Completed Projects and Active Proposals



	# of Units	Cost of PAYS Upgrades
Completed Projects		
1	34	\$9,100
2	24	\$12,261
3	12	\$6,483
4	68	\$102,608
Subtotal	138	\$130,452
Active Proposals		
5	102	\$53,311
6	33	\$14,694
7	45	\$20,001
8	30	\$8,898
9	8	\$3,174
10	41	\$20,422
11	68	\$31,370
12	188	\$69,352
Subtotal	515	\$221,222
TOTAL	653	\$351,675



Bill Analysis



	Cost of PAYS Upgrades	Surcharge /Bill	Projected Net Savings/Bill	Average Actual Net Savings/Bill	Surcharge as % of Bill Savings
1	\$9,100	\$211	\$329	\$845	20%
2	\$12,261	\$285	\$230	\$487	37%
3	\$6,483	\$151	\$434	\$177	46%
TOTAL	\$27,844	\$647	\$993	\$1,509	

Measures Installed	Property 1	Property 2	Property 3
Toilets	33	24	10
Showerheads	19	13	9
Bathroom Aerators	24	12	9
Kitchen Aerators	21	19	9
Hot Water Demand Controller	0	1	1
Hot Water Pipe Insulation	0	1	1
Common Area Lighting	22	63	40
In-Unit LEDs	48	63	36

Barriers to Rollout



1. Larger property management companies have layers of approval
2. Some larger properties have already replaced toilets
3. Small to medium properties are concerned about the amount of interest over 10 years

Barrier: Interest Paid Over 10 Years



Number of Payments	Surcharge/ Bill	Total Surcharge over 10 years	Total interest over 10 years	Estimated Savings/Bill	Surcharge as % of Savings
Cost of Surcharge with 60 bi-monthly payments (10 years)					
60	\$295	\$17,708	\$4,996	\$534	55%
Cost of Surcharge with 30 bi-monthly payments (5 years)					
30	\$504	\$15,122	\$2,410	\$534	94%
Difference	\$209	-\$2,586			

Shorter repayment terms result in higher bi-monthly surcharges, but the property owner will end up saving more over the life of the repayment due to less interest.

Recommendation: Flexible Repayment Term



1. Allow flexible repayment terms from 5-10 years, up to the point that the surcharge will be no more than 100% of savings for property owners (rather than 80%).
2. Allow for prepayment without penalty.

Questions & Discussion





Annual Update on City's Waste Reduction and Recycling Programs

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Diversion Goals

- State = Requires Diversion of 50%
- ACWMA = Goal of 75% Diversion by 2010
- Hayward = Goal of 75% Diversion by 2010, and
80% Diversion by 2018

Mandatory Recycling Ordinance

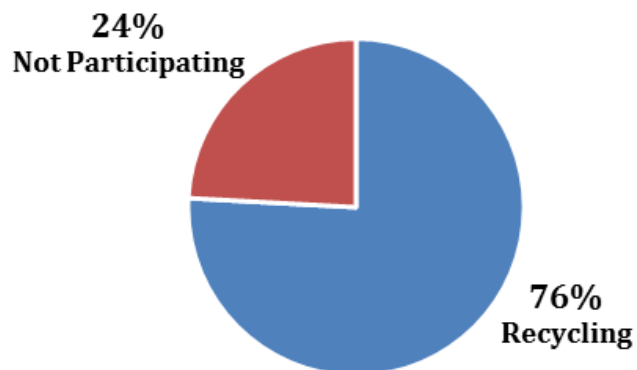
- Phase 2 Effective January 2016
- Requires Businesses and Multi-Family Dwellings to Recycle
and Sort Organics

MRO Compliance

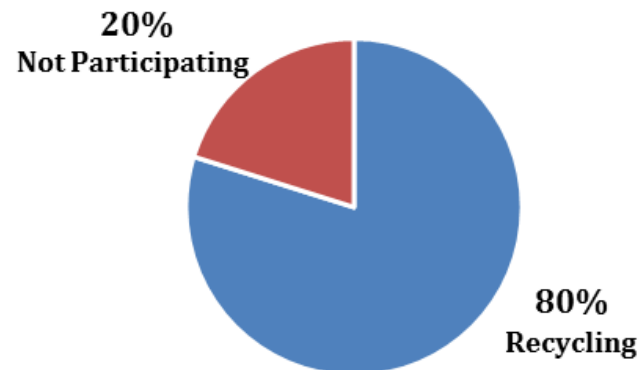


Businesses Recycling

**Hayward Businessses
Recycling - December 2016**



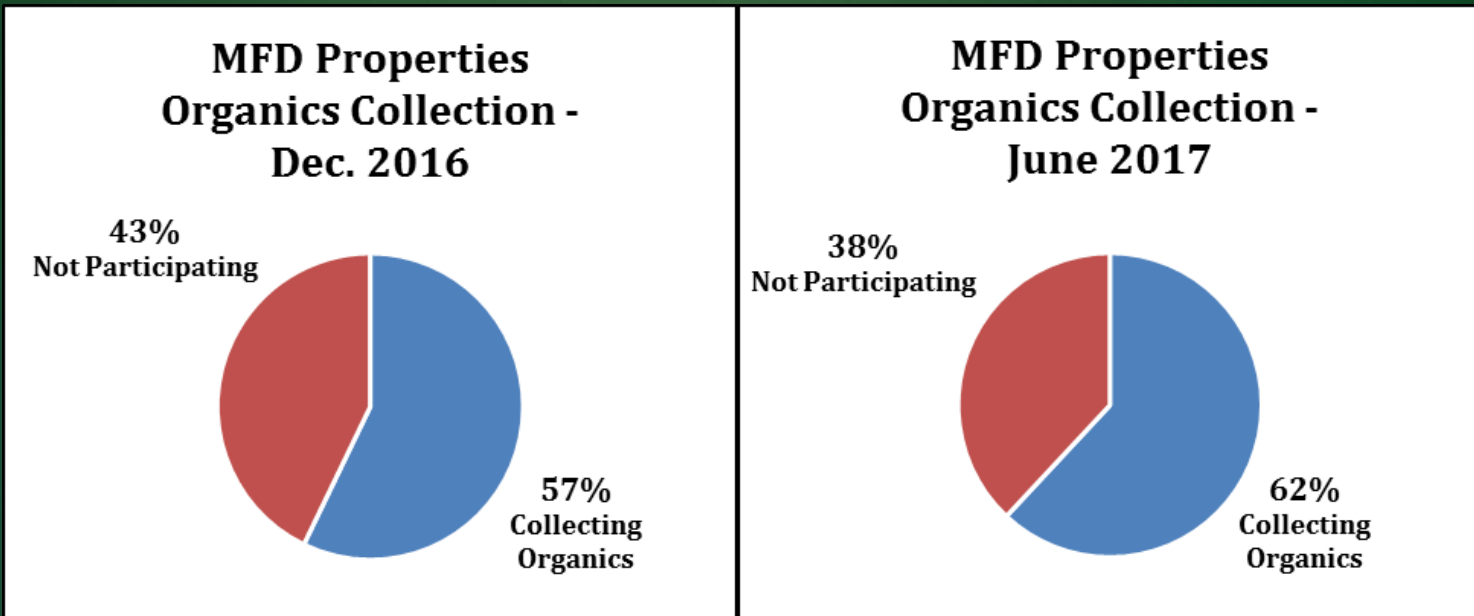
**Hayward Businesses
Recycling - June 2017**



MRO Compliance



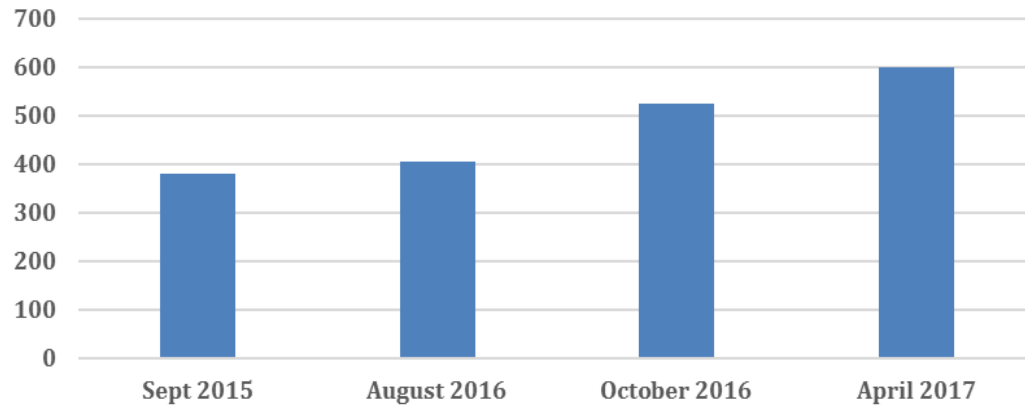
Multi-Family Organics



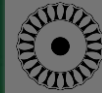
WMAC Services — Free Compost



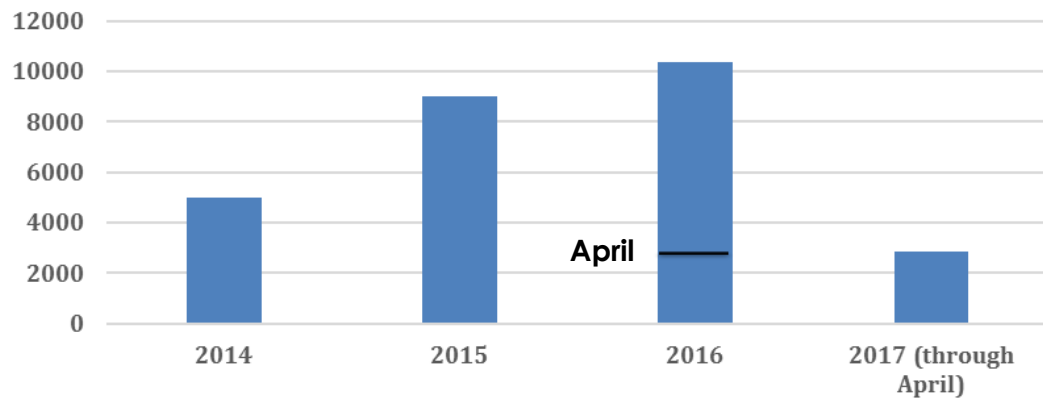
Compost Giveaway Event Attendance



WMAC Services — Bulky Items



Bulky Item Appointments 2014-2017



WMAC Performance



- ▶ Franchise Recovery Rate – contractual benchmark
 - ▶ Currently about 42% - goal 54% for 2017

Timeframe	Required Franchise Recovery Rate	Actual Franchise Recovery Rate
Calendar Year (2015)	46%	37%
Calendar Year (2016)	50%	37%
Calendar Year (2017)	54%	42% (May)
Rate Period 4 (2018)	58%	
Rate Period 5 (2019)	62%	
Rate Period 6 (2020)	66%	
Rate Period 7 (2021)	70%	
Rate Period 8 (2022)	74%	
Rate Period 9 (2023)	78%	
Rate Period 10 (2024)	80%	

Next Steps



- ▶ Rates
 - Cost-Based Rate Setting - 2018
- ▶ C&D Ordinance Implementation – Fall 2017
- ▶ Continue Outreach

Questions & Discussion





Consideration of CMFA Open PACE

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July 10, 2017

Hayward PACE Programs



- Financing for energy, water, and seismic improvements
- Property owners pay off the debt through their property tax bill
 - ✓ No down payment
 - ✓ Flexible repayment terms
 - ✓ Doesn't show as debt
- Currently eight programs in Hayward
- Council has taken open PACE market approach

The screenshot shows the Hayward PACE Financing website. The header features the Hayward logo and navigation links for 'DISCOVER' and 'RESIDE'. Below the header, there are links for 'Services', 'City Services', and 'PACE Financing for energy and water upgrades'. The main content area is titled 'PACE FINANCING FOR ENERGY AND WATER UPGRADES' and includes a paragraph explaining the program, a section titled 'WHAT IS PACE?' with bullet points, and a section titled 'HAYWARD PACE PROVIDERS' with a list of providers and their contact information.

HAYWARD DISCOVER RESIDE

Services City Services PACE Financing for energy and water upgrades

PACE FINANCING FOR ENERGY AND WATER UPGRADES

Are you looking to make energy, water, or seismic improvements on your home? Learn how you can finance your project using a PACE program.

The Hayward City Council has authorized the following PACE programs to serve property owners in Hayward. It is recommended that property owners get quotes from multiple contractors and PACE providers to compare prices and terms. As is the case with any contractor work, it is recommended that property owners check references before signing a contract. If you have questions for the City, please call 510.583.4724.

WHAT IS PACE?

- Property Assessed Clean Energy (PACE) financing allows property owners to finance energy efficiency, renewable energy, water conservation, and seismic upgrades with little or no up-front costs.
- You receive financing for upgrades through a PACE program, and then repay the money through an assessment on your property tax bill.
- Because the repayment period can be up to 25 years, the assessment on your property tax may be low enough that your utility savings exceed your payment (your savings will depend on the types of upgrades and terms of your agreement with the PACE provider).
- Unlike a conventional loan, the repayment obligation is tied to the property. This means that if you sell your property, the PACE obligation is transferred with the property to the new owner.

HAYWARD PACE PROVIDERS

- AllianceNRG.com - 855.431.4400 or info@AllianceNRG.com
- CaliforniaFirst.org - 888.906.3560 or info@CaliforniaFirst.org
- CleanFund.com - 415.256.8000 or info@CleanFund.com
- FigtreeFinancing.com - 877.577.7373 or info@FigtreeFinancing.com
- HeroProgram.com - 885.437.6411 or info@HeroProgram.com
- PaceFunding.com - 844.873.7223 or info@PaceFunding.com
- SpruceFinance.com - 866.525.2123 ext. 2 or support@sprucefinance.com
- YgreneWorks.com - 877.819.4736 or info@YgreneWorks.com

CMFA Open PACE

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Existing clients [submit forms online](#) ➔

CMFA PACE: The Easiest Way to Save Water, Energy and Money



What is PACE Financing

PACE (Property Assessed Clean Energy) is an innovative program that provides residential and commercial property owners with low-cost, long-term financing for water conservation, energy efficiency, and renewable energy improvements. All while helping local governments meet their environmental and energy conservation objectives.



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Financing Programs

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Past Projects

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[Program Report and Handbook](#)[Consumer Protection Policy](#)

CMFA Open PACE Programs



Program Administrators



Energy Efficient Equity

Residential



BluePACE TM

BluePACE

Commercial

**structured
finance**
ASSOCIATES

Structured Finance

Commercial



ONPACE ENERGY

OnPace Energy Solutions

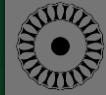
Commercial

Energy Efficient Equity (E3)



- Offers slightly lower interest rates in certain instances (4.99% rate for a 5 year repayment term for customers with good credit)
- All their contractors sign a repurchase agreement to protect homeowners from fraud and program misrepresentation
- Uses BBB ratings and Yelp reviews as part of contractor screening
- Requires homeowners to have the household income necessary to pay back the assessment
- Allows property owners to borrow up to 96.5% of the equity in their home

Mitigating Customer Risk: ABAG Regional Agreement



- Only applies to residential PACE programs
- Requires all programs to have clearly visible disclosures regarding the FHFA policies on residential PACE programs
- Requires all programs to participate in the State's PACE Loss Reserve
- Requires data sharing to monitor program performance locally
- Clarifies that the programs are responsible for negligence in administering PACE

Mitigating Customer Risk: State and Federal Actions



State's Loss Reserve Program: Has consumer protection measures for participating programs, including E3

AB 2693 (September 2016): Requires specific disclosure guidelines consistent with Know Before You Owe

SB-242 (Skinner): Expands on AB 2693, including requiring an oral customer confirmation

AB-271 (Galgiani): Authorizes the county to remove delinquent PACE installments from the tax roll so they do not accrue penalties

HUD Guidelines (July, 2016): The FHA now backs mortgages for HUD programs

S.838 - PACE Act of 2017: Require PACE to follow the same regulations as banks and mortgage lenders

Next Steps



1. If the Committee recommends that Council adopt a resolution authorizing the City Manager to join CMFA Open PACE:
 - Staff will bring a resolution to Council in early fall

2. If the Committee recommends that Council pass a resolution authorizing the City Manager to sign ABAG addendums to the RCSA
 - Staff will bring a separate resolution as part of the same Council item
 - Staff will follow up with each residential PACE program to execute addendums

Questions & Discussion





Proposed 2017 Agenda Planning Calendar

UTILITIES & ENVIRONMENTAL SERVICES

July 10, 2017

Suggested Agenda Topics



September 2017

Car Sharing

Accelerating Multifamily Building Upgrades (California Energy Commission grant)

Greenhouse Gas Inventory

Pioneers for Sustainable Communities – Final Report

East Bay Energy Watch – Small/Medium Business Programs

Lead Testing in Schools (Oral Update)

November 2017

Recycled Water Program

Sustainable Groundwater Plan

Solar Photovoltaic at WPCF – Phase II

Review of Last Winter's Mountain Tunnel Shutdown

Unscheduled Items

Climate Literacy Curriculum

Stormwater Trash Reduction Requirements

Laundry to Landscape Ordinance

Progress Toward 2025 ZNE Goal

Tiny Homes