



COUNTY OF HUMBOLDT

For the meeting of: 3/3/2020

File #: 20-209

To: Board of Supervisors

From: Supervisor Mike Wilson and Supervisor Estelle Fennell

Agenda Section: Initiated by Board Member - Time Set at 1:30

SUBJECT:

1:30 p.m. - Consider an Energy Resilience and Independence Bond Measure Initiative for the November 2020 Ballot (Supervisor Mike Wilson and Supervisor Estelle Fennell)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Direct staff to examine the legal requirements and timelines necessary to put a bond measure on the November 2020 ballot; and
2. Direct staff to return to the Board on March 17th with a budget proposal to fund necessary polling and further review the time frame to meet the ballot deadlines.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

In response to the public's need for action to take meaningful steps to reduce greenhouse gas emissions associated with Humboldt County's energy use and to create energy resilience, the Board of Supervisors is considering a bond measure initiative that would be placed on the November 2020 ballot that would invest in projects that would improve the security and resiliency of Humboldt's energy needs as well as reduce greenhouse gas emissions.

No projects have been selected yet for this bond measure, although potential projects could include: ensuring that critical public infrastructure is resilient to power outages through the development of renewable energy microgrid systems supporting public facilities (i.e. schools, hospitals, fire stations), similar to the system under development at the California Redwood Coast - Humboldt County Airport; low-interest loans (similar to the existing PACE system) for building decarbonization for businesses and individuals; transportation decarbonization, including development of electric vehicle charging stations and other low-carbon transportation infrastructure; and facilitating the future development of offshore wind energy through actions such as investing in critical dock infrastructure improvements necessary for offshore wind. The selection of projects would be informed by polling and would occur later in time. The selection of projects would inform the type of municipal bond utilized and the terms

of that bond.

The continued county support for the development and sustainment of local living wage jobs has been previously recognized and adopted by the Board of Supervisors as an integral part of its strategic framework for Humboldt County. Moreover, the county's Comprehensive Economic Development Strategy (i.e. CEDS) which was adopted by the Board in November of 2018 (and later accepted by the U.S. Economic Development Authority in December of 2018) clearly states that job creation for Humboldt County residents is a defining part of the county's vision for its own economic future.

And yet, despite these labor goals, and notwithstanding the strategic and economic direction that has been provided by the Board, creating and sustaining living wage jobs in Humboldt County continues to remain a challenge for our community. In 2018, Humboldt County's Workforce Development Board, its staff and partner agencies, released a study of local businesses in which it was identified that "baseline-hiring trends" and recruitment for new hires were "trending downward". A lack of skilled labor force and Humboldt County's declining population were among some of the indicators shared by local businesses as evidence for why growth and hiring has slowed.

Consequently, and due to the labor dilemma, it is critical that the County of Humboldt work quickly to identify, adopt and implement innovative and proven strategies for job creation. The continued development of our green and blue economies is one such strategy and aligns with county and state goals for energy independence and energy resiliency. Additionally, local funded energy projects also align with the State of California's economic Roadmap To Shared Prosperity by advancing "community-based investing" and by creating "...a cooperative approach for workgroups to spread best practices and to incentivize every type of investor to bring their dollars back to community based investments to achieve regional resilience and shared prosperity."

According to a 2017 study published by the Environmental Defense Fund's (EDF) Climate Corps program, green energy and sustainability related projects create jobs at a rate which is 12 times faster than that of traditional industrial and commercial economic activity. Moreover, and as proof of this concept, a recently completed local green energy project for the development of a 1.92 megawatt micro grid in Blue Lake (a collaboration between the Schatz Energy Research Center at Humboldt State University and the Blue Lake Rancheria), is anticipated (according to the Blue Lake Rancheria) to increase tribal employment in the region by 10%.

Because this bond measure would be for a specific purpose, Subdivision (d), Section 1, Article XIII C of the California Constitution states that it would be considered a 'Special Tax' which means "any tax imposed for specific purposes, including a tax imposed for special purposes, which is placed into a general fund. Special Taxes must be approved by a 2/3rds majority of the qualified voters in the service area, which is usually the jurisdictional area of the local government agency that initiates the Special Tax. A Special Tax is considered a type of tax-not a fee, charge or special assessment. Therefore, the amount of the special tax is not limited to the relative benefit it provides to property owners or taxpayers. Typically, they are levied on a per parcel basis either according to the square footage of the parcel or on a flat charge, although the law usually provides flexibility to levy the special tax on any 'reasonable basis'. However, Special Taxes cannot be imposed on an ad valorem (property value)

basis. Under Proposition 218, a special tax is subject to reduction or repeal by popular initiative. An initiative campaign may be launched at any time after approval of the special tax. Special taxes can be used to finance various public improvements and services.”

Two types of bonds could potentially be issued to support projects authorized by this measure; a “general obligation bond” and / or a revenue bond, both of which are considered municipal bonds, which are loans. A general obligation bond (GOB) is backed by the credit and taxing power of the issuing jurisdiction and requires a 2/3 vote of the community. Every current property owner would be contributing to the bond based on a property tax formula. A “revenue bond” is paid back through project revenue from a given project, and no assets are used as collateral. A revenue bond (RB) is backed by the revenues generated from a specific project or source. It may also be possible to develop a hybrid “double barrel” bond offering that includes elements of both a GOB and a RB; or specific maturities of GOBs could be sold as ‘callable’ whereby the county would have the option of repurchasing those bonds and replacing them with revenue bonds which would then meet future debt service requirements from project revenue.

Preparing for and issuing municipal debt is stringently regulated and a very complicated process which county staff are not equipped, or trained, to do. Therefore, the county would need to contract with specially trained professionals as is allowed by Government Code section 31000 which permits your Board to contract for those special services with individuals and companies with the training, experience, and competency to provide those services. Those professionals would include some, or all, of the following: Bond Counsel for legal guidance and to prepare documents, Financial Consultants for modeling debt structure and debt service requirements, and Underwriters or Placement Agents for bond sales.

The timing for this initiative to meet the ballot time frame will be critical. Public opinion polling could take place from the end of March through April. If the Board of Supervisors direct staff to fund polling to begin at the end of March, then the initiative would have better impact. Upon completion of polling, the Board can utilize data obtained to provide future direction to staff, such as the parameters of the bond. The final proposed measure would have to be approved at the July 28, 2020 meeting.

FINANCIAL IMPACT:

To be determined.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by engaging in discussions of our regional economic future and facilitating the establishment of local revenue to address local needs.

OTHER AGENCY INVOLVEMENT:

Redwood Coast Energy Authority (RCEA) is recognized in the County’s General Plan as the County’s energy planning authority and the goals of this effort align closely with the objectives of RCEA’s RePower Humboldt strategic plan. As such, RCEA can support the County with developing the bond measure, providing recommendations for specific projects, estimating potential project costs and revenues, and quantification of greenhouse gas impacts and resiliency benefits. When any bond-

File #: 20-209

funded project moves forward, RCEA could provide support with program management and implementation as appropriate. Depending on the specific project(s) selected, other key agency partners could include the Humboldt County Association of Governments, Humboldt Bay Harbor, Conservation, and Recreation District, and/or the Humboldt Transit Authority.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

None

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A