




Office of the City Manager
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Memo

To: Members of Dublin City Council
From: Dana L. McDaniel, City Manager 
Date: August 24, 2017

Initiated By: Colleen Gilger, Director of Economic Development
 Jeremiah Gracia, Economic Development Administrator

Re: Ordinances for Property Assessed Clean Energy (PACE) Special Improvement
 for 5500 Frantz Road – Scioto Corporate Center (Ordinances 60-17, 61-17
 and 62-17)

Background

The City of Dublin is focused on setting appropriate conditions to encourage investment and economic development. City Council continues to support our strategies and tactics to ensure Dublin's office space remains competitive in the market. One particular tool the economic development team has brought to our existing building owners' attention is the use a favorable financing tool for major building energy efficiency improvements.

Property Assessed Clean Energy (PACE) programs represent a great mechanism available for financing energy efficiency and renewable energy improvement projects. PACE-enabling legislation is active in 33 states plus the District of Columbia, and PACE programs are now active (launched and operating) in 19 states plus DC. PACE allows qualifying energy improvements to be financed through assessments on a property owner's real estate tax bill. A summary of PACE is provided as an attachment to this memo.

PACE special assessments are used to secure local government bonds issued to fund the improvements without requiring the borrower or the sponsoring local government to pledge its credit. By allowing participating property owners to pay for energy improvements to their properties via a bond issue tied to a special assessment on their property tax bill, PACE financing enables property owners to reduce energy costs with no upfront investment.

Financing for PACE eligible projects in Central Ohio is provided by the Columbus-Franklin County Finance Authority (Finance Authority). The Finance Authority established the Columbus Regional Special Improvement District that allows for additional properties within the City of Columbus, Ohio and within any municipal corporation or township that is adjacent to any other municipal corporation or township to opt-in to the District. Projects between \$200,000 - \$6,000,000 may be financed through the Finance Authority's bond fund. Eligible uses of funds include LED lighting, energy management and controls that includes, HVAC and boiler replacement, building envelope, and other improvements that result in bottom line operation savings for building owners and tenants.

The building ownership at 5500 Frantz Road is requesting the use of PACE Financing for its energy efficiency improvement project totaling \$515,883. A signed PACE Project Development Agreement

has been executed between the owner, Frantz Investments, LLC, and the project manager, Plug Smart. The scope of work includes interior and exterior LED lighting upgrades, boiler replacement, and other temperature control upgrades. In order to satisfy this request, the City of Dublin must consider a series of Resolutions and Ordinances at the August 14 and August 28 Council meetings to allow building ownership to petition to opt-in to the Regional Special Improvement District. The City has no financial obligations with the establishment of a Special Improvement District for this project.

Below is a summary of the current and future resolutions, ordinances, and special assessments City Council will review at the August 14 and August 28 Council meetings. Timing is of the essence for these documents so that the building owner may schedule a closing and complete the necessary energy improvements to their office building.

August 14 Council Meeting:

1. A RESOLUTION APPROVING THE PETITION FOR SPECIAL ASSESSMENTS FOR SPECIAL ENERGY IMPROVEMENT PROJECTS UNDER OHIO REVISED CODE CHAPTER 1710 (5500 FRANTZ ROAD PROJECT)
2. A RESOLUTION APPROVING THE NECESSITY OF ACQUIRING, CONSTRUCTING, AND IMPROVING CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIALIMPROVEMENT DISTRICT (5500 FRANTZ ROAD PROJECT)

August 28 Council Meeting:

1. AN ORDINANCE DETERMINING TO PROCEED WITH THE ACQUISITION, CONSTRUCTION, AND IMPROVEMENT OF CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT
2. AN ORDINANCE LEVYING SPECIAL ASSESSMENTS FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, AND IMPROVING CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT
3. AN ORDINANCE AUTHORIZING AND APPROVING AN ENERGY PROJECT COOPERATIVE AGREEMENT BY AND BETWEEN THE CITY OF DUBLIN, OHIO, THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT, FRANTZ INVESTMENTS, LLC, AND THE COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY, A SPECIAL ASSESSMENT AGREEMENT BY AND BETWEEN THE CITY OF DUBLIN, OHIO, THE COUNTY TREASURER OF FRANKLIN COUNTY, OHIO, THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT, AND FRANTZ INVESTMENTS, LLC, AND RELATED AGREEMENTS, ALL OF WHICH PROVIDE FOR

THE FINANCING OF SPECIAL ENERGY IMPROVEMENTS PROJECTS (5500 FRANTZ ROAD PROJECT)

- a. Energy Project Cooperative Agreement
- b. Special Assessment Agreement

Recommendation

Staff recommends Council passage of Ordinance 60-17, Ordinance 61-17, and Ordinance 62-17 at their second reading/public hearing September 11, 2017. Staff also will recommend that Council pass these ordinances by emergency (waiving the thirty-day waiting period) at the second reading on September 11, 2017. Please also feel free to contact Colleen Gilger (410-4615) or Jeremiah Gracia (410-4655) with questions.

PACE

Property Assessed Clean Energy

WHAT IS PACE?

Property Assessed Clean Energy (PACE) is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy and water conservation projects. PACE financing is repaid as an assessment on the property's regular tax bill, and is processed the same way as other local public benefit assessments (sidewalks, sewers) have been for decades. Depending on local legislation, PACE can be used for commercial, nonprofit and residential properties.

HOW DOES IT WORK?

PACE is a national initiative, but programs are established locally and tailored to meet regional market needs. State legislation is passed that authorizes municipalities to establish PACE programs, and local governments have developed a variety of program models that have been successfully implemented. Regardless of model, there are several keystones that hold true for every PACE program.

- PACE is voluntary for all parties involved.
- PACE can cover 100% of a project's hard and soft costs.
- Long financing terms up to 20 years.
- Can be combined with utility, local and federal incentive programs.
- Energy projects are permanently affixed to a property.
- The PACE assessment is filed with the local municipality as a lien on the property.

WHY IS IT SO POPULAR?

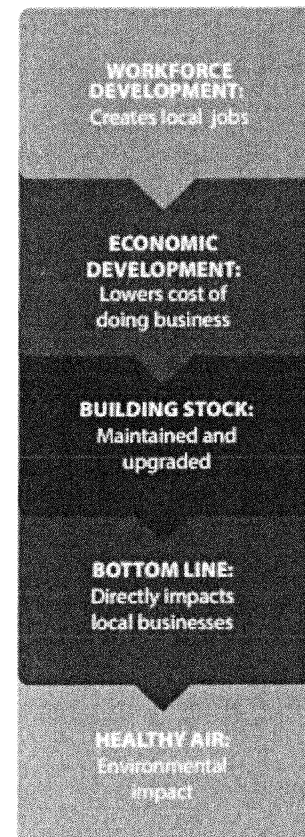
Property owners love PACE because they can fund projects with no out-of-pocket costs. Since PACE financing terms extend to 20 years, it's possible to undertake deep, comprehensive retrofits that have meaningful energy savings and a significant impact on the bottom line. The annual energy savings for a PACE project usually exceeds the annual assessment payment, so property owners are cash flow positive immediately. That means there are increased dollars that can be spent on other capital projects, budgetary expenses, or business expansion.

Local governments love PACE because it's an Economic Development initiative that lowers the cost of doing business in their community. It encourages new business owners to invest in the area, and creates jobs using the local workforce. PACE projects also have a positive impact of air quality, creating healthier, more livable neighborhoods.

HOW CAN I GET PACE?

www.PACENation.us has all the tools and resources you need to get started with PACE. Check to see if your state has passed a PACE statute, and if your area has an active program. If not, contact us to find out if there is a local initiative in development and we may be able to put you in touch with a working coalition. We look forward to hearing from you!

BENEFITS OF PACE



PACENation is the national nonprofit advocate for PACE financing. We provide leadership, data, support and resources for the growing marketplace.

www.pacenation.us
info@pacenation.us

RECORD OF ORDINANCES

Ordinance No. 61-17 Passed , 20

AN ORDINANCE LEVYING SPECIAL ASSESSMENTS FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, AND IMPROVING CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT

WHEREAS, this Council (the "Council") of the City of Dublin, Ohio (the "City") duly adopted Resolution No. on , 2017 (the "Resolution of Necessity") and declared the necessity of acquiring, constructing, improving and installing energy efficiency improvements on its real property, including, without limitation, interior high-efficiency LED lighting upgrades, exterior high-efficiency LED lighting upgrades, DDC controls, boiler upgrades, variable speed pumping, and related improvements (the "Project"), as described in the Resolution of Necessity and as set forth in the Petition requesting those improvements; and

WHEREAS, this Council duly passed Ordinance No. on , 2017 and determined to proceed with the Project and adopted the estimated Special Assessments (as defined in the Resolution of Necessity) filed with the Clerk of Council and the Director of Finance pursuant to the Resolution of Necessity.

WHEREAS, the actual costs of the Project have been ascertained and have been certified to the City in the Petition and the Supplemental Plan for the Project.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, , of the elected member concurring, that:

Section 1. Each capitalized term not otherwise defined in this Ordinance or by reference to another document shall have the meaning assigned to it in the Resolution of Necessity.

Section 2. The list of Special Assessments to be levied and assessed on the Property in an amount sufficient to pay the costs of the Project, which is \$792,079.67, including other related financing costs incurred in connection with the issuance, sale, and servicing of securities, nonprofit corporate obligations, or other obligations issued to pay costs of the Project in anticipation of the receipt of the Special Assessments, capitalized interest on, and financing reserve funds for, such securities, nonprofit corporate obligations, or other obligations so issued, including any credit enhancement fees, trustee fees, and District administrative fees and expenses, which costs were set forth in the Petition and previously reported to this Council and are now on file in the offices of the Clerk of Council and the Director of Finance, is adopted and confirmed, and that the Special Assessments are levied and assessed on the Property. The interest portion of the Special Assessments, which shall accrue at the annual rate of 4.95%, together with amounts used to pay administrative expenses, has been determined by the Columbus-Franklin County Finance Authority (the "Authority") to be substantially equivalent to the fair market rate that would have been borne by notes or bonds been issued by the Authority, which Authority is working cooperatively with the District and the City to facilitate the financing of the costs of the Project.

The Special Assessments are assessed against the Property commencing in tax year 2017 for collection in 2018 and shall continue through tax year 2031 for collection in 2032; provided, however, if the proceedings relating to the Special Assessments are completed at such time that the County Auditor of Franklin County, Ohio determines that collections shall not commence in 2018, then the collection schedule may be deferred by one year. The annual installment of the Special Assessments shall be collected in each calendar year equal to a maximum annual amount of Special Assessments as shown in Exhibit A, attached hereto and incorporated into this Ordinance.

All Special Assessments shall be certified by the Director of Finance to the County Auditor pursuant to the Petition and Ohio Revised Code Chapter 727.33 to be placed

RECORD OF ORDINANCES

Ordinance No. 61-17

Passed Page 2 of 2, 20

on the tax list and duplicate and collected with and in the same manner as real property taxes are collected and as set forth in the Petition.

The Special Assessments shall be allocated among the parcels constituting the Property as set forth in the Petition and the List of Special Assessments attached hereto and incorporated into this Ordinance as Exhibit A.

Section 3. This Council finds and determines that the Special Assessments are in proportion to the special benefits received by the Property as set forth in the Petition and are not in excess of any applicable statutory limitation.

Section 4. The Owner has waived its right to pay the Special Assessments in cash, and all Special Assessments and installments of the Special Assessments shall be certified by the Director of Finance to the County Auditor of Franklin County, Ohio as provided by the Petition and Ohio Revised Code Section 727.33 to be placed by him or her on the tax list and duplicate and collected with and in the same manner as real property taxes are collected and as set forth in the Petition.

Section 5. The Special Assessments will be used by the City to pay the cost of the Project in cooperation with the District in any manner, including assigning the Special Assessments actually received by the City to the District or to another party the City deems appropriate, and the Special Assessments are appropriated for such purposes.

Section 6. The Director of Finance shall keep the Special Assessments on file in the Office of the Director of Finance.

Section 7. In compliance with Ohio Revised Code Section 319.61, the Clerk of the Council is directed to deliver a certified copy of this Ordinance to the County Auditor of Franklin County, Ohio within 20 days after its passage.

Section 8. This Council finds and determines that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Ohio Revised Code Section 121.22.

Section 9. Under Section 4.04 of the Charter of the City, this Ordinance is an Ordinance for improvements petitioned for by owners of the requisite majority (100%) of the front footage or the area of the property benefited and to be assessed, and therefore this Ordinance shall be in full force and effect immediately upon its passage.

Signed:

Mayor – Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2017

Effective: _____, 2017

EXHIBIT A

**LIST OF SPECIAL ASSESSMENTS AND
SCHEDULE OF SPECIAL ASSESSMENTS**

LIST OF SPECIAL ASSESSMENTS

<u>Name</u>	<u>Assessed Properties Description</u>	<u>Portion of Benefit and Special Assessment</u>	<u>Amount of Special Assessments</u>
Frantz Investments, LLC	273-005366-00	100%	\$792,079.67

SCHEDULE OF SPECIAL ASSESSMENTS
FOR FRANKLIN COUNTY PARCEL NOS.:

273-005366-00*

The following schedule of Special Assessment charges shall be certified for collection in 30 semi-annual installments to be collected with first-half and second-half real property taxes in calendar years 2018 through 2032:

Special Assessment Payment Date**	Special Assessment Installment Amount***
January 31, 2018	\$26,402.66
July 31, 2018	26,402.66
January 31, 2019	26,402.66
July 31, 2019	26,402.66
January 31, 2020	26,402.66
July 31, 2020	26,402.66
January 31, 2021	26,402.66
July 31, 2021	26,402.66
January 31, 2022	26,402.66
July 31, 2022	26,402.66
January 31, 2023	26,402.66
July 31, 2023	26,402.66
January 31, 2024	26,402.66
July 31, 2024	26,402.66
January 31, 2025	26,402.66
July 31, 2025	26,402.66
January 31, 2026	26,402.66
July 31, 2026	26,402.66
January 31, 2027	26,402.66
July 31, 2027	26,402.66
January 31, 2028	26,402.66
July 31, 2028	26,402.66
January 31, 2029	26,402.66
July 31, 2029	26,402.66
January 31, 2030	26,402.66
July 31, 2030	26,402.66
January 31, 2031	26,402.66
July 31, 2031	26,402.66
January 31, 2032	26,402.66
July 31, 2032	26,402.66

* As identified in the records of the County Auditor of Franklin County, Ohio as of July 6, 2017.

** Pursuant to Ohio Revised Code Chapter 323, the Special Assessment Payment Dates identified in this Schedule of Special Assessments are subject to adjustment by the County Auditor of Franklin County, Ohio under certain conditions.

*** The County Auditor of Franklin County, Ohio may impose a special assessment collection fee with respect to each semi-annual Special Assessment payment. If imposed, this special assessment collection fee will be added by the County Auditor of Franklin County, Ohio to each semi-annual Special Assessment payment.

CERTIFICATE

The undersigned Clerk of Council hereby certifies that the foregoing is a true copy of Ordinance No. _____ duly adopted by the Council of the City of Dublin, Ohio on _____, 2017, and that a true copy of such Ordinance was certified to the County Auditor of Franklin County, Ohio within 20 days after its passage.

Clerk of Council
City of Dublin, Ohio

RECEIPT OF COUNTY AUDITOR FOR
LEGISLATION LEVYING SPECIAL ASSESSMENTS
FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING,
AND IMPROVING CERTAIN PUBLIC IMPROVEMENTS
IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH
THE COLUMBUS REGIONAL ENERGY
SPECIAL IMPROVEMENT DISTRICT

I, Clarence E. Mingo II, the duly elected, qualified, and acting Auditor in and for Franklin County, Ohio hereby certify that a certified copy of Ordinance No. _____, duly adopted by the Council of the City of Dublin, Ohio on _____, 2017 levying special assessments for the purpose of acquiring, constructing, and improving certain public improvements in the City of Dublin, Ohio in cooperation with the Columbus Regional Energy Special Improvement District, including the List of Special Assessments and Schedule of Special Assessments, which Special Assessment charges shall be certified for collection in 30 semi-annual installments to be collected with first-half and second-half real property taxes in calendar years 2018 through 2032, was filed in this office on _____, 2017.

WITNESS my hand and official seal at Columbus, Ohio on _____, 2017.

[SEAL]

Auditor
Franklin County, Ohio