




Office of the City Manager
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Memo

To: Members of Dublin City Council

From: Dana L. McDaniel, City Manager 

Date: August 9, 2018

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

Re: Ordinances 49-18, 50-18 and 51-18 - RE: Property Assessed Clean Energy (PACE) Special Improvement for 4860-5000 Blazer Parkway

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 as supported by the Dublin Corporate Area Plan. One particular tool the economic development team has brought to 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 little to 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 4860-5000 Blazer Parkway is requesting the use of PACE Financing for its energy efficiency improvement project totaling \$816,630. A signed PACE Project Development

Agreement has been executed between the owner, Omni Blazer LLC, and the project manager, Plug Smart. The scope of work includes LED lighting upgrades, HVAC Upgrades, and other temperature control upgrades. In order to satisfy this request, the City of Dublin must pass a series of Resolutions and Ordinances. These Resolutions and Ordinances allow building ownership 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. The City simply serves as a pass through entity for the project financing. Therefore, these Ordinances set for reading on August 13 and 27 are titled as emergencies to allow for closing to take place following the second reading on August 27, 2018. 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.

Recommendation

Staff recommends Council passage of Ordinance Nos. 49-18, 50-18 and 51-18 by emergency at the second reading/public hearing on August 27, 2018. Please feel free to contact Jeremiah Gracia or Rachel Ray with any 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

WORKFORCE DEVELOPMENT:
Creates local jobs

ECONOMIC DEVELOPMENT:
Lowers cost of doing business

BUILDING STOCK:
Maintained and upgraded

BOTTOM LINE:
Directly impacts local businesses

HEALTHY AIR:
Environmental impact



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

www.pacenation.us
info@pacenow.org

RECORD OF ORDINANCES

Ordinance No. 49-18

Passed _____, 20____

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, AND DECLARING AN EMERGENCY

WHEREAS, the Council ("Council") of the City of Dublin, Ohio (the "City") duly adopted Resolution No. 39-18 on July 2, 2018 (the "Resolution of Necessity"), (i) declaring the necessity of acquiring, constructing, and improving energy efficiency improvements, including, without limitation, high-efficiency LED lighting upgrades, HVAC and DDC control upgrades, and related improvements (the "Project," as more fully described in the Petition referenced in this Ordinance) located on real property owned by Omni Blazer, LLC (the "Owner") at 4860 through 5000 Blazer Parkway within the City (the "Property", as more fully described in Exhibit A to the Petition); (ii) providing for the acquisition, construction, and improvement of the Project by the Owner, as set forth in the Owner's *Petition for Special Assessments for Special Energy Improvement Projects and Affidavit* (the "Petition"), including by levying and collecting special assessments to be assessed upon the Property (the "Special Assessments") in an amount sufficient to pay the costs of the Project, which is estimated to be \$1,345,914.48, including other related costs of financing the Project, which may include, without limitation, the payment of principal of and interest on nonprofit corporate obligations issued to pay the costs of the Project and other interest, financing, credit enhancement, and issuance expenses and ongoing trustee fees and Columbus Regional Energy Special Improvement District ("District") administrative fees and expenses; and (iii) determining that the Project will be treated as a special energy improvement project to be undertaken cooperatively by the City and the District; and

WHEREAS, the claims for damages alleged to result from, and objections to, the Project have been waived by one hundred percent (100%) of the Owners, and following notice of the adoption of the Resolution of Necessity which was personally delivered by the Clerk of Council to the Owner on July 2, 2018, no claims for damages alleged to result from, or objections to, the Project have been filed within the times prescribed by Sections 727.15 and 727.18 of the Ohio Revised Code.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, _____ of the elected members 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 Petition.

Section 2. This Council declares that its intention is to proceed or to cooperate with the District to proceed with the acquisition, construction, and improvement of the Project described in the Petition and the Resolution of Necessity. The Project shall be made in accordance with the provisions of the Resolution of Necessity and with the plans, specifications, profiles, and estimates of cost previously approved and now on file with the Director of Finance and the Clerk of Council.

Section 3. The Special Assessments to pay costs of the Project, which are estimated to be \$1,345,914.48 including any and all architectural, engineering, legal, insurance, consulting, energy auditing, planning, acquisition, installation, construction, surveying, testing, and inspection costs; the amount of any damages resulting from the Project and the interest on such damages; the costs incurred in connection with the preparation, levy and collection of the special assessments; the cost of purchasing and otherwise acquiring any real estate or interests in real estate; expenses of legal services; costs of labor and material; trustee fees and other financing costs incurred in connection with the issuance, sale, and servicing of securities, nonprofit corporate obligations, or other obligations issued or incurred to provide a loan or to secure an advance of funds to the Owner or otherwise 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 or incurred, including any credit enhancement fees, trustee fees, program administration fees, financing servicing fees, and District administrative fees and expenses; an amount to reflect interest on unpaid Special Assessments which shall be treated as part of the cost of the Project for which the Special Assessments are made at an interest rate which shall be determined by the District or the Columbus-Franklin County Finance Authority as its

RECORD OF ORDINANCES

Ordinance No. 49-18

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conduit financing entity to be substantially equivalent to the fair market rate that would have been borne by notes or bonds if notes or bonds had been issued by the District, the Columbus-Franklin County Finance Authority, or another issuer of notes or bonds to pay the costs of the Project; together with all other necessary expenditures, shall be assessed against the Property in the manner and in the number of semi-annual installments provided in the Petition and the Resolution of Necessity. Each semi-annual Special Assessment payment represents the payment of a portion of any principal repayment and interest and administrative fees payable with respect to the Project. The Special Assessments shall be assessed against the Property commencing in tax year 2018 for collection in 2019 and shall continue through tax year 2034 for collection in 2035; 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 2019, then the collection schedule may be deferred by one year. In addition to the Special Assessments, the County Auditor of Franklin County, Ohio may impose a special assessment collection fee with respect to each semi-annual payment, which amount, if imposed, will be added to the Special Assessments by the County Auditor of Franklin County, Ohio.

Section 4. The estimated Special Assessments for costs of the Project prepared and filed in the office of the Clerk of Council and in the office of the Director of Finance, in accordance with the Resolution of Necessity, are adopted.

Section 5. In compliance with Ohio Revised Code Section 319.61, the Clerk of Council is directed to deliver a certified copy of this Ordinance to the County Auditor of Franklin County, Ohio within 15 days after the date of its passage.

Section 6. All contracts for the construction of the Project will be let in accordance with the Petition, the Program Plan, and the Supplemental Plan, and the costs of the Project shall be financed as provided in the Resolution of Necessity.

Section 7. 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 8. 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 declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, or welfare of the City and for the further reason that this Ordinance is required to be immediately effective in order to facilitate the construction of the Project; wherefore, this Ordinance shall be in full force and effect immediately upon its passage.

Signed:

Mayor – Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2018

Effective: _____, 2018

CERTIFICATE

The undersigned Clerk of Council hereby certifies that the foregoing is a true copy of Ordinance No. 49-18 duly adopted by the Council of the City of Dublin, Ohio on _____, and that a true copy of such Ordinance was certified to the County Auditor of Franklin County, Ohio within 15 days after its passage.

Clerk of the Council
City of Dublin, Ohio

RECEIPT OF COUNTY AUDITOR FOR
LEGISLATION DETERMINING TO
PROCEED WITH ACQUISITION, CONSTRUCTION,
AND IMPROVEMENT OF 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. 49_-18 duly adopted by the Council of the City of Dublin, Ohio on August 27, 2018, 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, was filed in this office on _____, 2018.

WITNESS my hand and official seal at Columbus, Ohio on _____, 2018.

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[SEAL]

Auditor
Franklin County, Ohio