

To: Members of Dublin City Council

From: Dana McDaniel, City Manager

Date: March 2, 2021

Initiated By: Colleen Gilger, CECD, Director of Economic Development
Sara O'Malley, Economic Development Administrator

Re: Resolutions, Petition, and Ordinances for Property Assessed Clean Energy (PACE) Special Improvement for 4015-4059 W. Dublin-Granville Road DBA Stoneridge Investments, LLC

Background

The City of Dublin is focused on setting appropriate conditions to encourage investment and economic development. City Council continues to support the Economic Development Strategic Plan to ensure Dublin's office space remains competitive in the market. One particular tool the economic development team has brought to existing commercial building owners' attention is the use of the Property Assessed Clean Energy (PACE) program, a favorable financing tool for major energy efficiency improvements. This initiative directly relates to Strategy 1, Action 3 from the Economic Development Strategic Plan that identifies creating distinctive development nodes with vibrant physical space and focusing efforts to develop the Dublin Corporate Area/legacy office parks, as strategic goals.

PACE is a simple and effective way to finance energy efficiency and renewable energy building improvements. PACE can pay for qualifying improvements for almost any type of property including commercial, retail, industrial, nonprofit, and multi-family. Property owners across the United States are using PACE because it not only saves money, but makes these aging properties more valuable to its owners and communities.

Process

PACE allows qualifying energy improvements to be financed through special assessments on a property owner's real estate tax bill. A summary of PACE is provided as an attachment to this memo. In order to satisfy this request, Dublin City Council must pass a series of two resolutions and three ordinances:

- The first resolution approves the property owner's petition to the City to levy the special assessments.
- The second resolution and two of the ordinances, provide for the steps set forth in the Ohio Revised Code for levying special assessments.
- The last ordinance approves the transaction documents.

This process, while detailed, follows the requirements of the Ohio Revised Code and the City's Charter. The City has no financial obligations with the establishment of a Special Improvement District or for any PACE project. The City simply serves as a pass-through entity for the project financing.

Project

The building ownership for 4015-4059 W. Dublin-Granville Road is requesting the use of PACE financing assessments for financing with a principal amount of \$965,793.95. This project also involves a bond issued by the Ohio Air Quality Development Authority (OAQDA) that provides additional benefits for the landowner over the term of the financing agreement. Specifically, the OAQDA bond program provides a sales tax exemption for the materials used on the PACE project (estimated at \$23,400) and exempts the tax increases on the property specifically related to the PACE project for the term of the special assessment (19 years) (estimated at \$24,265 annually). The amount of the limited property tax exemption is ultimately determined by the Franklin County Auditor, and the property tax collections due to related parties (school district, township, etc.) will be impacted by their proportional amount of the exempt value determined by the Franklin County Auditor.

The scope of work includes equipping the building with solar energy solutions, upgraded lighting systems to LED technology, and high efficiency HVAC systems.

Recommendation

Staff recommends Council approve Resolutions No. 13-21 and 14-21 on March 8, 2021 and Ordinances No. 09-21, 10-21 and 11-21 on March 22, 2021. Please contact Sara O'Malley with any questions.



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. 10-21

Passed _____, _____

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 (4015-4059 W. DUBLIN-GRANVILLE ROAD, DUBLIN, OHIO PROJECT)

WHEREAS, this Council (the "Council") of the City of Dublin, Ohio (the "City") duly adopted Resolution No. ____-21 on _____, 2021 (the "Resolution of Necessity") and declared the necessity of acquiring, constructing, improving and installing solar photovoltaic and energy efficiency improvements on its real property, including, without limitation, HVAC system, mechanical, and controls, solar panel arrays, LED lighting, 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. ____-21 on _____, 2021 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 \$1,463,779.38, 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 reasonable 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; reasonable 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 reasonable 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 reasonable 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

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Ordinance No. 10-21

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Passed

portion of the Special Assessments, which shall accrue at the annual rate of 4.50% until the Special Assessments shall have been fully paid, together with amounts used to pay administrative expenses, has been determined by the District to be substantially equivalent to the fair market rate that would have been borne by notes or bonds issued by the District to facilitate the financing of the costs of the Project.

The Special Assessments are assessed against the Property commencing in tax year 2021 for collection in 2022 and shall continue through tax year 2039 for collection in 2040; 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 2022, 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 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

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Ordinance No. 10-21

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Passed _____, _____

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 shall be in full force and effect immediately upon its passage.

Signed:

Mayor – Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2021

Effective: _____, 2021

EXHIBIT A

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

LIST OF SPECIAL ASSESSMENTS

Special <u>Name</u>	Assessed Properties <u>Description</u>	Portion of Benefit and Special <u>Assessment</u>	Amount of <u>Assessments</u>
Stoneridge Investment LLC \$1,463,779.38	273-008296-00	100%	

SCHEDULE OF SPECIAL ASSESSMENTS
FOR FRANKLIN COUNTY PARCEL NOS.:

273-008296-00*

The following schedule of Special Assessment charges shall be certified for collection in 38 semi-annual installments to be collected with first-half and second-half real property taxes in calendar years 2022 through 2040:

Special Assessment Payment Date**	Special Assessment Amount***
January 31, 2022	\$38,520.51
July 31, 2022	38,520.51
January 31, 2023	38,520.51
July 31, 2023	38,520.51
January 31, 2024	38,520.51
July 31, 2024	38,520.51
January 31, 2025	38,520.51
July 31, 2025	38,520.51
January 31, 2026	38,520.51
July 31, 2026	38,520.51
January 31, 2027	38,520.51
July 31, 2027	38,520.51
January 31, 2028	38,520.51
July 31, 2028	38,520.51
January 31, 2029	38,520.51
July 31, 2029	38,520.51
January 31, 2030	38,520.51
July 31, 2030	38,520.51
January 31, 2031	38,520.51
July 31, 2031	38,520.51
January 31, 2032	38,520.51
July 31, 2032	38,520.51
January 31, 2033	38,520.51
July 31, 2033	38,520.51
January 31, 2034	38,520.51
July 31, 2034	38,520.51

January 31, 2035	38,520.51
July 31, 2035	38,520.51
January 31, 2036	38,520.51
July 31, 2036	38,520.51
January 31, 2037	38,520.51
July 31, 2037	\$38,520.51
January 31, 2038	38,520.51
July 31, 2038	38,520.51
January 31, 2039	38,520.51
July 31, 2039	38,520.51
January 31, 2040	38,520.51
July 31, 2040	38,520.51

* As identified in the records of the County Auditor of Franklin County, Ohio as of February 3, 2021.

** 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. _____-21 duly passed by the Council of the City of Dublin, Ohio on _____, 2021, 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, Michael Stinziano, the duly elected, qualified, and acting Auditor in and for Franklin County, Ohio hereby certify that a certified copy of Ordinance No. __-21, duly passed by the Council of the City of Dublin, Ohio on _____, 2021 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 38 semi-annual installments to be collected with first-half and second-half real property taxes in calendar years 2022 through 2040, was filed in this office on _____, 2021.

WITNESS my hand and official seal at Columbus, Ohio on _____, 2021.

[SEAL]

Auditor
Franklin County, Ohio