

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

11-21

Ordinance No. _____

Passed _____, _____

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, INC., STONERIDGE INVESTMENT 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, INC., STONERIDGE INVESTMENT LLC, AND THE COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY, AND RELATED AGREEMENTS, ALL OF WHICH PROVIDE FOR THE FINANCING OF SPECIAL ENERGY IMPROVEMENTS PROJECTS (4015-4059 W. DUBLIN-GRANVILLE ROAD, DUBLIN, OHIO PROJECT)

WHEREAS, Stoneridge Investment LLC (the "Owner") has submitted its *Petition for Special Assessments for Special Energy Improvement Projects and Affidavit* (the "Petition") in order to provide for the completion of a special energy improvement project on real property owned by the Owner in the City of Dublin, Ohio (the "City"); and

WHEREAS, on _____, 2021, this Council approved the Petition and added the Owner's property subject to the Petition to the Columbus Regional Energy Special Improvement District, Inc. (the "District"); and

WHEREAS, on _____, 2021, this Council duly adopted a resolution declaring the necessity of acquiring, constructing, and improving certain public improvements in the City in cooperation with the District (the "Resolution of Necessity"); and

WHEREAS, on _____, 2021, this Council passed Ordinance No. _____ - 21 determining to proceed with the Project (as defined in the Resolution of Necessity) and adopted the estimated Special Assessments filed with the Clerk of the Council pursuant to the Resolution of Necessity; and

WHEREAS, pursuant to Ordinance No. _____-21 passed on _____, 2021, the City has levied special assessments against the Property (as defined in the Resolution of Necessity) to pay costs of the special energy improvement project (the "Special Assessments");

WHEREAS, the City intends to enter into an Energy Project Cooperative Agreement (the "Energy Project Cooperative Agreement") with the District, the Owner, and the Columbus-Franklin County Finance Authority (the "Authority") to provide for, among other things, (i) the making of the Project Advance (as defined in the Energy Project Cooperative Agreement) to pay costs of the Project, (ii) the disbursement of the Project Advance for the acquisition, construction, and improvement of the Project and the transfer of the Special Assessments by the City to the Authority to pay principal and interest and other costs relating to the Project Advance; and

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11-21

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Ordinance No. _____

Passed _____, _____

WHEREAS, to provide for the security for the Project Advance and for administration of payments on the Project Advance and related matters, the City intends to enter into the Special Assessment Agreement with the County Treasurer of Franklin County, Ohio, the Authority, the District, and the Owner.

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 or definition 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. This Council hereby approves the Energy Project Cooperative Agreement, a copy of which is on file in the office of the Clerk of Council. The City Manager shall sign and deliver, in the name and on behalf of the City, the Energy Project Cooperative Agreement, in substantially the form as is now on file with the Clerk of Council. The Energy Project Cooperative Agreement is approved, together with any changes or amendments that are not inconsistent with this Ordinance and not substantially adverse to the City and that are approved by the City Manager on behalf of the City, all of which shall be conclusively evidenced by the signing of the Energy Project Cooperative Agreement or amendments to the Energy Project Cooperative Agreement.

Section 3. This Council hereby approves the Special Assessment Agreement, a copy of which is on file in the office of the Clerk of Council. The City Manager shall sign and deliver, in the name and on behalf of the City, the Special Assessment Agreement, in substantially the form as is now on file with the Clerk of Council. The Special Assessment Agreement is approved, together with any changes or amendments that are not inconsistent with this Ordinance and not substantially adverse to the City and that are approved by the City Manager on behalf of the City, all of which shall be conclusively evidenced by the signing of the Special Assessment Agreement or amendments to the Special Assessment Agreement.

Section 4. The City is hereby authorized to enter into such other agreements that are not inconsistent with the Resolution of Necessity and this Ordinance and that are approved by the City Manager on behalf of the City, all of which shall be conclusively evidenced by the signing of such agreements or any amendments to such agreements.

Section 5. 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 6. 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.

[Signature Page Follows]

RECORD OF ORDINANCES

<div>11-21</div> <div>Ordinance No. _____</div>	<div>Page 3</div> <div>Passed _____, _____</div>
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Signed:

Mayor – Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2021

Effective: _____, 2021