

To: Members of Dublin City Council
From: Dana McDaniel, City Manager
Date: March 15, 2022
Initiated By: Megan O'Callaghan, Deputy City Manager, Chief Finance and Development Officer,
Sara O'Malley, Economic Development Administrator
Re: Ordinance Removing Special Assessment for Property Assessed Clean Energy (PACE)
Special Improvement financing for 5500 Frantz Road.

PACE 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.

PACE is a simple and effective way to finance energy efficiency and renewable energy building improvements through special assessments on a property owner's real estate tax bill. The PACE program 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. A summary of PACE is provided as an enclosure in this memo.

Current Project

The building ownership at 5500 Frantz Road previously requested the use of PACE Financing for its energy efficiency improvement project totaling \$515,883. The scope of work completed included interior and exterior LED lighting upgrades, boiler replacement, and other control upgrades. Dublin City Council approved and passed appropriate legislation for this project in September of 2017; marking the City's first PACE project.

The owner of 5500 Frantz Road in Dublin, Ohio, Frantz Investments, LLC has recently sold its property to a new owner. As such, the original owner/PACE applicant, has requested to pay off the PACE financing for the property, which requires Dublin City Council to pass a new Ordinance removing the special assessments from the property. The new owner did not want to assume the PACE loan from 2017 and negotiated a prepayment of the loan during the recent sale of the building. Council previously applied the special assessments via Ordinance No. 61-17 in September 2017.

Recommendation

Staff Recommends Council approval of Ordinance No. 12-22 on March 21, 2022. 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. 12-22

Passed _____, 20____

AN ORDINANCE TO REMOVE SPECIAL ASSESSMENTS PREVIOUSLY LEVIED FOR CERTAIN PUBLIC IMPROVEMENTS IN THE CITY OF DUBLIN, OHIO IN COOPERATION WITH THE COLUMBUS REGIONAL ENERGY SPECIAL IMPROVEMENT DISTRICT (5500 FRANTZ ROAD PROJECT)

WHEREAS, this Council (the "Council") of the City of Dublin, Ohio (the "City") duly passed Ordinance No. 61-17 on September 14, 2017 (the "Ordinance Levying Assessments") levying property assessed clean energy ("PACE") special assessments on certain property located at 5500 Frantz Road within the City to pay the costs of certain special energy improvement projects; and

WHEREAS, the City entered into a Special Assessment Agreement dated as of October 4, 2017, and recorded on October 4, 2017 as Instrument Number 201710040138604 in the records of the Franklin County Recorder (the "Special Assessment Agreement") by and among the City, the Columbus-Franklin County Finance Authority (the "Authority"), the Columbus Regional Energy Special Improvement District, Inc. (the "District"), the County Treasurer of Franklin County, Ohio, and Frantz Investments, LLC, a Nebraska limited liability company (the "Owner"); and

WHEREAS, the City further entered into an Energy Project Cooperative Agreement dated as of October 4, 2017 (the "Energy Project Cooperative Agreement") by and among the Authority, the District, the Owner, and the City; and

WHEREAS, as described in the Special Assessment Agreement and the Energy Project Cooperative Agreement, the Authority made the amount of \$546,133.00 available to the Owner in order to pay and finance a portion of the costs of the Project (the "Project Advance");

WHEREAS, the Owner has prepaid all amounts outstanding with respect to the Project Advance, and, as provided in the Special Assessment Agreement and the Energy Project Cooperative Agreement, the Authority has notified the City that the remaining Special Assessments following the Owner's prepayment should be reduced to \$0.00;

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 Special Assessment Agreement.

Section 2. As provided in the Special Assessment Agreement and the Energy Project Cooperative Agreement, in the event the Project Advance is prepaid, in whole or in part, the parties shall, in cooperation with the Owner, and to the extent permitted by law, cause the aggregate lien of the Special Assessments to be no greater

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than the remaining principal of and interest and premium, if any, on the Project Advance through maturity.

The Finance Authority has notified the City that all Special Assessments certified by the Director of Finance to the County Auditor pursuant to Ohio Revised Code Chapter 727.33, are to be reduced by the amount of the aggregate Special Assessments prepaid. The remaining principal of and interest and premium on the Project Advance is \$0.00, and the amount of Special Assessments necessary to pay principal of and interest and premium on the Project Advance is \$0.00.

Section 3. The aggregate Special Assessments previously levied by this Council and certified by the Director of Finance to the County Auditor are hereby reduced to \$0.00. The Director of Finance is hereby authorized to take any actions as may be necessary in order to cause the County Auditor to reduce the amount of the Special Assessments to \$0.00.

Section 4. 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 5. This Ordinance shall take effect upon the earliest date permitted by law.

Signed:

Mayor – Presiding Officer

Attest:

Clerk of Council

Passed: _____, 2022

Effective: _____, 2022