

..Title

Resolution to Establish an Energy Financing District and a Property Assessed Clean Energy (PACE) Program

..Memorandum

This resolution establishes the City of Ann Arbor's Property Assessed Clean Energy (PACE) program, including the setting of boundaries for the PACE financing district, designation of the City Official, amendment procedures and incorporation of the "Report" for implementation procedures. The City has consistently provided support for advancing energy efficiency and the use of renewable sources of energy in government operations, businesses and residences. This PACE program continues City support and encouragement for the community to become more energy efficient by offering special assessments on commercial and industrial properties for certain energy projects.

Previously, the City has acted to support state enabling PACE legislation (Resolution R-10-321), authorized grant funds to be used for program development (Resolution R-09-501), and established a loan loss reserve fund to leverage private funding for PACE projects at a lower interest rate (R-11-085). The projects may be financed over a longer term, up to 10 years, than typical bank financing.

The resolution of intent approved by City Council on September 19, 2011 found that financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment.

The PACE program report being adopted in this resolution covers all aspects of the program, as required by Public Act 270 of 2010.

This resolution also establishes amendment procedures. The PACE program requires that a new public hearing be conducted for substantive changes only.

This establishment of the PACE program and financing district is a foundational component in the creation of a strong community energy program to meet City Council's Energy Challenge goal of an 8% reduction of community-wide greenhouse gas emissions from 2000 levels by 2015.

..Staff

Prepared By: Andrew Brix, Energy Programs Manager

Reviewed By: Sue F. McCormick, Public Services Administrator

Approved By: Tom Crawford, Interim City Administrator

..Body

Whereas, The City is committed to preserving and improving the City's natural and built environment, protecting the health of its residents and visitors, and fostering its economy;

Whereas, Energy efficiency, solar, thermal, and photovoltaic technologies provide citizens with reliable and clean energy, and reduce greenhouse gas emissions and local

reliance on imported and non-renewable energy;

Whereas, City Council originally set greenhouse gas emission goals in May 2006, and in Resolution R-11-142 on April 17, 2011 set a new goal of an 8% reduction from 2000 levels by 2015;

Whereas, Existing state and federal incentives for renewable energy and energy efficiency improvements to private property do not fully finance the cost of such improvements;

Whereas, The City of Ann Arbor was selected by the U.S. Department of Energy in 2007 as a Solar America City committed to implementing solar energy throughout the community by 2015;

Whereas, The U.S. Department of Energy (DOE) awarded the City an Energy Efficiency Conservation Block Grant (EECBG) of \$1,243,400.00, from which funding for this project was appropriated in Resolution R-09-501 on December 21, 2009;

Whereas, The U.S. Department of Energy's eligible measures for EECBG projects include establishing a Property Assessed Clean Energy (PACE) Financing District, a form of Sustainable Energy Financing;

Whereas, City Council approved the use of Energy Efficiency and Conservation Block Grant funds as a loan loss reserve fund in Resolution R-11-085 on March 7, 2011;

Whereas, City Council supported legislative measures which authorize municipalities to establish PACE financing districts in Resolution R-10-321 on September 7, 2010;

Whereas, City Council supported the efforts and activities of the City's Energy Office to promote state enabling legislation and develop a PACE program for the City; and

Whereas, The State of Michigan enacted the Property Assessed Clean Energy Act, Public Act 270 of 2010 on December 14, 2010;

Whereas, The City Council found in the PACE Resolution of Intent on September 19, 2011 that financing of energy projects is a valid public purpose because it furthers essential public and governmental purposes, including, but not limited to, reduced energy costs, reduced greenhouse gas emissions, economic stimulation and development, improved property valuation, and increased employment;

Whereas, The City intends to raise funds in manners as allowed under Public Act 270 of 2010 that are not general obligations of the City of Ann Arbor and may be repaid by special assessments on the property benefited, with the voluntary agreement of the record owners; and

Whereas, The City has provided public notice and made the "Report" available to its

citizens and has held a public hearing allowing comment on October 3, 2011.

RESOLVED, That the report, titled "Report on Proposed Property Assessed Clean Energy Program," which meets the requirements of Public Act 270 of 2010, is incorporated by reference to this action; and

RESOLVED, The City establishes an Energy Financing District as stated in the "Report;"

RESOLVED, The designated City Official for the PACE Program is the City Administrator or their duly authorized designee; and

RESOLVED, That the City Administrator is authorized and directed to execute the National Environmental Protection Act (NEPA) Categorical Exclusion on behalf of the City of Ann Arbor after approval as to form by the City Attorney;

RESOLVED, That the City Administrator is further authorized and directed to take any and all necessary actions to implement this Resolution, including the execution of any supplemental administrative forms required by the Department of Energy after approval as to form by the City Attorney;

RESOLVED, The City is granted the authority to levy PACE Assessments;

RESOLVED, That the City Administrator, or his/her designee, may, from time to time, during the term of the Program, make such administrative, technical or procedural modification to the Program and its procedures as are deemed necessary for continued effective and efficient operation of the Program consistent with the goals established by City Council; and

RESOLVED, The PACE Program begins implementation October 4, 2011.