



Legislation Text

File #: 11-1389, **Version:** 1

Resolution to Establish Fees for Property Assessed Clean Energy (PACE) Applications

This resolution establishes the fees for application review and an annual administration fee for the City of Ann Arbor's Property Assessed Clean Energy (PACE) program.

Previously, City Council has acted to support state enabling PACE legislation, authorized grant funds to be used for program development and established a loan loss reserve fund to leverage private funding for PACE projects at lower interest rates. The resolution of intent, R-11-403, 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. On October 3, 2011, Council passed Resolution R-11-425 which established the PACE program.

The development and implementation of the PACE program is funded by a grant from the U.S. Department of Energy. Should application review costs exceed the fees collected in the first year of the program, excess costs will be covered by the grant funds, and fees will be adjusted accordingly.

This resolution establishes the following program fees for the new PACE program, which were designed to cover the technical review and administration costs:

Application fees

The application fees covers three distinct program costs and is to be remitted with the energy assessment project application.

- 1. Review Fee*
The fee covers technical review, information, approval and project tracking.
- 2. Title Search Fee*
This fee covers the actual cost of a title search to verify ownership of property and determine the presence of existing liens or encumbrances on the property. Applicants will be required to pay the actual cost billed by the title company.
- 3. Recording fee*
This fee covers the cost of recording the assessment at the County Clerk's office.

Annual administration fee

This fee covers the City's cost of annual billing and payment receipt.

Development of fee amounts

Application Fees

- 1. Review Fee*

For Phase I the amount will be \$300.00. This fee was estimated using historical work effort for audit reviews performed by Clean Energy Coalition staff and the fully burdened hourly rate being paid by the City to Clean Energy Coalition under the current contract. The work effort assumptions at \$50.00 per hour are: 1 hour to review

the energy analysis; 1 hour for the scoping meeting; 2 hours for application check-in review and tracking; and, 2 hours for technical application review. Time will be tracked for individual applications and adjustments will be made in subsequent years to this fee as appropriate.

2. *Title Search Fee*

For Phase I, the title fee will be estimated at \$230.00 dollars based upon current costs charged to the City by title companies. This fee is a pass through. Applicants will be required to pay the actual cost of the title commitment for the applicant property.

3. *Recording fee*

This fee is set by the State Legislature and is currently \$14.00 for the first page and \$3.00 for each page thereafter; the city is currently estimating the recorded document to be 4 pages in length for a recording fee of \$23.00. Applicants will be required to pay the current statutory fee for recording for the assessment documents.

Annual Administrative Fee

This fee was developed using current costs of: paper \$0.10; envelope \$0.25; postage \$0.42; assessment set up \$11.72; and, payment receipting \$0.96. For Phase I, the annual administration fee, which will be added to the special assessment payment notice each year, will be \$13.45.

Building Permits and Inspection Fees

There are fees for the required building permits and inspections but these will be paid directly to Ann Arbor's Construction Services Unit at the time of permit request at the current permit fee rate.

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Reviewed By: Craig Hupy, Interim Public Services Administrator

Approved By: Steven D. Powers, City Administrator

Whereas, City Council Approved Resolution R-11-425 establishes a Property Assessed Clean Energy Program, which contains an application and review process for energy projects that will be performed by City staff and contracted PACE administrator;

Whereas, A new Application Review Fee is necessary to cover the costs of City review staff time for historic preservation review, bonding costs, technical review, and other costs needed to evaluate an application;

Whereas, In addition to the review fee, applicants as part of the application fees will be required to pay the direct costs for title searches, necessary to confirm property ownership and any liens and encumbrances of record, and the current statutory recording costs for recordation of the PACE special assessment lien; and

Whereas, An annual administration fee is necessary to cover costs and staff time for activities involved with sending invoices and receiving payments;

RESOLVED, That a new application review fee of \$300 is established to cover costs of staff review and administering the PACE program;

RESOLVED, That PACE Program Administrator is authorized as part of the application fee to pass-through to applicants the direct costs for title search and document recording;

RESOLVED, That a new annual administrative fee of \$13.45 is established to cover annual administrative costs; and

RESOLVED, That City Council authorizes the City Administrator to take necessary administrative actions to implement this resolution.