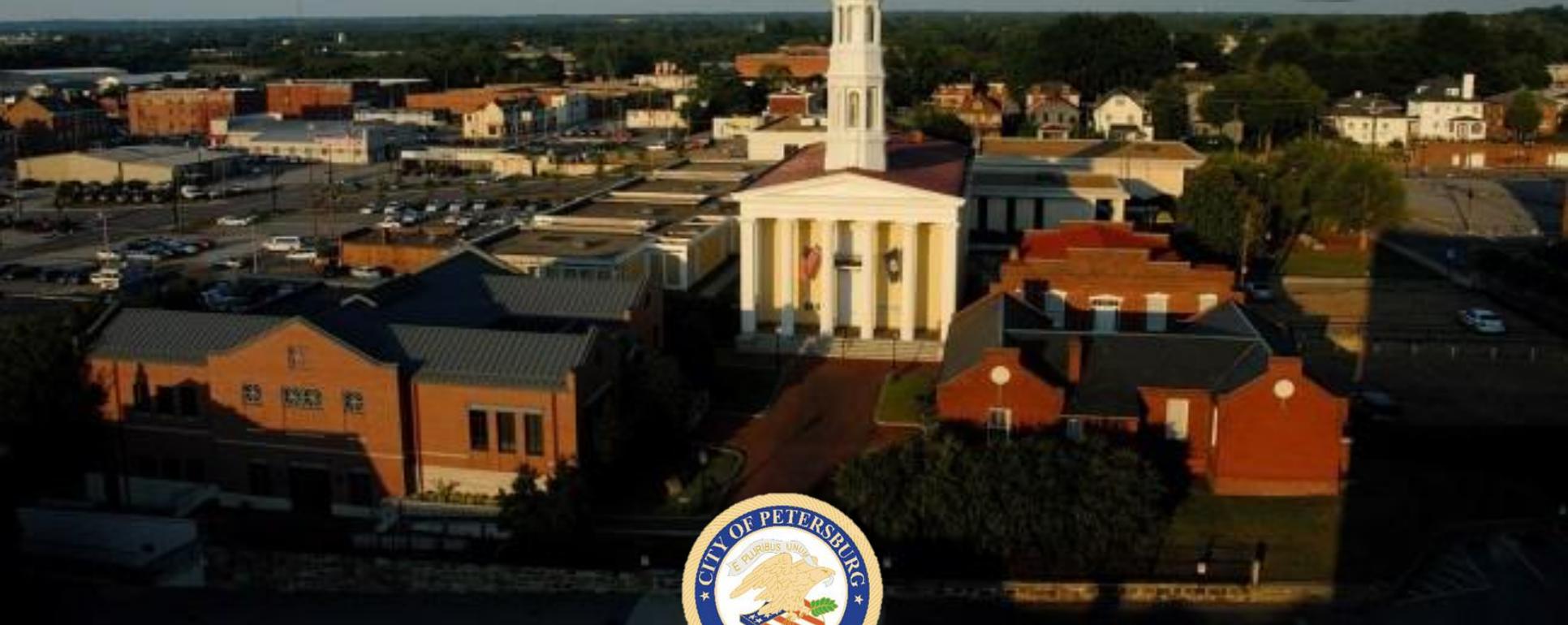


Commercial Property Assessed Clean Energy (C-PACE) Program

City of Petersburg
VIRGINIA



What is C-PACE?



- C-PACE is a market-based financial product that provides 100% upfront funding for renewable energy and water efficiency, flooding, and storm water upgrades.

C-PACE in the Virginia Code



- C-PACE is a financing mechanism for clean energy programs codified in the Code of Virginia, Section 15.2-958.3
- By Code, any locality may, by ordinance, authorize contracts to provide loans for the initial acquisition and installation of clean energy improvements with free and willing property owners of both existing properties and new construction.

How does C-PACE work?



- C-PACE is voluntary for all parties involved
- C-PACE can cover 100% of all project eligible hard and soft costs
- Loan financing terms between 15-30 years
- Can be combined with utility, local and federal incentive programs
- Energy projects are permanently affixed to a property
- The C-PACE assessment is filed with the local municipality as a lien on the property

Cont'd



- The City is NOT liable for the loan amount or success or failure of any development projects

- We are NOT committing any City funds/credit to guarantee repayment of the loan

Transferability



- C-PACE financing is attached to a building through a tax assessment; it's not attached to an individual or business
- If the building is sold before the C-PACE assessment is paid off, it transfers to the new owner

Eligibility, Stakeholders & Benefits



<p><i>Types of Equipment Eligible</i></p>	<ul style="list-style-type: none"> • Heating/Ventilation, lighting, roof, motors, solar panels, Insulation, Water Pumps
<p><i>Types of Buildings Eligible</i></p>	<ul style="list-style-type: none"> • Office, Multi-family, non-profit, agriculture, hotel, retail, industrial • Residential over 4 units; does not include condos or other residential classes
<p><i>Benefits of PACE</i></p>	<ul style="list-style-type: none"> • Workforce Development: creates local jobs • Economic Development: Lowers costs of doing business • Building Stock: Maintained and upgraded • Bottom Line: Directly impacts local businesses • Healthy Air: Environmental impact; reductions in Greenhouse gas emissions
<p><i>Benefits of PACE for Property Owners</i></p>	<ul style="list-style-type: none"> • No out of pocket cost • Low-rate, long-term • Cash flow positive • Increased comfort, decreased maintenance • Aligned landlord and tenant interests
<p><i>Who is involved in a C-PACE Loan?</i></p>	<ul style="list-style-type: none"> • Property owner, C-PACE lender, lender, contractor, city/program administrator

Program Administration Options



<i>Options</i>	<i>Advantages</i>	<i>Disadvantages</i>
Option A- Locally Administered	<ul style="list-style-type: none">➤ City oversight➤ Revenue potential for City through administrative fees	<ul style="list-style-type: none">➤ Staffing resources➤ Would have to create an administrative system
Option B - Third- Party Administer	<ul style="list-style-type: none">➤ Existing administrative system➤ Leverages outside staffing	<ul style="list-style-type: none">➤ Procurement process will delay implementation➤ Lack of oversight➤ Revenue from fees would not go to the City

Next Steps



- Should City Council pass the ordinance, the City has the option of either locally administering the program or retaining a third party administrator

Recommendation



- Staff recommends adoption of the C-PACE ordinance and approval of option A (locally administered program)
- *Should the program receive high volumes of applications, staff may bring back an item to City Council to consider a third-party administrator, if necessary*

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