



Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED

Date: September 23, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

Subject: Public Hearing and Approval of property assessment for Greenway Office, LLC using PACE financing for energy improvements.

Recommendations:

Public Hearing and approval of the attached resolution placing a special assessment against the following property:

Greenway Office, LLC, 2801 21st Avenue South, Minneapolis 55417 \$102,250
PID 36-029-24-34-0068

Previous Directives:

City Council on December 6, 2013 authorized the action to enter into a Joint Powers Agreement designating St Paul Port Authority to implement and administer PACE program on behalf of the City of Minneapolis.

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Approved by: Charles T. Lutz, Deputy Director CPED _____

Catherine A. Polasky, Director, Economic Policy & Development _____

Presenters in Committee: Becky Shaw

Financial Impact

This is a special assessment above and beyond the property taxes requested by the property owner as a mechanism to ensure payment over time for energy improvements.

Community Impact

- Neighborhood Notification: Public hearing notices to be mailed to property owners to be assessed.
- City Goals: Great Places where natural and built spaces work together and our environment is protected.
- Sustainability Targets: The assessments will allow for projects that assist with the City's efforts on climate change and renewable energy.
- Comprehensive Plan: Projects will be in compliance with the City's Comprehensive Plan.
- Zoning Code: Projects will comply with zoning.
- Living Wage/Business Subsidy Agreement Yes ____ No X Energy Conservation projects are exempted from the Business Subsidy Act.
- Job Linkage Yes ____ No X

Supporting Information

The Property Assessed Clean Energy (PACE) program is a financing tool allowing for up-front, private capital to pay for building upgrades that facilitate clean energy improvements. Clean energy improvements can include building-related energy systems, mechanical systems, and renewable energy systems such as solar thermal and photovoltaic systems. The amount borrowed is repaid using a special assessment on the property over a period of years. The special assessment is requested and agreed to by the property owner.

The Saint Paul Port Authority (SPPA) has created a program to administer PACE financing in the state of Minnesota, called PACEMN. The SPPA has authorized the issuance of up to \$10 million in taxable revenue bonds to jumpstart the PACEMN program to provide capital for up-front financing for energy investments to be repaid by PACE special assessments.

On December 6, 2013 the City Council authorized entering into a Joint Powers Agreement with the Port Authority of the City of Saint Paul to administer the PACEMN program within the City of Minneapolis. The City of Minneapolis entered a Joint Powers Agreement with SPPA on December 20, 2013. Per the Agreement, the SPPA has been designated the "implementing entity" to administer the program on behalf of the City of Minneapolis. Under the terms of the Agreement, the SPPA is solely responsible for the implementation and administration of PACEMN and the financing of the improvements. The City of Minneapolis is responsible for collecting special assessments necessary to pay debt service on the financed improvements within the City limits. The City's responsibilities are limited to assessments approved by the City Council and within the City limits.

In a typical PACEMN project, a client will apply directly to the SPPA. SPPA determines if the project is eligible for PACEMN and collects applicable financial and project documentation. At the time SPPA determines a project is a good candidate for PACEMN, they submit a request to the City of Minneapolis for an assessment to be placed on the property. The City of Minneapolis arranges for a public hearing notice, certified notification to the applicant of the assessment to be placed, and Council authorization to place the assessment. When requested by staff, assessments are assigned a levy number by Hennepin County. In November of each calendar year, the City of Minneapolis will package approved PACEMN assessment documentation for Hennepin County including the previously mentioned actions and documents, and an amortization schedule. Hennepin County places assessments in the amount determined in the amortization schedule each May and October of the following year until the project is paid in full.

Greenway Office, LLC (2801 21st Avenue South) submitted an application requesting \$100,000 of property assessed financing for energy improvements. This improvement includes the installation of a solar array for the total amount \$506,730, less a \$304,080 energy rebate and equity infusion of \$103,150. The applicant has requested an assessment

of \$100,000 plus interest of \$2250 to be levied against the property in biannual increments not to exceed 10 years. The project will be Levy #01403.

The following documents related to this assessment are on file with CPED Business Development:

- Signed application and waiver requesting assessment on property.
- Bids and/or estimates of work to be performed.
- Acknowledgement form signed by mortgage lien holder on the property.
- Acknowledgement of eligibility by the Port Authority of the City of St Paul.

