

Property Assessed Clean Energy (PACE) Program

City Council A Session | February 20, 2020 | Agenda Item #26A-B
Michael Sindon | Assistant Director | Economic Development Department

The Texas PACE Act

- Established by the Texas Legislature in 2013
- Financing tool for improvements fixed to real property
- Eligible improvements include water and energy conservation
- Promotes local economic development and sustainability efforts

COMMERCIAL



NONPROFIT



INDUSTRIAL



MULTIFAMILY

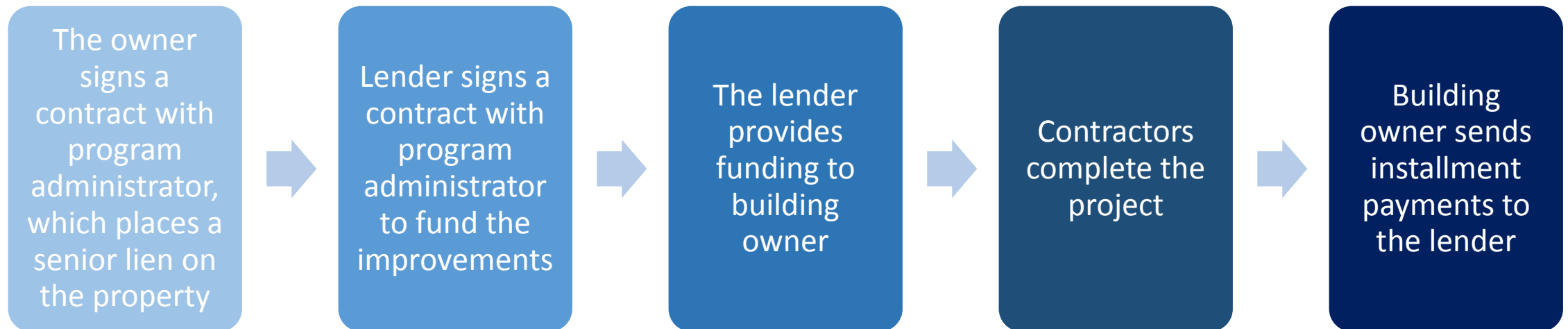


How PACE Works

A Building Owner:



If all PACE requirements are met (including a third-party review of savings):



PACE Encourages Building Retrofits

- Upfront funding and long-term repayment period
- Completed projects are cash flow positive
- Savings validated by an independent third party reviewer
- Repayment obligation transfers automatically to the next owner if the property is sold

PACE Benefits Everyone Involved

- **Building Owners** – lowers utility bills resulting in a cash flow positive project
- **Contractors** – increase in business
- **Lenders** – increase in fully collateralized loans
- **City of San Antonio and State of Texas** – increased economic development activity, improved building infrastructure, improved air quality and water conservation, and reduced peak energy demand

PACE Identified in City Adopted Plans

- SA Tomorrow Sustainability Plan, adopted on August 11, 2016
 - Energy 1: “Support a **PACE** financing program”



- San Antonio’s Climate Action and Adaptation Plan, adopted on October 17, 2019
 - Mitigation 28: “Financing Energy Efficiency - Analyze possible mechanisms, including **PACE**...”



- American Cities Climate Challenge MOU, signed on June 20, 2019
 - **PACE** is 1 of 8 strategies



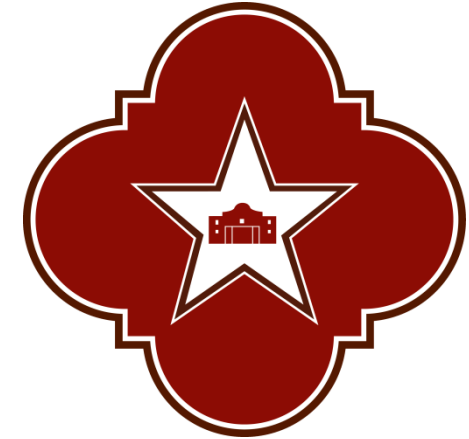
City Council Actions to Establish PACE

- **City Council A Session, Part 1: February 20, 2020**
 - Pass a Resolution of Intent to establish a City PACE program
 - Authorize the execution of an Interlocal Agreement with the Alamo Area Council of Governments (AACOG) to act as third-party administrators for the PACE program, contingent on Council establishing the program
 - Publish a Report on how the COSA PACE program will operate

- **City Council A Session, Part 2: March 5, 2020**
 - Hold a Public Hearing
 - Adopt an Ordinance to Establish a City PACE program

Interlocal Agreement Requirements

- All projects adhere to the Texas PACE Act
- No costs or liabilities are incurred by the City
- Fees listed publically and easily accessible
- Share demographic information with the City regarding potential and completed PACE loans
- Conduct a public solicitation process to select a partner to help administer the City's PACE program
- Submit semi-annual reports



Community Engagement & Outreach Efforts

City staff will coordinate the following marketing efforts in coordination with AACOG:

- Incorporate PACE information into small, minority, women, and veteran-owned business outreach and events
- Host technical workshops for building owners, developers, & engineers
- Incorporate PACE information into existing incentive program guides
- Work with partners to promote program's benefits during business relocation, retention, and expansion visits

Examples of PACE Projects

Barfield Building

City of Amarillo

Improvements:

- LED lighting
- Building envelope
- Water efficiency
- Hot water heating

Total Savings: Electric Energy: 73%

Natural Gas: 79%

Water: 40%



Dallas Paint & Body

City of Dallas

Improvements:

- LED lighting
- Solar panels

Total Savings: Electric Energy 92%



Fiscal Impact

- This Resolution of Intent and Ordinance to Execute an Interlocal Agreement with AACOG will have no fiscal impact on the City
 - City will not be collecting funds from either AACOG or business owners
 - PACE program information will be incorporated into existing marketing efforts

Recommendation

- Adopt a Resolution of Intent to establish a City PACE program
- Authorize the execution of an Interlocal Agreement with the Alamo Area Council of Governments (AACOG) to act as third-party administrators for the PACE program

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