

# YORK PACE PROGRAM MANUAL

## YORK PACE

In York, Property Assessed Clean Energy (“PACE”) is a financing tool to create clean energy projects and energy efficient buildings. Nebraska State Law sections 13-3201 et seq. allow a city to create Clean Energy Districts and define PACE-eligible projects. York City Ordinance No. \_\_\_\_\_ created the York Clean Energy Assessment District (“District”), and provides further structure for PACE in York. The City ordinance also calls for the creation of a program manual that defines the application process and eligibility requirements. This PACE program manual was created to satisfy that requirement.

The State law and the City ordinance provide the minimum requirements for a PACE application and project, as well as the circumstances under which an application or project will not be eligible for PACE financing. This PACE program manual provides guidance for the program and clarification on topics not specifically addressed by either the State law or City ordinance.

The intent of this program is to incentivize the reduction of energy use and water consumption in our community. The City of York views PACE as a tool to encourage developers and property owners to go beyond the requirements of energy and building codes to achieve meaningful energy and water use reduction. Although energy and building codes do have energy and water savings built into them, the York PACE program promotes projects that achieve a higher standard.

### **Eligible Property Types**

Although State Law allows for commercial, industrial, residential, and agricultural use, only commercial and industrial PACE projects are eligible in the District.

### **Eligible Project Types**

Projects including new construction and the rehabilitation of existing buildings are eligible for PACE financing in the District.

### **Boundaries of the ENCEAD**

Currently, only energy projects located within the York city limits or its two-mile extraterritorial jurisdiction (“ETJ”) are eligible for PACE financing.

Other local government jurisdictions may join the District, upon request.

### **Timing and Eligibility**

Applicants must submit an application to the York Building and Inspections Department prior to, or concurrently with, the application for a building permit. The developer or consultant is required to provide program-relevant data to the City through both the PACE program and through COMcheck or other allowed energy code certification method

("Energy Certification"). Information in the PACE application should not substantially differ from what was presented to the City through the Energy Certification.

### **Eligible Improvements**

An eligible energy project must involve the installation or modification of an energy efficiency improvement system or the acquisition, installation, or improvement of a renewable energy system, as those terms are defined in state law.

State law section 13-3203 currently defines "energy efficiency improvement system" as:

Any acquisition, installation, or modification benefitting publicly or privately owned property that is designed to reduce the electric, gas, water, or other utility demand or consumption of the buildings on or to be constructed on such property or to promote the efficient and effective management of natural resources or storm water, including, but not limited to:

- (a) Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;
- (b) Storm windows and doors; multiglazed windows and doors; heat-absorbing or heat-reflective glazed and coated window and door systems; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (c) Automated energy control systems;
- (d) Heating, ventilating, or air conditioning and distribution system modifications or replacements;
- (e) Caulking, weatherstripping, and air sealing;
- (f) Replacement or modification of lighting fixtures to reduce the energy use of the lighting system;
- (g) Energy recovery systems, including, but not limited to, cogeneration and trigeneration systems;
- (h) Daylighting systems;
- (i) Installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity;
- (j) Facilities providing for water conservation or pollutant control;
- (k) Roofs designed to reduce energy consumption or support additional loads necessitated by other energy efficiency improvements;
- (l) Installation of energy-efficient fixtures, including, but not limited to, water heating systems, escalators, and elevators;
- (m) Energy efficiency related items so long as the cost of the energy efficiency related items financed by the municipality does not exceed twenty-five percent of the total cost of the energy project; and
- (n) Any other installation or modification of equipment, devices, or materials approved as a utility cost-saving measure by the municipality.

State law section 13-3203 currently defines “renewable energy system” as:

A fixture, product, device, or interacting group of fixtures, products, or devices on the customer's side of the meter that uses one or more renewable energy resources to generate electricity. Renewable energy system includes a biomass stove but does not include an incinerator.

Items generally addressed in section 13-3205 of the State law are not part of the energy project, but are allowable costs under the assessment contract.

### **Annual Assessment and Average Weighted Useful Life**

Sections 13-3203(1) and 13-3205(1) of the State law require an “agreement to pay an annual assessment for a period not to exceed the weighted average useful life of the energy project.” The weighted average useful life includes only physical improvements to a property for which an average useful life may be calculated. Furthermore, the improvement must qualify as an energy efficiency improvement under Section 13-3203(3) of the State law.

### **Assessment Contract – Allowable Costs**

Section 13-3205(1) of the State law states "the costs financed under the assessment contract may include the cost of materials and labor necessary for installation, permit fees, inspection fees, application and administrative fees, bank fees, and all other fees incurred by the owner pursuant to the installation."

### **Savings to Investment Ratio (“SIR”)**

Nebraska State Law requires the savings realized by an energy project to equal or exceed the cost of the energy project. Therefore, an SIR of 1.0 or greater is required for all energy projects.

### **Calculating the Saving to Investment Ratio (“SIR”)**

Calculate the SIR by dividing the projected energy savings by the cost of the eligible energy efficiency improvements.

When calculating the SIR, please provide the SIR for individual components of the project. The City’s approval will be based on the average SIR for the entire project.

Applicants should include estimated operations and maintenance costs, and projected increases in the cost of energy use, in the calculations.

A note on methodology: The City will evaluate the methodology used to determine the energy savings calculations. At this time, the City does not favor one methodology over another. However, please include a letter explaining the methodology used to determine the SIR. The City may prescribe a methodology at a future date.

## **Energy Projects and Building Codes**

The City requires an energy project to meet all relevant energy and building codes. Current Nebraska energy codes are presented at:

<https://neo.ne.gov/services/codes/codes.html#item-02>

Current building codes adopted by the City are set forth in the York City Code, and may be obtained from the City.

Only aspects of the energy project that exceed energy and building codes are eligible for PACE financing. The developer's engineer must demonstrate that the savings generated by the energy project will exceed the cost of the energy project, as required by State law. The City will confirm the data presented in the PACE application with the data submitted for the Energy Certification. Discrepancies between the two will be brought to the attention of the PACE applicant. The applicant will have an opportunity to address discrepancies in writing and to the City and the City's PACE District Administrator.

The City requires the use of an Energy Certification method. Please contact the City building inspector.

### **Verification of Completed Energy Project**

Section 13-3204(3)(m) of the Nebraska State Law requires the municipality to obtain verification that the renewable energy system or energy efficiency improvement was properly installed and is operating as intended. To meet these criteria, City Inspectors must sign off on components of the project for which they may have jurisdiction. Additionally, a professional engineer licensed in the State of Nebraska must provide a letter to the City stating the systems or improvements were properly installed and are operating as intended.

### **Fees**

Applicants are responsible for the following fees.

Application Fee. The City charges a \$500 application fee at the time of application. This fee is not refundable.

Administration Fee. An administration fee of 1% of the total project cost or the loan amount, whichever is less, not to exceed \$40,000, is due upon approval of the PACE project.

The administration fee shall be subject to a 50% reduction for a project that is also responsible for TIF fees.

The TIF reduction to the administration fee is calculated before the cap is considered. For example: an administration fee of \$54,000 is reduced to \$27,000 before considering the administrative cap of \$40,000.

Annual Fee. An annual administrative fee of \$250 will also be collected.

## **PACE Application Instructions**

The PACE application may be obtained from the York City Administrator.

Your completed applications should be submitted to the York City Administrator at 100 E. 4<sup>th</sup> St., York, NE 68467.

Applicants should, as best as they can, provide responses to questions within the application form, rather than relying on attachments. Attachments providing supporting data, drawings, and calculations are acceptable.

Provided below is clarification for specific sections of the application.

### **Project Details**

Please describe the entire project, not just PACE component of the project. Please include drawings, maps, and photographs, when appropriate.

### **Financing Details**

Applicants may add rows in the tables provided in this section.

A Professional Engineer licensed in Nebraska is required to determine/approve the energy savings calculations.

### **Mortgage and Lien Holder Information**

Please be deliberate and specific in the explanation of the interest rate and fees.

## **Other Topics**

### **Applying for both PACE and TIF**

If the project requires both PACE and TIF funding, applicants should indicate as such on the application.

### **Who reviews and approves the applications?**

The York City Administrator and staff initially reviews an application. After review and recommendations from the staff, the application is submitted to the York City Council for approval or denial.

Additional inquiries and correspondence may be directed to:

At the City of York:  
York City Administrator  
100 E. 4<sup>th</sup> St.  
York, NE 68467  
Phone: (402) 362-2600

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