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TEMPLATE
Municipal Council Resolution supporting PACE in Alberta

Template Resolution Wording:

WHEREAS the Province of Alberta has added wording to the Municipal Government Act (Division 6.1) which will permit the delivery of a Property Assessed Clean Energy (PACE) program in Alberta; and

WHEREAS PACE Alberta is working with interested municipalities to assist in the establishment of a successful PACE program which meets the needs of Albertans;

Therefore, be it resolved that Administration be directed to submit an Expression of Interest to PACE Alberta confirming the *"Insert Municipality Name"*'s interest in having a PACE program delivered to its constituents when it becomes available in Alberta.

Please see the Administrative Briefing template on the following pages

Administrative Briefing Template – PACE Program
(Property Assessed Clean Energy)

1. PACE legislation (Bill 10) received Royal Assent on June 11, 2018. The legislation is “opt in” and gives municipalities the ability to have a PACE program delivered to its constituents by adopting a PACE enabling bylaw (MGA clause 390.3). Proclamation is anticipated after the government develops the supporting regulations and a program which is expected to be completed by the end of February 2019.

2. The anticipated scope of the program here in Alberta goes beyond any other similar programs that have been undertaken in Canada. There have been five other PACE or PACE-like initiatives; Toronto, Halifax, Vancouver, Province of Quebec, and the Province of Nova Scotia.

3. From information that has become available, it appears that the Alberta version of PACE may initially be limited in terms of access to capital. It is therefore recommended that municipalities take a two-step approach; first, pass a resolution showing interest (a soft buy-in) and then when the program is available look at it and decide to proceed with passing the required enabling bylaw. Those municipalities that pass an interest resolution are more likely to be able to access the limited capital. So far, eight municipalities have passed an interest resolution; Red Deer, Devon, Edmonton, M.D. of Opportunity, Okotoks, St. Albert, Canmore, and Brazeau County. See the interactive map on the PACE Alberta website (map)

4. PACE is an innovative financing tool which is transforming the energy efficiency and renewable energy landscape in the USA (and will be doing so soon in Europe). Since 2008, PACE in the US has financed over 222,000 home and commercial retrofits to the tune of 5.9 billion dollars and created over 52,700 jobs; all without any taxpayer support (PACE Market Data). For details on how PACE will benefit the municipality should you opt in, a “PACE for Municipalities” document is available from PACE Alberta (available for download from the PACE Alberta website and through this link)

5. Since 2015 PACE Alberta Co-op Ltd. has been working to bring a best practices version of PACE to Alberta through its education and advocacy initiatives consisting of presentations; meetings with stakeholders and interested parties; information sessions; trade show booths; and a website (paceAB.green). The real beginnings of all this effort was when PACE Alberta initiated a one-day workshop on October 6, 2016 sponsored by the City of Edmonton. The PACE legislation that added Division 6.1 to the Municipal Government Act is the outcome of this work.

6. Passing an Expression of Interest resolution in advance of the regulations and program establishment will signal the municipality’s interest in PACE. It will also send a signal to the contractor market to start looking for projects that could use the financing tool. PACE Alberta is willing to work with interested municipalities to help them better understand the program, the implications on its delivery, and how its adoption will serve it constituents. By being proactive, the municipality will be better prepared to work with the designated PACE Administrator when the PACE program is finalized. You can kick start PACE by lining up and preparing PACE eligible projects that will be ready to launch upon the PACE program announcement.

7. In Alberta, it is estimated that to upgrade all our buildings to the same level as the American averages will require an investment of $90 Billion dollars over 11 years. (the average upgrade in the USA has been $25,000 per home and $417,000 per commercial building). PACE does not rely

on public investment dollars (90% of PACE financing in the USA is private capital), and because PACE financing provides secure long-term debt instruments to the investors, private capital providers are already lining up to provide the financing. The primary sources of funding are life insurance companies, pension funds, and green bond funds that are looking for long term, low risk investments. These companies are interested in PACE investments because the property tax cash-flow stream leads to a very low risk investment.

The primary features of a PACE program are (best practices):

1. Administration done by a private entity (PACE Administrator); preferably a not for profit organization. The PACE Administrator would run both the residential and a commercial PACE programs.
2. The PACE Administrator coordinates the efforts of 4 parties; municipalities, investors, contractors, and building owners.
3. The program is voluntary for all parties involved.
4. Municipalities are invited to opt in by adopting a PACE enabling bylaw (MGA clause 390.3).
5. PACE financing covers 100% of a project's hard and soft costs.
6. Long financing terms (up to 30 years but limited to the expected life of the upgrades).
7. Since PACE investments are considered very low risk, interest rates are therefore correspondingly low.
8. Repayment of the PACE financing is made via a tax assessment on the PACE recipient's property (like a local improvement charge) and is secured by a tax lien on the property. The repayment obligation may transfer on sale from owner to owner.
9. In the event of a tax payment default or foreclosure, the outstanding PACE financing balance **does not accelerate**; only the outstanding annual tax assessments become due and payable.
10. To ensure that municipalities are not exposed to risk in the event of a tax default, the creation of a PACE **debt service reserve fund** is being contemplated. The fund would cover any PACE liabilities arising from tax defaults and thereby protect municipalities.
11. Municipalities who opt in will have two responsibilities: 1) registering the PACE financing lien on the property and 2) collect/remit the collected PACE tax assessments each year to the PACE Administrator. All other tasks associated with the PACE program will be handled by the PACE administrator including: vetting and approving PACE project proposals, sourcing PACE investment capital, establishing and maintaining a PACE financing protocol, vetting contractors, vetting products, and managing all administration functions.
12. In the U.S.A., some municipalities charge fees for placement of the PACE lien and for the annual collection and remission of assessments. In many cases, however, this is not done because there has been recognition of the large economic stimulus and other benefits that accrue to the municipality from having opted into the PACE program.
13. PACE financing can be used stand alone, or in combination with other strategic government rebate and targeted incentive programs (such as the current 30% solar rebate from Energy Efficiency Alberta for homeowners).

14. PACE financing is to be used to pay for measures which:
    a. Reduce energy and/or resource consumption (e.g. new windows, insulation, green roofs).
    b. Generate renewable energy (e.g. solar photovoltaics, solar hot water, geothermal exchange).
15. PACE financing is to be available for all qualifying buildings that pay property taxes including:
    a. single detached residential
    b. multi-family residential
    c. commercial buildings
    d. institutional buildings
    e. agricultural buildings and energy efficiency applications
16. PACE Financing is to be available for:
    a. Existing buildings - Retrofits
    b. New Buildings – The $ difference between standard building code and the targeted energy efficient version of the building.