

JCEDC learns about joining PACE program

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JEFFERSON — The Jefferson County Economic Development Consortium Board is looking at the possibility of the county joining the Property Assessed Clean Energy program to promote economic development.

On hand to explain the PACE program to board members Thursday were Jason Stringer, a program planning consultant at the Wisconsin Energy Conservation Corporation (WECC), and Jon Hochkammer, an outreach manager for the Wisconsin Counties Association (WCA).

“PACE makes available low-interest, long-term financing to fund energy efficiency, renewable energy and water-conservation improvements to buildings,” Stringer said. “So what that really means is replacing old boilers, HVAC equipment, new lighting, windows, any type of insulation, solar panels — anything that helps a building use less energy.”

It’s a good economic development tool, he said. Goods and services are being traded, jobs are created and people are reinvesting in their buildings. All together, it has the potential to raise property values and boost the tax base.

“PACE financing will fund 100 percent of the cost of these improvements and that’s really, really critical,” Stringer explained. “A property owner that’s looking at making energy efficiency, renewable-energy improvements to their building, doesn’t have any capital obligation. If you think about what they’re doing, they’re funding improvements in the building that, at the end of the day, generate a utility bill and operating cost savings.”

Within participating counties, property owner participation in the program is completely voluntary. By making it available, the county is not imposing anything on any property owner.

“The program that we’re introducing is focused on commercial property owners,” Stringer said. “That’s really any property, any building in the county that’s not a one to four unit residential building. ... That really is anything from an agricultural facility to downtown main street buildings, hotels, even non-profits can take advantage of this.”

PACE financing also can be applied to new construction.

“Every one of these projects involve an energy engineer,” Stringer said. “We have to run an energy assessment or audit of the property. New construction, what is done is the savings are modeled based on the design specifications for the building. The engineering companies establish a baseline of what the building could be if it was built at a code level.

“Then they simulate what the energy costs are with code-level systems,” he continued. “Then they build another model with the higher performance systems in the building and calculate the difference between those two. So it’s modeled savings.”

The contractor or engineer who preforms the energy analysis effectively must guarantee the energy savings, Stringer added.

The program is enabled by Wisconsin law and, while only a handful of counties so far have joined, there already are 33 other states that have legislation enabling PACE programs. Wisconsin counties that are members of the PACE program are Eau Claire, La Crosse, Dunn and Chippewa counties. Sheboygan, Washington and Iowa counties will be joining next month.

Taking part in the initial development of various parts of the Wisconsin program are the WCA, League of Wisconsin Municipalities, Wisconsin Green Tier Legacy Communities, von Briesen and Roper S.C., Foley and Lardner LLP and WECC Energy Finance Solutions.

“As we’ve built this program, we’ve set it up in a manner in which counties can make PACE available to all property owners in their communities for low to no cost,” Stringer said. “There are private lenders that want to make these loans. We have one based in Milwaukee and there’s a number of them across the nation. Any local lender could decide to use this product and offer it.”

Hochkammer explained that the program does not provide subsidies to businesses.

“It’s not a subsidy. It’s not anything that the county or municipality have any financial or legal responsibility,” he said. “All we’re doing as counties is providing the vehicle. Really, the only involvement that the county has is, in the event of a default, that charge can be put on the property tax bill as a special charge. There’s no federal dollars going into the program, not state dollars, no local dollars.”

The financing is an agreement between the property owner and whomever is providing the financing funding, Hochkammer said.

“It’s no capital requirement on the part of local governments,” Stringer said. “The way we set up the program, it’ll be administered by the PACE Commission. At the end of the day, the PACE Commission will be administered by a third party, so there’s no operating requirements on the part of a county.”

The PACE Commission is a governance put together by von Briesen and Roper and is the “vehicle” proposed to make PACE available in communities. It still is in the process of being formed. Any county who joins the program can hold a seat on the commission.

Once the commission is formed, members will create and publish uniform guidelines on how property owners can participate in the program.

“We think it’s important to have a uniform program, because that uniformity promotes scaleability and it promotes participation by the private sector,” Stringer said. “If you think about it from the prospective of lenders, contractors and property owners, all of those parties work across the state. They work across all of our different counties and cities in multiple jurisdictions. So by deploying PACE uniformly, those stakeholders, they’ll know where to go to take advantage of the benefits of the Wisconsin PACE Commission and won’t have to figure out every county or city’s different program.”

The next step is for Jefferson County to adopt an ordinance and create a program.

“It seems from the feedback we got today that there’s an interest in proceeding forward from a county level,” Jefferson County Administrator Ben Wehmeier said after the meeting. “It’s another tool to, first, help with economic development and help those who need it for renovation or construction within the county. Second, it promotes the idea of sustainable and renewable energy. So it kind of builds into two key strategies of the county. It potentially is a great win-win for all involved.”

A potential ordinance and enacting resolution are planned to be brought before the JCEDC Board at its next meeting.