



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

Date: June 3, 2014

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

Subject: Public Hearing and Approval of property assessment for Longfellow Market using PACE financing for energy improvements.

Recommendations:

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

Longfellow Market LLC, 3815 Lake Street East, Minneapolis 55411, \$282,150.00

PID 06-028-23-12-0215

PID 06-02-823-12-0163

PID 06-028-23-12-0164

PID 06-028-23-14-0212

PID 06-028-23-12-0165

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.

Prepared by: Becky Shaw, CPED Business Development Phone: 612-673-5066

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

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

Presenters in Committee: Becky Shaw

Financial Impact

These are special assessments against benefited properties requested by the property owner as a mechanism to ensure payment over time for an energy investment. The City is not financing these improvements.

Community Impact

- Neighborhood Notification: Public hearing notices to be mailed to benefited property owners.
- 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 The Program is not subject to the State Business Subsidy Act in that the financial assistance is less than \$150,000 and assistance for energy conservation is not a business subsidy under the 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 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.

Longfellow Market LLC (3815 Lake St E) has submit an application requesting \$282,150.00 of property assessed financing for the installation of lighting system upgrades as well as new refrigeration systems exceeding current requirements for energy efficiency. The applicant has requested assessment to be paid back with 10 payments over a period of 5 years starting in 2015. The project will be Levy #01400.

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.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Council Member Goodman

Adopting the assessments, levying the assessments and adopting the assessment roll for Property Assessed Clean Energy (PACE) charges for the property set forth in Levy No 01400.

Whereas, a public hearing was held on June 3, 2014 in accordance with Minnesota Statutes, Chapter 429 and Chapter 10, § 8 of the Charter of the City of Minneapolis, by authority of Minnesota Statutes, section 216C.435 and section 216C.436 to consider the proposed assessments as shown on the proposed assessment roll on file in the Office of City Clerk and to consider all written and oral objections and statements regarding this matter;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the proposed assessment against the property generally described as 3815 Lake Street E, set forth in Levy No 01400 in the total amount of \$282,150 as shown on the proposed assessment roll on file in the Office of the City Clerk is hereby adopted and levied.

Be It Further Resolved that the property owner and its successors and assigns have waived the right to challenge or contest the actual assignment amount or term.

Be It Further Resolved that the assessments be collected in semiannual installments commencing in May 2015 and concluding in October 2024 based upon the amortization schedule attached to Levy No 01400

Be It Further Resolved that the assessment roll as prepared by the City Department of Community Development and Regulatory Services be and hereby is adopted and that the City Clerk is hereby directed to transmit certified copies of said assessment roll to the Hennepin County Auditor.

RECORD OF COMMISSIONER VOTE													
COMMISSIONER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COMMISSIONER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
Bender							Palmisano						
Cano							Quincy						
Frey							Reich						
Glidden							Warsame						
Gordon							Yang						
Johnson, A							Chair						
Johnson, B							Goodman						

**PASSED
VETOED**

_____ DATE

APPROVED NOT APPROVED

_____ CHAIRPERSON DATE

_____ MAYOR DATE

