




**City Of Richmond, Virginia
Office of the City Clerk**

Request to Withdraw Legislation

Paper Number: Ord. 2021-145

Chief Patron: Mayor Levar Stoney

Introduction Date: May 24, 2021

Chief Patron Signature: 

For Office Use Only

Attestation: *Candice Reid* 6/23/2021

Effective Date: _____

INTRODUCED: May 24, 2021

AN ORDINANCE No. 2021-145

To amend ch. 11, art. VIII of the City Code by adding therein a new section numbered 11-198, concerning the suspension of the Commercial Property Assessed Clean Energy Financing Program, for the purpose of providing for the suspension of such program until July 1, 2022.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JUN 28 2021 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 11, Article VIII of the Code of the City of Richmond (2020) be and hereby is **amended** and reordained by adding there a new section numbered 11-198 as follows:

Sec. 11-198. Suspension of Commercial Property Assessed Clean Energy Financing Program.

Beginning upon adoption of the ordinance from which this section is derived takes effect and ending at the last moment of June 30, 2022, (i) the operation of this article, the program for which it provides, and all activities undertaken pursuant thereto shall be suspended, and (ii) no contract to provide loans in accordance with this article, or any other document in relation thereto, shall be authorized within such time period.

AYES: _____ NOES: _____ ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: _____

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: April 26, 2021 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor 

THROUGH: J.E. Lincoln Saunders, Acting Chief Administrative Officer 

THROUGH: Sharon L. Ebert, Deputy Chief Administrative Officer

THROUGH: Robert C. Steidel, Deputy Chief Administrative Officer  

FROM: Alicia Zatcoff, Sustainability Manager 

RE: Revise Ord. No. 2019-274, which establishes a commercial property assessed clean energy program, effective March 1, 2021

ORD. OR RES. No. _____

PURPOSE: To revise the effective date of Ord. No. 2019-274 amending ch. 11 of the City Code by adding therein a new art. VIII (§§ 11-190—11-197) to establish a commercial property assessed clean energy program in accordance with Va. Code §15.2-958.3, for the purpose of facilitating the development of clean energy projects.

REASON: Revising the effective date of Ord. No. 2019-274, from March 1, 2021, to July 1, 2022, is necessary to provide adequate time for the Virginia Department of Mines, Minerals and Energy (DMME) to finish standing up its statewide C-PACE program and time for the City to complete the necessary steps to participate in the program with the best use of its operating resources.

RECOMMENDATION: Revise the effective date of Ord. No. 2019-274 from March 1, 2021, to July 1, 2022.

BACKGROUND: Ord No. 2019-274, was introduced October 14, 2019 and adopted by City Council on November 12, 2019, directs the City to establish a Commercial Property Assessed Clean Energy (C-PACE) Program. The effective date of the Ordinance was revised to March 1, 2021, by Ord. No. 2020-129.

A C-PACE program provides loans to commercial property owners for the initial acquisition and installation of clean energy, resiliency, or stormwater management improvements. In 2020, the General Assembly adopted and Governor Northam signed HB 654 which directed the DMME to sponsor and oversee a statewide clean energy financing program (i.e. a C-PACE Program) that enables localities to participate by adopting enabling legislation.

City Administration strongly supports a C-PACE program. Opting into a statewide program sponsored by the DMME will prevent duplicating efforts and save the City the costs of administering its own program which is in the best interests of city tax payers seeking fiscally responsible use of city resources. It will also provide a consistent statewide process which is in the best interest of commercial property owners in our community.

In Virginia, nine localities have adopted C-PACE ordinances and four of those localities have active programs. However, not one of the nine localities have completed a single C-PACE transaction, including Arlington County which has the most mature C-PACE program started in 2018.

On the other hand, there are compelling reasons why opting into a statewide C-PACE program makes the most sense for the City of Richmond. The *Feasibility Study for Virginia PACE Program Administrator* by Virginia Community Capital concluded that “a statewide program administrator would be the ideal solution to rapid advancement of PACE in Virginia.” Key takeaways from the report include:

- In order for a PACE program to be viable, there needs to be a minimum annual volume in the range of \$10-\$20 million, which assumes that upfront ongoing administrative fees are the primary source of funding for the PACE administrator. If this kind of volume is not attainable and maintainable, the PACE program will not be self-sustaining. (p.3)
- The typical cost to develop and implement a PACE program for a full service administrator runs between \$500,000 and one million dollars, which included allocating funds for program management, marketing management, and financial management. Approximately 50% of costs are for program setup in the first 12 months, 25% for implementation in 12-18/24 months, and 25% for ongoing maintenance. (pp.3-4)
- Access to financial support both for developing and maintaining a program is key to have the resources to run the program and develop a deep, viable pipeline. To date, the most successful PACE programs largely had internal funding or financing structures [.] (p. 4)
- Education [i]s a major factor in successful programs in other states. [P]roviding education and outreach to the various stakeholders would be a significant portion of the budget for any future Virginia program. (p. 4)
- [T]he ability to streamline underwriting and assessment terms, and standardize documentation into one “small assessment” program would increase deal flow and approval rates and lower the PACE program loan fees charged on a project. (p. 4)
- Providing uniform underwriting procedures and documentation would attract investors to Virginia, increasing competition among capital providers, and simplifying the application process for the most important stakeholder – the property owner. (p. 4)

Since the fall of 2020, the DMME has been working to stand up a statewide C-PACE program. This work has included drafting a RFP to hire a third party administrator, establishing an Advisory Board of localities and C-PACE experts, and conducting educational webinars. The DMME anticipates that it will issue the RFP for a third party administrator this summer, have the Administrator for its program on board and begin developing the program by the end of 2021. Once the program is developed, the City would need to draft and adopt an ordinance to opt into the statewide program.

Therefore, City Administration recommends revising the effective date of Ord. No. 2019-274, from March 1, 2021, to July 1, 2022, to provide adequate time for the Virginia Department of Mines, Minerals and Energy (DMME) to finish standing up its statewide C-PACE program and time for the City to complete the necessary steps to participate in the program with the best use of its operating resources.

FISCAL IMPACT / COST: None

FISCAL IMPLICATIONS: None

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: None

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: May 24, 2021

CITY COUNCIL PUBLIC HEARING DATE: June 14, 2021

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: City Attorney's Office

AFFECTED AGENCIES: Office of Sustainability, Economic Development, Finance

RELATIONSHIP TO EXISTING ORD. OR RES.: Ord. No. 2019-274

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: None

STAFF:

Alicia Zatcoff, Sustainability Manager, Office of Sustainability, 804.646.3055