

Metro Council Public Works Committee

# Louisville Metro's EPAD Program

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SUSTAIN *Louisville*



OFFICE OF  
ADVANCED PLANNING  
AND SUSTAINABILITY

A Division of Develop Louisville

# Energy Project Assessment District (EPAD) Program

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Nationally known as PACE



Financing mechanism to repay private loans for energy efficiency, renewable energy, and water conservation projects



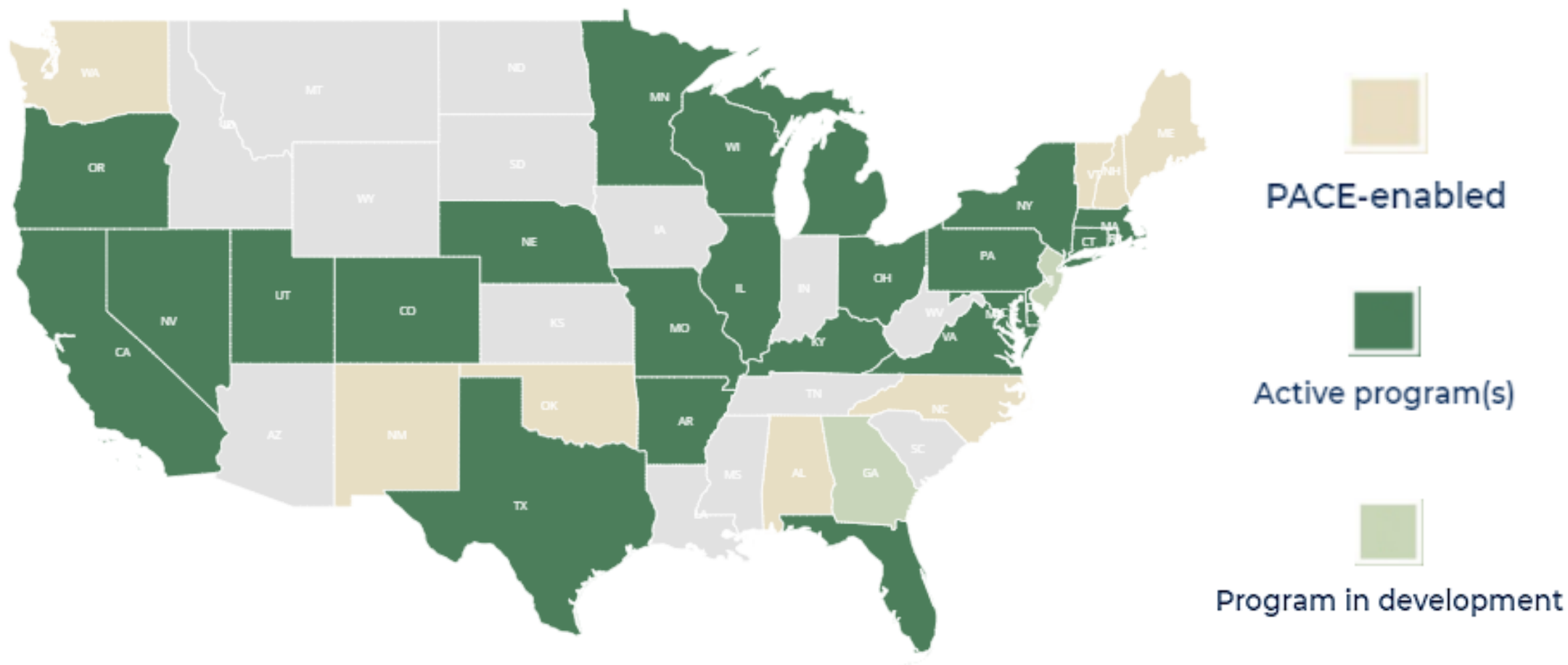
Available to commercial, agricultural, industrial, and multi-family property owners



Repaid through a voluntary assessment administered by the Jefferson County Sheriff

# PACE Programs

**36** states with PACE-enabling legislation, **24** states with active programs



# Benefits

- Requires no down payment
- Provides up to 100% of an energy project's cost
- Extended repayment term of up to 30 years
- EPAD loan remains affixed to the property, not the Property Owner

“The EPAD Program allowed us to easily finance a much better system than we could afford through general cash flow. And the financing process is so easy and straightforward. We loved the process and love the product.”

- Chris Mather, Property Owner of Springhurst Tennis Club

# Eligible Projects

Improvement Project Type	Examples
Mechanical	HVAC upgrades; Combined Heat and Power systems; Combustion and burner upgrades; Elevator upgrades
Envelope	Roofing with insulation; Green roof; Exterior Insulation Finishing System (EIFS); Window and door replacements
Lighting	LED lighting; Automated controls
Renewable Energy Systems	Solar Panels; Wind turbines; Geothermal
Water Conservation	Low or no flow fixtures



Minimum cost: \$20K



Minimum useful life: 5 years



Permanently affixed to the property

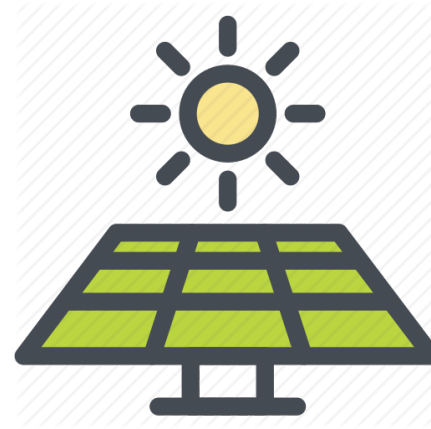
# Financing Closing and Annual Payments



1) Property owner enters into a tri-party agreement with local government and lender



2) Lender provides funds for energy or water conservation project

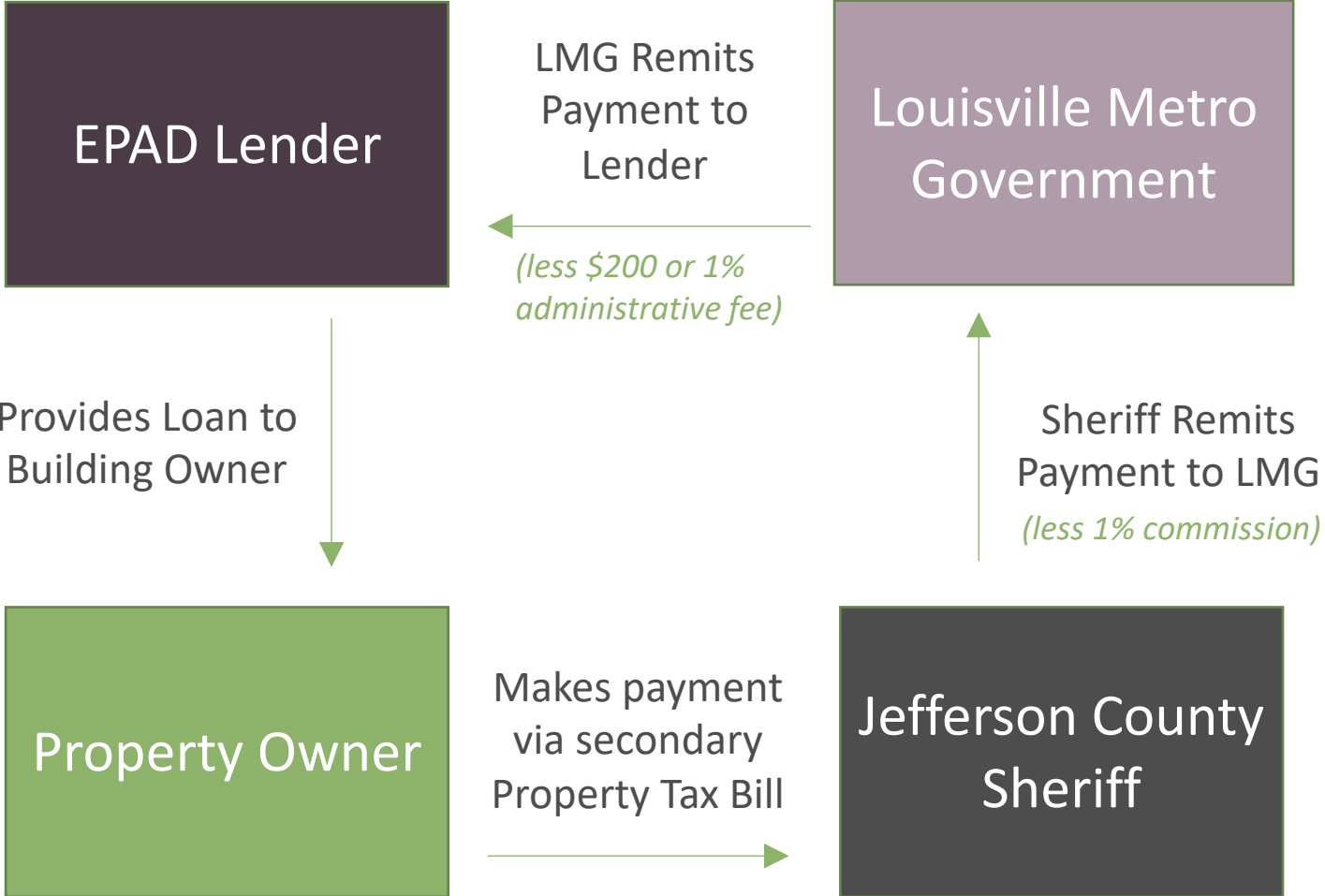


3) Property owner uses the loans to complete the energy projects



4) Property owner repays loan via a voluntary assessment (similar to a property tax bill)

# Financing Structure





## Case Study #1: 110 Weisser Ave

### **Property Type:**

- 15-unit multifamily

### **Improvement Projects:**

- Cool roofing system
- High-efficiency HVAC system
- Exterior insulation finishing system

### **Loan Amount:**

- \$159,062 (18-year term)





## Case Study #2: Springhurst Tennis Club

### Property Type:

- Fitness Center

### Improvement Projects:

- LED lighting
- HVAC units

### Loan Amount:

- \$403,750.56 (15-year term)



## Case Study #3: La Quinta Del Sol

### Property Type:

- 94-room hotel

### Improvement Projects:

- High-efficiency HVAC
- Building envelope
- 52 solar panels
- 20 windmills

### Loan Amount:

- \$1,745,737 (25-year term)



## Case Study #4: Christ Church United Methodist

### Property Type:

- House of worship

### Improvement Projects:

- High-efficiency HVAC
- LED lighting retrofits

### Loan Amount:

- \$477,016 (20-year term)

# Cumulative Summary

4

projects

\$2.8M

private capital

1,259 MWh

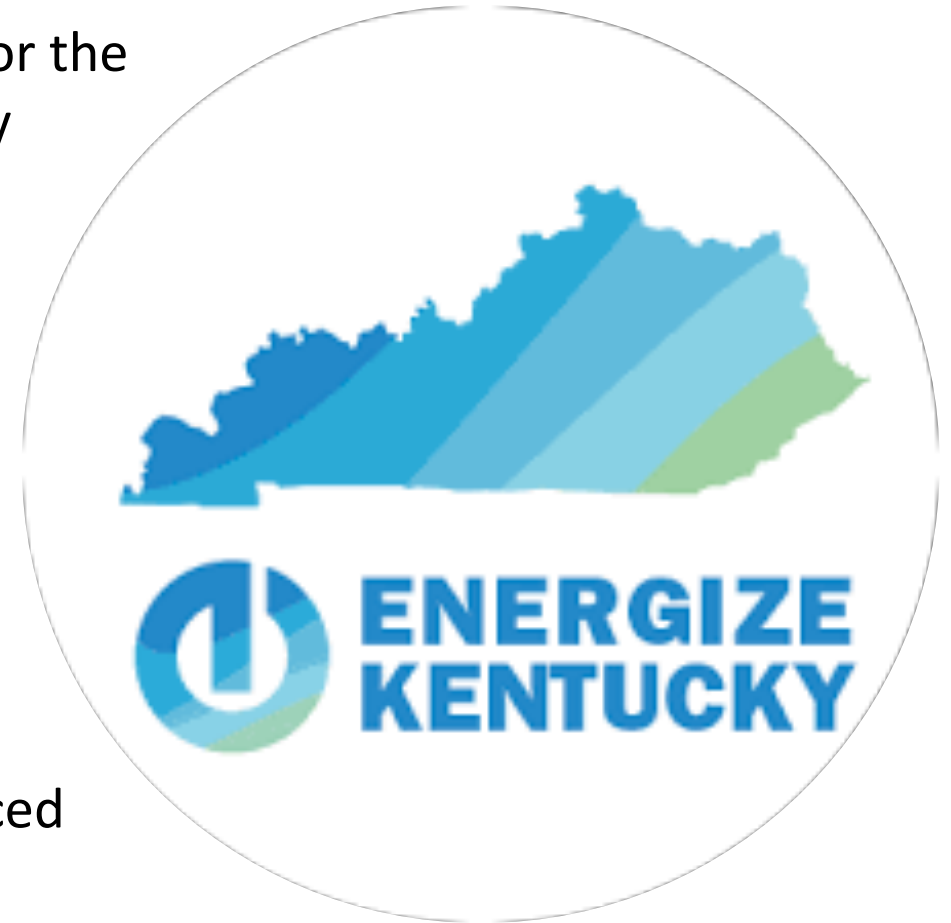
annual estimated energy savings

# Third-Party EPAD Administration

Energize Kentucky is the state's leading organization for the origination, promotion, and implementation of energy efficiency investments funded with PACE Financing.

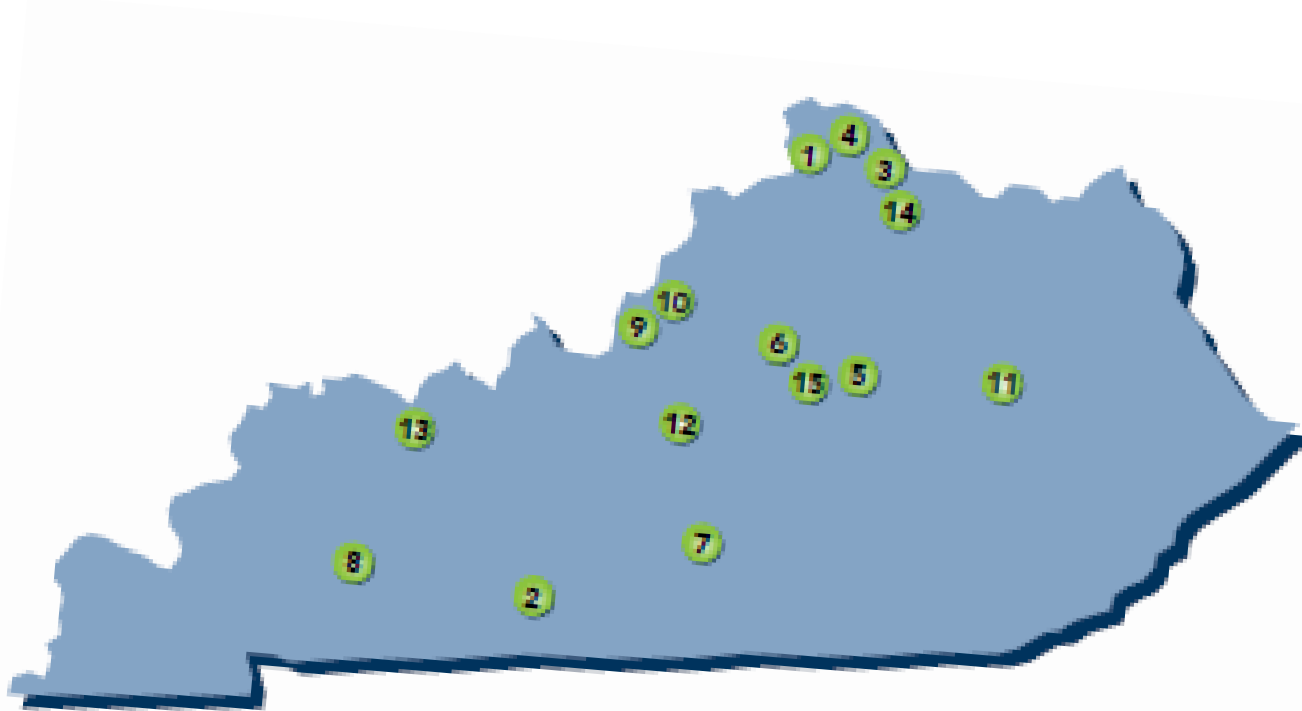
## **Program Roles and Responsibilities include:**

- Project orientation
- Management of application process
- Connects PACE lenders and property owners
- Ensure PACE assessments are applied and invoiced
- Advertising, marketing, promotion



# PACE Program Geography

*Active PACE Programs in Kentucky*



1. Boone Co. (Energize KY)
2. Campbell Co. (Energize KY)
3. Kenton Co. (Energize KY)
4. Fayette Co. (Energize KY)
5. Franklin Co. (Energize KY)
6. City of Hillview (Energize KY)
7. Jefferson Co. (Louisville Metro)
8. Morgan Co. (Energize KY)
9. Nelson Co. (Energize KY)
10. Pendleton Co. (Energize KY)
11. Boyle Co. (Energize KY)
12. Woodford Co. (Energize KY)-in process

***Energize Kentucky: Only EPAD Administrator for closed PACE projects in KY other than Louisville Metro***

# Proposed Ordinance Changes

- 1) Newly defines “Program Administrator” to mean the Office of Advanced Planning and Sustainability together with any third-party program administrator
- 2) Allows property owners to choose their method of financial servicing, so that either the Sheriff *or* a third-party servicer can prepare, bill, and collect the annual assessments
- 3) Revises the fee requirements to align with Energize Kentucky’s fee structure

# Next Steps



1) Get departmental leadership approval and support from Mayor.

2) Get Metro Council approval.

3) Sign Program Administration Agreement Form with Energize Kentucky.

*\*No competitive bidding required!*

4) Make any necessary changes to Louisville Metro's EPAD Program Manual.