
TO: Mayor Kogon and Members of Council

SUBMITTED BY: Andrew Fisher, Manager of Planning & Strategic Initiatives

DATE: May 21, 2019

SUBJECT: Property Assessed Clean Energy (PACE) Bylaw amendments

ORIGIN: Council approved By-law B-8 Property Assessed Clean Energy (PACE) on October 22, 2018. Efforts to establish an implementation program revealed the need to make further refinements to the PACE Bylaw and establish a supporting policy.

LEGISLATIVE AUTHORITY: Municipal Government Act (MGA), section 81A (1) *The council may make by-laws imposing, fixing and providing methods of enforcing payment of charges for the financing and installation of any of the following on private property with the consent of the property owner: (a) equipment installed pursuant to an expenditure under clause 65 (aca): providing for, financing and installing energy-efficiency equipment on private property including, without restricting the generality of the foregoing, solar panels...*

RECOMMENDATION: That Council refer to the May 27th Council meeting, first reading of an amendment to the Town of Amherst By-law B-8 Property Assessed Clean Energy (PACE) Program, adoption of the corresponding PACE Program Policy, and authorize the CAO to enter into a service contract with Clean Nova Scotia Foundation.

BACKGROUND: The Property Assessed Clean Energy (PACE) Bylaw enables the town to offer financing to homeowners for energy efficiency retrofits and renewable energy adoption that are paid back via their tax bill over a period of up to 10 years. The PACE Bylaw adopted on October 22, 2018 was based on a template that, upon further review, requires changes to ensure the program parameters and administration are made clear. The review also considered PACE program documentation and best practice from other municipal units. As a result, staff are proposing the following attached documents: Amended PACE Bylaw, a corresponding PACE Policy, and a sample PACE Customer Agreement.

The proposed PACE Bylaw amendments includes the following changes:

1. Replace *Director of Finance* with *Chief Financial Officer* throughout.
2. Replace *Energy Efficiency Upgrades* with *Clean Energy Upgrades* throughout.
3. Replace references to the *Assessment Act* to the *Municipal Government Act* throughout.
4. Change section 3 (c) to better define what a Clean Energy Upgrade includes.
5. Change section 3(h) to allow owner-occupied multi-unit residences with 2 units.
6. Change section 5 to better define participant approval.
7. Add section 7 to define what is included in a *PACE charge*.
8. Add section 9 and 10 that establishes the 10-year financing term, and provides for additional default charges.



9. Add section 12 to establish the annual payment and reaffirms default payment terms.
10. Add section 17 that removes the interest rate from the Bylaw and references the PACE Program Policy for the rate. This change allows future interest rate changes without the need to amend the Bylaw.
11. Removes the redundant *INSTALLMENT PAYMENTS* section as these provisions are captured in new sections 9 and 10 of the *PAYMENT OF CHARGE* section.

The attached PACE Program Policy identifies the eligible Clean Energy Upgrades that may be financed, requires that the requested upgrade is properly evaluated, and refers to the attached sample PACE Customer Agreement for specific program terms and conditions. The Policy also establishes the following Financing Details in section 2 as follows:

1. Interest rate is the municipal cost of borrowing plus 2%.
2. Maximum new entrants to the program is 10 homes per year.
3. Maximum eligible amount that can be financed is \$15,000 for homes with less than or equal to \$150,000 in assessed value, and the lesser of \$25,000 or 10% of the assessment if the home is assessed over \$150,000.

Staff propose changing the maximum eligible amount from \$25,000 for all homes to a two-tier eligibility based on the assessed value. This change is intended to limit the town's risk of a non-recoverable tax account.

The attached sample PACE Customer Agreement further provides the terms and conditions of the program. Also attached is a standard service contract with Clean NS Foundation to administer the program.

DISCUSSION: The above noted Bylaw amendments, corresponding policy, and sample customer agreement more clearly define the program parameters and how it will be implemented. Should council indicate their agreement with these changes to the program, staff will share this information with the Cumberland Energy Authority, and the program administrator, Clean Foundation.

FINANCIAL IMPLICATIONS: The overall financial implications remain unchanged. The maximum amount that could be financed is \$250,000 per year. The 2% interest premium is intended to cover the town's costs and risk associated with the program. The \$13,300 on-boarding charges required by the program administrator (Clean Foundation) is eligible for a 100% provincial grant.

COMMUNITY ENGAGEMENT: Public notice of the proposed bylaw is necessary prior to giving the bylaw second reading.

ENVIRONMENTAL IMPLICATIONS: Increased efficiency and adoption of renewable energy reduces GHG emissions.

SOCIAL JUSTICE IMPLICATIONS: Providing a low-cost finance way for residents to reduce their energy costs supports housing affordability and environmental sustainability.

ALTERNATIVES: 1) Reject the proposed Bylaw amendments and Policy; 2) Defer first reading and direct staff to make changes or provide more information.

ATTACHMENTS: Amended Bylaw B-8 PACE Bylaw, PACE Program Policy, Sample PACE Customer Agreement, Sample Agreement for Services

Report prepared by: A. Fisher

Report and Financial approved by: G. Herrett