

Town of Scarborough Sustainability Committee

September 27, 2023 | 8:00 – 9:30 a.m. | Scarborough Town Hall and via Zoom

Meeting Minutes

Attendance – in person

Committee: Lydia Jopp, Patrice Kastenzholz, David Kirstein, Deb McDonough, Rick Meinking

Staff: Jami Fitch, Sustainability Manager; Autumn Speer, Planning Director

Town Council: April Sither

Attendance – Zoom

Guest: James Neal, Efficiency Maine

To re-play the Sustainability Committee's 9/27/23 meeting, please use the following link:

<https://www.youtube.com/watch?v=EmLVgnnwqvM&t=1189s>

Call to Order

1. The meeting was called to order at 8:00 am.
2. The Committee voted to approve the minutes from the 8/23/23 meeting. Deb motioned to approve the minutes, Patrice seconded. Vote was unanimous.
3. Rick motioned to adjust the agenda to move the C-PACE presentation to the beginning of the meeting. Deb seconded. Vote was unanimous.

New Business

1. [Commercial Property Assessed Clean Energy](#) (C-PACE)
 - James Neal, Senior Program Manager for Finance Initiatives at Efficiency Maine attended the meeting to provide a presentation about C-PACE (see attached slides and the [meeting recording](#) to view the presentation).
 - Questions:
 - A meeting viewer on Zoom asked if properties that are HUD-subsidized senior affordable housing that are privately owned and managed are eligible for C-PACE.
 - As long as the commercial building is subject to municipal property taxes, it would be eligible for C-PACE.
 - Which Maine municipalities have adopted a C-PACE ordinance?
 - Augusta, Westbrook, and Cumberland.
 - Can C-PACE be used to help fund municipal requirements? For example, Scarborough has an ordinance that requires installation of EV charging infrastructure.
 - Yes, but it's likely a landowner would need to pair EV charging with additional energy savings improvements to be eligible.

Engineering & Technical Services

- Autumn and April suggested that James attend the 10/11/23 Ordinance Committee meeting to introduce the C-PACE concept prior to the Sustainability Committee recommending an ordinance for adoption.
- The Committee would like to review the model ordinance prior to the October meeting.
- **ACTIONS:**
 - **JAMI will send the Committee the model C-PACE ordinance.**
 - **JAMI will follow up with James about attending the Ordinance Committee meeting.**

Old Business

1. Sustainable Scarborough Day

- Sustainable Scarborough Day is Sunday, October 1, 2023, 10:00 am – 2:00 pm at Wentworth School.
- Jami reviewed event logistical information with the Committee.
- The Sustainability Committee will have a table at the event, which will include a drawing for the heat pump water heater, a rain barrel, and a composting kit. People who sign up for the Town’s e-newsletter will receive a raffle ticket.
- The Committee will also have an activity asking visitors to “give their two cents” by voting on various initiatives the Committee could pursue. The information gathered in this activity will help inform the memo to the Finance Committee requesting the creation of a sustainability reserve account.
- Deb suggested that Committee members share event information with their friends and neighbors verbally and on social media.
- The Committee would like volunteer shirts for the for 2024 event. Deb suggested they include a message like “ask me about sustainability.”
- **ACTIONS:**
 - **THE COMMITTEE will add to the spreadsheet by 9/15/23 so items can be included in the poster for Sustainable Scarborough Day.**
 - **JAMI will reach out to the Conservation Commission about adding topics to the Sustainability Committee’s poster.**

Updates

1. Town Council

- The Council unanimously voted to adopt the resolution to declare October 1st Sustainable Scarborough Day.
- The Council continues to focus on the school building process. The Building Committee is planning additional outreach.

2. Planning Board

- Planning Board agenda have been light recently.

3. Transportation Committee


- The Transportation Committee hosted an open house to get community feedback on priorities for the Town’s transportation network on Tuesday, 9/26/23. The Committee was invited to complete the activities at the end of the meeting.

Next meeting: October 25, 2023

Meeting adjourned at 9:04 am.

Future Projects List:

- Community solar
- Municipal building energy audits
- Residential energy efficiency grants
- Electric school buses
- Recycling information for homeowners when houses change hands
- Composting



Commercial Property-Assessed Clean Energy (C-PACE)


A Finance Initiative of the Efficiency Maine Green Bank

<https://www.energymaine.com/c-pace/>

About Efficiency Maine

- Independent, Quasi-State Agency
- Administer statewide energy efficiency and carbon saving programs
- Provides rebates, financing, technical information, customer engagement, and registry of vendors
- Funded by electric and natural gas rates, Regional Greenhouse Gas Initiative, ISO New England Grid, federal grants, and other sources
- Board appointed by the governor and confirmed by the legislature

More info at: [EfficiencyMaine.com](https://www.energymaine.com)



Efficiency Maine Green Bank

In 2021, the Legislature enacted LD 1659, An Act To Create the Maine Clean Energy and Sustainability Accelerator, establishing a dedicated, specialized finance program at the Trust designed to drive private capital into market gaps for goods and services producing low or zero GHG emissions.



Across all its programs, the Trust works to balance the following implementation priorities in its allocation of budget and design of programs:

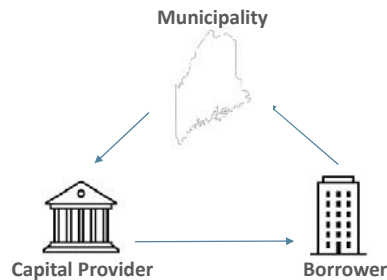
- achieving energy savings
- transforming the market
- reducing the environmental impacts of energy
- maintaining fairness and promoting equity
- leveraging the private sector.

The Efficiency Maine Green Bank reflects these same overarching goals.



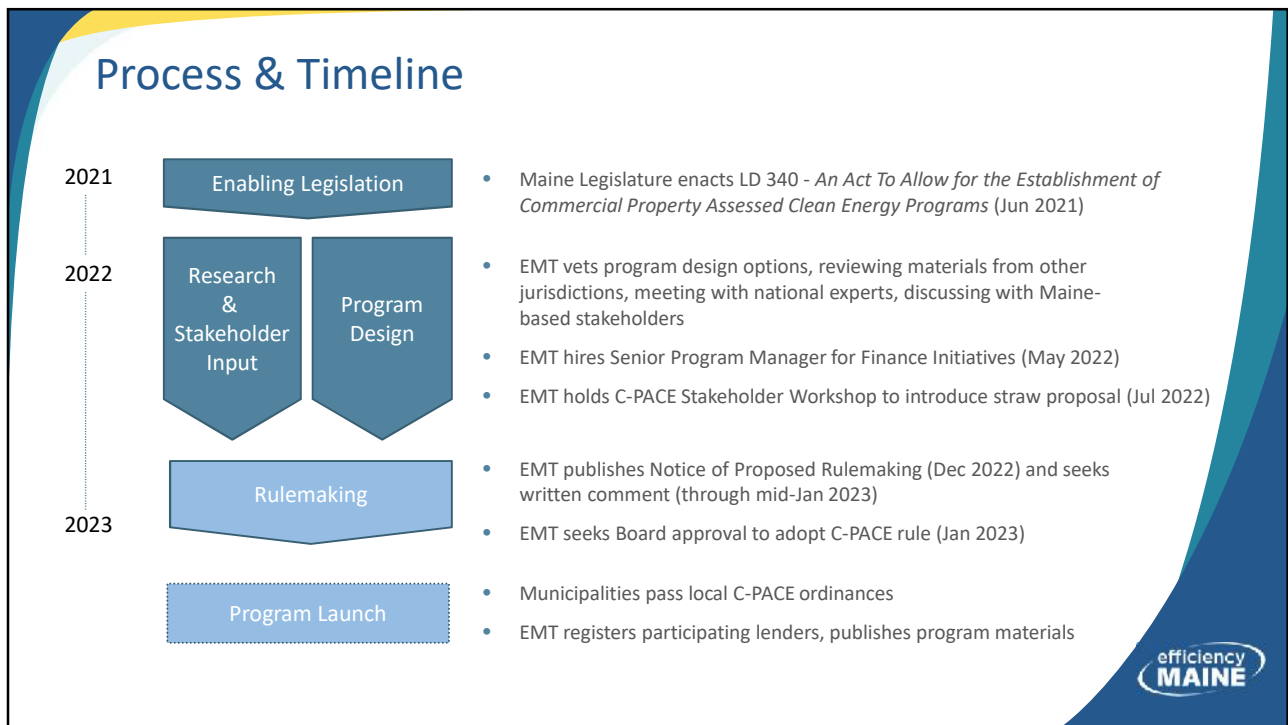
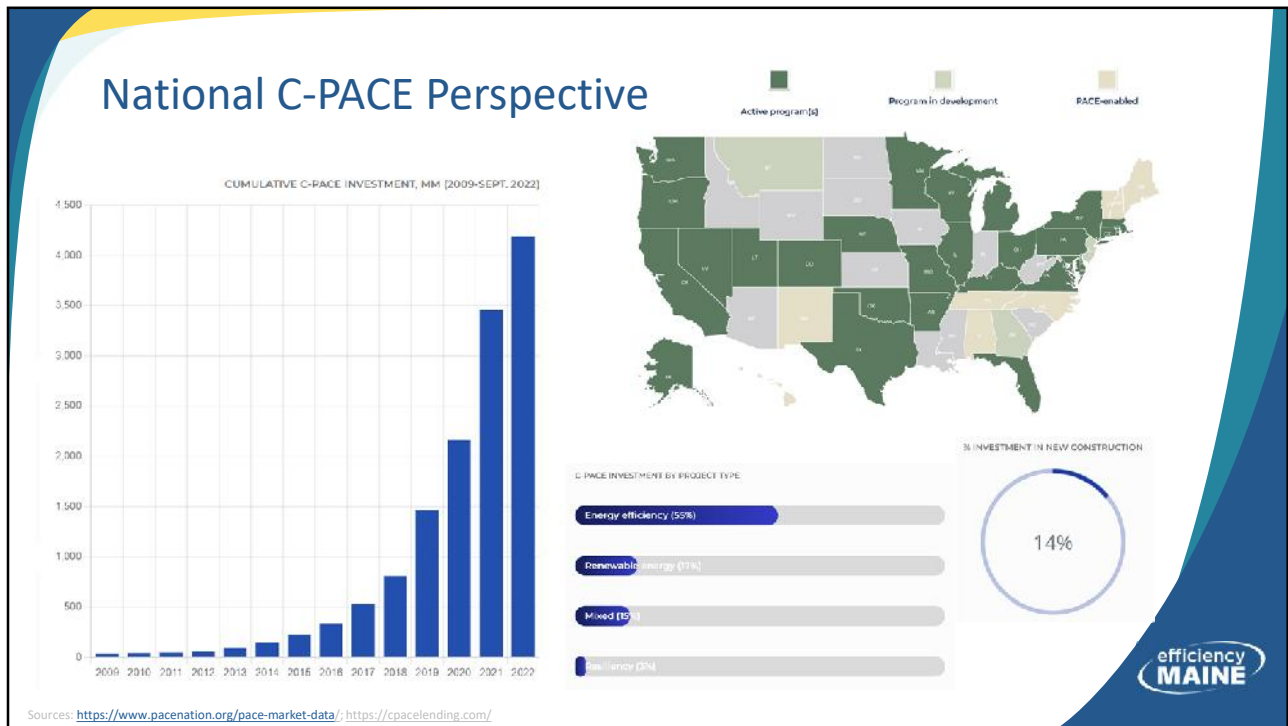
C-PACE Overview

Purpose: to accelerate the installation of energy efficiency and renewable energy improvements on commercial property by facilitating, and improving the terms of, financing for such energy improvements.



- Borrowed capital is securitized by a property tax assessment with an associated lien on the subject property.
- The security provided by the lien results in several compelling financial features, including longer terms, lower interest rates, and transferability of the repayment obligations to subsequent owners of the property.
- In turn, C-PACE strengthens the business case for investment in longer payback and deeper building improvements beyond what may be possible with traditional financing.





Program Design: Research

Sampling of sources

- *CPACE Financing for New Construction Toolkit* — **U.S. Department of Energy (US DOE) Better Buildings**
- *Commercial Property Assessed Clean Energy (CPACE): A Fact Sheet for State and Local Governments* — **US DOE**
- *Lessons in Commercial PACE Leadership: The Path from Legislation to Launch* — **US DOE**
- **PACENation**
- *PACE Toolkit for Policy Makers* — **American Council for an Energy-Efficient Economy (ACEEE)**
- **State and Local Energy Efficiency Action Network (SEE Action)**
- *Setting The PACE: Commercial Retrofit Financing - PACENow and Johnson Controls*
- *Innovations and Opportunities in Energy Efficiency Finance* — **Wilson Sonsini Goodrich & Rosati**
- *United States Building Energy Efficiency Retrofits: Market Sizing and Financing Models* — **Deutsche Bank Climate Change Advisors and The Rockefeller Foundation**
- *Commercial PACE Financing and Special Assessment Process* — **US DOE**
- *Achieving Energy Savings in Commercial PACE Programs: Trends, Tools and Case Studies Webinar* — **US DOE Office of State and Community Energy Programs**
- *Commercial PACE and Local Governments: Best Practices for Expanding Access Webinar* — **US DOE Office of Energy Efficiency and Renewable Energy**



EMT Program Design – Administrative Objectives

- **Admin** - Preserve a low administrative burden for the program
 - Enable 3rd-party Capital Providers to manage the application process (reducing burden on municipalities)
- **Process** - Maintain a simple process to amplify program attractiveness
 - Encourage as many municipalities as possible to adopt a C-PACE ordinance
 - Help Maines businesses scale up adoption of energy efficiency and beneficial electrification with easier access to financing
- **QA** - Support integrity of the program through quality assurance for all participants



Program Administration

A municipality that has adopted a C-PACE ordinance may pursue one of two options:

1. **Municipality Participation Agreement:** Enter into an agreement with the Trust to serve as its program administrator, or
2. **Municipality Program Guidelines:** Serve as the program administrator itself



Collection of C-PACE Assessments, Recording of Liens

- **First Position:** C-PACE assessment takes priority over all other liens except a lien for real property taxes of the municipality and liens of municipal sewer, sanitary, and water districts
- **Transferability:** In the event of property sale or foreclosure, C-PACE lien carries over
- **Non-Acceleration:** A C-PACE assessment is not eliminated by foreclosure and **cannot be accelerated**
- **Delinquency and default process:**
 1. If property owner is delinquent on the C-PACE assessment alone (but not municipal taxes), C-PACE lienholder is assigned the C-PACE lien and has all the same powers and rights as the municipality and any private party holding a lien on real property
 2. Only the portion of a C-PACE assessment that is in arrears at the time of foreclosure takes precedence over other mortgages or liens; the remainder transfers with the property at resale








EMT Program Details – Highlights

- **Eligibility:** Energy Savings Improvement for a Commercial Property located in Participating Municipality
 - New Construction Eligible (above code)
 - Mortgage holder must provide consent
- **Finance Terms:**
 - Amount Financed: limited to the cost of the ESI (except for Heat Pumps in New Construction)
 - Term Length: limited to the weighted useful life
- **Underwriting:**
 - SIR of at least 1
 - Debt service coverage and loan to value of 1 or less
 - CPACE Assessment to value ratio cap of 35%
- **Requirements of Technical Reviewer:** Signs an SIR Certification Document
 - Must be a Maine State Engineer
 - Does NOT need to be third-party
 - Does NOT need to have performed the calculations



Participating in the C-PACE Program

	Benefits of the Program	Primary Role in the Program	Requirements to Participate
	More energy related projects	<ul style="list-style-type: none"> • Administers the Program 	
	Increases access and viability of energy efficiency projects	<ul style="list-style-type: none"> • Pursue C-PACE financing for a qualifying project • Help identify Capital Provider, Technical Reviewer, installation contractor(s) 	
	Secure, senior position, financing product	<ul style="list-style-type: none"> • Provide the capital and manage the Program activities • Coordinate efficiently with other participants to fulfill all required Program responsibilities 	<ul style="list-style-type: none"> • Meet minimum credential requirements (see Program Guidelines) • Submit a Capital Provider Application <i>If the Capital Provider is approved by the Trust, it is added to the Registered Capital Provider list.</i>
	More projects	<ul style="list-style-type: none"> • Install a Qualifying Project to mechanical and operational completion 	
	Economic development	<ul style="list-style-type: none"> • Ensure all required legal documents are filed at the county level • Manage delinquency tasks when applicable 	<ul style="list-style-type: none"> • Adopt a C-PACE ordinance • Execute a Municipality C-PACE Participation Agreement with EMT



Municipality Participation Guide

Why a municipality should consider participating in C-PACE

- Energy-efficient buildings create a more competitive environment for retaining and attracting new businesses
- C-PACE stimulates the implementation of energy savings improvements with 100% private market capital and requires no investment from the Municipality
- The SIR requirement ensures that more cash flow will be available as result of the improvements
- C-PACE works well with triple net leases and can be passed to tenants.
- C-PACE financing strengthens the business case for investment in longer payback and deeper building retrofits beyond what may be possible with traditional financing



Municipality Participation Guide

Participating Municipality Responsibilities

- **Project Agreements:** Execute a C-PACE Assessment Agreement for each C-PACE project within their municipality
- **Annual C-PACE Assessments and Collections:** The Municipality will assess the Property in the amount specified in the Payment Due Notice and designate the Capital Provider as agent for the billing of the C-PACE assessment amount and the collection of payments from the Property Owner
- **Default and Foreclosure:** Municipality only needs to act if there is delinquency on any Municipal liens. If the Municipality acquires the Property through tax lien foreclosure, then the Municipality shall cause to be paid to the Capital Provider all delinquent amounts payable under the C-PACE Financing at the time of foreclosure. (This is true only to the extent that the Municipality has received such amounts through the foreclosure process and there are funds remaining after satisfaction of delinquent taxes, interest, fees, and costs owed to the Municipality.)



Program Guidelines

- Authorizes program administrator to prepare, adopt, and amend “Program Guidelines”
- For EMT’s C-PACE Program, the Program Guidelines shall be approved, and may be amended from time to time, by the Executive Director or the Executive Director’s designee.

Current version of Program Guidelines and Program Documents can be found on our website:

<https://www.energymaine.com/c-pace/>

Suggested review documents:

- **C-PACE Program Guidelines**
- **Appendix B: Model C-PACE Ordinance**
- **Appendix C: C-PACE Municipality Participation Agreement**
- **Appendix D: C-PACE Assessment Agreement**



Questions & Discussion

