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# BEATRICE CLEAN ENERGY ASSESSMENT DISTRICT ("BCEAD") PACE Program Manual

## Overview

Property Assessed Clean Energy, or PACE is a financing tool enabling development of clean energy projects and energy efficient buildings and operations. Nebraska Revised Statute Sections 13-3203 and 13-3204(3) allows for the creation of Clean Energy Districts and defines PACE-eligible projects. City of Beatrice Ordinance No. 19-046 passed by the Beatrice City Council on October 7, 2019 created the Beatrice Clean Energy Assessment District ("BCEAD") and provides further requirements for implementation of a PACE program in Beatrice. This program manual describes the application process, eligibility requirements, and contains other relevant program guidance and clarification on topics not specifically addressed by either the State Law or City ordinance.

The State law and the City ordinance provide the minimum requirements for a PACE application and project, as well as the circumstances under which an application or project will not be eligible for PACE financing.

The intent of any PACE program is to incentivize the reduction of energy, water, and wastewater in our community as well as incentivize the use of renewable energy systems. The City of Beatrice views PACE as a tool to encourage developers and property owners to go beyond the requirements of energy and building codes to achieve meaningful reductions in energy and water use, and to employ renewable energy systems.

## Terminology

It should be noted that references to "energy project", "energy efficiency" or "energy savings" throughout this document are intended to include projects, efficiencies, and savings associated with energy, water, wastewater, storm water, or other eligible renewable energy systems and utility projects or equipment under the BCEAD program consistent with this section.

## Boundaries of the BCEAD

Currently, only qualifying projects located within the Beatrice city limits or its extraterritorial jurisdiction ("ETJ") are eligible for PACE financing. Other local government jurisdictions within the State of Nebraska may join the BCEAD upon establishment of an inter-local agreement.

## Eligible Property Types

Although State Law allows for commercial, industrial, residential, and agricultural projects to be eligible for PACE; at this time, the BCEAD program only allows for commercial (including

multifamily residential property comprised of more than four dwelling units) and industrial PACE projects.

### **Eligible Project Types**

Projects including new construction and the rehabilitation of existing buildings and operations are eligible for PACE financing in the BCEAD. The types of project improvements eligible for PACE financing within the BCEAD include, but are not limited to the following:

- (a) Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems;
- (b) Storm windows and doors; multi-glazed windows and doors; heat absorbing or heat-reflective glazed and coated window and door systems; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (c) Automated energy control systems;
- (d) Heating, ventilating, or air conditioning and distribution system modifications or replacements;
- (e) Caulking, weather-stripping, and air sealing;
- (f) Replacement or modification of lighting fixtures to reduce the energy use of the lighting system;
- (g) Energy recovery systems, including but not limited to, cogeneration and trigeneration systems;
- (h) Daylighting systems;
- (i) Installation or upgrade of electrical wiring or outlets to charge a motor vehicle that is fully or partially powered by electricity;
- (j) Facilities providing for water conservation or pollutant control;
- (k) Roofs designed to reduce energy consumption or support additional loads necessitated by other energy efficiency improvements;
- (l) Installation of energy-efficient fixtures, including, but not limited to, water heating systems, escalators, and elevators;
- (m) Energy efficiency related items (i.e. demolition/drywall replacement, etc. incident to efficiency equipment or material installation) so long as the cost of the energy efficiency related items financed does not exceed twenty-five percent of the total cost of the energy;

- (n) Waste recycling systems and support equipment;
- (o) Any other installation or modification of equipment, devices, or materials approved as a utility cost-saving measure by the municipality;
- (p) Renewable energy systems including but not limited to the following:
  - (i) Nonhazardous biomass;
  - (ii) Solar and solar thermal energy;
  - (iii) Wind energy;
  - (iv) Geothermal energy;
  - (v) Methane gas captured from a landfill or elsewhere; and
  - (vi) Photovoltaic systems;
  - (vii) Renewable energy system that does not include an incinerator;
  - (viii) Renewable energy resource that does not include petroleum, nuclear power, natural gas, coal, or hazardous biomass.

### **Timing and Eligibility**

While applicants are encouraged to submit an application to the BCEAD PACE program prior to or concurrently with the application for a building permit, the City will accept PACE applications for projects with an open building permit and/or not having received a final certificate of occupancy. PACE applications and instructions are available at [beatrice.ne.gov](http://beatrice.ne.gov) and are included in this manual as Attachment 1. Building permit applications and instructions are also available at [beatrice.ne.gov](http://beatrice.ne.gov).

### **Annual Assessment and Average Weighted Useful Life**

Neb.Rev.Stat. §13-3203 (1) requires an “agreement to pay an annual assessment for a period not to exceed the weighted average useful life of the energy project.” The weighted average useful life includes only physical improvements to a property for which an average useful life may be calculated. Furthermore, the improvement must qualify as an energy efficiency improvement under Neb.Rev.Stat §13-3203(3) or as another eligible improvement listed under “Eligible Project Types” above.

### **Eligible Costs**

Neb.Rev.Stat. §13-3205(1) states "the costs financed under the assessment contract may include the cost of materials and labor necessary for installation, permit fees, inspection fees, application and administrative fees, bank fees, and all other fees incurred by the owner pursuant to the installation."

### **Savings to Investment Ratio (“SIR”)**

Nebraska State Law requires the savings realized by an energy project to equal or exceed the principal cost of the energy project. Therefore, an SIR of 1.0 or greater is required for all energy

projects unless a waiver is requested and granted. The SIR is generally calculated by dividing the projected energy savings for the life of the improvements by the cost of the eligible energy efficiency improvements. When calculating the SIR, the SIR for individual discrete components of the project for which PACE funding is being requested must be provided. The City's approval will be based on the total SIR for the entire project meeting an SIR of 1.0 or greater.

Applicants should include estimated operations and maintenance costs, and projected increases (escalations) in the cost of energy use, in the calculation to determine projected energy savings.

The applicable City official will evaluate the methodology used to determine the energy savings calculations. Please include in the application an explanation of the methodology used to determine the SIR.

Applicants may request a waiver of the estimated economic benefit or SIR requirement and must submit a rationale for this request along with the application, if they choose to do so. The District Administrator may grant or deny the applicant's request for a waiver.

### **Energy Projects and Building Codes**

The City requires an energy project to meet all relevant energy and building codes. The City of Beatrice has adopted the International Energy Conservation Code, 2015 edition ("IECC") and the International Building Code, 2015 edition ("IBC"), with various insertions, deletions, or changes.

The following links may be used to access the relevant codes:

IECC- <https://codes.iccsafe.org/content/IECC2015/toc>

Additions, deletions, or changes to the IECC as adopted by the City of Beatrice-  
[https://library.municode.com/ne/beatrice/codes/code\\_of\\_ordinances?nodeId=CO\\_CH7B\\_URE\\_ARTVIENCO](https://library.municode.com/ne/beatrice/codes/code_of_ordinances?nodeId=CO_CH7B_URE_ARTVIENCO)

IBC- <https://codes.iccsafe.org/content/IBC2015/toc>

Additions, deletions, or changes to the IBC as adopted by the City of Beatrice-  
[https://library.municode.com/ne/beatrice/codes/code\\_of\\_ordinances?nodeId=CO\\_CH7B\\_URE\\_ARTIIBUCO](https://library.municode.com/ne/beatrice/codes/code_of_ordinances?nodeId=CO_CH7B_URE_ARTIIBUCO)

Costs associated with building to these requirements are eligible under the BCEAD. However, for new construction, only aspects of the energy project that exceed the above-referenced energy and building codes are eligible for PACE financing.

### **Verification of Completed Energy Project**

Neb.Rev.Stat. §13-3204(m) requires the municipality to obtain verification that the renewable energy system or energy efficiency improvement was properly installed and is operating as intended. To meet these criteria, the City of Beatrice Community Development Director must sign off on components of the project for which they have jurisdiction. Additionally, a professional engineer licensed in the State of Nebraska must provide a letter to the applicable City official stating that the systems or improvements were properly installed and are operating as intended.

## Funding Level and Fees

The BCEAD fee structure is summarized in the following table:

Application Fee	Administrative Fee	Annual Fee
\$500.00	1% of loan not to exceed \$40,000.00	\$0.00

The application fee is collected at the time of application. This fee is not refundable.

An administrative fee is due upon approval of the PACE project. The administrative fee shall be subject to a 50% reduction for a project requiring submission of Tax Increment Financing (TIF) fees.

The annual administrative fee will be collected throughout the life of the loan.

## BCEAD Application Instructions

The City's PACE application is included in this manual as Attachment 1 and is also located at the following web address: [beatrice.ne.gov](http://beatrice.ne.gov) along with other PACE-related resources.

Your completed applications should be submitted to:

City Attorney  
City of Beatrice  
400 Ella Street  
Beatrice, NE 68310  
[trivera@beatrice.ne.gov](mailto:trivera@beatrice.ne.gov)

Attachments providing supporting data, drawings, and calculations are acceptable.

Provided below is clarification for specific sections of the application.

### Project Narrative

Please describe the entire project, not just PACE components of the project. Please include drawings, maps, and photographs, when appropriate.

### Financing Details

A Professional Engineer licensed in Nebraska is required to determine the energy savings calculations.

## Other Topics

### Who reviews the applications?

The District Administrator or the District Administrator's representative will review the applications. Please direct inquiries and submit your application to: [trivera@beatrice.ne.gov](mailto:trivera@beatrice.ne.gov), receiving applications on behalf of the District Administrator.

**Who approves the applications?**

The District Administrator approves or disapproves the applications or may request additional information from the applicant. The District Administrator will approve or disapprove the application based upon material submitted by the applicant. The District Administrator may consult with other city staff and the city attorney as part of the application review process.