

**RESOLUTION NO. 20130627-071**

**WHEREAS**, the City of Austin is committed to ensuring that our citizens have access to clean, reliable, and affordable energy and water, and the City recognizes that the least expensive unit of these resources is the unit that does not have to be generated or produced; and

**WHEREAS**, Property Assessed Clean Energy (PACE) programs give property owners access to upfront financing for water conserving projects, energy efficiency projects, and renewable energy retrofits to existing structures, allowing property owners to increase the value of existing structures and immediately save substantial amounts in water and energy costs without incurring the large upfront costs, and permits repayment through special property assessments over time; and

**WHEREAS**, the amount of the PACE assessment will likely be less than the utility savings resulting from the retrofits, essentially allowing a project to pay for itself without upfront costs; and

**WHEREAS**, the City could also benefit from the energy and water demand savings by lessening the need to invest in expensive new water or power plants and creating new jobs to implement the conservation improvements; and

**WHEREAS**, more than thirty states have adopted PACE-enabling legislation and property owners have already invested millions of dollars in PACE programs in these states; and

**WHEREAS**, the State of Texas first passed a bill creating a PACE program in 2009, but the language in the bill created substantial hurdles that could not be overcome at the local level and Austin Energy then provided information regarding alternative options that included on-bill financing; and

**WHEREAS**, Senate Bill 385, recently enacted during the 83rd Regular Legislative Session of the State of Texas, created the Property Assessed Clean Energy Act which allows commercial, industrial, and certain multi-family residential property owners to invest in qualified improvements that will decrease water or energy consumption or demand while accessing loans through public or private funding and paying back the costs of the improvements over time through property assessments; and

**WHEREAS**, the bill also defines the procedure for establishment of a program, the first step of which requires a resolution of intent from the governing body of a local government that defines the program elements, including the types of projects that would qualify, the financing model to cover the upfront costs, and the appropriate party to collect the assessments, among other elements; and

**WHEREAS**, communities in other states with PACE legislation have faced challenges when multiple PACE programs with different elements are developed, demonstrating the need to define the local program elements so that customers can access the funding needed in the most cost effective way, program administrators can effectively calculate the savings achieved from the programs, and all parties can successfully market the program to potential customers; and

**WHEREAS**, the City Council desires to bring all interested parties together to discuss the core elements of a local program prior to adopting the official resolution of intent; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to provide a legal analysis and review of Senate Bill 385, also known as the Property Assessed Clean Energy Act.

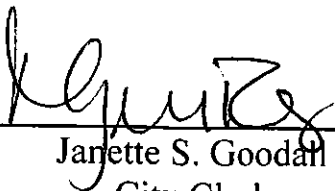
**BE IT FURTHER RESOLVED:**

The City Manager is further directed to work with property owners, third-party lenders, the Travis County Tax Assessor/Collector, other regional governmental entities, and any interested stakeholders to develop the elements of a local PACE program and determine the appropriate roles and responsibilities of the various parties. An updated evaluation regarding the feasibility of an on-bill financing option should be included. Staff should present the draft program to the Resource Management Commission and the Electric Utility Commission for their review and input prior to the full report back to Council.

The City Manager shall provide an interim report to Council by September 6, 2013 and provide a full report to Council by December 1, 2013.

**ADOPTED:** June 27, 2013

**ATTEST:**

  
Janette S. Goodall  
City Clerk