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Energy Efficiency=Economic Development



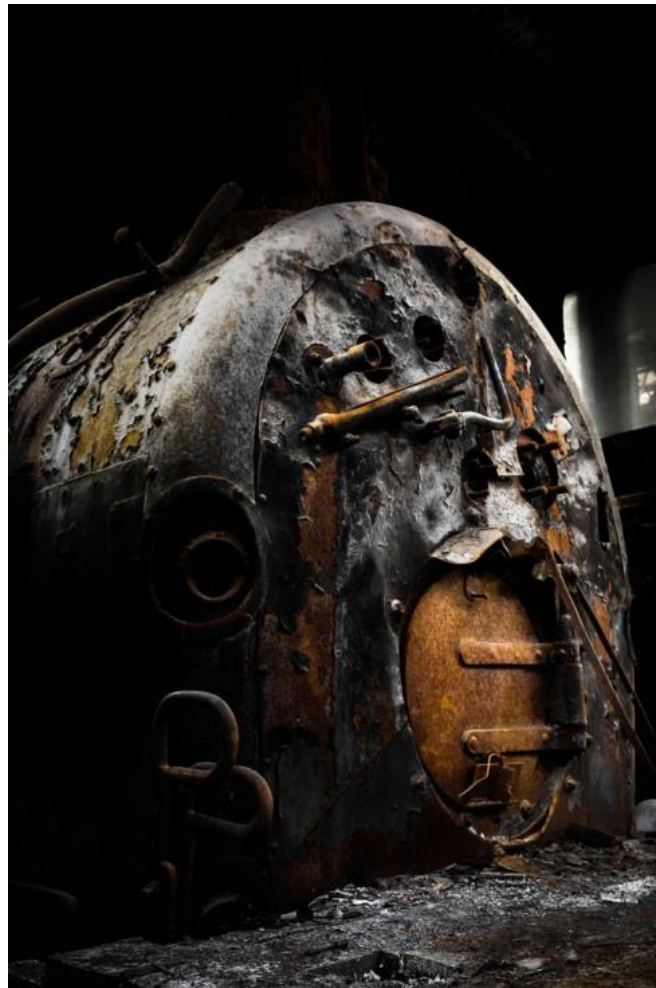
- Energy efficiency makes buildings and cities more competitive.
- Cities need economic development tools to support existing buildings, not just new development.
- Reallocate budgets currently wasted on excess energy into building improvements that improve living conditions.
- We have an economic and moral obligation to take climate change seriously and take proactive steps to mitigate it.
- Wisconsin exports energy efficiency → economic driver for the State



PACE in Milwaukee

- 1st PACE program in Wisconsin
- Ordinance passed in 2012, first project financed in 2014
- US Department of Energy national implementation model
- Leverages private capital for investment
- No default risk to municipality
- Now part of comprehensive *Better Buildings Challenge* program

Deferred Projects → Deferred Profits





Energy Efficiency Supports Profitability

- Operational savings (energy and maintenance)
- Improved occupant comfort and satisfaction → less complaints
- New and efficient equipment has reduced risk of unexpected breakdowns
- PACE supports redevelopment projects





Types of Projects

- Energy Efficiency
 - HVAC
 - LED Lighting
 - Smart Building Controls
 - Windows
- Solar Panels
- Water Efficiency projects

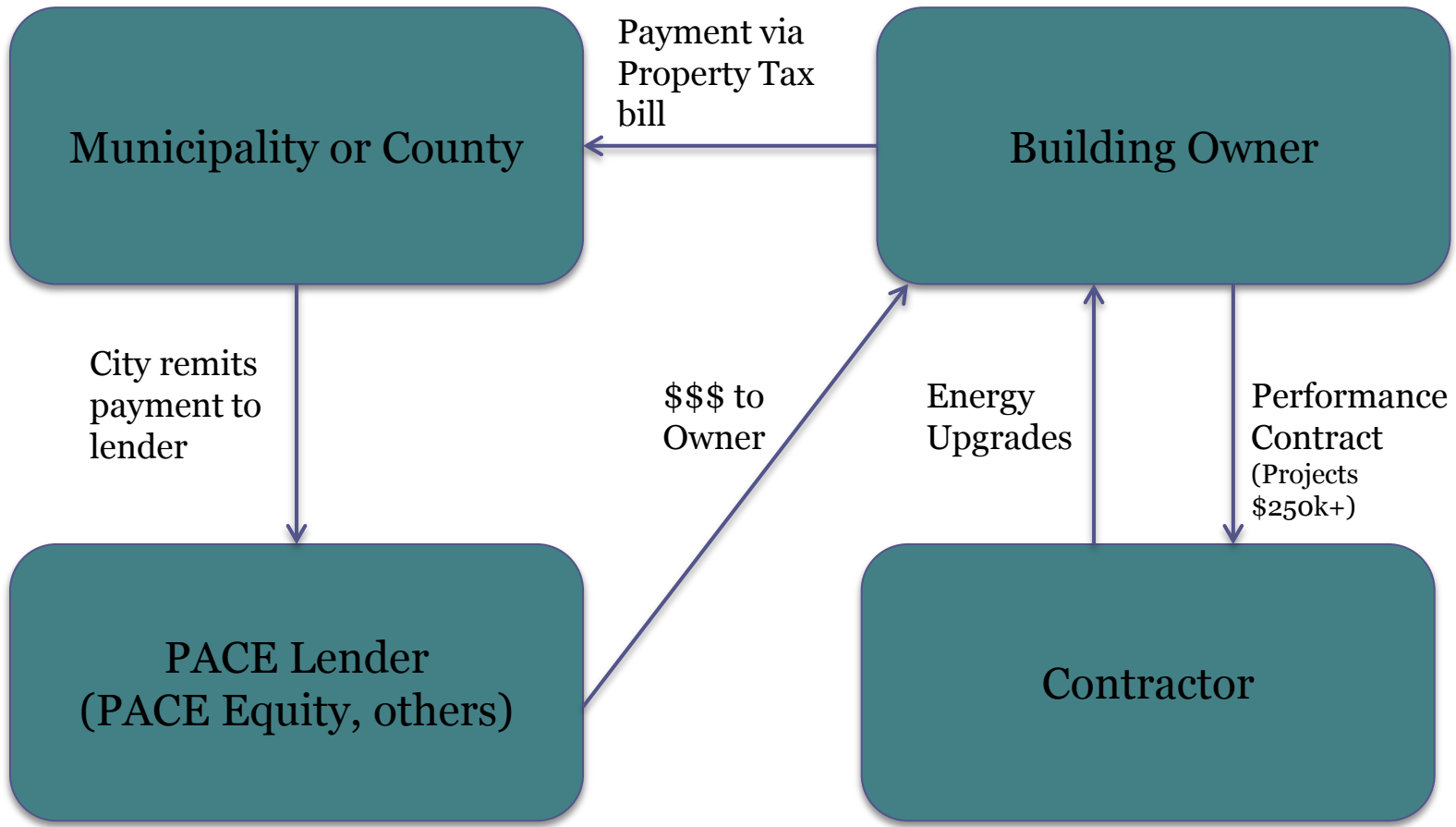
How Do I Pay for It? PACE!

PACE makes private loan capital available to Milwaukee building owners via public/private partnership

- Loans are provided by private investors
- Payments for the improvements are collected from participating buildings by the City through a voluntarily- assumed municipal special charge
- Special Charge is collected on the annual property tax bill



Benefits to Building Owner, Tenants, and the Community



Traditional Mortgage Finance

- Financed by loan, budget
- 3-7 year terms
- Cash flow negative
- Payback required, 3-6 years
- Upgrade over 5+ years
- Capital expense

PACE Project

- Financed special charge on property tax bill
- Up to 20 year terms
- Cash flow positive
- Payback, life of equipment
- Upgrade whole building at once
- No Down Payment
- Operating expense
(check with your accounting)
- Pass through to tenants
(check your lease terms)

PACE is important source of gap financing on adaptive re-use projects

Example Project

- \$500,000 project (HVAC and lighting)
- Guaranteed annual savings: \$42,000 (12 year payback)
- Owner may want to sell property in 8 years
- Tenants pay energy bills for their spaces, and pro-rated property taxes

Would you do this project with traditional financing?

With PACE?

Case Study: University Club

- Lender: Milwaukee Economic Development Corp.
- PACE Equity was project developer, using 5 installation contractors
- Scope: HVAC, Windows, Lighting, Steam Traps
- Project Size \$662,000
- Amortization: 18 years
- Annual payment: \$62,000
- Annual Guaranteed Savings (Year 1): \$56,000
- Average Annual Savings: \$75,000





APPROVED PROJECTS

Total Project Costs Funded

\$13,139,017

Total Annual Savings

\$1,088,781



Westin

716 E Clybourn St

Project Cost: \$6,000,000
Annual Savings: \$367,340
Improvements:
 Windows
 HVAC System
 Hot Water System



University Club

924 E Wells St

Project Cost: \$662,000
Annual Savings: \$58,000
Improvements:
 Air Units & Air Balancing
 Steam Trap Remediation
 Interior LED Lighting
 Windows
 HVAC System



Commerce Building

736 N 4th St

Project Cost: \$2,257,500
Annual Savings: \$425,613
Improvements:
 Windows - Exterior Glazing
 HVAC System
 Hot Water System
 Elevators



Mackie Building

225 E Michigan St

Project Cost: \$1,669,556
Annual Savings: \$88,574
Improvements:
 VRF Heating & Cooling
 Elevator Replacements
 Low-flow Plumbing
 Hot Water System



Laacke & Joys

1433-1475 N Water St

Project Cost: \$2,000,000
Annual Savings: \$84,180
Improvements:
 Geothermal HVAC
 Windows



Wally Schmidt Tavern

1848 W Fond du Lac Ave

Project Cost: \$140,000
Annual Savings: \$9,794
Improvements:
 Windows
 HVAC System
 Insulation
 LED Lighting
 Water Heater
 Roof

Antiques on Pierce

1512 W Pierce St

Project Cost: \$209,961
Annual Savings: \$20,000
Improvements:
 HVAC System

5611 W Mill Rd

5611 W Mill Rd

Project Cost: \$200,000
Annual Savings: \$35,280
Improvements:
 LED Lighting
 Roof Insulation

PACE is now part of our comprehensive *Better Buildings Challenge*



Milwaukee.gov/BBC



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