



# **City of Edina, Minnesota Edina Emerald Energy Program SUMMARY OF FINANCING PROCESS**

4501 West 50th Street, Edina, Minnesota 55424

Phone: (952) 927-8861 Fax: (952) 826-0390

E-mail: [www.cityofedina.org](http://www.cityofedina.org)

REV 06/01/12

## **A. Introduction**

The Edina Emerald Energy Program (“EEEEP”) helps to provide financing for the installation of energy efficiency improvements and renewable energy sources that are permanently fixed to eligible properties (“Improvements”) in Edina. Property owners will repay EEEEEP through an assessment levied against their property which is payable over 10 years in semi-annual installments on property tax bills. The program is only for eligible properties.

## **B. Project Scoping**

Eligible property owners can obtain an onsite survey by hiring a Home Energy Rating System (“HERS”) rater, or equivalent. By participating in EEEEEP, property owners are making a financial investment; this decision should be made based on both the efficiency and the cost effectiveness of the improvements. Conducting an energy audit will help property owners assess water conservation, energy efficiency, and renewable energy opportunities for their property.

An onsite energy audit is required to participate in EEEEEP. For more information, go to [www.cityofedina.com](http://www.cityofedina.com). Conducting an energy audit will help property owners assess energy efficiency and renewable energy opportunities for their property. Costs incurred to conduct onsite audits or surveys may be included in your application for EEEEEP Financing.

Property owners will work directly with contractors to determine the scope of their project. As the project is defined, the property owner obtains a contractor’s bid or determines the cost of the equipment if self-installing.

Interested property owners can visit Edina Public Works, located at 7450 Metro Blvd, Edina, MN 55439 or contact the EEEEEP Administrator at (952) 927-8861.

## **C. Program Application**

The property owner visits the EEEEEP website ([www.cityofedina.com](http://www.cityofedina.com)) or the Edina Public Works to complete an EEEEEP application form (the “Application”). The EEEEEP staff can also provide an Application by mail, e-mail or fax upon request.

## **D. Title Check**

EEEEEP staff will verify property ownership by performing a title check. Applicants are responsible for the costs of the title check as follows:

- 1) Financing requests less than \$5000: \$100
- 2) Financing requests \$5000 to \$49,999: \$150
- 3) Financing requests \$50,000 to \$199,999: \$200
- 4) Financing requests greater than \$200,000: \$250

Title costs may be included in the EEEEEP Financing request.

## **E. Application Review**

During the Application Review process, EEEP staff verifies that:

- The Application is complete and accurate;
- The property owner(s) owns the Property without federal or state income tax liens, judgment liens or similar involuntary liens on the Property;
- The Property is developed and within the County;
- The Property is not exempt from secured property taxes;
- The property owner is current on property taxes;
- Property owner is current on mortgage(s) and lender has given consent to EEEP Financing;
- The property owner has declared that the property owner(s) and the Property is/are not currently involved in a bankruptcy proceeding. If property owner has been in bankruptcy in the past three years, the bankruptcy must have been concluded at least one year before application was filed. In addition, all mortgage payments due on the property must have been timely paid during the six months preceding the application;
- The property owner has executed all declarations required in the Application;
- The proposed Improvements and costs are eligible to be financed under the Program. If the proposed Improvements are part of a project that includes new construction (e.g., a room addition), the costs of the work have been properly allocated between adding EEEP Improvements and new construction;
- The cost estimate(s)/bid(s) is/are reasonable for the Improvements;
- Improvement costs are reasonable to property value. As a guideline, proposed Improvements should not exceed 10 percent of assessed value. If more costly Improvements are proposed, the Program Administrator may require additional information supporting both the reasonable relationship of the Improvements to the property, and information related to the ability of the property owner to repay the assessment;
- All required documents have been submitted;
- The requested assessment amount (including contingency) is equal to or greater than \$2,500; and
- EEEP funding is available.

Within 15 business days of receipt of an application, EEEP Staff notifies the property owner if the application is incomplete, approved, denied or requires additional approval.

- Incomplete. An application shall be deemed incomplete if it is missing any information or attachments the property owner is required to provide. All requested documentation must be submitted within 30-days.
- Approved. An application shall be approved if EEEP Staff have verified all of the items in Section E.
- Denied. An application shall be deemed denied if EEEP Staff cannot verify any of the items in Section E. EEEP will send a written denial notice. Property owners are free to submit a new application, which will be processed on a first-come, first-served basis based upon the new receipt date.

- If an application is denied on the sole basis that EEEP funding is not available, the application does not need to be resubmitted; applicants will be placed on a waiting list based on the date of application receipt.
- If an application is denied because the cost estimate(s) is/are not deemed reasonable by EEEP Staff, a resubmitted application must be accompanied by additional documentation of cost estimates as determined in EEEP Staff's discretion, including, but not limited to, cost estimates provided by one or more additional contractors. The property owner will not be required to select the low bid; however, EEEP Staff may limit the maximum assessment amount to an amount deemed reasonable by the Program Administrator.

Applications for EEEP Financing up to \$20,000 require approval of the Program Administrator. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator for approval. Applications for EEEP Financing over \$20,000 require approval of Edina City Council. The property owner will be notified that the application is complete and has been forwarded to the Program Administrator to prepare an agenda item for the City Council. The property owner will be advised once a City Council date is set.

With respect to an application to finance a renewable energy system(s) other than solar (such as wind or geothermal) or a custom energy efficiency measure(s) (such as a combined heat and power system cogeneration system), or to finance an emerging technology ("Custom Measures"), EEEP Staff reserve the right to require the appropriate engineering documentation and energy studies showing the energy savings and/or energy generation capabilities of the proposed project. EEEP Staff may also charge an additional administrative fee for this technical review to be discussed with the property owner before proceeding.

#### **F. Permit**

After receiving notice of Application approval, property owner (or contractor) must obtain a permit from the local building official. All Improvements, including those normally exempt from permit requirements, will require a permit from the Building Department. Final inspection will be required to ensure that the Improvements were completed.

A valid permit is required before EEEP can execute an Assessment Contract and reserve EEEP Financing for a project.

#### **G. Assessment Contract and Reservation**

All property owners of record must sign the Assessment Contract and Implementation Agreement ("Contract Documents") and have their signature(s) notarized.

The Program Administrator or designee, on behalf of the City, will execute the Contract Documents. This will assure the property owner that the EEEP Financing has been approved and that funds are reserved for the property owner's approved project.

#### **H. Assessment Lien**

Upon execution of the Assessment Contract, EEEP records an assessment lien against the Property in the office of the Program Administrator, Clerk of the City. The lien will be for the full amount of the assessment on the property that secures the assessment, including capitalized interest. If funds are disbursed to property owners by the first business day in September, the assessment will appear on the next tax bill. For disbursements after that date, the assessment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding amount.

#### **I. Installation of Improvements**

Property owner enters into a contractual arrangement directly with a contractor for Improvements unless the property owner is self-installing the Improvements. All work is subject to the appropriate permitting and inspections and all other applicable federal, state, and local laws and regulations. All work must be completed, including the final inspection, within 90 days of execution of the Assessment Contract. The property owner and Program Administrator may agree to an extension of this completion date for good cause.

#### **J. Progress Payments/Multiple Disbursements**

If the maximum assessment amount is \$20,000 or greater, the property owner may request in writing that EEEP make a progress payment prior to the completion of the work. Progress payments will be subject to a \$150 onsite inspection fee per disbursement and interest will accrue on the entire assessment amount at the time of the first disbursement. Progress payment requests must be filed with EEEP at least five business days before the end of the month for payment to be made on the first business day of the next month. The following conditions must also have been met before disbursement is made:

- 1) At least 75 percent of the required materials have been delivered to the property and have been reasonably secured as confirmed by an onsite inspection. EEEP Staff has the discretion to make its own determination with respect to whether this condition has been satisfied; and
- 2) The requested progress payment does not exceed 50 percent of the maximum assessment amount.

#### **K. Final Inspections & Disbursement of EEEP Financing**

After Improvements are completed, the Property owner must contact the local permitting agency for a final inspection and final permit. The Property owner notifies EEEP that all work has been completed and submits final documentation: final permit; invoices showing all costs, less rebate amounts and Request for Disbursement.

Checks will be mailed at the beginning of each month, provided that final documentation has been filed with EEEP five business days before the end of the month for processing. The amount disbursed will be the lesser of (i) the maximum assessment amount provided in the Assessment Contract or (ii) the actual costs, net of County costs listed on Request for Disbursement. Interest accrues as of the date of disbursement.