

Property Assessed Clean Energy Case Study N1

Prologis completes a comprehensive \$1.4 million energy efficiency retrofit.

The Challenge

Prologis Inc., the world's leading owner, operator & developer of industrial real estate, was looking to implement energy efficiency and renewable energy upgrades at its headquarters in San Francisco. Pier 1 was built in 1918 and converted to office space in 2001. The real estate giant has been a tenant for 10 years and the time came to enhance the sustainability of the building. Project goals included:

- Improve overall building performance and comfort
- Reduce energy use by at least 30%
- Allocate savings and funding to 5 subtenants based on leased space
- Improve cash flow from day 1

The Solution

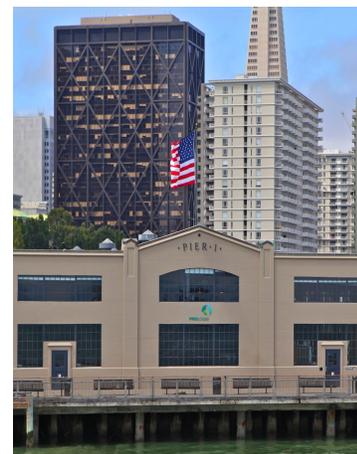
Prologis chose PACE to fund energy efficiency and renewable energy upgrades. PACE or Property Assessed Clean Energy allows interested property owners to access financing to undertake qualifying energy efficiency and clean energy improvements on their buildings and repay the investment through an additional charge ("assessment") on their property tax bill. Similar to a sewer tax assessment, capital provided under a PACE program is secured by a lien on the owner's property tax bill and paid back over time through the energy savings. Prologis recognized that PACE was specifically designed to overcome a number of financial barriers to energy efficiency investment. The following advantages of PACE were especially attractive for Prologis:

- Zero up-front cash investment
- Immediate positive cash flow
- Long-term financing (up to 20 years)
- PACE assessment stays with the property upon sale
- Ability to pass payments through to tenants

Project Success

Prologis hired Johnson Controls Inc., an international energy service company based in Milwaukee, to identify cost effective energy measures. JCI provided a holistic solution that encompassed: retrocommissioning of heating and cooling systems, comprehensive interior lighting upgrades, and a 200 kW rooftop solar electric array. Clean Fund, a San Francisco-based private investment firm, offered leading-edge PACE expertise and enabled Prologis to reap the most benefit from this financing. Project highlights include:

- Purchased energy reduced by 32%
- Annual estimated cost savings for Prologis: \$98,000
- PACE made it possible for the financing to be allocated pro rata to 5 subtenants
- Projected annual PV production: 245,520 kWh
- Annually, nearly 400,000 kWh will be saved
- No increase in operating expenses



PACE in San Francisco

GreenFinanceSF offers PACE financing for a wide range of energy efficiency, renewable energy, and water conservation improvements.

Contact Information

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Project Financing

PACE Assessment: \$1.4 M
Term: 20 years
Rate: 6.93% fixed

Building Details

Size: 151,000 sq. ft.
Year Built: 1918
Assessed Value: \$30 M

Improvements

1,500 new lighting fixtures
200kW Rooftop solar
HVAC overhaul