

C-PACE Financing

Mayfly Outdoors builds new HQ, partners with C-PACE

Mayfly Outdoors, which manufactures premium fly-fishing equipment and other outdoor products, has secured \$1 million in Colorado Commercial Property Assessed Clean Energy financing to build its new headquarters in Montrose. This is the second ground-up construction project to use the C-PACE program, which encourages developers to build energy-efficient buildings by facilitating access to long-term, nonrecourse financing for up to 20 percent of their construction budget.

Designed by PHA Architecture, the 41,000-square-foot building will house office space as well as a new manufacturing facility, nearly doubling Mayfly's current operations. The \$7.5 million project is part of Colorado Outdoors



Tracy Phillips
Director, Colorado
C-PACE

project, a 164-acre outdoor-industry neighborhood under development along the Uncompahgre River. "It's important for us to be energy efficient because we run very expensive, high-precision machines that utilize lots of electricity and compressed air," said David Dragoo, Mayfly's president. The company's parts are aerospace grade, he said, which means they meet strict standards for quality and exactness. "To maintain these precise tolerances, we must tightly control ambient temperatures near 68 to 70 degrees. This can be challenging in a high-altitude, low-humidity environment with four distinct seasons."

Developers can use C-PACE financing for up to 20 percent of their building's construction cost if they design the building to exceed the 2015 International Energy Conservation Code. Mayfly tackled "the big buckets" first – lighting, heat and electricity, according to Dragoo. After looking at energy use and maintenance costs, the company decided to put the



Mayfly Outdoors will use C-PACE financing to build its new, energy-efficient headquarters along the Uncompahgre River.

C-PACE financing toward LED lighting, special low-e glass, engineered concrete and geothermal.

Colorado C-PACE operates an open market for capital to enable building owners, who can use C-PACE financing for retrofit projects, and developers to select the financing that best fits their needs. More than 20 private capital providers have been qualified by the program to provide financing. Greenworks Lending, a national provider of commercial PACE financing, funded the C-PACE project for Mayfly.

Across the country, C-PACE is finding favor with developers because it enables them to fill holes in their capital stack or reduce the need for other types

of more expensive financing. Moreover, C-PACE can enable an owner to develop a high-performance building at the lowest weighted average cost of capital.

Mayfly planned to build an energy-efficient building from the beginning.

"We wanted to design the facility to exceed all energy standards," Dragoo said. "The C-PACE program was instrumental. It provided an avenue to monetize the improvements, which was an important piece to getting the project done."

Designing efficient buildings is a smart move, according to Brian McCarter, chief executive officer of Sustainable Real Estate Solutions, which provides administra-

tive support services to C-PACE programs nationwide, including Colorado. "Efficient buildings reduce operating costs, help attract and retain tenants, and maximize lease rates," he said.

Even so, energy improvements often are value-engineered out of construction projects.

"It's far more cost-effective to build energy efficiencies into new buildings than it is to retrofit existing structures," McCarter said. "C-PACE definitely helps developers do that."

Dragoo is happy with the project's progress. "You can cast a fly rod right off our front lawn into our pond. Our building looks great and the fishing is excellent." ▲



Precision outdoor products, like this Ross Reels Colorado LT fly reel, will be manufactured at Mayfly's new Montrose facility.