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City Council

Approval of a Resolution Authorizing a Solar Energy Rooftop Lease Agreement between the City of Olympia and Olympia Community Solar

Agenda Date: 3/30/2021
Agenda Item Number: 4.H
File Number: 21-0310

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Authorizing a Solar Energy Rooftop Lease Agreement between the City of Olympia and Olympia Community Solar

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing a solar energy rooftop lease agreement between the City of Olympia and Olympia Community Solar.

Report

Issue:

Whether to approve a Resolution authorizing a solar energy rooftop lease agreement.

Staff Contact:

Rich Hoey, P.E., Public Works Director, 360.753.8495

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Olympia Community Solar, a 501 (c)(3) non-profit, recently approached the City to request approval of a rooftop lease for a community solar project on the Farmers Market roof. The City owns the Farmers Market structure and has an operating agreement with the Olympia Farmers Market, a Washington non-profit, to operate a farmer's market within the structure.

Olympia Community Solar (OCS) requested that the project be modeled after the successful "Hummingbird" community solar project recently installed on the roof of the Hands On Children's Museum (HOCM). City Council approved a similar solar energy roof lease with OCS and HOCM back in August of 2019.

Under the proposed agreement (attached), the City would grant OCS a 15-year lease to install and maintain solar equipment on the Farmers Market roof. If OCS does not recoup the solar equipment costs during the 15-year lease term, OCS can request up to a 5-year extension of the lease. OCS will recoup the cost of installation, maintenance and administration of the solar equipment and not receive any profit.

As a community solar project, OCS will be seeking community support to fund the project. Since the project is dependent on future fundraising, the agreement will terminate at the option of the City after two years if OCS has not completed installation of the solar equipment.

During the lease term, OCS would be responsible for all costs of installing and maintaining the solar panels. This includes removal and re-installation of the solar panels if the City needs to replace the roof. Similar to the HOCM solar lease agreement, OCS would pay the City \$1 per year for the lease of the rooftop.

The solar lease agreement is based upon OCS reaching a separate agreement with the Olympia Farmers Market. Under that agreement, the Olympia Farmers Market would use the energy generated by the solar panels and in turn pay OCS the market value of the electricity generated. The agreement would also address access and Farmers Market operational issues. This agreement between OCS and the Olympia Farmers Market is expected to be finalized in the near future.

Once OCS recoups the cost of the solar equipment and the lease has ended (in 15-20 years), the solar panels will become the property of the City at no cost. At this point, the benefit of the solar panels will go solely to the Olympia Farmers Market. Staff expects a future amendment to the operating agreement with the Olympia Farmers Market regarding future operations and maintenance of the solar equipment.

The Farmers Market structure has ideal south-facing exposure for solar panels, and until recently had a solar array on the roof. In 2011, the City Council approved a community solar installation on the Farmers Market roof by the Farmers Market Community Solar Project, LLC. This agreement expired in June 2020. Due to the deteriorating and failing condition of the solar equipment (as verified by two different solar installers), the City directed that the panels be removed by the LLC consistent with the original agreement. This created an opportunity for a new community solar system to be installed.

The OCS Board of Directors approved the proposed solar lease agreement during its meeting on March 14, 2021.

Neighborhood/Community Interests (if known):

The community has consistently voiced support for clean energy and initiatives that reduce the community's greenhouse gas emissions. The Thurston Climate Mitigation Plan also calls for the installation of solar energy on public facilities.

Options:

1. Approve a Resolution authorizing a solar energy rooftop lease agreement between the City of Olympia and Olympia Community Solar. The agreement supports the mission of a non-profit partner organization and increases renewable energy in Olympia, consistent with the City's climate goals.

2. Modify the agreement to address any City Council concerns.
3. Do not approve the agreement. Olympia Community Solar would not be allowed to place a solar array on the Farmer's Market roof. The City or Farmer's Market could separately choose to fund the installation of a solar array.

Financial Impact:

None at this time. After the end of the lease term (in 15-20 years), the City may incur costs associated with repair and maintenance of the solar equipment. This is subject to a future agreement with the Olympia Farmers Market.

Attachments:

Resolution
Agreement