



City Council

Approval of a Resolution Authorizing a Solar Energy Rooftop Lease Agreement Between the City of Olympia, Hands On Children's Museum and Olympia Community Solar

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Title

Approval of a Resolution Authorizing a Solar Energy Rooftop Lease Agreement Between the City of Olympia, Hands On Children's Museum 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, Hands On Children's Museum 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):

Rich Hoey, P.E., Public Works Director
Patty Belmonte, Executive Director, Hands On Children's Museum
Matt Booth and Mason Rolph, Olympia Community Solar

Background and Analysis:

Olympia Community Solar, a 501(c)(3) non-profit, recently approached the City and the Hands On Children's Museum (HOCM) to request approval of a rooftop lease for installation of a community solar project on the HOCM roof. The City of Olympia owns the HOCM building shell, while HOCM operates the museum and is responsible for utility costs.

Under the proposed agreement (attached), the City and HOCM would grant Olympia Community

Solar (OCS) a 15-year lease to install and maintain solar equipment on the HOCCM 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 only 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 HOCCM 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. During the lease period, HOCCM would pay OCS for the value of the electricity generated from the panels and OCS distributes the value to their participating members. OCS estimates the solar panels will generate approximately one-quarter of the HOCCM electricity needs, at a value of approximately \$12,500 annually. OCS would pay the City \$1 per year for the lease of the rooftop.

Once OCS recoups the cost of the solar equipment and the lease has ended, the solar panels will become the property of the City at no cost to the City or HOCCM. At this point, the financial benefit of the electricity generation will go to HOCCM. HOCCM will then be responsible for routine maintenance of the solar equipment while the City will cover repairs. The expected life of the solar panels is approximately 30 years, so HOCCM will receive a financial benefit of the power for the 10-15 years following termination of the lease.

Under this new and innovative approach, each of the parties to the agreement will receive the following benefits consistent with their missions:

- Olympia Community Solar - Facilitates the installation of solar energy in Olympia. Creates opportunity for community investment in renewable energy and greenhouse gas reduction.
- Hands On Children's Museum - Creates visible showcase of renewable energy and opportunity for education of children and families. Reduces carbon footprint of museum and lowers electricity costs following the end of lease term.
- City of Olympia - Supports City's efforts on climate change through reduction in community greenhouse gas emissions. Supports two valued community non-profit organizations.

As a new approach to renewable energy investment, OCS hopes that the HOCCM solar project will serve as a pilot project for other potential community solar projects.

The HOCCM Board of Directors approved the agreement on August 8, 2019, while the Olympia Community Solar Board of Directors approved the agreement on August 11, 2019.

Neighborhood/Community Interests (if known):

The community has consistently voiced support for clean energy and initiatives that reduce the community's greenhouse gas emissions.

Options:

1. Approve a resolution authorizing a solar energy rooftop lease agreement between the City of Olympia, Hands On Children's Museum and Olympia Community Solar. The agreement supports the missions of two non-profit organizations 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 HOCCM roof. The City or HOCCM 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 of the solar equipment. HOCCM will be responsible for routine maintenance expenses.

Attachments:

Resolution
Solar Energy Rooftop Lease Agreement