

AGENDA ITEMS #: 19-75
COUNCIL MTG OF: August 13, 2019
FROM: Net Zero Task Force
OFFERED BY: Net Zero Task Force
PREPARED BY: Net Zero Task Force
SUBJECT: Town Council to enter 5-year lease for electricity purchase



STAFF REPORT
Public Hearing 8-13-19

PURPOSE: To review the recommendation of the Net Zero Committee to lease land at the closed landfill for construction of a solar field, with an opportunity to purchase after Year 5 of operation.

TOWN ADMINISTRATOR COMMENTS: The Council is asked to review the relevant information for their decision as to proceeding with this project, and to hold a public hearing on the extended land lease on August 13, 2019.

BACKGROUND: The Net Zero Committee has been working towards the development of a solar field at the closed landfill. Options reviewed included an outright purchase and operation of the array; leasing the land to a third party with an option to purchase after year five; those previously mentioned arrangements with either a 1-Megawatt project, a 5 MW project, or a 1 MW convertible to 5 MW. The Committee received proposals from qualified vendors; given the costs and current legislative restrictions, the Committee recommends that the Town Council authorize a 1MW project by issuing a land lease to the developer, with an option for the Town to purchase after Year 5 of operation.

DISCUSSION: The economics of the project were presented to the Council at the June 4 meeting. Based upon the Committee's recommendation, it will not be seeking a Supplemental Authorization to invest in the project at this time but will be requesting Council authorization to enter into a land lease of a duration which may exceed five years. State statutes allow the Governing Body (Town Council) to enter into a lease up to five years and allows longer lease periods by the Legislative Body (Town Council after public hearing).

FISCAL IMPACT: It is estimated that the Town will save approximately \$33,000/year in electrical cost as the solar field is operated by the developer. Year 5 outright purchase (if authorized by the Town Council then sitting) is anticipated at \$1.25M, with the annual anticipated savings at that point of \$235K+. See attached.

As the solar field will be constructed in a federally designated Opportunity Zone, staff has researched to determine if these circumstances would provide more favorable financial terms and conditions. The Town has reached out to 8 national Opportunity Zone Funds to alert them of this project and has heard back from a few of the investment firms. It appears that the best use of OZ funding would be linkage between the investment firms and the vendor. The Town will play a role in coordinating these parties, should there be mutual interest.

RECOMMENDED MOTION: See Resolution #2019-041

Direct Purchase

Notes:

2) Electricity not covered by solar production and needs to be purchased from Eversource at GV rate (average rate of \$0.157/kwh - \$0.13/kwh from 3rd party)

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