



MANAGEMENT BRIEF

DATE: February 22, 2011

TO: Mayor Davidson and City Council Members

FROM: Bob Derrick, Economic Development Director, x4374
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SUBJECT: Renewable Solar Energy Leases on City-Owned Properties

This management brief is to inform Council of the opportunity to lease City property for the purposes of renewable energy generation. Barring any major policy concerns, staff would like to proceed with the leasing of appropriate and available City property for solar panel installations.

Description of Opportunity

In 2009, the WA State Legislature passed the Renewable Energy System Cost Recovery Act (WAC 458-20-273) to provide financial incentives for renewable systems. The legislation calls for the state to provide an incentive to local individuals, households, nonprofits, or nonutility businesses that install energy projects less than 75kW at the property of qualified public entities. This arrangement is called a "community solar" project.

Significant federal renewable energy tax credits in the form of grants also are available through 2011. Local governments such as Bellevue are not eligible to receive the federal renewable energy tax credits or state's solar incentives directly. However, the City can play a key role in supporting the production of renewable energy by hosting projects at City property.

Bellevue has a number of City-owned roof sites and property that could work well for solar energy projects. Bellevue has been recently approached by several community solar organizations who would like to develop projects in the immediate future (no later than summer of 2011). Hosting such systems would support the development of a regional clean tech sector, increase public engagement, foster local job creation, and showcase Bellevue as an environmental leader, all at no cost to the City.

Rationale and Benefits

Solar, wind, and anaerobic digestion are renewable energy systems that significantly reduce emissions of greenhouse gases, and air and water pollution. Solar energy is a very popular concept amongst Americans (see attachment).

However, many interested homeowners cannot feasibly install solar systems because of the physical limitations of their roofs and/or the high upfront cost of such systems.

Proposed Leasing Process

Community solar installations would require long-term lease agreements with the City. There would be no cost to the City for installation or maintenance of these solar panels.

If Council is supportive, we propose to consult with a qualified renewable energy contractor to generate a list of “leasable solar property” considering competing uses, structural loads and aesthetics, and long-term plans for Bellevue’s property. Initial sites likely include the Bellevue Service Center and North Bellevue Community Center roofs.

Once this list has been generated, we will issue a Notice of Intent to Lease. Eligible firms will be asked to respond to our Notice with a description of how Bellevue residents, businesses, and the City will benefit from the community solar project, including:

- Local business development and partnerships
- Workforce development
- Community engagement and education
- Greenhouse gas mitigation and/or reduction
- Utility grid benefits
- Electric vehicle charging station connectivity

Firms that offer the best proposal would be granted a lease, and multiple leases may be granted until available spaces are full. The selected firm also would be required to provide an engineering analysis to ensure there is no structural damage to the City’s facilities, as well as obtain all necessary permits. Staff would then develop renewable energy lease agreements similar to our standardized wireless lease agreements. Insurance, risk management issues, and exit strategies would be negotiated with each community solar tenant to follow city policies, codes, and state laws. Each specific renewable energy lease shall be presented and approved by the City Council per BCC 4.30.020.

Attachment

Community Solar in Bellevue:

Community-owned, publically-hosted solar energy systems

Benefits

- Overcomes many of the barriers of the past which have held up the use of solar.
- Supports local clean technology industry: Washington-made panels and inverters.
- Partners with local businesses, who can also be members of a Community Solar project.
- Provides a new and innovative funding approach for renewable energy.
- Provides a valuable educational tool.
- Generates electrical power where it is locally used.
- Helps the local utility to meet legislative renewable portfolio mandates.
- Gives Bellevue's local residents the opportunity to support efforts to reduce air pollution and global warming.
- Encourages other surrounding communities to utilize and promote renewable energy.

Strong Community Interest in Solar Energy

An independent polling firm showed that in 2010ⁱ:

- 94% of Americans think it is important for the nation to develop and use solar energy. This was consistent across all political party affiliations.
- Almost half (49%) of all Americans are currently pondering solar power options for their home or business.

Confirming this support, US-based solar installations grew by 40 percent last year.ⁱⁱ

Q: "If the City of Bellevue offered you the ability to be part owner on one of their buildings as a way to offset your carbon footprint and generate solar power virtually, would that be something you would consider?"

A. (PSE Customer Arthur Bryant): "Yes, Dependent on cost and overall benefit."

B. (PSE Customer Paul Johnson): "Yes. Definitely."

C. (PSE Customer Mike Miller): "Yes. But I would want details as money is tight right now."

Opportunity in 2011

Washington State provides cash payments to in-state solar power producers, with significant incentives for community-funded solar. (SB 6658 Solar Production Credit – Solar Community Projects). Projects *must* be hosted on public properties to qualify.

Other incentives:

1. Net Metering
2. State Sales Tax Exemptions
3. Federal Renewable Energy Tax Credit

Example Projects

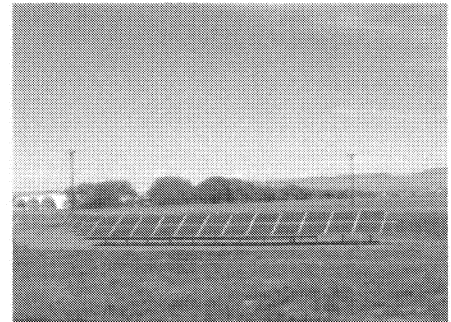
Edmonds Community Solar Cooperative

1st non-utility owned community solar project in Washington
75 kW array to generate 75,000 kWh annually, enough to power six to eight homes.



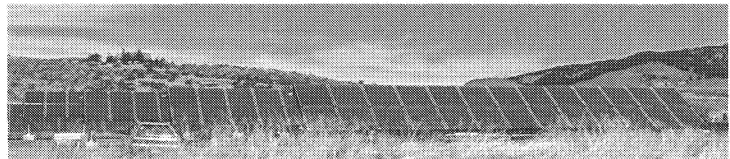
Ellensburg, WA Community Energy Garden

100 kW+ “solar panel adoptions”
Buy ¼ to one or more full solar panels for 20 years
Members get power bill rebates



Okanogan County Electric Cooperative, WA

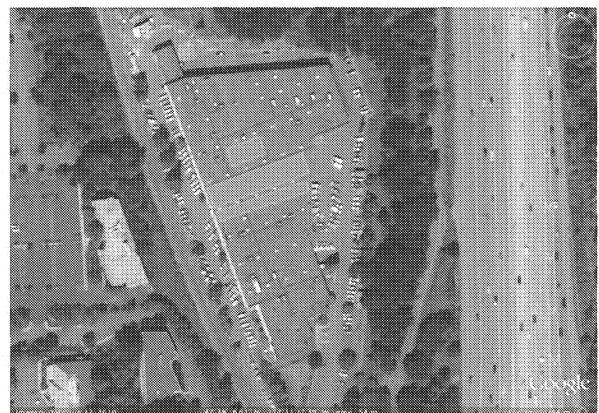
20 kW solar system
31 members who voluntarily funded the \$200,000 community solar system
System was sold out almost immediately upon announcing the project.



City of Bellevue, WA (POTENTIAL)

Renewable energy leases on appropriate city roofs
≈75 kW in size
Power supplied back to the PSE grid

(example roof: Bellevue Service Center)



ⁱ For Third Consecutive Year, National Poll Shows More Than 9 out of 10 Americans Want Solar Now 10-11-2010 <http://www.schott solar.com/us/news/top-news/article/for-third-consecutive-year-national-poll-shows-mo/>

ⁱⁱ Solar grows in popularity nationwide July 23, 2010 <http://solar.coolerplanet.com/News/19906161-solar-grows-in-popularity-nationwide.aspx>