



Request for City Council Committee Action From the Department of Public Works

Date: January 21, 2010

To: Honorable Elizabeth Glidden, Chair – Regulatory Services, Energy and Environment Committee

Referral: Honorable Betsey Hodges, Chair - Ways & Means Committee

Subject: **Solar Development and Solar Services – Minneapolis Convention Center**

Recommendation:

- a.) The proper City officers are authorized to negotiate and execute a Solar Services Agreement (to include an associated Site Lease Agreement) with Best Power International, LLC for Solar Development and Solar Services for the Minneapolis Convention Center, 1301 2nd Avenue North.
- b.) The proper City officers are authorized to petition the Office of Energy Security and the Public Utilities Commission to re-designate the City as the sole recipient of a \$2 million dollar grant Renewable Development Fund Grant for this proposed project.
- c.) and if successful, that the City accepts the Renewable Development Fund grant and authorizes the proper City officers to draft and execute appropriate agreements associated with the grant.

Previous Directives:

- October 30, 2009 – Council authorizes staff to issue a Request for Proposals for Solar Development and Solar Services for the Minneapolis Convention Center site.
- June 26, 2009 – Council directed staff to formally request the Renewable Development Fund Board and the Public Utilities Commission to re-designate the grant award to the City as a sole recipient. Further, that staff be directed to issue a Request for Proposals (RFP) to qualified parties. The issuance of the RFP will be subject to review and approval by the Permanent Review Committee.

Prepared by: Greg Goeke, Director of Property Services 673-2706

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Greg Goeke, Director of Property Services
Chris Larson, Director of Facility Services – MCC
Brian Millberg, Energy Manager

Reviews

Permanent Review Committee (PRC): Approval X Date 10/08/2009
Civil Rights Approval Approval NA Date _____
Policy Review Group (PRG): Approval NA Date _____

Financial Impact

Other financial impact – The cost of the renewable energy and related solar services will increase operating costs by an estimated \$18,000 - \$21,500 per year.

Community Impact

Neighborhood Notification:

City Goals: **Enriched Environment**

Comprehensive Plan:

Zoning Code:

Background/Supporting Information

The proposed project is envisioned to install 600 kW of direct current (DC) solar photovoltaic (PV) panels on the roof of the Minneapolis Convention Center and will be the largest PV installation in the state of Minnesota and the Upper Midwest region. The system will have the potential to produce 750,000 kWh of renewable electric energy on a yearly basis.

The PV systems would be owned and operated by the developer and privately financed. The City would purchase the energy and related solar services.

The City has formally requested being re-designated as the sole recipient of \$2,000,000 in grant funding from the Renewable Development Fund (RDF) to offset the capital costs for this project and has received permission (September 14, 2009 from the RDF Board) to seek a solar developer through this Request for Proposals (RFP) process. The re-designation and approval of the grant are subject to the review and approval from the Office of Energy Security and the Public Utilities Commission. The grant, as well as the existing Federal Tax Incentives for renewable energy, was envisioned to make the project financially feasible without any capital investment by the City.

Request for Proposals

On October 30, 2009 the City Council authorized Public Works staff to obtain proposals for Solar Development and Solar Services related to the proposed project. Proposals from eight (8) development teams were received on December 7, 2009. Representatives from Public Works, the Convention Center, Community Planning and Economic Development, and the Mayor's office were formed as an evaluation team that reviewed and evaluated all proposals. The evaluation team also received input from financial and legal consultants on various parts of the developer's proposals. On December 22, 2009 a "short list" of four (4) development teams was selected for further evaluation. Based upon the results of the proposals, and additional inquiries made by the evaluation team, the development team headed by Best Power International LLC is being recommended as the selected developer for this proposed project.

Recommendation

Therefore, we are requesting authorization to negotiate and execute a Solar Services Agreement (to include the associated site lease agreement) with Best Power International LLC for the Solar Development and Solar Services for the Minneapolis Convention Center, 1301 2nd Avenue North. The execution of this agreement will be contingent upon the City's successful petition to the Office of Energy Security and the Public Utilities Commission to re-designate the City as the sole recipient of a \$2 million Renewable Development Fund grant.

If the City is successful in its petition to be sole recipient of the Renewable Development Fund grant, staff recommends that the City accept the grant and that proper City officers are authorized to draft and execute the required agreements associated with the grant.

The purchase of the renewable energy and related solar services is estimated to be \$77,000 per year. The cost of these services has been accounted for within the budget for the Convention Center (Fund 08650 Department 8650100.) and therefore no additional appropriation is required.

Cc: Chris Larson
Emily Stern
Cara Letofsky
Brian Millberg
Corey Conover