

Service Committee Minutes

Honorable Council
City of Newark, Ohio
November 29, 2016

The Service Committee met in Council Chambers on Monday November 28, 2016 following the Finance Committee with these members in attendance:

Jeff Rath
Bill Cost Jr.
Mark Fraizer

Carol Floyd
Ryan Bubb

We wish to report:

1. **Resolution No. 16-99** authorizing and directing the Director of Public Service of the City of Newark, Ohio to negotiate and enter into contract, subject to the appropriation of funds, for a solar power system located at the wastewater treatment plant was considered.

Roger Loomis- this is a contract that we have been working on for most of the year with AEP Energy and we have most of the details of the contract worked out. We have been working with a firm to negotiate the power purchase agreement. This project then will be a solar field on the old Newark Processing site which was remediated through the Department of Development a few years ago. This will be a 20 year contract. There is no savings to the city to do this but we are hoping that it is a break even cost but there is an environmental impact to this. We are taking solar energy; this is going to produce close to 25% of our energy at the Treatment Plant. There are obviously environmental benefits to us using solar power down there. We are getting down to the last nitty gritty details in the contract that I think we can agree to but we need Council's authorization to do that.

Motion by Mrs. Floyd to send to full Council, second by Mr. Fraizer

Mr. Fraizer- are we able to scale this up at a later date or is this a one time?

Roger Loomis- there are a couple of problems with that because the site is only so large and the other thing is as this thing is negotiated AEP Energy builds these and sells the power and they only want to invest a certain amount of dollars. They are selling this at a loss but they are making money on it with tax credits. It is really their business decision how much and how big this thing is. So to answer your question if 10 years from now things are in a better financial shape for them to reinvest, there is room to double this in size but again it is their decision. If they think they can produce more and buy more at a

rate they can make money at. We are not opposed to buying solar energy we are opposed at buying energy at a higher rate than we are buying it at currently.

Mr. Fraizer- this energy would be at the market rate?

Roger Loomis- we have a set rate in the contract that we are negotiating. Is it a little bit of a gamble on our part? A little bit. We all understand that rates will go up in the future; will they go down in the future? They could but we don't know that but it is a pretty safe bet they will be going up. This is a rate structure that will be in place for 20 years. We feel it is good on our part to do the environmental thing to use solar power as opposed to burning fossil fuels when we have the opportunity to. It's not a savings to us but it's not a cost either. It could be a little bit of a cost in the end but we don't know that.

Mr. Fraizer- do we own the land?

Roger Loomis- the city does own the land. The Department of Development took it after the remediation that was paid for by various Brownfield funds.

Director Mauter- that happened before I was here but I don't think a monetary transaction took place. It was almost like a deed in lieu from the previous property owners which were debunked when they passed away and the city took over the property. I will say that when I came here 5 years ago the city had gone through the clean-up and they had a proposition to put a solar field on this property but in that proposition the city had all of the responsibility. They had all of the financial responsibility, they had the responsibility 25-30 years down the road when it reached the end of its' useful life, it was all on the city. This program that AEP Energy has brought to us they have all responsibility; financially, mechanics of it, they are going to own it, maintain it and if in 30 years from now if it is a problem they will come and dismantle and take it away as well. It's a great deal.

Mr. Fraizer- so if in 20 years we decide not to renew the contract do they dismantle and take everything away?

Roger Loomis- it is theirs to take away. There is an option for us to buy it at the end of 20 years. If 5 years from now somebody says we're not going to do that anymore there are things in the contract that we have to pay to terminate the contract.

Mr. Fraizer- there is good faith on their part to maintain the facility and if solar panels break.

Roger Loomis- that is all in the contract, they have to maintain a certain output. We have ways we pay less if they can't make the output. The Law Director permitted us to hire outside firm who specializes in negotiating power purchase agreements. They have advised us on what to put in the contract and they have been involved heavily with the negotiations. They are happy with the contract so were happy.

Motion passed by a vote of 5-0.

Jeff Rath, Chair