



Legislation Text

File #: 22-0640, Version: 1

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 5-23-2022

**Requesting Agency: Denver International Airport
Division:**

**Subject Matter Expert Name: Carolina Flores
Email Address: Carolina.Flores@flydenver.com
Phone Number:**

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving a proposed Lease Agreement between the City and County of Denver and Oak Leaf Solar 56, LLC concerning construction of a solar array at Denver International Airport.

Approves a ground lease agreement with Oak Leaf Solar 56, LLC for \$1,463,785 and through 12-31-49 for use of approximately 64 acres to construct a solar array at Denver International Airport in Council District 11 (202262383). The last regularly scheduled Council meeting within the 30-day review period is on 6-27-22. The Committee approved filing this item at its meeting on 6-1-22.

Affected Council District(s) or citywide? Council District 11

Contract Control Number: 202262383

Vendor/Contractor Name (including any "DBA"): Oak Leaf Solar 56, LLC

Type and Scope of services to be performed:

This requests initiation of a ground lease of approximately 64 acres, as determined by the parties and per the final site design, of the real property located at Denver International Airport (DEN) between 114th Street and the Denver/Adams County border and east of N Trussville St. or a mutually agreeable location, as a suitable location to construct a solar array. Oak Leaf Solar 56, LLC (Oak Leaf) will pay DEN \$675 per acre (prorated for any fractional acre) per year and a \$2,500 annual access license fee. Lease and license payments will begin at the Effective Date, defined as the date the City executes this Agreement.

Based on a 2% annual escalation rate, DEN would receive approximately \$1.4M in revenue over the 25-year term. In addition, the solar array is expected to generate over 560 million kWh of renewable electricity, nearly doubling the amount of solar interconnected to DEN's electric grid and avoiding over 500,000 tons of CO2 over its project life.

This is one of two agreements necessary to create the business structure for a 13 megawatt (MW) solar project. This agreement will need to be approved in conjunction with a Power Purchase Agreement (PPA) 202262492, DEN Solar IX Power Purchase Agreement.

Location (if applicable): DEN

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

Are WBE/MBE/DBE goals met (if applicable)?

Is the contract new/a renewal/extension or amendment? New

Was this contractor selected by competitive process or sole source?

Sole Source: This procurement qualifies for the Sole Source exception under Memorandum No. 8B and will not be competitively procured.

Large solar photovoltaic projects such as this are dependent on incentives provided by Xcel Energy. Xcel completed a competitive procurement process through their 2021 Solar*Rewards Large Program RFP and awarded capacity for this project to the developer of Solar VIII. Due to these incentives being awarded to Oak Leaf, no other solar developer has the ability to develop a solar project of this size within Xcel's solar incentive program under these financial terms.

For New contracts

Term of initial contract: 25 years 9 months

Options for Renewal:

How many renewals (i.e. up to 2 renewals)?

Term of any renewals (i.e. 1 year each):

Cost of initial contract term: \$675 per acre (prorated for any fractional acre) per year and a \$2,500 annual access license fee. Estimated \$1,463,785

Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:

Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing

What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing

Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)