

FISCAL IMPACT NOTE

Legislation No: O-32-15

First Reader Date: 6-22-15

Note Date: 7-9-15

Legislation Title: Annapolis Renewable Energy Park

Description: For the purpose of approving the land lease agreement of certain City-owned property containing the closed City of Annapolis Landfill for the construction and operation of a solar photovoltaic (PV) electricity generating facility to be located at those portions of the closed City of Annapolis Landfill; and matters generally relating to said lease.

Analysis of Fiscal Impact: This legislation would permit a lease between the City of Annapolis and Annapolis Solar Park, LLC (the Lessee). The term shall begin on the Commencement Date (not yet determined), and shall terminate on the earlier of December 31, 2036 or the 20th anniversary of the Completion Date. The two components of this lease include an annual Base Rent in the amount of \$10,000 plus an Additional Annual Rent in the amount of \$15,000 per megawatt of Capacity. Both components shall escalate at a rate of two percent (2.0%) on July 1, 2016 and on each July 1st thereafter. The proposed fiscal impact for the City would be more than \$5,000,000 over the first twenty years.

The annual base rent for the term of the Lease shall be \$10,000.00, and shall escalate at a rate of two percent (2.0%) on July 1, 2016 and on each July 1st thereafter. The Base Rent shall be payable in advance in equal monthly installments of one-twelfth (1/12th) of the total Base Rent, which shall be in the first year \$833.33, on the first (1st) day of each and every calendar month, and pro rata for the fractional portion of any month, except that on the first (1st) day of the calendar month immediately following the Commencement Date, the Lessee shall also pay Base Rent at the said rate for any portion of the preceding calendar month included in the Term of this Lease.

The Lessee shall also pay, as additional annual rent, the product of the Rate times the Capacity. The "Rate" is \$15,000.00 per megawatt of Capacity. The Rate shall escalate at a rate of two percent (2.0%) on July 1, 2016 and on each July 1st thereafter. The "Capacity" for any month is the sum of the rated maximum power (i.e. the nameplate rating) of each solar module (expressly excluding those modules that provide electricity to the City) installed at the Facility on the first (1st) day of that month. Additional Rent shall be payable in advance on the first (1st) day of each and every calendar month. The Lessee shall promptly advise the City in writing when the Capacity of the Facility increases or decreases so that Additional Rent may be determined appropriately. Additional Rent shall be adjusted on the first (1st) day of the month following the date of the increase or decrease, which date shall be specified in such notice. It is estimated that the completion of construction will be January 1, 2017, at which time the City will begin receiving the additional annual rent.