

TO: Thomas Frutchey, City Manager  
FROM: Dick McKinley, Public Works Director  
SUBJECT: Interim Airport Land Use – Solar Energy System  
DATE: March 1, 2016

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Needs: For the City Council to adopt Resolution No. 16-XX, approving a non-aeronautical land use – solar energy system, at the Municipal Airport.

- Facts:
1. On December 15, 2015, the City Council took action to enter into a Power Purchase Agreement with SunEdison, LLC, a solar energy provider, for the construction, maintenance, and operation of solar energy systems at various city-owned locations in the City.
  2. The agreement is for a term of 20 years and contains requirements and provisions which ultimately result in substantial savings on electricity expense to the City over the term of the agreement.
  3. The agreement provides for a significant part of the generating equipment to be located on available land in the industrial park at the municipal airport.
  4. Federal Compliance requirements, administered by the Federal Aviation Administration (FAA) require the City to operate the airport so as to receive fair and proper compensation for land uses and agreements entered into by the City. The requirements further provide the City latitude in determining the viability and current needs for specific airport properties and allow for interim, non-aeronautical uses on these properties that might otherwise provide benefit to the City and its citizens. The airport should receive appropriate financial compensation as part of the agreement.
  5. The proposed compensation to the airport fund is an annual payment in an amount equal to the electrical expense for airport operations for the year. At present, that amount is approximately \$37,000 per year for 20 years.

Analysis &

Conclusion: Several different sites at the Airport have been analyzed (see Attachment 2). Each option has its relative merits. Following input received since this matter was last considered by the Council, staff was able to shift the site north and further away from Satellite Drive. The preferred site, of approximately 22 acres, is relatively distant from runways and taxiways, which renders it impractical for direct aviation use, even in the long term. The potential for development into non-aviation use in the near term is minimal due to the

availability of much other, more accessible land on the airport and in the immediate area. A near-term use (20 years) that benefits the airport and the rest of the City seems much more prudent than allowing the land to remain idle. The near-term use for solar power does not conflict with the City's ambitious long-range plans to develop this site for industrial use.

Policy

Reference: Airport Lease Policy and Market Rent Analysis; FAA Compliance Handbook, Order 5190.6B.

Fiscal

Impact: At approximately \$37,000 per year, the estimated revenues to the Airport Enterprise Fund would be almost \$750,000 over the 20-year term of the agreement.

- Options:
- A. For the City Council to approve Resolution No. 16-XX approving the non-aeronautical land use; or
  - B. Amend, modify, or reject the above option.

Attachments:

1. Resolution No. 16-XXX
2. Site Analysis

Resolution No. 16- XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
APPROVING A NON-AERONAUTICAL INTERIM USE OF CITY-OWNED PROPERTY AT  
THE PASO ROBLES AIRPORT FOR THE PURPOSES OF GENERATING SOLAR POWER  
FOR THE CITY OF EL PASO DE ROBLES

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WHEREAS, the City of Paso Robles continues to operate the Paso Robles Municipal Airport as a viable and effective part of City infrastructure and,

WHEREAS, the City has determined that certain vacant parcels of airport land are excess to current operational needs and have no significant potential for development in the near-term and,

WHEREAS, the City has entered into a contract with SunEdison to construct and maintain solar power installations at various locations in the city, including the airport and,

WHEREAS, the City, in accordance with sound business practices, applicable FAA Guidelines, particularly the FAA Compliance Manual, Order 5190.6b, and the recently completed Airport Market Rent Analysis and Lease Study, is obligated to identify and receive fair compensation for uses of airport land and,

WHEREAS, provisions within the FAA Guidelines also make allowances for and identification of rental pricing structures for specific uses that provide tangible and intangible benefits to the community,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The use of approximately 22 acres in the northwest portion of the Airport Industrial Park as depicted in the Exhibit 'A', attached hereto, for the non-aeronautical interim use as described is hereby approved.

Section 2. The initial term of said use is twenty-one (21) years, beginning January 1, 2016 and ending December 31, 2036, with the first year being dedicated to the permitting and installation process, and the remaining 20 years being the operations period. The City Council reserves the right to amend the term of this use as future economic development factors may dictate.

Section 3. As compensation for the land use, an annual credit to the Airport Enterprise Fund in an amount equal to the charges for electric power for airport operations for each year, commencing in 2017 is approved. The current annual charges are approximately \$37,000 per year.

PASSED AND ADOPTED this 1<sup>st</sup> day of March, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Steven W. Martin, Mayor

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Kristen L. Buxkemper, Deputy City Clerk



Paso Robles Airport Solar Project

23 acres (depicted)