

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Kyle Diesner		2. Telephone No. 503.823.4166	3. Bureau/Office/Dept. Planning and Sustainability
4a. To be filed (date): July 26, 2012	4b. Calendar (Check One) Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: July 24, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

*Authorize an energy services and license agreement with Portland Community Solar, LLC for the development and operation of community-supported solar electric systems at two City of Portland facilities (Ordinance)

2) Purpose of the Proposed Legislation:

Enter into an energy services and license agreement with Portland Community Solar, LLC to install, own, operate and maintain community-supported solar electric systems for 15 years at two City of Portland sites (Portland International Raceway and Southwest Community Center) at no direct cost to the City.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|---|------------------------------------|---|---|
| <input type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input checked="" type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input checked="" type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input checked="" type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.
No.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? *(Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)*

There is no direct cost to the City.

6) Staffing Requirements:

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*
No.
- Will positions be created or eliminated in *future years* as a result of this legislation?
No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

There is no funding appropriation related to this ordinance.

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section – REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- ☒ YES: Please proceed to Question #9.
☐ NO: Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

Should Council approve this item, solar electric systems will be developed on two City of Portland facilities that heavily visited and used by Portlanders: Portland International Raceway and Southwest Community Center. As a result:

- Visitors to these facilities will get to see solar in action, enhancing public understanding of solar energy as a viable clean energy option.
- Energy costs will be marginally reduced at both sites as a result of the installations.
- The unique financing model being used to develop the projects will also return some of the revenue generated by the solar electric systems (derived from Oregon's Volumetric Incentive Rate, which pays a premium for the solar electricity generated by the systems) back to the community over time.

There should be no negative impacts on the community from this proposal.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

Portland Public Schools and SE Uplift are project partners for solar installations at six additional sites. Both organizations have been involved in the community solar project and participated in the selection of the firm that created the community solar development model.

Tangerine Power Corporation, the firm that developed the community solar model being used to finance and construct these projects and a managing member of Portland Community Solar, is working in partnership with Northeast Coalition of Neighborhoods (NECN) to engage Portlanders. As one of seven district coalitions, NECN works to advance neighborhood livability through highly inclusive civic engagement. Through involvement with this community-supported solar project, NECN is seeking to extend the benefits of solar energy to everyone in their neighborhood.

Over the course of developing these projects, Tangerine Power has brought other community partners to the project, including, Portland Neighborhood Network, Carbon Concierge and Earth Energy Cooperative at Cascadia Commons.

The firm selected to install the solar electric systems, Sunlight Solar, was chosen through an open, competitive RFP process. The RFP committee included Solar Oregon, Oregon Tradeswomen, Energy Trust of Oregon and Clean Energy Works Oregon. The committee is committed to achieving high roads goals for the project through inclusionary employment practices.

c) How did public involvement shape the outcome of this Council item?

The City's BPS staff has spent substantial time working with external partners, businesses and community organizations over the course of developing the model that will result in the construction of these projects. The Tangerine Power Corporation team has brought strong community connections to their work structuring the model, and is working in partnership with BPS to develop and deliver a public involvement and outreach strategy to involve the greater Portland community in these projects. BPS has a wealth of resources for public involvement and marketing, including its work on the Fix-it-Fairs, Solarize neighborhood campaigns, the Portland Plan, and in-house marketing and communications staff who will enhance the ability to reach the community broadly.

d) Who designed and implemented the public involvement related to this Council item?

City of Portland Bureau of Planning and Sustainability, in partnership with Tangerine Power

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Andria Jacob, Senior Manager, Clean Energy Programs
503.823.7616
andria.jacob@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

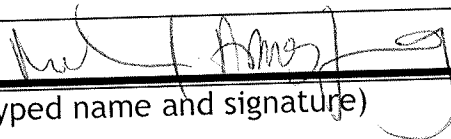
Successful completion of the overall project will require strong community involvement, not just in terms of program design, but through direct participation by community members.

To date, the City's existing solar programs have focused, by necessity, on higher-

income, single-family home owners who could afford the high up-front costs associated with owning solar electric. This new model will provide renters, homeowners with unsuitable roofs for solar, and those with fewer dollars to spend, an opportunity to invest in solar.

It is hoped that these solar installations will be the first of many to utilize this model. These projects are an avenue for the City to build relationships with the broader Portland community, by helping to spur the development of clean renewable energy resources and creating a mechanism for community investment and re-investment.

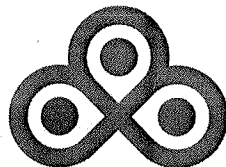
Susan Anderson



Michael Armstrong

BUREAU DIRECTOR (Typed name and signature)

080731



185530

Bureau of Planning and Sustainability
Innovation. Collaboration. Practical Solutions.

MEMO

DATE: July 19, 2012

TO: Mayor Sam Adams

FROM: Susan Anderson, Director

1. Ordinance Title:

*Authorize an energy services and license agreement with Portland Community Solar, LLC for the development and operation of community-supported solar electric systems at two City of Portland facilities (Ordinance)

2. Contact: Kyle Diesner, Policy Analyst, 823-4166

3. Requested Council Date: August 1, 2012

4. ☒ Consent Agenda Item

☐ Regular Agenda Item

☒ Emergency Item (explain below)

☐ Non-Emergency Item

Emergency allows enough time for solar installations to be completed by the date required by Oregon's Volumetric Incentive Rate program.

5. Purpose of Agenda Item:

The City of Portland has policies that support renewable energy development and available roof space on which to install solar, but does not have the tax liability to receive federal tax credits and other benefits associated with development of solar electric systems. The Bureau of Planning and Sustainability (BPS) sub-granted \$100,000 in federally awarded funds to develop a model for community-supported solar that would enable the development of more solar on City facilities through citizen participation. As a result of this funding, Tangerine Power, the sub-grantee, has developed a model that brings together public entities with private partners that can



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take advantage of the tax benefits of solar system ownership, while also offering citizens the opportunity to invest in solar without installing it on a home.

Using this model, the City is seeking to enter into an energy services and license agreement with Portland Community Solar, LLC to install, own, operate and maintain community-supported solar electric systems for 15 years at two City of Portland sites (Portland International Raceway and Southwest Community Center) at no direct cost to the City.

The ultimate purpose of this approach is to provide an opportunity for Portland residents to participate financially in local solar installations. Currently, many residents who might want to install solar cannot do so either because they are renters or their homes are shaded, oriented poorly for solar, or face other obstacles. Community solar is intended to broaden participation in solar installations, making it possible for many more people to invest and benefit from solar power.

6. History of Agenda Item/Background:

In 2007, the U.S. Department of Energy (DOE) designated Portland as one of 13 Solar America Cities and the City received a \$200,000 award from DOE to fund activities to further the market expansion of solar within Portland.

In 2009, that work was expanded with a second \$400,000 grant from DOE to continue its successful solar market transformation activities under the Solar America Cities: Special Projects program. Funding for the award was provided by the American Recovery and Reinvestment Act of 2009.

An overarching objective of the Solar America Cities: Special Projects award is to “remove barriers to neighborhood-scale energy solutions.” The DOE-Portland agreement states that Portland will “develop a framework for participation and development of a community solar project.”

To accomplish that objective, Bureau of Planning and Sustainability (BPS) staff spent a substantial amount of time working with community partners, DOE legal contractors and financial experts to outline a community solar solution for developing clean energy on public facilities. Ultimately, we determined that the only way to accomplish our objective was to utilize both Oregon’s Volumetric Incentive Rate (VIR), through which the utility pays the system owner a premium for the electricity generated by the systems, and the federal tax credits. The project would also need to be structured in a way that accommodates Oregon’s legal landscape and associated limitations.

BPS worked with external partners, businesses and community organizations to develop and issue an RFP. Through the competitive RFP process, which encouraged collaboration amongst qualified organizations, Tangerine Power Corporation was selected to create a model for developing community solar projects on public facilities. Their unique approach pairs equity investors with the ability to monetize the federal tax benefits



with a market-based financial instrument to raise funds to build solar on schools and other community facilities in Portland. In essence, a portion of the revenue generated by the solar electric systems from the utility will ultimately be returned to the participating community members who financially support the construction and installation of the solar project. The schools and community sites get solar with no capital investment and the benefit of lowered energy costs.

To develop and install the solar electric systems, Tangerine Power created a single-purpose entity, Portland Community Solar. Portland Community Solar selected the installation company, Sunlight Solar, through a multi-stakeholder competitive bidding process.

The proposed ordinance authorizes an agreement through which Portland Community Solar will install, own, operate and maintain community-supported solar electric systems for 15 years at two sites on City of Portland facilities at no direct cost to the City.

7. Legal Issues:

None.

What individuals or groups are or would be supportive or opposed to this action?

The project is specifically supported by Portland Public Schools, Energy Trust of Oregon, Oregon Solar Energy Industries Association, Solar Oregon, SE Uplift Neighborhood Coalition and the Northeast Coalition of Neighborhoods. BPS expects that this project would be supported broadly by Portland environmental and social advocates.

Tangerine Power is partnering with Northeast Coalition of Neighborhoods (NECN), Portland Neighborhood Network, Carbon Concierge and Earth Energy Cooperative at Cascadia Commons.

8. How does this relate to current City policies?

Since 1990, the City has had a formal Energy Policy to “support environmentally acceptable, sustainable energy sources, especially renewable resources such as solar.” The project also helps implement the 2009 Portland- Multnomah County Climate Action Plan, which calls for 10 percent of all energy used within Multnomah County to be produced from on-site renewable sources and clean district energy systems by 2030.

The City of Portland’s adoption of Public Involvement Principles in 2010 stated that “Portland City government works best when community members and government work as partners.” This project attempts to put this vision into action. Community involvement is a fundamental premise of the community-supported solar project. Increasing community ownership and participation in solar energy development was one of the driving factors behind this project. BPS seeks to build a strong public, private, and community partnership to develop solar electric systems on public facilities and provide benefits back to the community over time.



Ordinance 184880 creating the Office of Equity and Human Rights, in 2011, addresses the need for the City to eliminate disparities based on a variety of factors including socio-economic status and that benefits of growth and change are equitably shared across our communities. The City of Portland's existing solar programs have focused, by necessity, on higher income home owners that could afford the up-front costs associated with owning solar electric. This project seeks to further the City's equity objectives by directly bringing the benefits of solar to a broader segment of Portland's community. This new proposed model will allow more Portlanders the opportunity to benefit from solar energy and directly return financial benefits to community members and organizations that support the project.

