



COUNTY OF HUMBOLDT

For the meeting of: 9/15/2020

File #: 20-1105

To: Board of Supervisors

From: Aviation

Agenda Section: Consent

SUBJECT:

Department of Aviation Agreement for Ground Lease with Redwood Coast Energy Authority (RCEA)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the Ground Lease Agreement with Redwood Coast Energy Authority (RCEA);
2. Authorize Director of Aviation or designee to sign the Lease Agreement upon FAA approval; and
3. Authorize the Director of Aviation or designee to sign any modifications and/or amendments to the lease agreement including revisions to the lease agreement requested by the FAA upon review of County Counsel and Risk Management.

SOURCE OF FUNDING:

Aviation Enterprise Fund

DISCUSSION:

The county, RCEA, and Humboldt State University Sponsored Programs Foundation/Schatz Energy Research Center (HSU SPF/SERC) entered into a Memorandum of Understanding (MOU) on March 19, 2019, setting forth the terms and understanding between the parties to design, construct, and operate the Microgrid project consisting of a 2.3-megawatt solar microgrid facility on approximately 9 acres at the California Redwood Coast-Humboldt County Airport (ACV).

The Microgrid will include solar panels, an energy storage system, electric vehicle chargers and associated equipment. The Microgrid will be designed and constructed by SERC and owned and operated by RCEA. The Microgrid will provide power to the airport and U.S. Coast Guard Air Station and export wholesale power into PG&E's electricity grid through RCEA's community choice aggregation (CCA) program that currently serves over 60,000 customers in Humboldt County and has as its core CCA program goal of maximizing the use of local renewable energy resources while providing competitive rates to customers.

By entering into this lease, the county will reduce its operating costs, promote Airport operations reliability and resiliency, and support the use of local green energy resources. Reliability and resiliency are important to the Airport and the U.S. Coast Guard Air Station because in times of a natural disaster when Humboldt County could be isolated for weeks, the Microgrid will provide a more secure supply of electrical power that does not rely on outside sources of energy or fuel. Thus, this will ensure that the Airport can operate during emergencies.

This ground lease agreement is to specify the obligations of the county and RCEA as the county's tenant of the real property located at the Airport on which the Microgrid will be constructed consistent with the intent of the MOU. The Department of Aviation requests your Board approval to enter into a ground lease agreement with RCEA.

FINANCIAL IMPACT:

The Department of Aviation will recognize a cost savings of approximately \$44,643 per year. For consideration of the leased premises RCEA will provide a guarantee for "Minimum Electricity Generation." The Initial Minimum Electricity Generation is 350,000 kWh per year. Using the current cost of electricity as of May 1, 2020, the calculated value of the initial Minimum Electricity Generation is \$44,643 per year. There is no impact to the county General Fund.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by providing community-appropriate levels of service ; provide for and maintaining infrastructure supporting business; workforce development and creation of private-sector jobs; protecting vulnerable populations, and managing our resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

Redwood Coast Energy Authority (RCEA)

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board of Supervisors may choose to not approve the attached Lease Agreement, or authorize the Director of Aviation or designee to sign the Lease Agreement upon FAA approval, or authorize the Director of Aviation or designee to sign any modifications and/or amendments to the lease agreement including revisions to the lease agreement requested by the FAA upon review of County Counsel and Risk Management. However, this alternative is not recommended because without the attached lease agreement the Microgrid Project could not move forward and the cost savings the Department of Aviation expects to recognize will not be recognized, which would be a step backwards in achieving the Board's goal of the Aviation Department becoming self-sufficient.

ATTACHMENTS:

1. Agreement for Ground Lease California Redwood Coast Humboldt County Airport

PREVIOUS ACTION/REFERRAL:

Board Order No.: I-2; C-24; and C-14

File #: 20-1105

Meeting of: Oct. 10, 2017; May 8, 2018; Mar. 19, 2019

File No.: 19-374