CITY OF HOUSTON - CITY COUNCIL
Meeting Date: 1/26/2021
District D
Item Creation Date: 10/25/2020

ARA - Sunnyside Landfill Solar Project Lease

Agenda Item#: 62.

Summary:

ORDINANCE approving and authorizing Surface Lease Agreement between City of Houston, Texas, as Landlord, and **SUNNYSIDE ENERGY LLC**, as Tenant for property located at 3502 Bellfort Avenue in Houston, Harris County, Texas - **DISTRICT D - EVANS-SHABAZZ**

Background:

The Administration and Regulatory Affairs (ARA) Department recommends that City Council approve an ordinance approving and authorizing a ground lease agreement with Sunnyside Energy LLC and the City of Houston for development of the Sunnyside Landfill Solar Project.

In 2017, the City of Houston joined the C40 Reinventing Cities Competition – a global competition to develop innovative, carbon-free, and resilient urban projects. Together with 13 other cities across the globe, under-utilized parcels of land were identified for redevelopment. Through this competition, the City selected Sunnyside Energy LLC – a team of engineers, architects, community members, and artists – to transform an unmaintained landfill into a beacon of sustainability and resilience.

The Sunnyside Landfill Solar Project is an innovative public-private partnership to convert the 240-acre closed landfill in Sunnyside into a 50 MW solar farm – the largest brownfield solar installation in the nation. The project will create a valuable asset for the City of Houston and the Sunnyside community, while also helping the meet the Houston Climate Action Plan goal of reducing carbon emissions — at no additional cost to the city.

When completed, the Sunnyside Landfill Solar Project is estimated to generate enough electricity to power over 5,000 homes and offset 120 million pounds of CO2 each year. Under the terms of the lease, the City will retain ownership of the land, but the tenant will be responsible for the permitting, construction, operation, and maintenance of the project, an estimated $70 million private investment for the community.

The project concept was presented to City Council at the October 28, 2020 meeting of the Quality of Life Committee. Target construction and commercial operation date for the Sunnyside Landfill Solar Project is 2022.

The pertinent terms and conditions of the ground lease are as listed below:

1. Leased premises: Approximately 10,454,400 sq. ft. (240-acres) at 3502 Bellfort Avenue
2. Rental: $1.00 per year
3. Term: No more than 30 years from the effective date
4. Community Benefits: As part of the lease agreement, both parties will enter into a Community Benefits Agreement outlining benefits provided to the community associated with the project including community solar, an agricultural education center, job training, and others.
5. Permitted use: 50 MW utility-scale
6. Termination rights: Sunnyside Energy LLC will be allowed a three-year Development and Construction Period to permit and construct the project, with two optional one-year extensions. The lease is subject to termination for several reasons, including if Sunnyside Energy LLC does not meet certain milestones or if the project is not fully permitted and operational at the end of the Development and Construction Period. Either party may terminate the Lease during the Development and Construction Period up until such time as Sunnyside Energy LLC provides the City with a copy of its notice to proceed to its construction contractor for the facility by giving thirty (30) days' written notice to the other party.

Fiscal Note: No funding is required for this item. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Departmental Approval Authority:

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Tina Paez
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Tina Paez, Director
Administration & Regulatory

Other Authorization

Affairs Department

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ATTACHMENTS:

Description	Type
Cover sheet	Signed Cover sheet
10.28.2020 Sunnyside Solar QoL	Backup Material
Caption	Other