



Legislation Text

File #: 23-607, **Version:** 1

A Resolution Authorizing the Acquisition of Real Property Identified by El Paso County Tax Schedule Number 6510001001 Near Bradley Substation

Presenter:

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Summary:

Colorado Springs Utilities ("Utilities") requests that City Council approve a resolution that will allow Utilities to purchase real property Identified by El Paso County Tax Schedule Number 6510001001 ("Property") ("Property") near Bradley Substation, which is currently owned by Clean Energy Collective LLC ("CEC").

Background:

With the approval of the Community Solar Garden Tariff, Utilities allowed development of two megawatts of Community Solar Garden energy. The first community solar garden (Venetucci Farms) was connected to Utilities' electric grid on December 22, 2011. A second Community Solar Garden was proposed by the CS Solar 1, LLC, a Colorado limited liability company ("CS Solar 1") at the Templeton Gap Landfill site. The Templeton Gap Landfill proposal was rejected when it was determined that the site was not within Utilities' electric service territory.

Utilities began collaborating with CS Solar 1 to locate a suitable site for another community solar garden. The Property, which was a portion of the Bradley Substation Site, (Tax Schedule Number 6510000008) was identified as an appropriate and available site for solar use consisting of an 8.677-acre parcel.

In May 2012, Utilities originally granted a 25-year revocable lease to CS Solar 1 to allow use of the Property as a community solar garden. The Board of County Commissioners approved CS Solar 1 's development plan on September 13, 2012 and CS Solar 1 was prepared to begin development of the Community Solar Garden facility.

CS Solar 1 was unable to secure financing for the Community Solar Garden at this Site without fee ownership of the Property. CS Solar 1 is a subsidiary of Clean Energy Collective, LLC ("CEC"). Therefore, Utilities recommended to City Council that the Property be deemed surplus and sold to Cas the One Logical Potential Purchaser.

On October 23, 2012, City Council found the Property to be surplus property and approved CEC as the "One Logical Potential Purchaser."

On October 9, 2013, Utilities sold the Property to CEC, for the sole purpose of a solar array to be

operated by CS Solar 1, LLC, subject to a right of first refusal. Under the right of first refusal, Utilities' right to acquire the Property from CEC would be triggered if CEC ever contemplated the sale of the Property.

CEC has since filed for bankruptcy. As part of the bankruptcy, CEC notified Utilities that it intends to convey the Property. This notice triggered Utilities right of first refusal. CEC and Utilities have agreed upon a purchase price of \$200,000 based on the right of first refusal purchase price provision in the original purchase agreement between CEC and Utilities. The purchase price is supported by a real estate appraisal conducted by an independent real estate appraiser.

Pursuant to the provisions of the Colorado Springs City Charter, the City is empowered to acquire real property. Section 9.6 of The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 (the "RES Manual") provides that if the total acquisition amount is greater than \$100,000, City Council must approve the acquisition amount.

Staff is requesting authorization to acquire the Property for the total acquisition amount of \$200,000 which is supported by an independent real estate appraisal.

Previous Council Action:

A Resolution Regarding Certain Changes to the Colorado Springs Utilities Tariff Electric Rate Schedules to Establish a Community Solar Garden Bill Program (Pilot Program) Electric Rate Schedule, under Resolution No. 165-11, approved September 27, 2011, ("Community Solar Garden Tariff").

A Resolution Approving the Disposal of a Portion of the Bradley Substation Site to One Logical Potential Purchaser, under Resolution No. 134-12, approved October 23, 2012.

Financial Implications:

This real property acquisition is accounted for in Utilities' 2023 project budget.

City Council Appointed Board/Commission/Committee Recommendation:

Utilities Board considered this acquisition at its regular meeting on November 15, 2023.

Stakeholder Process:

Utilities has been in negotiations with CEC. Utilities, with the assistance of the City Attorney's Office, has also worked with the bankruptcy court having jurisdiction over CEC's bankruptcy.

Alternatives:

Approve the resolution.
Deny the resolution.

Proposed Motion:

Motion to approve the proposed Resolution authorizing the acquisition of the real property.

N/A