

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
FEBRUARY 6, 2024 AGENDA**

<p>Subject:</p> <p>Authorization to enter into a contract with Sun Hog Solar, LLC, to construct, maintain and operate a 4.9 Megawatt Solar Development Project.</p> <p>Submitted By:</p> <p>Office of Executive Administration</p>	<p>Action Required:</p> <p style="text-align: center;">Ordinance √ Resolution</p>	<p>Approved By:</p> <p style="text-align: center;">Emily Cox Acting City Manager</p>
<p style="text-align: center;">SYNOPSIS</p>	<p>A resolution to authorize the City Manager to enter into a contract with Sun Hog Solar, LLC, to construct, maintain and operate a 4.9 Megawatt Solar Development Project, upon securing the necessary financing, which will be subject to approval by the Board of Directors.</p>	
<p style="text-align: center;">FISCAL IMPACT</p>	<p>The amount of the total project is currently under negotiation with Sun Hog Solar, LLC, and is anticipated that 40% of the costs of construction will be refunded to the City by the U.S. Department of Treasury. It is estimated that the refund will occur approximately one (1)-year after the solar plant is placed in service by means of Federal Investment Tax Credit.</p> <p>Funding for this Solar Development Project shall be secured with the assistance of Bond Counsel, Legal Counsel and the City’s professional representative, NV5, Inc. It is anticipated that financing for the project shall be secured through either short-term financing, at a rate not to exceed 6% interest, or through long-term financing, at a rate not to exceed 6% interest.</p>	
<p style="text-align: center;">RECOMMENDATION</p>	<p>Approval of the resolution.</p>	

BACKGROUND

The City of Little Rock has a goal of using 100% clean energy for City operations by the year 2030 and can achieve this goal, in part, by utilizing solar energy.

Under current law, the City can maintain the rate structure that was in effect before December 31, 2022 (until June 1, 2040), if the City submits the appropriate documents to establish an account with an electric utility, and it has paid all costs of constructing the electric utility facilities necessary to interconnect the net-metering facility before September 30, 2024.

Sun Hog Solar, LLC, will build the solar power facilities, which will consist largely of solar panels and will sell the facilities to the City. It is anticipated that Sun Hog Solar, LLC, will provide operations and maintenance services for this solar power project for a minimum of twenty (20) years. However, this is under negotiation as well, and the City may determine that it is in its best interests to bid these services out and secure another vendor.

It is anticipated that this Solar Development Project will provide approximately 70% of the City's electricity needs with clean energy and save the City approximately \$27 million over the next twenty (20) years if the September 30, 2024, deadline is met.