

Council Agenda Item 25-0614R



MEETING DATE: July 28, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE NEGOTIATION OF DEVELOPMENT AND LEASE AGREEMENTS WITH EDEN RENEWABLES FOR THE CONSTRUCTION AND MANAGEMENT OF THE HAYFIELD SOLAR ENERGY PROJECT.

SUBMITTED BY: Ted Blenkush, Construction Coordinator, Property & Facilities Management

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: Project proposal for the hayfield solar energy project was presented to the Energy Plan Commission in May, prior to submission to Minnesota Power for consideration. A formal vote by the EPC was not made at the time, but general support for project was voiced.

PREVIOUS COUNCIL ACTION: No previous Council action has been made.

BACKGROUND: In 2024, the City of Duluth released a Request For Proposals for selection of a solar production and storage development partner to work with the City, DEDA, and ISD709 on analysis of select properties for feasibility of installing and operating photovoltaic facilities, with the intention of submitting a project proposal to Minnesota Power as part of their Request For Proposals for distributed solar resources.

In February of 2025, the City received eight proposals from solar development firms, and after scoring and ranking through a committee with representatives from all three stakeholders, Eden Renewables was the unanimous choice for selection.

The initial range of properties for analysis consisted of two owned by City, one owned by DEDA, and one owned by ISD709. While all four properties were deemed capable of hosting photovoltaic systems, three of the properties were eventually ruled out from consideration due to various issues with viability and competitiveness for Minnesota Power's RFP, which required project proposals by the end of May.

The sole property chosen by City and Eden Renewables for a development proposal to Minnesota Power is a remote City-owned hayfield north of Hawk Ridge in eastern Duluth. The proposed site would be capable of hosting a ten megawatt AC facility with production interconnected to the grid.

The hayfield site is zoned P-1 but has never been designated as protected parkland or improved for park use and was excluded from the Lester-Amity-Hawk Ridge Natural Area provisionally approved by Council Resolution 25-0494R.

Minnesota Power is anticipated to release an initial shortlist of projects to further consider for feasibility and interconnection in early August. The final shortlist of selected solar projects is expected to be released six months later, around February 2026. Final negotiations are expected to be completed by June 2026. The deadline for commercial operation of the solar project is December 31, 2028.

Eden Renewables has partnered with local engineering and union construction companies for development and construction.

BUDGET/FISCAL IMPACT: The evaluation of properties by Eden Renewables came at no cost to the City or stakeholders, and the City will not incur any costs during construction or management. If the project is developed, the City stands to benefit from an annual negotiated lease fee for a term of 25 years with the option to extend another 10 years, as well as from the solar production tax (20% of \$1.20 per MWh generated, with 80% going to St. Louis County).

Lease terms are yet to be determined, but fees are expected at minimum to start at \$42K the first year and escalate annually, for a minimum total of \$1.43M over 25 years – if option is exercised to extend lease another 10 years, total lease fees surpass \$2.3M.

Estimated proceeds from the solar production tax to the City are \$175K over 25 years, and \$225K over 35 years.

OPTIONS: Approval of the resolution will increase the proposal's competitiveness by demonstrating community support for the project and provide assurance that the project is viable if selected for advancement, both of which are elements of scoring.

If the resolution is not approved, the project as currently proposed will not have the support or authorization required to advance development on the timeline directed by Minnesota Power's initiative. While it is expected that Minnesota Power will solicit more proposals within 12 months through a second RFP for distributed solar resources, neither that specific timeline nor capacity for additional facilities is currently known.

NECESSARY ACTION: This resolution authorizing negotiation of agreements is not procedurally required but highly significant in terms of establishing awareness of project viability to both City Council and Minnesota Power. If resolution is approved and project advances, both the development and lease agreement will be required to have City Council review and approval.

ATTACHMENTS: Hayfield Solar Energy Project proposal location (map).