



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: March 15, 2021

Re: Authorizing a Local Site Generator Agreement with Veterans United and an Easement Agreement with State Farm Mutual Auto Insurance Company related to diesel generators located at 4700 South Providence Road.

## Executive Summary

Staff has prepared for Council consideration an ordinance authorizing the City Manager to execute a local site generator agreement with Mortgage Research Center LLC, dba Veterans United, for standby electrical generation service at 4700 S. Providence Road. The ordinance also authorizes the City Manager to execute an easement agreement with State Farm Mutual Auto Insurance Company for use of the land and building associated with the generators. A Local Site Generator Agreement was originally authorized in 2007 with State Farm Insurance Company. Since 2019, Veterans United has leased the building and occupied the space. Staff has worked with Veterans United to transfer this agreement to their name.

## Discussion

In 2007, the City entered into an agreement with State Farm to install two diesel generators on its property. The initial purpose of these generators was to benefit both the City of Columbia's electric system by providing additional generation capacity and energy during times of peak electric demand and to provide State Farm with standby/emergency generation for its facility in the event of a loss of power on the City's electric distribution system.

In May 2013, environmental regulations for stationary Compression Ignition (CI) Reciprocating Internal Combustion Engines (RICE) went into effect. These regulations limited the operations of CI-RICE engines like the diesel generators installed at 4700 S. Providence. The regulations removed the ability for the City to use these generators for generation capacity and significantly limited the ability to produce energy for non-emergency purposes. The regulations did not limit the ability for these generators to be utilized as standby generation for end-use customers.

The original contract for the two generators was held with State Farm. State Farm is no longer occupying the building at 4700 S. Providence, and Veterans United has leased the building. Veterans United has agreed to take over the Site Generator Agreement and to pay the City of Columbia \$1900 per month for the first 5 years for the standby generators, \$2200 per month for years 6 through 10 and \$2500 per month after year 10. This charge will be included with their monthly utility bill.



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

In addition to the local site generator agreement, an easement agreement with State Farm is necessary to allow for the operation, repair and maintenance of the generators for use by Veterans United since the generators are located on property owned by State Farm.

## Fiscal Impact

Short-Term Impact: \$22,800 annual revenue

Long-Term Impact: \$22,800 annual revenue during years one through five.

## Strategic & Comprehensive Plan Impact

### [Strategic Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

### [Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

## Legislative History

Date	Action
4/16/2007	B131-07 Authorizing the City Manager to execute a local site generator agreement with State Farm Mutual Automobile Insurance Company

## Suggested Council Action

Approval of the ordinance.