

**CITY OF TEMPE  
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 08/04/2016  
Agenda Item: 5B16**

**ACTION:** Approve the First Amendment to the 20-year Solar Services Agreement and Performance Guarantee and Limited Warranty Agreement with SolarCity Corporation for the development, construction, and maintenance of the East Valley Bus Operations and Maintenance Facility (EVBOM 1) solar electric generating system and cancel the Solar Services Agreement and Performance Guarantee & Limited Warranty Agreement for the EVBOM 2 solar electric generating system.

**FISCAL IMPACT:** The revised total cost of the 20-year Solar Services Agreement for the EVBOM 1 system is \$968,430. Due to the lower per kilowatt-hour cost associated with the solar production portion of the systems' energy demand, the City will realize a revised 20-year net present value savings over currently approved energy budgets of \$411,051.

**RECOMMENDATION:** Approve the First Amendment to the 20-year Solar Services Agreement and Performance Guarantee and Limited Warranty Agreement for the EVBOM 1 solar system. Cancel the Solar Services Agreement and the Performance Guarantee for the EVBOM 2 solar system.

**BACKGROUND INFORMATION:** (Contract T13-080-03) Staff is requesting Council's approval of an amendment to the Solar Services Agreement (SSA) and Performance Guarantee and Limited Warranty Agreement for the East Valley Bus Operations Maintenance Facility (EVBOM 1) solar project. Council approved the original agreement on October 15, 2015 which called for a 970.92 kW combined system that would generate first year energy of 1,582,796 kWh using 3,132 modules rated at 310 watts and 282.5 watts. There are two (2) meters at the EVBOM facility and the original proposal was for an 809.1 kW system on EVBOM 1 meter and a 161.82 kW system on the EVBOM 2 meter. After further analysis, SolarCity Corporation discovered a design error in their original configuration that has resulted in the need to eliminate the EVBOM 2 system and downsize the EVBOM 1 system to a 536.76 kW system that will generate first year energy of 831,445 kWh using 1,704 modules rated at 310 watts. Importantly, the kWh rate the City will pay SolarCity Corporation for the power generated has not changed and remains \$0.058 per kWh, throughout the 20-year term.

Original Proposal				Amended Proposal		
Meter	Original Size Approved (kW)	Original Cost Per kWh	Original 20-year NPV Savings	Amended Size (kW)	Amended Cost Per kWh	Amended 20-year NPV Savings
EVBOM 1	809.1	\$0.058	\$374,808	536.76	\$0.058 (no change)	\$411,051
EVBOM 2	161.82	\$0.064	\$66,614	Deleted	Deleted	Deleted
Total	970.92		\$441,422	536.76	\$0.058	\$411,051

The solar modules will be mounted to pre-existing bus shade canopies at the EVBOM site. The original design did not accurately account for available canopy space resulting in the need to re-design the system with a lower number of panels that fit the available canopy space. A site drawing has been included that shows the revised solar system design. If approved by Council, SolarCity Corporation will begin construction at the site within two weeks and expects the project to be completed within 60 days.

**ATTACHMENTS:** First Amendment to Solar Service Agreement for EVBOM 1  
 First Amendment to Performance Guarantee and Limited Warranty Agreement for EVBOM 2  
 Cancellation to the Solar Service Agreement & Performance Guarantee and Limited Warranty Agreement for EVBOM 2

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