

CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 08/18/2016
Agenda Item: 5B14

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 Johnny G. Martinez Water Treatment Plant solar electric generating system.

FISCAL IMPACT: The revised total cost of the 20-year Solar Services Agreement for the Johnny G. Martinez Water Treatment Plant (JGM) system is \$1,911,616. Due to the lower per kilowatt-hour (kWh) cost associated with the solar production portion of the systems' energy demand as compared to traditional utility power costs the City will realize a revised 20-year net present value savings over currently approved energy budgets of \$531,134.

RECOMMENDATION: Approve the First Amendment to the 20-year Solar Services Agreement and Performance Guarantee and Limited Warranty Agreement for the JGM 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 JGM water treatment plant solar project. Council approved the original agreement on October 15, 2015 which called for a 948.6 kW tilted system that would generate first year energy of 1,626,701 kWh using 3,060 modules rated at 310 watts. After further analysis, the original tilted system was not approved by project engineers due to structural issues relative to the wind load analysis. As a result a flat panel design was developed that allowed for a higher producing system. The revised system size is 1,196.37 kW that will generate first year energy of 1,755,972 kWh using 3,798 modules rated at 315 watts. The kWh rate the City will pay SolarCity Corporation for the power generated has not changed and remains \$0.055 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
JGM	948.6	\$0.055	\$448,004	1,196.37	\$0.055	\$531,134

A new 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 by January of 2017.

ATTACHMENTS: First Amendment to Solar Service Agreement for JGM
 First Amendment to Performance Guarantee and Limited Warranty Agreement for JGM
 Revised Site Drawing

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 Legal review by: David Park, Assistant City Attorney
 Prepared by: Michael Greene, C.P.M., Procurement Administrator