

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
KIM NADEAU, PARKING MANAGER, FINANCE DEPARTMENT
BRANDALYN TRAMEL, PURCHASING AGENT

SUBJECT: CONTRACT AWARD- DESIGN/BUILD SOLAR ON PARKING
GARAGES

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by motion, award a design-build contract to Sprig Electric, San Jose, California, for construction of solar photovoltaic systems on four public parking garages in the amount of \$1,212,117.00 and approve a 15% contract contingency.

EXECUTIVE SUMMARY

This project furthers Council Goal 1.3 -Implement Parking District Economic Development Initiatives, which includes feasibility to install solar energy systems on the public garage rooftops, and Council Goal 3.3 - Reduce Greenhouse Gas Emissions. This project's renewable energy production will achieve approximately 10% of the City's 2020 greenhouse gas (GHG) reduction target.

The Parking Division completed a comprehensive proposal solicitation and review process and has determined that the capital purchase of the Photo Voltaic(PV) systems results in a higher net present value to the Parking Fund, which are funds that can be used for the benefit of its rate payers.

BACKGROUND

On January 11, 2016, Request for Proposals (RFP) 16-06, was issued by the City of Santa Rosa seeking design-build proposals for solar parking canopies on the City parking garages.

The City has conducted financial and structural feasibility analyses that determined a solar system will both reduce energy costs and GHG emissions, and that four of the City's five garages can support the system without additional structural retrofitting.

PRIOR CITY COUNCIL REVIEW

On January 14, 2014, the City Council adopted Ordinance 4021, which established regulations for the award, use and evaluation of design-build contracts.

On October 20, 2015, the City Council, by Resolution No. 28701, authorized issuance of a Request for Proposals for the design-build construction of solar photovoltaic systems on the rooftops of four public parking garages.

ANALYSIS

This RFP was posted on www.planetbids.com, the City's on-line procurement platform. Five proposals were received, two of which were considered non-responsive. The responsive proposals are listed below:

Bidder	Location
*Sprig Electric	San Jose, CA
Sun Light & Power	Berkeley, CA
Vince Sigal Electric	Santa Rosa, CA

*Successful bidder; others in no particular order.

A six member evaluation panel including the City's Parking Manager, Parking Maintenance Supervisor, Sustainability Coordinator and Associate Civil Engineer, along with a City Council member and the City's solar consultant carefully evaluated and scored the proposals based on the selection criteria specified in the RFP, as follows:

- Overall responsiveness and compliance to the RFP requirements.
- Proposer finances, including strength, years in business, and assets sufficient to complete the project.
- Engineering meets the requirements of the RFP; design-build details that address engineering challenges; includes appropriate project schedules.
- Experience completing projects of similar scope, complexity, and magnitude for other public agencies.
- Financial return meets the design criteria for the RFP and creates greatest lifetime value to the City.
- References.

After review of the proposals and conducting reference checks on all vendors, the evaluation panel asked all three vendors to make presentations that demonstrated how their proposed system and services would meet the requirements of the City. The top scoring vendor was then selected to move forward with best and final offer and contract negotiation.

DESIGN-BUILD SOLAR

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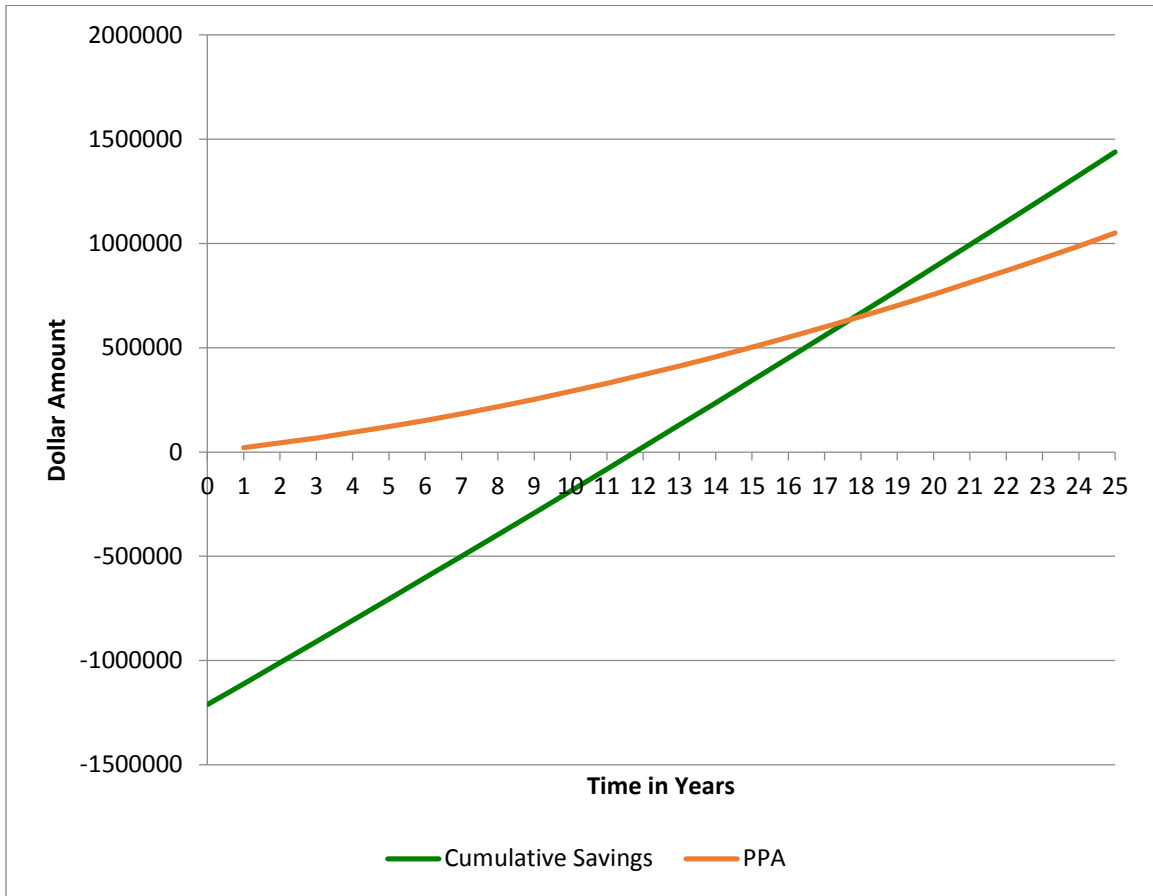
As a result of the thorough evaluation of proposals, verification of references and vendor presentations, Sprig Electric was determined to offer the best value to the City for the following reasons:

- Very responsive to the requirements of the RFP including a well-prepared and comprehensive proposal.
- Extensive experience with comparable solar installations.
- Excellent references.
- Best return on investment to the City.

Proposals included both Capital Purchase and Power Purchase Agreement (PPA) options for the solar systems. With the Capital Purchase option, the City purchases and maintains the system for its useful life, and receives the entire benefit from the energy savings. With the PPA, the City enters into an agreement with a third party that owns and maintains the system. The third party receives benefits from any tax incentives that are available and sells energy to the City at a predetermined cost and cost escalation rate. Below is a summary of the financial analysis of both Capital Purchase and PPA with Sprig Electric:

	Capital Purchase	PPA
Net Installed Cost	\$1,212,117	\$0
Internal Rate of Return	10.4%	N/A
Net Present Value	\$1,438,424	\$1,050,098
Rate- Cost per kWh	Variable	\$0.1975
PPA Cost Escalator (%/Yr)	N/A	2.0%

The benefit of the PPA option is that it creates benefit without requiring the City to have any out-of-pocket cost. However it is a long term, complex agreement with a finance entity that is not the contractor. The Capital Purchase uses City Parking funds that have been designated for that purpose, and results in a net-present-value that is nearly \$400,000 higher than the PPA option (including Maintenance and Operations costs). The system will pay for itself in the 11th year of ownership.



FISCAL IMPACT

Funds for this project were appropriated in Fiscal Year 15-16 adopted Parking Fund budget. Ongoing maintenance will be provided by Parking Division maintenance staff and are estimated at \$9,000/year. Approval of this action does not have a fiscal impact on the General Fund. Approval of this action will reduce Parking District energy costs over the life of the system by approximately \$1.4 million.

ENVIRONMENTAL IMPACT

This action is statutorily exempt from the California Environmental Quality Act (CEQA) under Section 21080.35: Rooftop Solar CEQA Exemption.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Purchase Contract

CONTACT

Deborah Lauchner, Chief Financial Officer, dlauchner@srcity.org, (707) 543-3089
Kim Nadeau, Parking Manager, Finance, knadeau@srcity.org, (707) 543-3464
Brandalyn Tramel, Purchasing Agent, Finance, btramel@srcity.org, (707) 543-3706