

OAKLAND CITY COUNCIL
RESOLUTION NO. 78736 C.M.S.

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2004 JUL 14 PM 2:00

INTRODUCED BY COUNCILMEMBER _____

Requires the two-thirds vote of the Council

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO IMPLEMENT A ONE MEGAWATT SOLAR POWER AND ENERGY EFFICIENCY PROJECT BY APPROPRIATING AND ALLOCATING FUNDS IN THE TOTAL AMOUNT OF \$7,759,500; AND ENTERING INTO AN AGREEMENT WITH POWERLIGHT CORP. IN AN AMOUNT NOT TO EXCEED \$7,214,338.

Whereas, Mayor Brown and other Oakland leaders are encouraging development of solar power as part of Oakland's evolution toward sustainable living; and the California legislature, the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) are also supporting solar power development by funding major rebate programs that pay for up to 50% of project implementation costs, including the Pacific Gas and Electric (PG&E) Self-Generation Program; and

Whereas, this project is one of many in California and the world that will help reduce the cost of solar-powered electricity generation and create new jobs; and

Whereas, promoting solar power and energy efficiency are steps toward lowering electricity prices in the future for all members of the Oakland community, including residents and businesses, which creates an economic advantage for Oakland that can improve our standard of living; and

Whereas, this project will make progress in the City's efforts toward sustainability by encouraging the production of solar power products; and

Whereas, according to the International Council for Local Environmental Initiatives this project will result in estimated reductions of 477 Tons of CO₂, 1,233 Pounds of NO_x, 801 Pounds of SO_x, 793 Pounds of CO, 89 Pounds of VOCs, and 700 Pounds of PM₁₀ per year; and

Whereas, three other resolutions, one for appropriating and allocating project financing, a second another for accepting and appropriating a rebate, and a third for Oakland Redevelopment Agency actions are being proposed simultaneously to facilitate implementation of the project described herein; and

Whereas, a fifth resolution, being proposed simultaneously, will accept and appropriate the City of Oakland's \$3.5 million share of a settlement agreement between Williams Corporation and several plaintiffs, including the State of California and the City of Oakland; and

Whereas, at the Mayor's direction, the Public Works Agency sought proposals from solar power companies for designing and constructing cost-effective solar-powered electricity generation systems on City of Oakland and Oakland Redevelopment Agency facilities at the Dimond Library, Main Library, Fire Station #1 and Fire Station #8, Municipal Service Center (MSC) Bldgs. 2, 3, 4, 5, 6 & 8, City Administration Buildings, Henry J. Kaiser Convention Center, and the Oakland Ice Center (OIC); and

Whereas, none of the proposals achieved compliance with the Local/ Small Local Business Enterprise Program goals due to the confirmed lack of presence by solar power manufacturing companies in Oakland; and

Whereas, City staff negotiated with PowerLight Corporation to create a turnkey agreement to acquire 998.9 Kilowatts (kW) of electrical power production on the rooftops of the MSC and OIC, along with cost-effective energy efficiency improvements at the OIC for a price that shall not exceed \$7,074,338; and

Whereas, a total of \$7,759,500 is expected to cover all costs of implementation including project development, project management & oversight, contract compliance and employment services, staff costs for financing, loan-related fees and expenses, construction, financing interest during construction; and

Whereas, over a 25-year period, the solar power system and energy efficiency improvements will yield an estimated net economic benefit of \$261,968 in today's dollars (based upon a 4.54% loan interest rate, the solar panel manufacturer's 25-year warranty, including contingency, staff costs, estimated maintenance costs and projected utility rates derived from state and federal forecast); and

Whereas, the agreement with PowerLight Corporation has the following main components:

1. Turnkey design and construction for 998.9 kW of solar power at the MSC and the OIC, and
2. The City will apply for and accept the PG&E rebate. PowerLight is responsible in its agreement with the City for meeting all of the rebate requirements in their control, and
3. Performance is guaranteed for the solar power output for 5 years, measured according to the International Performance Measurement and Verification Protocol, and
4. Turnkey design and construction of 232,000 annual kWh of energy efficiency improvements at the OIC, and
5. Roof condition assessment, by a licensed roofing contractor, before contract execution, and
6. Solar panels are warranted for at least 80% of their initial rated output for 25 years; and

Whereas, future capital maintenance costs are included in the project feasibility analysis and will be brought before the Council in the proposed FY 2005-07 budget; and

Whereas, combining design and construction into a single agreement for a project that has a clearly definable scope and presents the prospective contractors with reasonable opportunities to observe existing conditions (as are the case on this project) holds the single contractor responsible for delivering the expected results and reduces the City's risk of missed expectations and cost overruns; and

Whereas, the City lacks the equipment and qualified personnel to perform the necessary work; and

Whereas, the City Council finds and determines that the performance of this contract is in the public interest because of economy; and

Whereas, the City Council finds that services under this contract will be temporary; and

Whereas, the City Council finds and determines that the performance of this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

Whereas, it is in the best interest of the City to waive formal bidding requirements in order to reduce the City's risk by using a request for proposals that facilitates a single design/build agreement; now therefore, be it

Resolved: That pursuant to O.M.C., Title 2, Section 2.04.050 I (5), the City Council finds and determines that it is in the best interest of the City to waive formal bid requirements; and be it

Further Resolved: That the City Council hereby authorizes the City Administrator, or her designee, to award a contract to PowerLight Corporation to implement a one megawatt solar power and energy efficiency project in an amount not to exceed \$7,074,388; and be it

Further Resolved: That the City Administrator, or her designee, is hereby authorized to approve any subsequent amendments to or extensions of the PowerLight Corporation agreement including amendments or change orders in a total amount not to exceed \$140,000 to pay for unforeseen expenses or opportunities associated with the project that become the City's responsibility, provided that such amendments or extensions shall be filed with the City Clerk's Office; and be it

Further Resolved: That the contract shall be reviewed and approved by the City Attorney and placed on file in the Office of the City Clerk; and be it

Further Resolved: That the approval of this Resolution requires a two-thirds vote of the Council members; and be it

Further Resolved: That the City Administrator is directed and authorized to implement solar power projects at the MSC and the OIC, and 37 Kilowatts (kW) of energy efficiency at the OIC by:

1. Entering into a \$7,074,388 agreement with PowerLight to provide 998.9 kW of solar power system and 232,000 kW of energy efficiency measures through June 30, 2005, and
2. Borrowing \$1,728,655 from the existing General Energy Efficiency Loan Project (C120740) State of California Other (2159) to a Solar Power project, and
3. Allocating and expending \$1,475,500 from the Williams Settlement (Self Insurance Liability Fund – 1100, Project C256510), and
4. Contributing solar power and energy efficiency improvements to Redevelopment Agency for the OIC in return for a contribution by the Redevelopment Agency to pay the City an amount estimated at \$126,065 per year, and not to exceed \$130,000 per year, for 15 years to be used for the financing repayment associated with the OIC, and the OIC will pay for maintenance from their avoided energy costs.

IN COUNCIL, OAKLAND, CALIFORNIA, JUL 20 2004, 20


PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND
PRESIDENT DE LA FUENTE — 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST 
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California