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July 20, 2004

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: RESOLUTIONS AUTHORIZING THE CITY ADMINISTRATOR AND AGENCY ADMINISTRATOR TO IMPLEMENT A ONE MEGAWATT SOLAR POWER PROJECT BY: SOLICITING AND ENTERING INTO AGREEMENTS FOR 15-YEAR FINANCING AND TEMPORARY CONSTRUCTION FINANCING; ALLOCATING FUNDS IN THE TOTAL AMOUNT OF \$7,759,500; ENTERING INTO AN AGREEMENT WITH POWERLIGHT CORP. IN AN AMOUNT NOT TO EXCEED \$7,214,338; ACCEPTING AND APPROPRIATING APPROXIMATELY \$3,839,258 IN REBATES FROM PACIFIC GAS AND ELECTRIC COMPANY; AND TAKING RELATED ACTIONS ON BEHALF OF THE REDEVELOPMENT AGENCY

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolutions, Agenda Report and attachments, and Request for Proposals (RFP) issued November 10, 2003.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The independence of the City Auditor is established by the City Charter.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only one (1) week for us to plan, perform and report on our analysis. Due to these time

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constraints, in making our analysis we extracted data, without verifying it, from the Agenda Report and other documents supplied by the Agency.

SUMMARY

According to the Agenda report, Mayor Brown and other Oakland leaders are encouraging development of solar power as part of Oakland’s evolution toward sustainable living.

The Proposed Resolutions authorize the City Administrator and Redevelopment Agency Administrator to implement one Megawatt (1 MW) of solar power projects at:

1. the Municipal Service Center (MSC) buildings 2,3,4,5 and 8, located at 7101 Edgewater Drive, and
2. the Oakland Ice Center (OIC), located at 519 18th Street.

The solar equipment is expected to generate nearly as much electricity as the MSC’s annual usage, and almost half of the OIC’s annual usage.

FISCAL IMPACT

The total estimated project implementation costs are \$7,759,500. Funds are/will be available from the following sources:

<u>Description</u>	<u>Amount</u>
15-year financing	\$ 3,138,858
Borrow from existing State of California General Energy Efficiency Loan	1,728,654
Construction financing	1,000,000*
Allocate from Williams Settlement Self Insurance Liability Fund	1,475,500*
Existing allocations in the FY 2003-05 Budget to pay for staff costs	<u>416,488*</u>
Total	<u>\$ 7,759,500*</u>

* To be repaid through rebates from PG&E totaling \$ 3,839,258. These funds are expected to be received by August 31, 2005.

CONTRACTOR SELECTION PROCESS

In response to the Request for Proposals (RFP) issued November 10, 2003, proposals were received from three companies:

- PowerLight
- M.A. Lindquist
- EMCOR Energy and Technologies

An evaluation committee comprised of staff from Alameda County, the City and County of San Francisco, and the City of Oakland ranked PowerLight highest, Lindquist second, and EMCOR third.

BENEFITS TO THE CITY

The solar power project is estimated to:

1. yield an estimated total savings of \$261,968 (a return of only 3.4 percent) over 25 years; and
2. reduce greenhouse gas and other emissions by approximately 478 tons per year.

CONCLUSION

Although the economic benefits of the Proposed Resolutions are minimal, the project will support environmental goals.

Prepared by:

Issued by:


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Report completion date:
June 30, 2004