

City of Brisbane

Agenda Report

TO: Honorable Mayor and City Council

FROM: Director of Public Works/City Engineer via City Manager

SUBJECT: City Hall Photovoltaic Project

DATE: April 20, 2009

City Council Goals:

The recommended action is consistent with the community's value of being environmentally progressive; specifically, to become a regional leader in clean energy and air pollution control technologies.

Purpose:

To approve a Memorandum of Understanding (MOU) that will complete an updated preliminary energy study for a city hall photovoltaic project, and that will complete application documents for California Energy Commission administered federal stimulus funds.

Recommendation:

Authorize the City Manager to sign the Memorandum of Understanding with Siemens Building Technologies.

Background:

In 2003, during the initial design phase of the City Hall Remodel project, the Council chose to temporarily halt design and conduct a feasibility study regarding the placement of photovoltaic (PV) panels on the city hall project site. That study presented two options, and offered a final conclusion that a roof mounted PV system would be feasible. Based on that decision, Council then agreed to direct the design of the project to incorporate the removal of all roof-mounted HVAC systems, and to leave the roof clear for future installation of a PV system. The ultimate design of city hall also included the provision of space for an inverter room, which would be necessary for the use of PV-generated power.

At the time these decisions were made, staff suggested that the PV installation could be completed under a design-build proposal concept. In the interim, several important considerations have arisen; the grant programs then available from the state continue to change; a pending development at Sierra Point has committed to providing funding for a potential city

renewable energy project; state law (Government Code §4217 et. seq.) has been successfully used to allow governments to directly negotiate and execute energy contracts; and finally, the American Recovery and Reinvestment Act is expected to provide funding (via a grant program administered by the California Energy Commission) for small cities under Department of Energy, Energy Efficiency and Conservation Block Grant Guidelines.

While the primary focus of this staff report is preparation of a specific city hall project update for a grant application, under the MOU Siemens also intends to review the possibility of clean energy projects at other city facilities/properties.

Discussion:

One of the key criteria under which all economic stimulus funding grants have been judged is “readiness.” At this point in time, the city’s most current study on our project is 6 years old. Although the CEC has not yet promulgated guidelines for the small city grant application, staff anticipates that this will continue to be a key requirement. It is expected that the work proposed in the MOU will increase the city’s chances of obtaining federal funding, which may prove to be the final leverage necessary to make the construction of the project feasible under traditional payback considerations.

If the MOU is not authorized, then it is unlikely that staff will have the resources necessary to update our feasibility study in time to comply with grant submission deadlines.

The City Attorney has reviewed the proposed MOU, and his suggested revisions have been incorporated therein.

Fiscal Impact:


There is no direct cost associated with approving the MOU. When the feasibility study was completed, a complete rooftop PV system was estimated to cost approximately \$1.1M, with \$0.5M anticipated from a CEC/California Public Utilities Commission “buy down” program.

Measure of Success

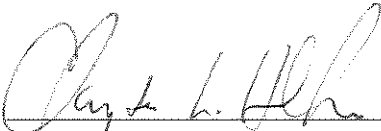
Completion of the Preliminary Energy Study and submittal of the grant application package.

Attachments:

Proposed MOU with Siemens Building Technologies



Director of Public Works/City Engineer



City Manager

Memorandum of Understanding ('MOU')

This MEMORANDUM OF UNDERSTANDING is to confirm the interest of the City of Brisbane (Brisbane) in working with Siemens Building Technologies, Inc. (SBT) to develop and implement a clean energy project. The project will be implemented based on the process steps in Attachment A. As a next step in developing the project, SBT will undertake a Preliminary Study of City facilities, at no cost to Brisbane, as described below.

The following objectives and responsibilities of both parties, as well as the anticipated outcomes, are defined below.

Brisbane Objectives: To implement a clean energy project at City Hall and possibly other locations, while accomplishing the following:

- Demonstrate leadership in energy conservation and renewable energy generation
- Educate the public regarding energy conservation and renewable energy generation
- Reduce existing energy costs and hedge against rising energy prices
- Reduce dependency on fossil fuels, and reduce greenhouse gas pollution
- Position Brisbane with a "shovel ready" project design
- Pursue a competitive grant of Federal Stimulus energy funds as administered by the California Energy Commission (Energy Efficiency and Conservation Block Grants) for cities with population less than 35,000 to potentially contribute toward implementation
- Take a low-risk approach to project implementation, with guaranteed, measurable and verifiable system performance.

SBT Solution Objectives:

- Implement a world-class clean energy project in a safe, efficient, and cost effective manner, while providing a high level of customer satisfaction.

Preliminary Study Deliverables:

- Business Review
- Incremental Cash Flow Analysis, including an updated preliminary cost estimate
- Recommended Energy Project(s), including preliminary size and layout
- Recommended Implementation Schedule
- Implementation Plan and Agreement Terms

Process:

To enable both parties to expeditiously evaluate the potential benefits of a clean energy project and to position Brisbane to compete for CEC/ARRA funds, without excessive speculative investment by either party, a process of progressive investment and commitment shall be undertaken. This process is as follows:

1. SBT to develop a **Preliminary Energy Study** that at a minimum will provide siting, sizing, and financial analysis of a City Hall solar photovoltaic project, and may also include analysis of additional sites as well as an energy conservation analysis of other existing city facilities. As requirements

become available, SBT will initiate competitive grant application documents for CEC-administered disbursement of federal stimulus (American Recovery and Reinvestment Act – ARRA) funds.

2. Upon approval of the Preliminary Study, enter into a **Letter of Intent (LOI)** to more fully develop an energy project that best meets the objectives stated above. The outcome of this effort will be a **Detailed Energy Study** report, which will include exact scope of work for project implementation, firm project costs, and a financial assessment. The Detailed Energy Study is anticipated to fulfill certain mandatory requirements of the ARRA/CEC competitive grants process.

3. Based upon the Detailed Energy Study, SBT and Brisbane will negotiate and execute an energy service contract in accordance with the provisions of California Government Code Sections 4217.10 through 4217.18. SBT will provide to Brisbane the information required to make the findings prescribed by Section 4217.13.

There will be no financial obligation due to SBT until the Letter of Intent (LOI) is executed by both parties. However, given the level of resources and effort associated with pursuing the ARRA/CEC competitive grants process, it is expected that there is a qualified commitment to the concept and to the partnership with SBT, assuming the Objectives, stated above, are met. Please refer to the attached process sheet for preliminary dates and milestones.

This document represents the business intent of both parties and should be executed by the parties who would ultimately be signatory to the final agreement.

Both parties are in agreement with the intent outlined by this Memorandum.

Signature: _____

Signature: _____

Date: _____

Date: _____

Balachandar Jayaraman
General Manager, Energy & Environment
Siemens Building Technologies
Hayward, CA

Clayton Holstine
City Manager
City of Brisbane
Brisbane, CA

Attachment A
Preliminary Study / Project Timeline
for City of Brisbane

