

TO: Andrew P. Powers, City Manager

FROM: Clifford G. Finley, Public Works Director

DATE: February 28, 2023

SUBJECT: Prefabricated Solar Systems at Various City Facilities (CI 5562)

RECOMMENDATION:

1. Approve the project design, specifications, and Addenda 1 through 8 for the Prefabricated Solar Systems at Various City Facilities Project (CI 5562).
2. Award an Energy Services Agreement for design and construction of the solar systems, under Government Code section 4217.10 et seq. procurement process, to Staten Solar Corporation (San Jose, CA) in the amount of \$5,455,984, plus a contingency of \$545,598, for a total of \$6,001,582 with a term ending December 31, 2025.
3. Approve budget appropriation in the amount of \$3,053,582 as follows; \$81,968 from A/C #110-0000-311-1000 (Library Fund, Fund Balance) to A/C #110-7310-673-8300 (Library Fund, Improvements other than buildings); \$16,880 from A/C #651-0000-341-9900 (Transportation Fund, Net Position) to A/C #651-5310-682-8300 (Transportation Fund, Improvements other than buildings); and \$2,954,734 from A/C #001-0000-311-1000 (General Fund, Fund Balance) to A/C #001-3560-612-8300 (\$2,148,068, Los Robles Golf Course), A/C #001-3573-677-8300 (\$304,128, Teen Center), and A/C #001-3574-677-8300 (\$502,538, Goebel Adult Center).
4. Authorize expenditure in the amount of \$6,001,582 (\$5,455,984 design and construction contract, \$545,598 contingency) as follows: \$2,148,068 from A/C #001-3560-612-8300 (Los Robles Golf Course, Improvements other than buildings), \$304,128 from A/C #001-3573-677-8300 (Teen Center, Improvements other than buildings), \$502,538 from A/C #001-3574-677-8300 (Goebel Adult Center, Improvements other than buildings), \$2,131,183 from A/C #110-7310-673-8300 (Library Fund, Improvements other than buildings), \$498,785, from A/C #110-7410-673-8300 (Library Fund, Improvements other than buildings), and \$416,880 from A/C #651-5310-682-8300 (Transportation Fund, Improvements other than buildings).

5. Delegate authority to the City Engineer to approve changes in the design, plans, specifications, and working details of the project, and on work directives and change orders up to the project-approved contingency amount.

6. Find that this project is exempt from the California Environmental Quality Act pursuant to California Public Resource Code 21080.35, 14 C.C.R. Section 15301, and/or 14 C.C.R. Section 15061(b)(3).

FINANCIAL IMPACT:

\$3,053,582 Increase to Adopted FY 2022-23 CIP Budget as follows: Library Fund (\$81,968), Transportation Fund (\$16,880), and General Fund (\$2,954,734) and partially offset by \$1,636,795 in anticipated incentive funding. \$3,053,582 increase to the Adopted FY 2022-23 Budget is requested. \$2,948,000 is available in the Adopted FY 2022-23 Library Fund and Transportation Fund CIP Budgets. Estimated total project costs are \$5,455,984, with a net cost of \$3,819,189 after anticipated incentive funding.

BACKGROUND:

On June 19, 2018, City Council adopted the Sustainability Plan (Plan) for Municipal Operations, which includes recommended strategies in managing the City's resources. One key goal in the Energy section of the Plan is "Distributed Energy Resources: Increase clean, local and resilient energy supply," which includes developing onsite solar generation at various City sites.

On December 15, 2020, City Council approved an agreement for design and construction of solar carports at the Municipal Service Center (MSC), and on August 30, 2022, the 359 kW (DC) solar system at that facility was connected to the grid. That project was successfully completed, and the system is currently operating and producing energy as expected.

On August 16, 2022, the Federal Inflation Reduction Act (IRA) was signed into law by President Biden, re-setting the Investment Tax Credit (ITC) to 30 percent and establishing a mechanism for tax-exempt organizations, such as local governments, to receive a similar financial benefit through a Direct Pay mechanism.

On December 6, 2022, City Council authorized staff to issue a Request for Proposals/Qualifications (RFP/Q) for procurement of design and construction of Prefabricated Solar Systems at Various City Facilities (CI 5562).

DISCUSSION/ANALYSIS:

The proposed improvements include solar carports and rooftop solar structures designed to offset electricity consumption at the following six locations:

- 1) Grant R. Brimhall Library
- 2) Newbury Park Branch Library
- 3) Thousand Oaks Teen Center
- 4) Goebel Adult Center
- 5) Thousand Oaks Transportation Center
- 6) Los Robles Greens Golf Course

The locations of the proposed solar structures are shown in Attachment #1. The solar carports will provide shade and protection to vehicles and will include undermounted LED lighting. Existing conduits to support solar photovoltaic system wiring are installed in the roof of the Children's section of the Grant R. Brimhall Library and will be utilized to save on construction costs.

Changes in Southern California Edison's (SCE) Net Energy Metering (NEM) tariff, which determines the rate at which solar customers are compensated for energy exported to the grid, will go into effect on April 15, 2023. The City plans to submit required Interconnection Applications with SCE in advance of this deadline to take advantage of the current more favorable NEM 2.0 rates.

The City also plans to take advantage of the new Direct Pay mechanism for solar incentive tax credits (ITC) available to tax-exempt organizations under the IRA. With an estimated ITC payment of 30 percent and under NEM 2.0, the proposed solar photovoltaic (PV) systems are estimated to have payback periods between 6 and 15 years.

This Solar PV Project will take advantage of the procurement method authorized under Government Code 4217.10 - 4217.18 specifically for Energy Conservation projects, which allows the City to select the entity with the best overall value for the project, and not be constrained solely by the lowest bidder. This process was utilized successfully for the recent solar carport project at the MSC (CI 5265).

An RFP/Q was released on December 16, 2022, with a due date of January 23, 2023. Four (4) proposals were received as follows:

Proposer	Location
1. Golden Sun Firm & Co., Inc.	Van Nuys, CA
2. Motive Energy Storage Systems	Fountain Valley, CA
3. SitelogIQ, Inc.	Sacramento, CA
4. Staten Solar Corporation	San Jose, CA

Staff evaluated each proposal for numerous factors, including content, qualifications, design creativity, cost, payback period, project understanding, relevant experience, and quality. One of the proposals was deemed incomplete. Three companies were invited to present and interview with the City's evaluation team.

As a result of this review process, Staten Solar Corporation was selected based on the following considerations:

1. Experience with this type of project
2. Key personnel experience
3. Technical design
4. Project understanding and approach
5. Project schedule
6. Cost – Benefit
7. Best overall qualifications and value

Staff recommends award of the Energy Services Agreement to Staten Solar Corporation (Attachment #2). The estimated costs are listed below:

Facility	Annual Usage (kWh)	Estimated Size (kW DC)	Solar PV Cost	Estimated Solar Payback (years)
Grant R. Brimhall Library	945,951	546.4	\$1,937,439	8.3
Goebel Adult Center	231,035	131.1	\$ 456,853	7.1
Thousand Oaks Teen Center	149,530	82.9	\$ 276,480	6.4
Thousand Oaks Transportation Center	96,423	58.0	\$ 378,982	12.8
Los Robles Greens GC	625,511	388.0	\$1,952,789	11.6
Newbury Park Branch Library	280,909	150.0	\$ 453,441	6.3
Total	2,329,359	1,356.4	\$5,455,984	

Schedule

The tentative schedule for completion of the project is as follows:

Interconnection Agreement filing with SCE	March 15, 2023
30 percent Design Completion	April 1, 2023
Materials procurement	April 2023
100 percent Design Completion	August 2023
Permits Obtained	December 2023

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Mobilization to Start Construction	December 2023
Complete Construction	May – September 2024
Permission to Operate	July – Oct 2024
Project Completion	December 2024
Operations and Maintenance	January – December 2025

The RFP/Qs, and Addenda are available for review by e-mail at publicworks@toaks.org or by phone at (805) 449-2400.

This project meets City Council's Top Ten Priorities #6, "Environmental Sustainability," and #9 "Public Works Infrastructure Investments."

Community Outreach: Construction at some locations will disrupt parking at the affected facilities. Access to buildings is not expected to be affected. Notices will be posted at those locations in advance of construction with outreach also conducted through the City's e-newsletters, social media, and information postings at both libraries, the Teen and Adult Centers, and Los Robles Greens Golf Course.

California Environmental Quality Act (CEQA)

The City has reviewed this Project and determined that it is exempt from the provisions of CEQA on multiple grounds. This Project is exempt from CEQA pursuant to the statutory exemption outlined in Public Resources Code Section 21080.35 as the project consists of the installation of solar energy systems on the roof of an existing building and at an existing parking lot, and none of the exceptions outlined in Public Resources Code Section 21080.35 apply to this project. The Project is also exempt from CEQA under a Class I categorical exemption (14 C.C.R. Section 15301) because it involves the minor alteration of existing facilities with improvements that would lead to negligible or no expansion of use beyond the use existing at this time. The Project is also exempt from CEQA under the common sense exemption [14 C.C.R. Section 15061(b)(3)] because it can be seen with certainty that there is no possibility that the Project may have a significant effect on the environment.

CIP PROJECT PRIORITY (as outlined in FY 2021-22 and FY 2022-23 CIP Program Budget)

Priority Three – Nice to do and would contribute to quality of life, but not essential.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goals:

C. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

F. Provide and enhance essential infrastructure to ensure that the goals and policies of the Thousand Oaks General Plan are carried out and the City retains its role and reputation as a leader in protecting the environment and preserving limited natural resources.

PREPARED BY: Kenneth Wang, Senior Analyst

Attachments:

Attachment #1 – Vicinity and Location Maps

Attachment #2 – Energy Services Agreement with Staten Solar Corporation