



Agenda Item Details

Meeting	Jan 15, 2014 - GB Regular Meeting
Category	19. APPROVAL OF AGREEMENTS - COST TO DISTRICT
Subject	19.5 Agreements (3) with SunPower Corporation, Systems for Solar Photovoltaic Design -Build, Operations and Maintenance, and Performance Guarantee (Crow)
Type	Action
Fiscal Impact	Yes
Budgeted	Yes
Budget Source	NTE \$12,319,200 Account No. 35-802026-710000-56120-10 (Proposition R) / NTE \$2,782,604 (over a 25 year period) Account No. 11-807000-677000-55620-10 (General Fund)
Recommended Action	Approve Agreement No(s). A3907.14, A3908.14, A3909.14 with SunPower Corporation, Systems for Solar Photovoltaic Design-Build, Operations and Maintenance, and Performance Guarantee.

SUBMITTED BY: Steven L. Crow, Ed.D., Vice President for Business and Financial Affairs

INITIATED BY: Mark Claussen, Consultant, Business and Financial Affairs, Proposition R

OVERVIEW

The Governing Board, at its meeting held April 24, 2013, accepted the Facilities Master Plan (FMP). Contained in the FMP are key planning, programming, and design considerations for implementing the facility needs included in the Educational Master Plan and addressing current campus facilities needs which are:

- Meeting demands for growth and core Mission of the District
- Addressing an aging campus
- Infrastructure needs and technology considerations
- Vehicular access, parking and circulation
- Adjacency considerations for pedestrian circulation and open space

The installation of solar photovoltaic systems is part of the FMP.

Following a Request for Proposal (RFP 1314-1000R) process that started in September 2013, staff has selected a finalist solar vendor and negotiated a Solar Photovoltaic Design-Build Agreement, Operations and Maintenance Agreement, and Performance Guarantee Agreement with SunPower Corporation, Systems, for the design and construction, and 25-year operations and maintenance, of a 3.2 MW-dc/2.5 MW-ac solar electric system on the District's Chula Vista campus. If this contract is approved, the solar system is expected to be operational by Fall 2014. SunPower is one of the most reputable solar design-build firms in California, with a long track record including many successful community college and K-12 district solar projects.

This system will be located in parking lots A, B, C, F, G, J, and L. This solar system will be interconnected with 3 campus electrical accounts: the main (Block House) account, the new Central Plant account, and the Learning Resource Center account. This system will produce approximately 5.7 million kWh per year. The Chula Vista campus currently uses approximately 7.6 million kWh per year, so the solar system would reduce the campus electrical usage

by approximately 75%. Staff has negotiated a 25-year, 97% performance guarantee to ensure that SunPower will compensate the District for the lost value should the actual performance of the solar systems drop below 97% of their expected performance. This guarantee is accompanied by a comprehensive 25-year Operations and Maintenance Agreement. Conservatively, the District expects first-year General Fund benefits to be approximately \$860,000 from both SDG&E bill reductions and incentives received for the first five years of the solar systems' operation through the California Solar Initiative Program. Over the first five years these benefits are anticipated to total approximately \$4.4 million after paying for the Performance Guarantee and O&M costs. Over 25 years, General Fund benefits are anticipated to exceed \$20 million. Over 30 years the General Fund benefits are anticipated to exceed \$24 million. Over 35 years the General Fund benefits are anticipated to exceed \$30 million.

The total contract amount, excluding the 25-year Performance Guarantee and Operations and Maintenance costs, which will be paid annually by the District, is \$12,319,200. The first-year annual Performance Guarantee and Operations and Maintenance cost is \$76,421, which escalates at 3% per year to account for inflation, for a total 25-year cost of \$2,782,604. The estimated total 25-year cost, including the design-build and the 25 years of Performance Guarantee and Operations and Maintenance, is \$15.1 million. The Proposition R overhead costs associated with this project are approximately \$300,000, for a total project cost of approximately \$15,400,000. Over the first 25 years of operation the solar project is anticipated to provide net benefits to the District of approximately \$8,400, 000. Staff concludes that this project is strongly cost effective.

Based on the strong cost effectiveness of this project, together with the favorable terms negotiated with SunPower, staff recommends that the Governing Board approve the SunPower contract and that the requisite Proposition R funds be used to cover the \$12,319,200 SunPower contract and the associated Proposition R overhead costs.

This Solar Project was procured by the District pursuant to Section 4217.10 et seq. of the California Government Code ("Section 4217.10"). As this Project was not "hard bid" pursuant to the California Public Contract Code, the award decision was not based on the lowest-cost bid but rather on the basis of the overall best value using all the "best value" criteria set forth in the RFP and applied by the District's solar selection committee, and in accordance with Section 4217.10. As required by Section 4217.10, the Governing Board will hold a public hearing during the January 15 Board meeting to provide an opportunity for members of the public to comment on the anticipated benefits and costs of the solar project. As also required by Government Code Section 4217.10, this public hearing was duly noticed at least two weeks in advance of this public hearing (on December 31, 2013).

This project is exempt from the California Environmental Quality Act ("CEQA") on multiple grounds. First, the project qualifies for a statutory exemption under Public Resources Code section 21080.35 for solar energy systems. In summary, this project installs solar panel carports on existing parking lots. Per Public Resources section 21080.35, "existing parking lot" means an area designated and used for parking of vehicles as of the time of the application for the solar energy system and for at least the previous two years. In addition, the project is categorically exempt from CEQA pursuant to State CEQA Guidelines sections 15301 and 15311. Each of the foregoing exemptions would independently exempt the whole of the project from CEQA review.

PROCESS

The committee for this RFP selection process consisted of John Brown, Director of Facilities, Operations & Planning; Mark Claussen, Proposition R Program Manager; Mitch Kanning, District Electrician; Corey Breininger, retired Architect and former District Instructor; Wayne Yanda, Director of Finance; Priya Jerome, Director of Procurement, Central Services and Risk Management; and Robert DePew, Proposition R Construction Manager. This committee was responsible for reviewing the scope and responses to the RFP. Acting in advisory capacities to the committee were Clyde Murley, the Community College League of California's Solar Program Manager (technical advising), and Sophie Akins, Partner, Best Best & Krieger LLP (legal advising).

The committee for interview of this RFP consisted of John Brown, Director of Facilities, Operations & Planning; Mark Claussen, Proposition R Program Manager; Mitch Kanning, District Electrician; Corey Breininger, retired Architect and former District Instructor; Priya Jerome, Director of Procurement, Central Services and Risk Management; Linda Hernandez, Planning and Facilities Coordinator; and Robert DePew, Proposition R Construction Manager. Acting in advisory capacities to the committee were Clyde Murley, the Community College League of California's Solar Program Manager (technical advising), and Sophie Akins, Partner, Best Best & Krieger LLP (legal advising).

The District placed advertisements in the following newspapers: San Diego Daily Transcript on September 23, 2013 and Union Tribune on September 23, 2013. The RFP document was also made available on the District's Website.

The timeline for this solicitation was as follows:

RFP 1314-1000R Photovoltaic Solar Electric Generating Systems and Services	
Advertisement & Publication	September 23, 2013
Mandatory Job Walk	September 27, 2013
Request for Information (RFI) Due Date	October 3, 2013
District Response to RFI	October 7, 2013
RFP Due Date	October 29, 2013
Committee Interviews	November 8, 2013

At no time in the development of this solicitation or the execution of the RFP was any individual involved who was also associated with an entity that submitted a response.

Six (6) firms submitted Proposals in response to this RFP and all firms submitted by the deadline. The Proposals were reviewed and discussed by committee members, and three firms, designated with an asterisk (*) below, were selected to interview.

RFP #1314-1000R Photovoltaic Solar Electric Generating Systems and Services	
	Firm
1	Borrego Solar*
2	Harper
3	Psomas FMG
4	Stronghold
5	SolarCity*
6	SunPower*

The District procured this Project utilizing California Government Code section 4217.10 *et seq.* (Section 4217). Section 4217 applies only to energy service contracts and allows public agencies to use a flexible procurement and evaluation process in awarding a contract. Section 4217 became law in 1983 because the State Legislature recognized that public agencies could not effectively procure energy projects through a hard, low bid process. Instead, Section 4217 ensures that public agencies are able to evaluate qualitative features, such as performance guarantees, equipment efficiency, and technology. Because of this unique flexibility, the District is not required to score proposers. In this case, the District's Selection Committee met several times in consultation with the District's solar procurement expert, Clyde Murley, Solar Program Manager for the Community College League of California, and the District's legal counsel for this Project, Sophie Akins of Best Best & Krieger LLP, an experienced renewable energy attorney. Based on the selection committee's evaluations and interviews, the selection committee's unanimous decision was to select SunPower Corporation, Systems as the design-build entity with which to enter into contract negotiations for the Project. Over the next several weeks, District staff and its technical and legal consultants negotiated the contract that is now being submitted to the Governing Board for its approval. In addition, the District's solar procurement expert, Clyde Murley, prepared extensive analyses of the expected cost savings associated with the proposed Project. Conservative estimates of these savings are contained in the Summary and Recommendations and Rationale for Recommendation sections of this memorandum.

RATIONALE FOR RECOMMENDATION

After consideration of the RFP responses and the committee review, the committee recommends SunPower Corporation, Systems as the vendor with which to execute a contract for the design, construction, maintenance, and operation of this 3.2 MW-dc/2.5 MW-ac solar project. The committee finds that SunPower Corporation, Systems offers the best overall value to the District, based primarily on the level of anticipated General Fund benefits over the 25-to-35 year period that the solar systems are expected to be operating, and the 97% Performance Guarantee that SunPower would be providing for the first 25 years of the Project's operation. Over the first 25 years the solar system is anticipated to generate over \$20 million in General Fund benefits. After 30 years these benefits are anticipated to exceed \$24 million and after 35 years they are anticipated to exceed \$30 million. After the first 25 years of operation this Project is anticipated to generate General Fund benefits that exceed this Project's total costs by at least \$8 million.

[Agreement with SunPower Corporation Systems - Design-Build.pdf \(2,904 KB\)](#)

[Agreement with SunPower Corporation Systems - Operations Maintenance.pdf \(492 KB\)](#)

[Agreement with SunPower Corporation Systems - Performance Guarantee.pdf \(595 KB\)](#)