



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works/Laguna
Sanitation District
Department No.: 054
For Agenda Of: 3/15/2011
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Scott D. McGolpin, P.E.
Director(s) Public Works Director, x3010

Contact Info: Mark A. Schleich, P.E.
Deputy Public Works Director, x3605

**SUBJECT: Amendment No. 1 to Agreement with Premier Power Renewable Energy, Inc. and
Budget Revision – Fourth Supervisorial District**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Directors:

- A. Approve and authorize the Chair to execute Amendment No. 1 to the agreement with Premier Power Renewable Energy, Inc. to incorporate federal prevailing wage requirements with no change to the contract amount.
- B. Approve the attached budget revision (#0001306) for \$4,175,000. (4/5 vote required).

Summary Text:

On February 1, 2011, the Board entered into agreement with Premier Power Renewable Energy, Inc. (not a local vendor) to install a 1 MW photovoltaic solar facility at the Laguna County Sanitation District wastewater reclamation plant to help offset energy costs. On September 28, 2010 the Board adopted a resolution supporting the financing of the project with Qualified Energy Conservation Bonds (QECB). QECBs is a federally funded program and therefore the project must comply with federal regulations including prevailing wage provisions. This amendment adds the federal prevailing wage requirements to the contract at no additional costs. The budget revision identifies QECB as the source of funding for the project. Staff recommends approval of these actions.

Background:

The Laguna County Sanitation District entered into an agreement with Premier Power Renewable Energy, Inc. on February 1, 2011 in the amount of \$3,965,564 for the installation of a 1 MW photovoltaic solar system, which is expected to reduce electrical costs by 80% and electrical demand by 60%. The means to do so is through a system purchase (outright system ownership) as opposed to a power purchase (purchase power from system owner). The system purchase was found to be the most cost efficient way to operate the system based on the submittal of proposals from multiple vendors and is expected to provide a \$14 million savings over a 30 period with debt service retirement after 16 years based on QECB financing.

The bonds to finance \$4,175,000 million towards the project originate from the federal *American Recovery and Reinvestment Act* through the US Department of Energy and is subsidized by the US Department of Treasury. On September 28, 2010, the Board directed staff to obtain QECB financing for the project. QECB funding had also been identified for the EMPOWER program. However lending institutions have raised concerns regarding the use of QECB and their effect on first and second trust deeds. Since these concerns remain unresolved, the QECB funds previously identified for the EMPOWER program became available. The Debt Advisory Committee, has reviewed this project on three different occasions, including the substitution of QECB funding, today's recommendation. The project is also funded by 1.7 million dollars in rebates from the California Public Utilities Commission (CPUC) as administered by the Pacific Gas & Electric. This item requires the board's approval before April 1, 2011 to be eligible for this rebate.

As such, the labor on the project is subject to federal prevailing wage provisions of the Davis-Bacon Act (Section 5.5 of Title 29 of the *Code of Federal Regulations*. These requirements are in addition to state prevailing wage requirements pursuant to Section 16001 of Title 8 of the *California Code of Regulations*. The vendor has agreed to this amendment at no additional cost.

These actions amend the agreement to address the federal requirements and budgets the bond proceeds for the project.

Performance Measure:

Implementation of the PV solar facility will reduce operational costs for electricity.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Debt Financing			\$ 4,175,000.00
Total	\$ -	\$ -	\$ 4,175,000.00

There is no monetary change to the agreement with this action. The project will be funded by \$1.7 million in PG&E rebates over the first 5 years and \$4.175 million in QECB financing. The payment on the debt service will be made with existing revenues currently used to pay for electrical costs.

Staffing Impacts:

Legal Positions:

None

FTEs:

None

Special Instructions:

Direct the Clerk of the Board to:

1. Forward one (1) copy of the certified minute order to:
 - a. Martin Wilder – PW – 620 West Foster Road in Santa Maria.
 - b. Mark Schleich – PW – 130 East Victoria Street in Santa Barbara.
 - c. Mark Paul – PW – 123 East Anapamu Street in Santa Barbara.
2. Forward two (2) original executed amendments to Martin Wilder – PW – 620 West Foster Road in Santa Maria.
3. Retain one (1) original amendment for Clerk of the Board records.

Attachments:

Three (3) original amendments
Budget revision

Authored by:

Martin Wilder, P.E. - Utilities Manager, x8750

Copy:

Mark Schleich – PW Deputy Director Resource Recovery & Waste Management
Mark Paul – PW Deputy Director Finance & Administration
Colleen Hankins – Resource Recovery & Waste Management Division Accountant