



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: General Services
Department No.: 063
For Agenda Of: September 20, 2022
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: 4/5

TO: Board of Supervisors
FROM: General Services Janette D. Pell, Director (805-560-1011)
Contact Info: Patrick Zuroske, Assistant Director (805-568-3096)
SUBJECT: **Betteravia Campus and Fire Station12 Renewable Energy Project #19026 - Construction Contract Amendment 2; Fifth, and Second Districts**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute Amendment No. 2 to the Contract (BC19490) with Endelos Energy, Inc. increasing the Maximum Compensation Limit (MCL) of \$4,499,743.49 by \$983,340.04, for a Maximum Compensation Limit of \$5,483,083.40 and modifying the Contract end date from September 29th 2022 to September 29th, 2023 for the Santa Barbara County Betteravia Campus and Fire Station 12 Renewable Energy Project No.19026;
- b) Approve attached Budget Revisions Request # BJE-000544;
- c) Determine that the renewable energy project is statutorily exempt from the provisions of CEQA pursuant to California Public Resources Code Section 21080.35(installing solar systems on existing roofs and existing parking lots), and it is further categorically exempt from the provisions of CEQA per sections 15301 (minor alterations to existing facilities) and 15303 (limited construction of small facilities) and 15304 (minor alterations of land) of Title 14 of the California Code of Regulations and a Notice of Exemption was filed on that basis, and that the recommended actions are within the scope of that Notice of Exemption.

Summary Text:

This Action will amend the contract between the County and the contractor, Endelos Energy to provide additional time and funding to complete the installation of the remaining electrical equipment and components needed for

operation of the micro grid photovoltaic and energy storage system at the Betteravia Campus (2115-2125 CenterPoint Parkway, Santa Maria, CA and 511 E. Lakeside Parkway, Santa Maria, CA)

Background:

On November 19, 2019 the Board of Supervisors approved the Betteravia and Fire Station 12 Renewable Energy Systems Project and awarded a contract to Endelos Energy Inc. and work began on the project in early 2020. Fire Station 12 photovoltaic panels, storage batteries and system support equipment installation are complete and awaiting final acceptance from Southern California Edison to be commissioned and put into service. The Betteravia solar and battery system is approximately 85% complete with the building LED lighting and controls installed. Over 2,200 long life energy efficient LED fixtures have been installed. All of the solar panels have been placed on the canopy structures, conduit pathways are complete, battery storage boxes installed and the Social Services backup generator was installed on 3/29/2022. Per the first amendment to this contract the delivery of the generator set the contract expiration for 9/26/2022. The remaining work consists of final systems wiring, battery procurement and installation, transfer switch and inverter acquisition and installation.

As with many of the County's recent construction projects, the Betteravia and Fire Station 12 Renewable Energy Systems Project has been greatly impacted by the COVID 19 pandemic limiting the contractor's ability to provide skilled workers required to perform the work. The notice to proceed for this project was issued on March 16, 2020, just three days after the County issued a local health emergency for the COVID pandemic. The project was also greatly impacted by the limited availability of construction materials. Additionally, excessive copper and steel price escalations and supply chain issues impacted, and continue to impact the budget impeding forward progress. These complications have greatly affected the Contractor over the duration of the project.

After the project was awarded the County evaluated the possibility of making changes to the original scope to provide additional equipment and infrastructure to support a Macro Grid concept intended to increase resiliency and the output of photovoltaic system and energy storage system to offset the total electrical use of the entire complex (Net Zero consumption). It was contemplated that these changes could be covered by reducing scope elsewhere in the project and still keep within the contract budget. Had it not been for the pandemic and associated unforeseen price increases, supply chain and labor issues this might have been possible. The Contractor incorporated many of the requested additional upgrades using funding already approved in this contract. Material cost escalations eventually precluded the contractor's ability to complete the Macro Grid concept leaving the project incomplete and underfunded.

County staff have explored all options for the most cost-effective solutions to complete the project and to bring the solar grid into operation. Because the proposed costs for the change in scope exceeds the approved budget for the project and no other rebates or grants other than those previously identified are available to offset this increased cost, General Services staff recommends maintaining the original scope of the photovoltaic output to offset the daylight electrical consumption for all buildings on the Betteravia campus and reduce the battery storage system size to provide up to four hours of energy (construct the micro-grid and not the macro-grid). In addition, General Services will procure the remaining equipment needed (Batteries, Transfer Switches and Inverters) independently of Endelos Contract through the Public Purchase process. The equipment, which is to be procured outside of the Endelos contract, is estimated to cost \$355,681.00, and funds are available to cover this portion of the project costs. Finally, staff recommends an Amendment to Endelos, Inc. contract in the amount of \$983,340.04 to capture prior change orders and increased costs to complete the existing scope of work. This amount includes Change Orders 2-5 for \$283,340.04 and the estimated labor and materials needed to complete the work (\$700,000.00). The remaining labor and incidental materials required to complete the project can be accomplished on a Time and Materials basis.

There has been one previous Contract Amendment with Endelos Energy for Change Order 1 for \$162,992.49 to install a diesel fired back up generator for the Department of Social Services Building. Contract Amendment 2 will encompass Change Order 2 for \$21,997.32 to provide an off grid power solution for the project laydown area due to PG&E limitations for temporary power, Change Order 3 for \$70,381.65 to provide additional security, lighting, at laydown area due to multiple break ins, and site theft of materials, Change Order 4 for \$38,313.15 to provide

additional design services and site inspections for the Macro Grid concept, Change Order 5 for \$152,647.92 for miscellaneous cost impacts incurred by Endelos Energy for scope changes to prepare for construction of the Macro Grid system and \$700,000.00 for labor and materials to complete the work totaling \$983,340.04 for a total contract of \$5,483,083.40 and a total project increase of \$1,346,821 since Change Order 1 was approved.

Project Funding:

Funding for this project includes a 15-year term California Energy Commission (CEC) Energy Conservation Assistance Act, 1% interest rate loan. The original project budget included CEC loan proceeds of \$2,122,530, based on the project costs estimated at that time. However, the County was originally authorized to borrow up to \$2,736,751 for this project and we are confirming this is still the case with the CEC. If we are able to draw down the entire \$2,736,751 loan amount, the additional loan proceeds will be used to fund a portion of the increased costs that will be incurred to complete the solar grid. If so, the total cost of borrowing will be \$2,876,284 (principal and interest). If we are not authorized to draw the full \$2.7 million, other funding sources have been identified to make up the shortfall. A time extension on the loan agreement to December 31, 2022 was granted by the CEC in November of 2021. County staff met with the CEC on September 1, 2022 to discuss the status of the project and request an additional extension on the loan agreement to Dec 31, 2023. The CEC indicated they would meet internally to review our request and formally notify the County in the coming weeks regarding the extension and the request to increase the loan amount. Contingent on the response from the CEC, General Services will be returning to the board with alternate funding options and a budget revision if the loan term is not extended and/or the loan amount is not increased.

In addition, PG&E's On-Bill Financing (OBF) Program was utilized for the LED lighting portion of this project which is now complete with the installation of over 2,200 LED lights and lighting controls. This is a 10-year payback term and funds borrowed through PG&E's program are interest-free. The remainder of the funding sources for this project include funding from the General Fund (\$1.6 million) for the battery system and other miscellaneous costs, the Social Services department (\$163K) for the generator installation, the Capital Outlay Fund 0030 Energy Reduction Program available project funds (\$604K), and General Services Facilities Projects available funding (\$128K) will be used to complete the project.

CEQA:

A CEQA categorical exemption has been filed for this project, as it is within the scope of California Public Resources Code Section 21080.35 (installing solar systems on existing roofs and existing parking lots), and it is further categorically exempt from the provisions of CEQA per sections 15301(a) (minor alterations to existing facilities exemptions which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.) and 15303 (limited construction of small facilities) and 15304 (minor alterations of land) of Title 14 of the California Code of Regulations and a Notice of Exemption was filed on that basis.

Impacts:

Budgeted: The attached Budget Revision will add to the existing funding included in the FY2021-22 Approved Budget for this project, and cover the total cost of the project, estimated at \$5,846,564.

Fiscal Analysis:

Funding Sources	Original Project Cost	Additional Change Orders + Design + Equipment Costs	Total One-Time Project Cost
CEC Loan (1%) - Solar - Time/Materials Change Order	\$2,122,530.00	\$614,221.00	\$2,736,751.00
General Fund Contribution	\$1,600,000.00	\$0.00	\$1,600,000.00
OBF Loan (0%)	\$614,221.00	\$0.00	\$614,221.00
Social Services Funds - Generator-Change Order #1	\$162,992.00	\$0.00	\$162,992.00
Fund 0030 - Energy Reduction Prgm-Change Orders #2-#5	\$0.00	\$155,260.00	\$155,260.00
General Fund - Facilities Projects - Change Orders #2-#5	\$0.00	\$128,080.00	\$128,080.00
Fund 0030 - Energy Reduction Prgm-Time/Materials CO	\$0.00	\$85,779.00	\$85,779.00
S/Total Endolos Contract	\$4,499,743.00	\$983,340.00	\$5,483,083.00
Fund 0030 - Energy Reduction Prgm-Equipment	\$0.00	\$355,681.00	\$355,681.00
Fund 0030 - Energy Reduction Prgm-Design	\$0.00	\$7,800.00	\$7,800.00
S/Total Other Costs	\$0.00	\$363,481.00	\$363,481.00
Total	\$4,499,743.00	\$1,346,821.00	\$5,846,564.00

Fiscal Narrative:

The overall project is estimated to cost \$5,846,564 and is projected to be completed by the end of June 2023. This project is accounted for in Fund 0030, Dept. 063, Account 8200, Program 1930, Project 7001.

There is a Budget Revision Request attached that will increase the current approved budget to cover the full amount of the project. Should the County be unable to draw the full loan amount of \$2.7 million, General Services will return to the Board with a revised Budget Revision Request.

Special Instructions:

Please send one (1) copy of the Minute Order, and (2) duplicate executed originals of the Construction Contract to Richard Whirty, GS Capital Projects, 1105 Santa Barbara Street, East Wing, 2nd Floor, Santa Barbara, Ca. 93101.

Attachments:

1. Attachment 1 – Contract Amendment # 2 With Endelos Energy Inc.
2. Attachment 2 – Budget Revision Request
3. Attachment 3 – Previously filed Notice of Exemption (NOE) – CEQA

Authored by:

Richard Whirty, General Services – Capital Projects