



Revised 2/11/13

**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

**Item No.
15**

Meeting Date: **FEBRUARY 14, 2013**

Subject:

Approve and Authorize the President/CEO to Execute and Negotiate a Site Lease Agreement and Solar Power Purchase Agreement to Finance, Design, Install, Operate, and Maintain the Solar Photovoltaic Generating System with GRID Solar, LLC, at San Diego International Airport

Recommendation:

Adopt Resolution No. 2013-0017, approving and authorizing the President/CEO to: (1) execute a site lease agreement with GRID Solar, LLC, for the development and installation of a solar photovoltaic ("PV") generating system, for a maximum term of 20 years; and (2) negotiate and execute a solar power purchase agreement with GRID Solar, LLC, to finance, design, install, operate, and maintain the solar PV generating system for an amount not-to-exceed \$13,356,084.00 and a maximum term limit of 20 years, at San Diego International Airport ("SDIA").

Background/Justification:

The San Diego County Regional Airport Authority ("Authority") is pursuing the implementation of solar energy on its Green Build Project, as an integral part of the Authority's Utility Master Plan. The use of solar power and the ability to control utility costs is critical to the Authority's long term financial stability. Solar power and the proposed Power Purchase Agreement with GRID Solar LLC, fix future Authority utility costs and provide the Authority with a substantial energy savings of approximately \$11.5 million dollars over the next 20 years. Current projections show that, if the Authority does not take advantage of this type of power agreement, the Authority's utility cost liability over 20 years would be approximately \$24.9 million. Therefore, the proposed agreement would provide utility cost savings of approximately 46% over 20 years. In addition to the cost savings, the use of solar power will contribute to the Authority's Sustainability Policy and commitment to the environment. This proposed Power Purchase Agreement will also assist in obtaining the United States Green Building Council ("USGBC") Leadership in Energy and Environmental Design ("LEED") certification for the Green Build Project.

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The selected firm, GRID Solar, LLC, will design, install, operate, and maintain a solar PV generating system. Power will be provided to the Authority pursuant to a Solar Power Purchase Agreement ("PPA") where the Authority will purchase the power generated by the solar installation. [A rendering of the proposed concept layout is included as Attachment A] At the end of 20 years, the Authority has three options: purchase the system, remove the system at no cost to the Authority, or extend the Power Purchase Agreement.

On July 26, 2012, the Authority issued a Request for Proposals ("RFPs") soliciting proposals from qualified firms to provide a solar PV generating system.

On September 28, 2012, proposals were received in response to the RFP from the following 13 firms.

1. All Seasons General Contracting
2. Borrego Solar Systems, Inc.
3. Constellation NewEnergy, Inc.
4. GRID Solar, LLC
5. Lanco Solar International (US), Inc.
6. Main Street Power, Inc.
7. NRG Solar, LLC
8. Pacific Power Renewable, Inc.
9. Siton Corporation
10. Smart Energy Capital, LLC
11. Solar City Corporation
12. Sun Edison Government Solutions, LLC
13. Sun Power Corporation, Systems

An Authority Evaluation Panel ("Panel") was comprised of two representatives from the Facilities Management Department, one representative each from the Facilities Development Department and the Terminal Development Program, and one representative from the Authority's Renewable Energy Consultant (Jacobs Engineering). On October 22, 2012, the Panel conducted a thorough review of the proposals and determined that the following five firms were uniquely qualified to perform the requested services.

1. Borrego Solar Systems, Inc.
2. GRID Solar, LLC
3. Pacific Power Renewable, Inc.
4. Sun Edison Government Solutions, LLC
5. Sun Power Corporation, Systems

The scoring criteria used to short-list qualified firms were the firm's proposed system and fees, experience, system evaluation methodology, system products, plan for operations and maintenance, and small business preference.

On November 15 and 19, 2012, the Panel interviewed the five short-listed firms. Each Panel member evaluated the firms using the same weighted criteria used to determine the short-list.

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The final combined scoring matrix from the Panel is as follows:

Evaluation Criteria	Pacific Power	Sun Power	GRID Solar	Sun Edison	Borrego Solar
Proposed System Size/Fees	1125	875	1250	1000	1000
Respondent Experience	820	800	800	820	760
System Evaluation Methodology	615	555	555	600	630
System Products	800	800	820	760	800
Plan for Operation & Maintenance	820	780	920	840	820
Small Business Preference 5.12	0	0	0	0	0
Final Combined Score	4180	3810	4345	4020	4010

The final ranking matrix from the Panel is as follows:

	Pacific Power	Sun Power	GRID Solar	Sun Edison	Borrego Solar
Panelist 1	2	4	1	3	5
Panelist 2	2	4	1	4	3
Panelist 3	2	4	1	5	3
Panelist 4	2	5	3	1	3
Panelist 5	4	5	2	1	3
Total	12	22	8	14	17
Final Rank	2	5	1	3	4

The Panel ranked GRID Solar, LLC, as the best qualified firm to provide services based on the evaluation criteria and interview.

Based on the Panel's evaluation of the five firms and its finding that GRID Solar, LLC, was the best qualified overall, staff recommends that the Authority award a site lease agreement for a term not-to-exceed 20 years; and authorize the President/CEO to negotiate and execute a Solar Power Purchase Agreement with GRID Solar, LLC, for a not-to-exceed amount of \$13,356,084.00.

Fiscal Impact:

The PV system construction cost is 100% borne by GRID Solar, LLC, and no capital outlay is required from the Authority. All State and Federal solar incentives will be absorbed by GRID Solar, LLC. As a public entity, the Authority is not eligible for any State or Federal solar incentives. Under the GRID Solar, LLC, proposal, the Authority will purchase the electricity produced by the PV system for an amount not-to-exceed \$13.4 million over the next 20 years. The estimated cost of electricity (without the solar purchase agreement) from SDG&E is approximately \$24.9 million over 20 years. The proposed GRID Solar, LLC, PV system is estimated to save the Authority \$11.5 during the term of the agreement.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. This Board action is for a project that was determined to be a class of project not to have a significant effect on the environment (Section 15301, Existing Facilities – Class 1 and Section 15303 – New Construction of Small Structures – Class 3) and a categorical exemption was prepared in accordance with the California Environmental Quality Act (CEQA).

B. This Board action is for a project that is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

Equal Opportunity Program:

The Authority's small business program promotes the utilization of small, local, disadvantaged, and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communicating through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has a Disadvantaged Business Enterprise ("DBE") Plan as required by the Department of Transportation, 49 CFR Part 26. The DBE Plan calls for the Authority to submit an annual overall goal for DBE participation on all federally funded projects.

This project does not utilize federal funds; therefore, it will not be applied toward the Authority's over-all DBE goal.

Prepared by:

BRYAN ENARSON
VICE PRESIDENT, DEVELOPMENT

ATTACHMENT A



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RESOLUTION NO. 2013-0017

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO: (1) EXECUTE A SITE LEASE AGREEMENT WITH GRID SOLAR, LLC, FOR THE DEVELOPMENT AND INSTALLATION OF A SOLAR PHOTOVOLTAIC GENERATING SYSTEM, FOR A MAXIMUM TERM OF 20 YEARS; AND (2) NEGOTIATE AND EXECUTE A SOLAR POWER PURCHASE AGREEMENT WITH GRID SOLAR, LLC, TO FINANCE, DESIGN, INSTALL, OPERATE, AND MAINTAIN THE SOLAR PHOTOVOLTAIC GENERATING SYSTEM FOR AN AMOUNT NOT-TO-EXCEED \$13,356,084.00 AND A MAXIMUM TERM LIMIT OF 20 YEARS, AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, the San Diego County Regional Airport Authority ("Authority") is pursuing the implementation of solar energy, on its Green Build Project, and

WHEREAS, the solar installation and Power Purchase Agreement will save the Authority approximately \$11.5 million in utility costs over a 20 year period, and

WHEREAS, the solar installation and Power Purchase Agreement will assist the Authority in obtaining its United States Green Building Council Leadership in Energy and Environmental Design Silver certification for the Green Build Project; and

WHEREAS, the selected firm, will design, install, operate, and maintain a solar photovoltaic ("PV") generating system at San Diego International Airport; and

WHEREAS, power will be provided to the Authority pursuant to a Solar Power Purchase Agreement where the Authority will purchase power generated at a fixed price over a term not to exceed 20 years; and

WHEREAS, on July 26, 2012, the Authority issued a Request for Proposals ("RFPs") soliciting proposals from qualified firms to provide a solar PV generating system; and

WHEREAS, on September 28, 2012, thirteen firms submitted proposals in response to the RFP; and

WHEREAS, the Authority evaluation panel ("Panel") was comprised of representatives from the Facilities Management, Facilities Development and Terminal Development Program departments, and the Authority's Renewable Energy Consultant (Jacobs Engineering); and

WHEREAS, the Panel was convened on October 22, 2012, to review the 13 written proposals, to determine the Panel's highest scoring firms, and to invite five firms for interviews; and

WHEREAS, the firms were evaluated on the proposed system, fees, experience, system evaluation methodology, system products, plan for operations and maintenance, and small business preference, and

WHEREAS, on November 15 and 19, 2012, interviews were conducted and, following deliberation, the Panel determined that GRID Solar, LLC, was the best qualified firm to design, install, operate, and maintain a solar PV generating system.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and AUTHORIZES the President/CEO to: (1) execute a site lease agreement with GRID Solar, LLC, for the development and installation of a solar photovoltaic ("PV") generating system, for a maximum term of 20 years; and (2) negotiate and execute a solar power purchase agreement with GRID Solar, LLC, to finance, design, install, operate, and maintain the solar PV generating system for an amount not-to-exceed \$13,356,084.00 and a maximum term limit of 20 years, at San Diego International Airport ("SDIA"); and

BE IT FURTHER RESOLVED that the Board APPROVES that no capital outlay is required from the Authority as the PV system cost is 100% borne by GRID Solar, LLC; and

BE IT FURTHER RESOLVED that all State and Federal solar incentives will be absorbed by GRID Solar, LLC; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is for a project determined not to have a significant effect on the environment (Section 15301, Existing Facilities – Class 1 and Section 15303 – New Construction of Small Structures – Class 3) and a categorical exemption was prepared in accordance with the California Environmental Quality Act; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 14th day of February, 2013, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL



**SDCRAA
Board
Meeting**



Solar Implementation Program

2/14/2013

Project History:

- **The Airport Authority is pursuing solar generated power as part of the Green Build and the Airport's long term Utility Master Plan**
- **An RFP was issued in July 2012 to solicit proposals for a Solar Power Purchase Agreement**
- **In September 2012, thirteen proposals were received**
- **The Airport Authority's Evaluation Panel short-listed five qualified firms**
- **In November 2012, the Evaluation Panel interviewed and ranked the five firms**

Proposed Solar Implementation:

- **The selected firm will own, design, install, operate, and maintain a solar photovoltaic generating system. Power will be provided to the Airport Authority pursuant to a Solar Power Purchase Agreement (“PPA”) where the Airport Authority will purchase the power generated at a fixed price over a 20-year term.**
 - ✓ No capital is required by the Airport Authority to finance the system
 - ✓ No PV system maintenance is required by the Airport Authority
 - ✓ The Airport Authority only pays for power produced by the PV system
 - ✓ The cost of power is generally slightly lower than the utility rate
 - ✓ Excellent option for government entities to take advantage of tax incentives (PPA approach allows the LLC to monetize the incentives and pass the savings back to the purchaser)

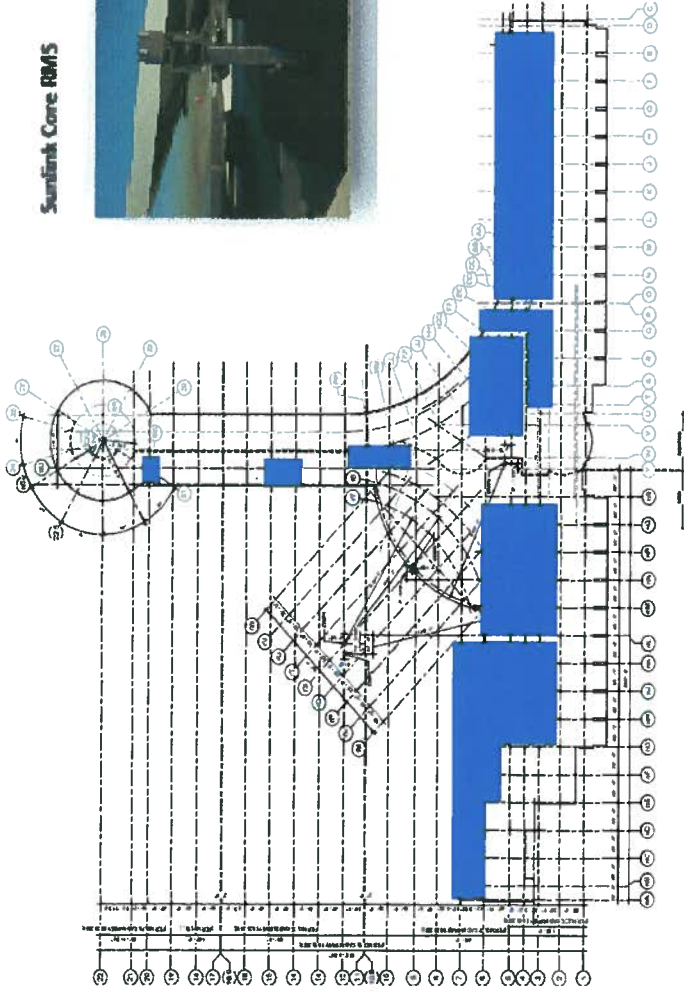
Proposed Solar Implementation Plan:

- There are three solar PV locations associated with this project:
 - ✓ Roof of the existing T2 West
 - ✓ Roof of T2 West Expansion
 - ✓ T2 West parking lot solar carport structure



Proposed Solar Implementation Plan:

- **Typical roof application (minimal penetrations)**
 - ✓ Roof of the existing T2 West
 - ✓ Roof of the T2 West Expansion
 - ✓ Ballasted, low-profile racking system



Sunlink Core RMS



**TERMINAL 2 WEST EXPANSION (LEFT) AND EXISTING TERMINAL 2 WEST (RIGHT)
WITH SOLAR ARRAY AREAS (BLUE)**

Proposed Solar Implementation Plan:

- **Typical carport application**
 - ✓ T2 West parking lot solar carport structure
 - ✓ “T” structure carport over parking bays
 - ✓ Drive aisles remain clear

Typical T-structure carport



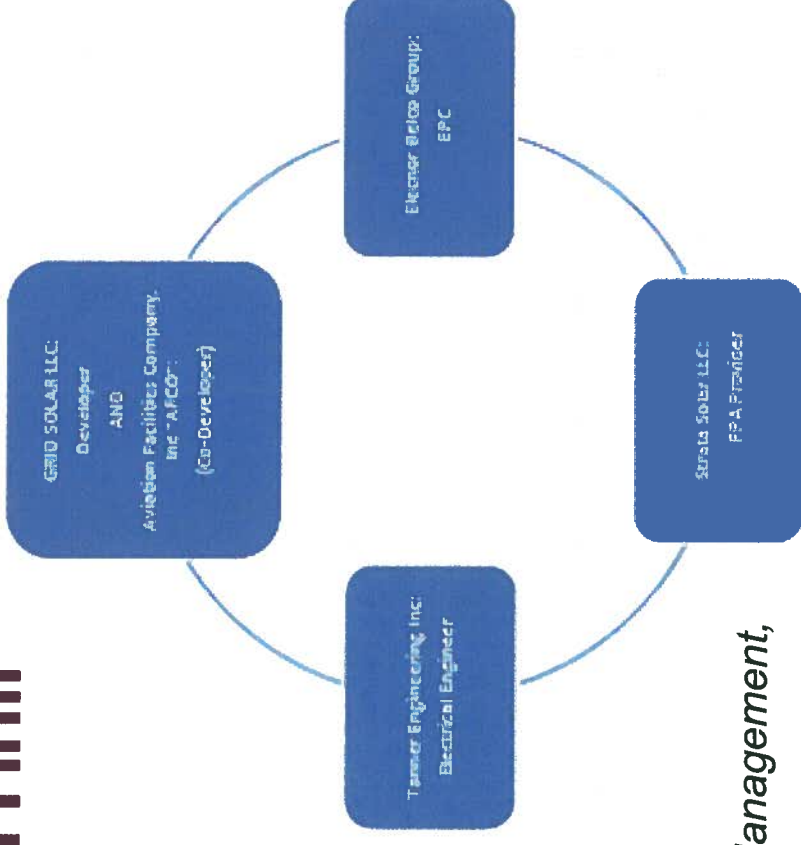
Solar Generating System Proposal

- **Total cost for the solar generating system: \$13.4 million over 20 years**
- **Proposed solar PV system is expected to produce 97 million kWh's over the next 20 years**
- **Estimated average cost of electricity from SDG&E over the next 20 years (without the solar generating system): \$24.9 million**
- **Net savings to the Airport Authority over 20 years: \$11.5 million**
- **At the end of the Power Purchase Agreement:**
 - The system can be purchased by the Airport Authority
 - Removed at no cost, or
 - The Airport Authority can extend the Power Purchase Agreement

Grid Solar – Recommended Firm

Grid Solar Proposed Team/Experience:

- **Grid Solar**
 - ❖ *Solar Developer*
 - San Francisco based
- **Elecnor Belco Group**
 - ❖ *EPC*
 - 15 yrs. electrical contractor in S. CA
 - 25 MW of installed solar PV
- **Strata Solar LLC**
 - ❖ *PPA Provider, System Owner, EPC Management, O&M*
 - North Carolina/San Francisco based
 - Secured financing of over 70 MW of solar PV systems
- **Tanner Engineering Inc.**
 - ❖ *Electrical Engineer*
 - 18 yrs. of engineering in La Mesa
 - 25% of company focused on Solar/RE



Solar PV Implementation Recommendation:

- **Grant a site lease agreement to GRID Solar, LLC, authorizing the President/CEO to: (1) execute a site lease agreement with GRID Solar, LLC, for the development and installation of a solar photovoltaic (“PV”) generating system, for a maximum term of 20 years; and (2) negotiate and execute a solar power purchase agreement with GRID Solar, LLC, to finance, design, install, operate, and maintain the solar PV generating system for an amount not-to-exceed \$13,356,084.00 and a maximum term limit of 20 years, at San Diego International Airport**