

## AMENDMENT

### TO SOLAR POWER PURCHASE AGREEMENT

This Amendment ("Amendment") to the Solar Power Purchase Agreement dated April 23, 2013 ("Agreement"), is made and entered into as of the 14<sup>th</sup> day of Nov, 2018 (the "Effective Date"), by and between COR Solar, LLC. ("Provider"), a Delaware limited liability company, and City of Reedley ("Purchaser"; and, together with Provider, each, a "Party" and together, the "Parties").

### RECITALS

WHEREAS, the Parties entered into a Solar Power Purchase Agreement with dated the 23<sup>rd</sup> of April 2013;

WHEREAS, the Royal Valley Building which holds the system for itself and the City Hall is scheduled to be demolished by Q1 of 2019, requiring the system to be removed and stored (the "Removal"). The area will be turned to a parking lot with carport structures and associated lighting (the "Carports") upon which the System will be reinstalled (the "Reinstallation"). This system will combine the system for the Royal Valley and City Hall into one system that will supply energy to the City Hall ("Relocated System"). Provider has agreed to pay the entire cost of the Removal and Reinstallation, including the cost of the Carports, in exchange for an extension of 5 years on the PPA term.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as following Amendment to the Agreement:

### AGREEMENT

1. The aforementioned Recitals are incorporated herein.

2. TERMS

2.1 The Term of the Agreement shall now be twenty-five (25) years from the Commercial Operation Date.

2.2 The time between Removal and Reinstallation ("Gap Time") shall not exceed twelve (12) months. In the event the Gap Time exceeds twelve months, Provider shall invoice Purchaser each month, and Purchaser shall timely pay such invoice, in an amount equal to the estimated System production after Reinstallation as shown on Exhibit B at the rates shown in Exhibit A.

This Amendment supersedes only the Terms listed in Section 2 of this Amendment of the Agreement. There are no other changes to the Agreement other than in Section 2 of this Amendment.

[Signature page follows]

IN WITNESS WHEREOF and in confirmation of consent to the terms and conditions contained in this Amendment, and intending to be legally bound hereby, Provider and Purchaser have executed this Amendment as of the Effective Date.

COR Solar, LLC

City of Reedley

By: \_\_\_\_\_

By:  11/14/10

Name:

Name: Nicole R. Zieba

Title:

Title: City Manager

Phone Number: (530) 887-1984

Phone Number: (559) 637-4200 x212

## EXHIBIT A

### Annual PPA Rate

Annual PPA Rate for the Relocated System will be \$0.17694/kWh for the duration of the Term.

## EXHIBIT B

### Estimated System Production

Month	kWh
January	8,174
February	12,676
March	19,628
April	24,280
May	28,111
June	29,253
July	28,638
August	27,527
September	21,955
October	17,779
November	11,673
December	8,675
Total	238,368



## **REEDLEY CITY COUNCIL**

- ☐ Consent
- ☒ Regular Item
- ☐ Workshop
- ☐ Closed Session
- ☐ Public Hearing

ITEM NO: 14

**DATE:** November 13, 2018

**TITLE:** CONSIDERATION OF ITEMS PERTAINING TO THE DEMOLITION OF THE ROYAL VALLEY BUILDING:

- (A) ADOPT RESOLUTION NO. 2018-085 APPROVING A CONTRACT WITH DAVID KNOTT, INCORPORATED, FOR THE DEMOLITION AND REMEDIATION OF ALL MATERIALS OF THE ROYAL VALLEY BUILDING IN THE AMOUNT OF \$328,828 AND GRANT THE CITY MANAGER AUTHORITY TO APPROVE CHANGE ORDERS UP TO AN AMOUNT EQUAL TO 15% OF THE CONTRACTED AMOUNT
- (B) ADOPT BUDGET RESOLUTION NO. 2018-086 AMENDING THE FISCAL YEAR 2018-2019 BUDGET TO APPROPRIATE \$407,500 IN AVAILABLE 2011 RDA BOND PROCEEDS TO FULLY FUND THE ROYAL VALLEY DEMOLITION PROJECT
- (C) APPROVE AND AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE SOLAR POWER PURCHASE AGREEMENT WITH PACIFIC POWER RENEWABLES INC. DATED APRIL 23, 2013.

**SUBMITTED:** John S. Robertson, City Engineer  
Russ Robertson, Public Works Director  
Paul A. Melikian, Assistant City Manager

**APPROVAL:** Nicole R. Zieba, City Manager

### **RECOMMENDATION**

- (A) Adopt Resolution No. 2018-085 approving a contract with David Knott, Incorporated, for the demolition and removal of all materials of the Royal Valley Building in the amount of \$328,828 and grant the City Manager authority to approve change orders up to an amount equal to 15% of the contracted amount.
- (B) Adopt budget resolution No. 2018-086 amending the fiscal year 2018-2019 Budget to appropriate \$407,500 in available 2011 RDA Bond proceeds to fully fund the Royal Valley Demolition project.
- (C) Approve and authorize the City Manager to execute an amendment to the solar power purchase agreement with Pacific Power Renewables Inc. for the removal of solar panels from the Royal Valley Building and subsequent reinstallation of panels on elevated parking structures to serve solar power to the Police Department and City Hall facilities.



## **EXECUTIVE SUMMARY**

The demolition of the former Royal Valley cold storage and packinghouse building (Project) was put out to bid on October 16, 2018. The base bid required the remediation and disposal of all encountered hazardous waste and demolition of the entire upright or elevated portions of the structure leaving the majority of the concrete floor intact for use as a parking lot. An add alternate bid item was included for the removal of the concrete floor. On October 25, 2018 a mandatory pre-bid meeting and project walk was conducted by City staff that was well attended by multiple interested contractors. The project scope was discussed and all areas of the building were opened to contractors for review and inspection.

Appropriate qualifications or previous experience in the demolition of buildings with known hazardous waste substances and appropriate and valid California Contractor's Licensure was required for the Project. Bid documents required that all bidders met licensure or experience requirements particular to this scope of work. Specifically, the bidders had to have a Class A or B general contractor's license. Additionally, the bidders were required to have two specialty licenses: C-21 Building Moving/Demolition & C-22 Asbestos Abatement. In the absence of specialty licensure, the contractors had to show experience in the demolition of three similar sized buildings.

In addition to the project site visit, Engineering staff provided several documents related to the presence of hazardous materials within the structure that require remediation that included a Phase 1 Environmental Analysis. A Phase 1 report is an environmental site assessment that performs an historical assessment of the property in order to identify operations that occurred around or within the structure that produced hazardous waste which will have to be disposed of properly and safely.

The bid opening was held at City Hall on November 6, 2018. The City received, opened, and read aloud eight (8) bids. The bids ranged from \$328,828 to \$620,267. Upon analysis of the received bids Engineering staff confirmed that the low bidder, David Knott, Inc., met the licensure requirements and provided all required documents and bonds required by the bid documents.

Staff is recommending that the City Council award both the base bid and add alternative to David Knott, Inc. in the amount of \$328,828 and grant the City Manager authority to approve change orders up to an amount equal to 15% of contracted amount equaling \$49,324 for a total contract amount of \$378,152.

The funding for the Project will require a budget amendment, appropriating \$407,500 from available 2011 RDA Bond proceeds, which is an eligible funding source. The requested amount covers the contractor's fees, a 15% contingency, and covers expenses to pay the consultants that assisted in finalizing the scope of work by identifying all hazardous waste materials.

\$ 328,828	Demolition Contract with Dave Knott, Inc.
49,324	15% Demolition Contract Contingency
15,000	Initial testing and Phase I Environmental Report
14,250	<u>Estimate of City staff time for project management</u>
\$407,402	Total Demolition Project Budget

### **Solar Power Purchase Agreement**

On March 26, 2013, the City Council approved a solar power purchase agreement with Pacific Power Renewables, Inc. to develop and operate photovoltaic projects at various city facilities, which includes City Hall and the Police Department. The roof of the Royal Valley building was used for this location due to the large amount of space required for the arrays that provide solar power. Given the imminent demolition of the Royal Valley building, staff researched options to remove and redeploy the panels following the demolition of the building. Pacific Power has agreed to remove the panels, store them for a period of up to one year, and then reinstall them on elevated solar parking structures at no up-

front cost to the City. In return, the City would agree to extend the current solar power purchase agreement for a period of five years, bringing the total term of the agreement to 25 years.

The biggest value of the Power Purchase Agreement, the 0% cost escalator, will be preserved for the remainder of the term, ensuring that the City will in effect, continue to pay the same utility rate on power generated by the arrays as it did the first year of the agreement through the end of the extended term.

#### Phase Two

The scope of the demolition project will leave the City with a largely unimproved vacant parcel. The next phase of the project will include construction of a fenced parking lot with elevated solar structures; secure storage area, security lighting, drainage, and appropriate improvements to the parking lot surface. These improvements will serve to replace the large parking area in the Royal Valley Building that is heavily used by City Hall and Police Department staff.

The fenced portion of the parking lot will not take up the entire parcel. A 'pad' facing 8<sup>th</sup> Avenue will be reserved for a future City facility. At this time, the costs for these items have not been finalized. Staff will develop a scope of work and estimated costs for these improvements and return to the Council to request additional funding as necessary. The expected funding source for the parking lot improvements are the 2011 RDA Bond proceeds.

#### FISCAL IMPACT

All costs for the mitigation of hazardous materials and demolition will come from available 2011 RDA Bond proceeds and have no impact to the General Fund. The use of a portion of 2011 RDA Bond proceeds is possible through the State Department of Finance approval of the City's Last & Final ROPS and Bond Expenditure Agreement from October 2017.

All costs associated with engineering, permitting, construction, and maintenance for the solar power arrays are born by the solar provider. The City of Reedley has no costs associated with this project other than the agreement to purchase the power produced by the systems.

#### 2011 RDA Bond Proceeds

- On May 22, 2018, the City Council authorized the use of \$20,000 of 2011 RDA Bond proceeds to remediate a blighted property by demolishing a burned out abandoned home and ancillary structures located at 1527 S. Frankwood Avenue.
- On April 10, 2018, the City Council appropriated \$250,000 in 2011 RDA Bond proceeds to complete funding for the Luke Trimble Park Rehabilitation Project, which is underway.
- In May 2016, the City Council authorized the use of 2011 RDA Bond proceeds for the purchase of 0.51 acres located as the northeasterly corner of G Street and East Avenue, at a final cost of \$182,486.

#### ATTACHMENTS

1. Resolution No. 2018-085 Approving Contract with David Knott, Inc.
2. Draft Public Improvement Agreement
3. Budget Resolution No. 2018-086 for the mitigation and demolition of the Royal Valley Building
4. Amendment to Solar Power Purchase Agreement



**RESOLUTION NO. 2018-085**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY APPROVING A CONTRACT TO THE MOST QUALIFIED FIRM FOR THE ROYAL VALLEY BUILDING DEMOLITION AND REMEDIATION OF ANY HAZARDOUS MATERIALS AND GRANT THE CITY MANAGER AUTHORITY TO APPROVE CHANGE ORDERS UP TO 15% OF THE CONTRACTED AMOUNT

**WHEREAS**, the City of Reedley issued a Notice to Bidders for the Demolition of the Royal Valley Building; and

**WHEREAS**, the City selection committee received, opened, read aloud eight (8) bids which ranged from \$328,828 to \$620,267; and;

**WHEREAS**, the lowest, most responsive and responsible bid was submitted by David Knott, Inc; and

**WHEREAS**, the Contractor and the selection committee negotiated the scope of services and fee; and

**WHEREAS**, on November 13, 2018 a Public meeting was held at the City of Reedley, City Council Chamber, at 845 "G" Street, and received a staff report to award a construction contract to the for the base bid and add alternative.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Reedley, City Council, using their independent judgment approved this resolution based on the following:

1. The above recitals are true and correct; and
2. That the City Manager enter into a contract for the Royal Valley Demolition Project, with the most qualified firm David Knott, Inc.
3. The City Manager is hereby authorized to execute contract change orders to the contract for this project and shall not exceed approximately 15% of the total contracted amount without prior approval of this City Council.
4. This resolution is effective immediately upon adoption.

This foregoing resolution is hereby approved and adopted at a regular meeting of the City Council of the City of Reedley held on the 13<sup>th</sup> day of November, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Anita Betancourt, Mayor

ATTEST:

\_\_\_\_\_  
Sylvia B. Plata, City Clerk