

RESOLUTION NO. 2022- ____

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A POWER PURCHASE AGREEMENT WITH PENINSULA CLEAN ENERGY TO DEPLOY A SOLAR PHOTOVOLTAIC SYSTEM ON THE SAN BRUNO RECREATION AND AQUATICS CENTER SHOULD THE CITY MANAGER DETERMINE ADEQUATE COST EFFICIENCY OR OTHER COMMUNITY BENEFITS ASSOCIATED WITH THE AGREEMENT

WHEREAS, the new Recreation and Aquatic Center (RAC) will be located at 251 City Park Way, replacing the existing Veterans Memorial Recreation Center, and will be a modern, 2-story, 49,500 square foot facility that will operate as the City's aquatic, recreation, and community center; and

WHEREAS, on June 8, 2021, the project budget was approved without a Solar Photovoltaic (PV) System budget allocation but did include an estimated cost of \$1,298,000 for future PV consideration; and

WHEREAS, the RAC building was designed to be "Solar Ready" and is estimated to generate a substantial 420 kilowatt hours (kWH), or about one-third of the projected power usage, of solar energy per year; and

WHEREAS, the construction notice-to-proceed was issued on September 7, 2021 and the RAC building is expected to be ready to receive solar PV panels by June 2023; and

WHEREAS, on October 20, 2021, City staff informed the RAC Advisory Committee that the Solar PV System was one of the capital campaign goals and should be pursued; and

WHEREAS, City staff found Peninsula Clean Energy (PCE), San Mateo County's not-for-profit, locally-led electricity provider, to be a viable and economical vendor to fund the Solar PV System; and

WHEREAS, on March 21, 2022, City staff and PCE provided a presentation to the RAC Advisory Committee outlining a pilot program that aims to develop solar projects for city and county facilities throughout the Bay Area; and

WHEREAS, agencies from several cities and counties have already passed resolutions to participate in PCE's solar program, including Atherton, Belmont, Brisbane, Colma, Hillsborough, Millbrae, Pacifica, Redwood City, San Carlos, San Mateo, and San Mateo County; and

WHEREAS, PCE will complete the design, execute procurement processes, solicit competitive prices, construct, maintain, and own the Solar PV System, building it also to be "Battery Ready"; and

WHEREAS, a Power Purchase Agreement (PPA), negotiated and signed by the City and PCE, will be provided "at cost" by PCE to cover equipment and installation costs, and will set a fixed rate per kWh for the energy generated by the Solar PV System; and

WHEREAS, there will be no upfront cost to the City, and incurred costs will be amortized and paid for over the term of the PPA out of a portion of the energy savings the system generates and a small \$/kWh fee charged, in good faith and with full financial transparency, by PCE to cover expenses; and

WHEREAS, monthly payments by the City will be structured to be less than the estimated cost of purchasing energy from the grid through PG&E; and

WHEREAS, after the 20-year PPA term ends, the City will have the option to purchase the Solar PV System at the Fair Market Value (FMV), as independently appraised at that time, or have PCE remove it, at its expense, or enlist other buyout options, but not before year six; and

WHEREAS, the California Public Utilities Commission is modifying the Net Energy Metering (NEM) tariffs that govern Solar PV resources, signaling the next iteration of NEM (NEM 3) may be less advantageous to solar, and PCE will keep the City apprised of any associated impacts and will adjust the overall project accordingly; and

WHEREAS, the PPA rate will provide the City with acceptable net saving and other community benefits as determined by the City, and, if PCE is unable meet these goals, the City will be under no obligation to move forward with the process; and

WHEREAS, California Government Code Section 4217.12 states that a public agency may enter into an energy service contract and any necessary facility ground lease if the agency determines that the terms are in the public interest at a regularly scheduled public hearing, providing two weeks' notice to the public thereof, and that the marginal cost of the new energy contract will be less than costs of doing business as usual; and

WHEREAS, California Government Code Section 4217.13 states that a public agency may enter into a facility financing contract and any facility ground lease if the agency determines that the terms are in the public interest at a regularly scheduled public hearing, providing two weeks' notice to the public thereof, and that the repayment of the costs associated with the design, construction, and/or operation of the energy facility be settled through revenues from energy sales and/or funding from cost savings that would have been used for the purchase of energy; and

WHEREAS, the City Council held a duly noticed public hearing on the proposed PPA.

NOW, THEREFORE, BE IT RESOLVED that the San Bruno City Council hereby determines that (i) the terms of the PPA are in the public interest, (ii) the marginal cost of the PPA will be less than costs of doing business as usual, and (iii) the repayment of the costs associated with the design, construction, and operation of the energy facility will be settled through revenues from energy sales and/or funding from cost savings that would have been used for the purchase of energy.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the San Bruno City Council hereby authorizes the City Manager to enter into a Power Purchase Agreement with Peninsula Clean Energy to deploy a Solar Photovoltaic System and Battery on the San Bruno Recreation and Aquatics Center should the City Manager determine adequate cost efficiency and community benefits associated with the agreement.

Dated: June 28, 2022

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I, Vicky Hasha, Deputy City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 28th day of June 2022 by the following vote:

AYES: Councilmembers: _____

NOES: Councilmembers _____

ABSENT: Councilmembers: _____

ATTEST:

Vicky Hasha
Deputy City Clerk