



Council Agenda Report

From: Dick McKinley, Public Works Director

Subject: *Second Amendment and Agreement* for the Airport Solar Power Project

Date: February 6, 2018

Facts

1. On December 15, 2015, the City Council adopted a resolution selecting SunEdison as the City's solar power provider, and entered into a Power Purchase Agreement for three City sites, plus a site at the Airport.
2. The three City sites (Centennial Park, Sherwood Park, and City Hall) were all evaluated, and the City Hall site was removed from the list due to geo-technical reasons.
3. The Centennial Park and Sherwood Park sites were granted a Conditional Use Permit by the City Planning Commission on December 13, 2016 after the projects were sized to meet the power used at those two sites. Both sites will use solar panels mounted on covered-parking canopies, providing the added benefit of covered parking. The Sherwood canopy is a bit smaller than originally proposed because it is limited by the power used in the meters serving that site (per the Federal rules governing this program).
4. The Airport project was originally planned to be a 3.9 megawatt system, but has been increased to a 4.2 megawatt system to offset the loss of the City Hall site. The Airport site will use about 25 acres of land previously used for farming, located north of Satellite Drive.
5. Onyx Renewables has been delayed in the construction of the Airport project due to PG&E's lengthy review process and other procedures.
6. Because of this delay, the timeline in the original contract must be revised.

Options

1. Do nothing;
2. Approve the *Second Amendment and Agreement* for the Airport solar power project;
3. Some other option.

Analysis and Conclusions

This amendment updates the current timeline for the airport solar project which, when completed, will provide significant financial benefits to the City. If the amendment is not approved, the airport solar power project could be canceled or further delayed.

The various solar power projects will provide an estimated \$30 million in savings for the City over the next 20-plus years, which is significantly greater than the original estimate of \$9.5 million. The proposed amendment, which has been reviewed and approved by the City Attorney, updates the timeline to complete the installation, bring the airport project on line, and commence with the 20-year contractual period. The projects at Sherwood Park and Centennial Park will additionally benefit park users by providing covered parking. The Airport project has been situated in a way that will not interfere with aviation users, and is in an area that is not expected to have significant development in the next 20 years, while providing the Airport Fund with about \$750,000 in lease revenues during that time.

Fiscal Impact

There is no specific fiscal impact related to this Second Amendment so long as the solar installation moves forward. There is a significant positive fiscal impact of completing the solar projects. The Sherwood and Centennial Parks projects are expected to save the City General Fund about \$1 million over the next 20 years. The Airport solar project is expected to save the City General Fund about \$29 million over the next 20 years.

Recommendation

Approve Resolution #18-XXX Approving the *Second Amendment And Agreement* for the Airport Solar Power Project with Onyx Renewables (SunEdison Government Solutions LLC).

Attachments

1. Resolution 18-XXX
2. *Second Amendment and Agreement* for the Airport Solar Power Project

RESOLUTION NO. 18-XXX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE SECOND AMENDMENT AND AGREEMENT FOR THE AIRPORT
SOLAR POWER PROJECT WITH ONYX RENEWABLES (SUNEDISON GOVERNMENT
SOLUTIONS LLC)**

WHEREAS, on December 15, 2015, the City Council adopted a resolution selecting SunEdison as the City's solar power provider, and entered into a Power Purchase Agreement for three City sites, plus a site at the Airport; and

WHEREAS, the three City sites (Centennial Park, Sherwood Park, and City Hall) were all evaluated, and the City Hall site was removed from the list due to geo-technical reasons; and

WHEREAS, the Centennial Park and Sherwood Park sites were granted a Conditional Use Permit by the City Planning Commission on December 13, 2016 after the projects were sized to meet the power used at those two sites; and

WHEREAS, the Airport project was originally planned to be a 3.9 megawatt system, but has been increased to a 4.2 megawatt system to offset the loss of the City Hall solar project; and will be located on 25 acres of land previously used for farming north of Satellite Drive; and

WHEREAS, Onyx Renewables has been delayed in the construction of the Airport project due to PG&E's lengthy review and other procedures; and

WHEREAS, the parties desire to update the timelines for the installation of the Airport solar power project;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby approves the Second Amendment and Agreement for the Airport solar power project in substantially the form attached hereto as Exhibit A, and incorporated herein by reference, and authorizes the City Manager to execute the Agreement, subject to any minor, technical, or non-substantive changes as approved by the City Manager and the City Attorney.

Section 3. This Resolution shall take effect on the date it is approved by the City Council.

APPROVED this ____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT a

Second Amendment and Agreement for Airport Solar Power Project

[to be inserted]

SECOND AMENDMENT AND AGREEMENT

El Paso de Robles – Airport

THIS SECOND AMENDMENT AND AGREEMENT (this “Agreement”) is made as of February __, 2018 (the “Effective Date”), by and between SunE Sunset Holdings I, LLC, a Delaware limited liability company and indirect subsidiary of Onyx Renewable Partners L.P. (“Onyx”), as assignee of SunEdison Government Solutions LLC (“Provider”) and the City of El Paso de Robles, a California municipal corporation (“PPA Counterparty”). Provider and PPA Counterparty are sometimes collectively referred to in this Agreement as the “Parties” and each by itself, a “Party.”

RECITALS

WHEREAS, Provider and PPA Counterparty are parties to that certain (a) General Terms and Conditions of Solar Power and Services Agreement, dated as of December 29, 2015 (the “General PPA”) and (b) Solar Power & Services Agreement Special Conditions (the “Airport RES-BCT”), dated as of December 29, 2015, in connection with the design, construction and operation of photovoltaic electricity generation system at the Paso Robles Municipal Airport (“System”) and sale of electricity from such System to the PPA Counterparty (the General PPA and the Airport RES-BCT, collectively defined as the “Airport PPA”);

WHEREAS, pursuant to that certain Amendment and Agreement, dated as of February 7, 2017 (the “First Amendment”), the Provider and PPA Counterparty amended the General PPA, the Airport PPA, and special conditions for other sites in connection with the development of projects for PPA Counterparty after Onyx’s acquisition of the Provider from SunEdison Government Solutions LLC;

WHEREAS, several of PPA Counterparty’s projects were constructed during 2017, but this System for the Paso Robles Municipal Airport required extended interconnection studies, with results from the utility received in late 2017; and

WHEREAS, following receipt of interconnection studies and further review and agreement on design for the System, the Parties wish to proceed with the development of this site and wish to amend the Airport PPA to update the Construction Start Date as set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Definitions.** Unless otherwise defined in this Agreement, capitalized terms used in this Agreement have the respective meanings ascribed to them in the Airport PPA.
2. **Special Conditions.** The Airport RES-BCT is hereby amended as follows:

2.1. The “Construction Start Date” as set forth on Schedule 1 (Description of Premises and Systems) of the Special Conditions is hereby replaced in its entirety with the following date: March 31, 2018.

3. **No Modification to Airport PPA.** Other than the amendment described in this Agreement, nothing in this Agreement is intended to modify, alter or rescind any of the terms or provisions of the Airport PPA.

4. **Miscellaneous.** This Agreement shall be governed by the laws of the jurisdiction set forth in the Airport PPA, without regard to principles of conflicts of law. This Agreement shall inure to the benefit of and be binding upon each of the Parties and each of their respective successors and assigns. This Agreement may only be amended by a writing signed by all of the Parties. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Agreement. This Agreement constitutes the entire agreement of the Parties relating to the subject matter hereof and supersedes all prior contracts, agreements or understandings with respect to the subject matter hereof, whether oral or written.

(Remainder of page intentionally left blank – Signature page to follow)

IN WITNESS WHEREOF, the Parties have each executed this Agreement as of the Effective Date.

<p>PROVIDER:</p> <p>SunE Sunset Holdings 1, LLC a Delaware limited liability company</p> <p>By: _____ Name: Title:</p>	<p>PPA COUNTERPARTY:</p> <p>City of El Paso de Robles, a California municipal corporation</p> <p>By: _____ Thomas Frutchey City Manager</p> <p>Attest:</p> <p>By _____ Kristen L. Buxkemper Deputy City Clerk</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ Iris P. Yang City Attorney</p>
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