

## Approval of an Agreement with Sage Energy Consulting/Clean Coalition to Perform a Feasibility Study for a Potential District-Wide Installation of Solar Energy, Battery Storage, and Electrical Vehicle Charging Stations using a Power-Purchase Agreement

### Background

At the November 12, 2019 board meeting, staff presented a proposal to engage in a request for proposal (RFP) process to help the district design and implement a sustainable energy solution. The vision is for a comprehensive solution that implements solar energy, battery storage, electrical vehicle charging stations and creates resiliency to manage the growing concern around public safety power shutoff scenarios.

RFP's were sent to well established firms both locally and at the state level with proven track records in the industry. Five firms were solicited for a submittal, and one proposal was received. Interestingly, Sage Energy Partners and Clean Coalition teamed up for their submittal, creating a unique pairing of a firm with statewide experience partnering with municipalities, school districts, and utility companies, with a local firm that specializes in the development of microgrids. On December 12, 2019, Sage/Clean Coalition gave a presentation to panel of five people, and participated in a question and dialogue period for over 2.5 hours. Background checks on Sage Energy Consulting were performed by staff in preparation for the interview. As a result of this conversation, staff is asking the Board to approve two things: the selection of Sage/Clean Coalition as a consulting team for this project and giving authority to the superintendent to enter into a contract with Sage Energy Consulting as soon as possible. A copy of their proposal is attached.

The five organizations were:

- Community Action Commission in Santa Barbara
- SPURR
- Sage Energy Consultants
- Clean Coalition
- Climatec

The five panel members were:

- Cary Matsuoka, Superintendent
- Steve Vizzolini, Director of Facilities and Modernization
- Richard Whirly, Project Manager for our bond program
- Lang Sligh, Member of the Citizens' bond oversight committee
- Craig Price, General Counsel, Griffith and Thornburgh

## **Financing for this Project**

The initial feasibility and conceptual design stages of this project will be funded from the State Facility Grant Matching funds that we have received for completed past projects. That fund currently has about \$700,000 in the account and are held in reserve for unique facility projects such as this one. The fee structure from Sage/CC is listed on page 32 of their proposal and we are recommending setting up a contract with them for Tasks 1-6, totaling \$287,900. If at any time during the next 6 months we determine there is not a financially viable path forward, we will stop the project, terminate the contract, and pay them only for services completed to that point in time. Tasks 7-11 involve execution of the project and that phase of the costs would total \$231,400.

As mentioned in the November 12, 2019 report, the financing tool for the physical capital investment is called a power-purchase agreement. The reader can refer back to that board report for the explanation of a PPA. The Sage/CC team will work on our behalf to put the project design out to bid, evaluate vendors using a complex matrix of system design, electricity cost, energy arbitrage, and long-term financing. There would be no up front capital costs incurred by the district – the payments would be for electricity generated by the installed system.

A large percentage of the design and project management fees can be rolled into the PPA. We will work with Sage/CC to determine what makes sense financially – restore funds back to the Facility Grant Matching fund or keep those costs out of the PPA to give us more financial leverage with our future electricity provider.

## **Timeline and Project Management Schedule**

We are fast-tracking this timeline and project as we apply our due diligence every step of the project. There is a Self Generation Incentive Program (SGIP) that begins in January 2020 and these grants are on a first-come-first-served basis. There are other funding opportunities that will assist a future PPA provider to give us the best possible long-term contract. Our goal is to accomplish tasks 1-6 and get the district under contract with a future PPA provide by June 2020. Tasks 7-11 will take a couple of years to build out until the infrastructure is fully operational by sometime around late 2022.