

City of Fayetteville Staff Review Form

2019-0384

Legistar File ID

7/2/2019

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Tim Nyander

6/13/2019

WASTEWATER TREATMENT (730)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Staff recommends approval of change order with Ozarks Electric Cooperative in the amount of \$156,128.00 for additional electrical make ready infrastructure costs associated with the 10 MW of Solar Power Generation and 24 MWh of Storage at the two Fayetteville Wastewater Treatment Facilities, and approval of a budget adjustment.

Budget Impact:

5400.730.5800-5801.00

Water and Sewer

Account Number

Fund

18027.1801

Solar Arrays

Project Number

Project Title

Budgeted Item? Yes

Current Budget \$ 560,818.00

Funds Obligated \$ 560,818.00

Current Balance \$ -

Does item have a cost? Yes

Item Cost \$ 156,128.00

Budget Adjustment Attached? Yes

Budget Adjustment \$ 156,128.00

Remaining Budget \$ -

V20180321

Purchase Order Number: 2018-00000877

Previous Ordinance or Resolution # 6115

Change Order Number: 1

Approval Date:

Original Contract Number: 2018-00000051

Comments:



MEETING OF JULY 2, 2019

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
CC: Tim Nyander, Utilities Director
FROM: Peter Nierengarten, Sustainability Director
DATE: June 10, 2019
SUBJECT: **Change Order for Solar Power and Storage**

RECOMMENDATION:

Staff recommends approval of change order with Ozarks Electric Cooperative in the amount of \$156,128.00 for additional electrical make ready infrastructure costs associated with the 10 MW of Solar Power Generation and 24 MWh of Storage at the two Fayetteville Wastewater Treatment Facilities, and approval of a budget adjustment.

BACKGROUND:

On November 20, 2018, per Ordinance 6115, City Council approved a Trilateral Agreement with Ozarks Electric and Today's Power, Inc. that provides for the development, construction and operation of 10 MW of Solar Power Generation and associated 24 MWh of energy storage at the two Fayetteville Wastewater Treatment Facilities. The project consists of 5 MW of ground mounted solar photovoltaic panels and 12 MWh of battery storage at each facility. Necessary site electric improvements to connect to the solar arrays at the two Wastewater Treatment Facilities were estimated to cost \$560,818.38 as part of the original design.

During the review of the project by the Arkansas Public Service Commission, the agency required a design change to the onsite electrical infrastructure to isolate the back-up generators from the solar array and battery storage at the Noland Wastewater Treatment Plant. This change required an additional circuit (consisting of wires, poles, cross-arms, insulators, guy wires and other infrastructure) to be added to the make ready improvements at the Noland Plant. The added cost for this additional infrastructure is \$156,128.00, bringing the total make ready cost for the entire project to \$716,946.38. The original return-on-investment (ROI) for the project was 3.1 years and with the added cost the ROI is 3.9 years.

BUDGET/STAFF IMPACT:

A budget adjustment will be necessary to move funds in the amount of \$156,128.00 from the Sanitary Sewer Rehabilitation account to the Solar Arrays account within the Water and Sewer fund to cover the cost of the change order.

Attachments:

Change Order Agreement

Ordinance 6115

Budget Adjustment

FACILITIES UPGRADE CHANGE ORDER AGREEMENT

This AGREEMENT (this "Agreement"), dated as of _____, 2019, is made by and between the City of Fayetteville, Arkansas (the "City"), and Ozarks Electric Cooperative Corporation ("OECC") (each, a "Party" and collectively, the "Parties") for the purpose of achieving benefits to each of the Parties from solar power generating and energy storage facilities at the City's East water treatment plant located at 1400 North Fox Hunter Road, Fayetteville, Arkansas (the "East Plant"). This Change Order Agreement deals specifically with the construction and upgrade of the City's facilities necessary to make the property and facilities of the City ready, at the East Plant location, to allow for the interconnection and storage of electric energy at the City's East Plant and to establish the cost of same.

AGREEMENT

1. **Facilities Upgrade Change Order.** Ozarks Electric Cooperative is requesting a Change Order to the Make Ready Construction costs associated with the Solar Array Interconnection at the City's East Plant, located at 1400 North Fox Hunter Road, Fayetteville, Arkansas. During the Net Metering Application review process, the Arkansas Public Service Commission (APSC) expressed concern with the potential of Non-Renewable energy from the plant's backup generator being able to flow back onto the OECC distribution system. In order to eliminate this potential problem, OECC had to implement a design change that resulted in additional labor and material costs above the original Make Ready Cost estimate provided to the City. After the design modification, the cost estimate for the Make Ready Construction increased to \$716,946.

2. **Cost for Change Order.** The City shall pay to OECC the sum of \$156,128 for the design modification required to satisfy the APSC. Such payment shall be due and payable to OECC within in thirty (30) days of the City's acceptance and approval of the invoice for the Change Order work performed pursuant to this Agreement, as described in Exhibit A.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Agreement as of the date set forth above.

CITY OF FAYETTEVILLE, ARKANSAS

By: _____

Name: Lioneld Jordan

Title: Mayor

Dated: _____

Attest:

By: _____

Name: _____

Title: _____

OZARKS ELECTRICAL COOPERATIVE
CORPORATION

By:  _____

Name: Mitchell Johnson

Title: President & CEO

Dated: 6/11/19 _____

EXHIBIT A

Original Facilities Upgrade Costs

ORIGINAL COST ESTIMATE	
WEST FAYETTEVILLE SOLAR PLANT - TOTALS	
NEW CONSTRUCTION	424,382.83
RETIRE CONSTRUCTION	115.76
ROCK CLAUSE	30,000.00
RECLOSER COSTS	24,000.00
FIBER COSTS @ 2750 FT.	2,062.50
METERING AND AUTOMATION COSTS	16,000.00
DISTRIBUTION TRANSFORMER COSTS	(165,000.00)
TOTAL ESTIMATE	<u>331,561.09</u>
EAST FAYETTEVILLE SOLAR PLANT	
NEW CONSTRUCTION	322,477.20
RETIRE CONSTRUCTION	6,030.09
RECLOSER COSTS	24,000.00
FIBER COSTS @ 20,600 FT.	25,750.00
METERING AND AUTOMATION COSTS	16,000.00
DISTRIBUTION TRANSFORMER COSTS	(165,000.00)
TOTAL ESTIMATE	<u>229,257.29</u>
TOTAL MAKE READY UPGRADES	560,818.38

Description of Change Order Costs

FINAL DESIGN COST ESTIMATE	
WEST FAYETTEVILLE SOLAR PLANT - TOTALS	
NEW CONSTRUCTION	424,382.83
RETIRE CONSTRUCTION	115.76
ROCK CLAUSE	30,000.00
RECLOSER COSTS	24,000.00
FIBER COSTS @ 2750 FT.	2,062.50
METERING AND AUTOMATION COSTS	16,000.00
DISTRIBUTION TRANSFORMER COSTS	(165,000.00)
TOTAL ESTIMATE	<u>331,561.09</u>
EAST FAYETTEVILLE SOLAR PLANT	
NEW CONSTRUCTION	477,792.54
RETIRE CONSTRUCTION	6,842.75
RECLOSER COSTS	24,000.00
FIBER COSTS @ 20,600 FT.	25,750.00
METERING AND AUTOMATION COSTS	16,000.00
DISTRIBUTION TRANSFORMER COSTS	(165,000.00)
TOTAL ESTIMATE	<u>385,385.29</u>
TOTAL MAKE READY UPGRADES	716,946.38

FINAL DESIGN COST ESTIMATE	716,946.38
ORIGINAL COST ESTIMATE	<u>560,818.38</u>
TOTAL CHANGES TO EAST SIDE ESTIMATE	<u>156,128.00</u>
TOTAL CHANGE ORDER AMOUNT	156,128.00



113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Ordinance: 6115

File Number: 2018-0625

OZARKS ELECTRIC COOPERATIVE CORPORATION AND TODAY'S POWER, INC.:

AN ORDINANCE TO WAIVE COMPETITIVE BIDDING AND AUTHORIZE MAYOR JORDAN TO ENTER INTO AGREEMENTS WITH OZARKS ELECTRIC COOPERATIVE CORPORATION AND TODAY'S POWER, INC. FOR THE DEVELOPMENT, CONSTRUCTION, AND OPERATION OF SOLAR POWER GENERATION AND STORAGE EQUIPMENT AND FACILITIES AT FAYETTEVILLE'S WESTSIDE AND NOLAND WASTEWATER TREATMENT FACILITIES, AND TO APPROVE A BUDGET ADJUSTMENT TO PROVIDE FUNDING IN THE AMOUNT OF \$560,818.38 FOR SITE IMPROVEMENTS NECESSARY TO CONNECT TO THE SOLAR ARRAYS

WHEREAS, on January 2, 2018, pursuant to Resolution No. 25-18, the City Council adopted an Energy Action Plan which includes a goal of 100% clean energy consumption by City facilities by 2030; and

WHEREAS, the City's two wastewater treatment facilities are the largest electricity consuming accounts making up approximately 67% of the City's overall electricity consumption; and

WHEREAS, installing solar power generating and storage facilities meets the City's goal of converting to clean energy, will lead to improved reliability for the wastewater treatment facilities, reduce dependence on backup generators, upgrade the electricity grid servicing the treatment plants and should also result in cost savings to the City and taxpayers; and

WHEREAS, Ozarks Electric Cooperative Corporation ("Ozarks Electric") is the City's monopoly power provider where the wastewater treatment facilities are located and is a shareholder in Today's Power, Inc. ("Today's Power"), which will allow the City to obtain the benefits of a total package arrangement for solar power generation, storage, maintenance, electrical upgrades, energy management, and net metering that would not be possible otherwise.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby determines an exceptional situation exists in which competitive bidding is deemed not feasible or practical and therefore waives the requirements of formal competitive bidding for solar power facility installation and related services at the Westside and Noland Wastewater Treatment Facilities, pursuant to the agreements described below.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign a Tri-Lateral Agreement with Ozarks Electric and Today's Power for the development, construction and operation of solar power generation and storage facilities and equipment at the Westside and Noland Wastewater Treatment Facilities.

Section 3: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign two Ownership and Operations Agreements with Today's Power for development, construction and operation of solar power generation and storage facilities which provides for 99% ownership of the solar power generating system by Today's Power and 1% by the City and which requires Today's Power to finance the purchase of, install and maintain the solar power facilities.

Section 4: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign two Lease and Easement Agreements with Today's Power for approximately 48.95 acres at the Noland Plant and approximately 37.8 acres at the Westside Plant for the installation and operation of the solar power generating facilities.

Section 5: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign two Solar Power Services Agreements with Today's Power for the purchase of solar power services at a cost of 4.7673 cents per kilowatt hour.

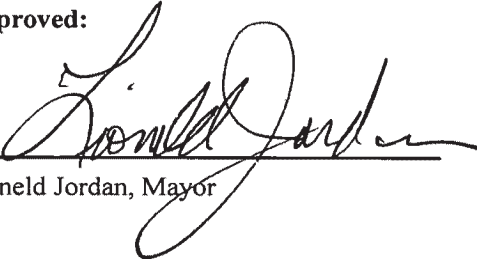
Section 6: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign a Facilities Upgrade Agreement with Ozarks Electric in the amount of \$560,818.00 for the construction and upgrade of the City's facilities to allow for the interconnection and storage of electric energy at the Westside and Noland Plants.

Section 7: That the City Council of the City of Fayetteville, Arkansas hereby authorizes Mayor Jordan to sign an Energy Management Agreement with Ozarks Electric which provides for the management by the City of back-up generators at the Westside and Noland Plants in order to reduce energy consumption during peak conditions which will allow the City to remain on the large power off peak rate as long as the tri-lateral agreement remains in effect.


Section 8: That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment, a copy of which is attached to the City Council Agenda Memo, in the amount of \$560,818.00 to provide funding for the make-ready site improvements authorized by Section 5 of this Ordinance.

PASSED and APPROVED on 11/20/2018

Approved:


Lioneld Jordan, Mayor

Attest:


Sondra E. Smith, City Clerk Treasurer

