



Agenda Date: 3/29/2017

Agenda Placement: 8A

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Jeff Tucker for Timothy Healy - General Manager
NS-Technical Services/Engineer

REPORT BY: Robin D. Gamble, Asset Manager - (707) 258-6031

SUBJECT: Authorize Purchasing Agent to Execute Agreements for Solar Energy Project

RECOMMENDATION

Authorize Purchasing Agent to execute the attached Second Amendment to Site Lease Agreement, Memorandum of Site Lease Agreement and Amendments, and Consent, in support of the Solar Energy Project with SunPower.

EXECUTIVE SUMMARY

With the completion of construction and imminent start of operations of the solar arrays, there are additional agreements and amendments that should be executed regarding the project with SunPower Corporation.

Second Site Lease Amendment

The original Site Lease incorporated areas both north and south of the road entering into the Soscol Water Recycling Facility. The First Amendment recognized a change in location for one of the arrays due to bedrock being found at shallow depths. This proposed Second Amendment changes the lease area by removing the portion of the original parcels on the south side of the road from the agreement due to the PV array moving it onto a parcel north of the road, also owned by NapaSan, due to environmental considerations. The request is for the Board to authorize the Purchasing Agent to sign the Second Amendment to Site Lease Agreement.

Memorandum of Site Lease Agreement and Amendments

It is customary for a Memorandum of Site Lease to be recorded against a property, to protect the interest of improvements built on leased properties. The proposed Memorandum removes the references to the original site. The request is for the Board to authorize the Purchasing Agent to sign the Memorandum of Site Lease Agreement and Amendments.

Consent

The PPA provides that NapaSan will provide its consent to SunPower to assign the solar project to another party. It

is SunPower's intention to do so once the new lease amendment is complete and the Memorandum is recorded. NapaSan has reviewed their request for consent to the assignment and finds no reason to object. The request is for the Board to authorize the Purchasing Agent to sign the Consent.

Special Meeting Request and Financial Impact

There are no costs associated with the execution of these agreements. SunPower requested the special meeting to authorize approval of the documents prior to the end of March 2017 to realize tax benefits for the project in Quarter 1. SunPower has agreed to pay a fee associated with expedited legal review of the agreements, for the cost of the special meeting, and to share with NapaSan some financial gains associated with the expedited meeting and approvals.

Legal Review

All of the agreements has been reviewed and approved by District legal counsel.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

None.

BACKGROUND AND DISCUSSION

At the May 20, 2015 Board Meeting the Board of Directors authorized the Purchasing Agent to execute a Power Purchase Agreement (PPA), Site Lease Agreement and Performance Guarantee Agreement for the solar project with SunPower Corporation. Separately staff executed an Operation and Maintenance Agreement with SunPower Corporation. Staff recently executed Amendment 2 of the PPA which incorporated SunPower's purchase of equipment that was NapaSan's responsibility, in exchange for a slight increase in the PPA rate. However, due to other factors, the revised PPA's estimated net present value savings (based on a 6-year buyout of the system) improved from \$2,888,986 to \$2,934,000.

SUPPORTING DOCUMENTS

- A . Second Amendment to Site Lease Agreement
- B . Memorandum of Site Lease Agreement and Amendments
- C . Consent

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker