

**TOWN OF  
APPLE VALLEY, CALIFORNIA**

**AGENDA MATTER**

**Subject Item:**

**APPROVE PLANS AND AUTHORIZE ADVERTISING FOR CONSTRUCTION BIDS FOR PHOTOVOLTAIC SYSTEM AND PARKING LOT SHADE STRUCTURE.**

**Summary Statement:**

On April 28, 2009, the Town Council adopted Resolution 2009-13 authorizing submittal of an application for the Energy Efficiency and Conservation Block Grant (EECBG) funds made available through the American Recovery and Reinvestment Act (ARRA) of 2009. On September 14, 2009, the Town received notice that the grant application was successful. Grantees were given 18 months to obligate and/or expend all ARRA funds.

A Request for Proposal for Photovoltaic System Design and preparation of construction documents was released in December 2009, and Engineering Partners, Inc. (EPI), was ultimately awarded the contract. EPI has completed the specifications and estimated a cost of \$1,622,808 for installing a photovoltaic power system on a supporting parking lot.

Estimated total cost	\$1,623,594
Federal grant	641,200
State rebate (paid over five years)	<u>711,830</u>
Local government final cost	\$ 270,564

Over time the state rebate has decreased as additional solar projects have been built. The updated project costs showing the effects of the lowered state rebate are:

Estimated total cost	\$1,728,643
Federal grant	641,200
State rebate (paid over five years)	<u>327,178</u>
Local government final cost	\$ 760,265

With this construction cost estimate, the Town would pay \$1,087,443 towards the construction and be reimbursed \$65,436 annually by the state for five years. It is estimated that construction of this 250 kilowatt renewable energy system will reduce Town Hall electricity costs by approximately \$3,000 per month at today's rate. The savings will, of course, increase as the price of energy increases. Southern California

**Recommended Action:**

Review and approve construction plans and direct staff to proceed with advertising for bids on the construction of photovoltaic power system and parking lot shade structure or provide other direction to staff.

**Proposed by:** Diana McKeen \_\_\_\_\_ **Item Number** \_\_\_\_\_

**T. M. Approval:** \_\_\_\_\_ **Budgeted Item**  Yes  No  N/A

Edison energy prices in 2011 are projected to increase between eight and 10% (SCE Powerpoint entitled "Southern California Spring 2010 Electricity Outlook," slide 10).

According to the Department of Energy, average commercial rates for electricity in California have risen nearly 25% since 2000, from \$10.91/kWh to \$13.60/kWh in 2009. (Historical 1990 through Current Month Retail Sales, Revenues, and Average Retail Price of Electricity by State and by Sector, retrieved August 13, 2010 from [http://www.eia.doe.gov/electricity/page/at\\_a\\_glance/sales\\_tabs.html](http://www.eia.doe.gov/electricity/page/at_a_glance/sales_tabs.html).)

In 2009, providing electricity just for Town Hall use cost \$56,588. If electricity costs increase just 4% per year over the next five years, power needs for Town Hall will be approximately \$71,602 by 2015. The \$36,000 per year in immediate power cost savings from the photovoltaic energy system will have increased to over \$45,550 annually.

If the project is to move forward, construction bids need to be solicited as quickly as possible for the project to be partially completed March 2011 when the grant expires. Staff is seeking Council's approval to proceed with the next step in building this renewable energy system.