

CHICO UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Regular Meeting

Wednesday, April 17, 2013

Chico City Council Chambers

421 Main Street

Chico, CA 95928

ADDENDUM

The following item was added to Closed Session:

2. CLOSED SESSION

2.4. Conference with Legal Counsel

Per Government Code §54956.9(b),
the Board will discuss significant
exposure to litigation
(one potential case)

Attending:

Kelly Staley, Superintendent

Bob Feaster, Assistant Superintendent

Maureen Fitzgerald, Assistant Superintendent

Dave Scott, Assistant Superintendent

Kristen Lindgren, Attorney at Law

Item 10.2.6. on the Discussion/Action Calendar had incorrect information (*The Agreement for Consulting Services between CUSD and Darden Architects, Inc.*) attached in the original packet. The correct information (*A Proposal for Solar Procurement Support from Newcomb Anderson McCormick*) is attached to this Addendum:

10. DISCUSSION/ACTION CALENDAR

10.2. BUSINESS SERVICES

10.2.6. Discussion/Action: Newcomb Anderson McCormick Energy Engineering and Consulting Phase Two Solar RFP Preparation and Support (Michael Weissenborn)

Elizabeth Griffin, President
Board of Education
Chico Unified School District

Posted: April 16, 2013

:mm

**TITLE: Newcomb Anderson McCormick Energy Engineering and Consulting
Phase Two Solar RFP Preparation and Support**

Action X
Consent
Information

April 17, 2013

Prepared by: Michael Weissenborn, Director of Facilities & Construction

Background information

On October 17, 2013, the Board of Education authorized staff to contract with Newcomb Anderson McCormick Energy Engineering and Consulting to pursue the second phase of potential savings attainable by energy conservation and production through the use of photovoltaic (PV) systems at District Facilities.

The District worked with NAM to determine if there is a technical and financial basis for moving forward with energy projects throughout District facilities. The results of the analysis indicate that there is a strong basis for moving forward and the procurement effort described in the proposal would be the next step in the project life-cycle.

NAM has completed the Phase Two Solar Feasibility Analysis and Report. The approach utilizing the Phase One Solar Feasibility Analysis to drive a Request for Proposals proved very beneficial. Proposers were able to select some or all of the sites to develop the most effective approach utilizing both ownership and Power Purchase Agreement scenarios. We would like to use to utilize this approach again.

NAM has prepared a proposal to provide technical support services on an hourly not to exceed basis. The major difference with this process on Phase Two is that the RFP results would be able to be considered in the development of the Facilities Master Plan.

Educational Implications

The District's Strategic Plan states: "A safe, nurturing and inspiring environment is essential for individuals to thrive."

Fiscal Implications

This scope of the work performed by Newcomb Anderson McCormick will be funded out of Fund 42, Redevelopment Funds, and will not have an impact upon the General Fund.

Recommendation

It is requested that the Board of Education authorize the Superintendent or designee to enter into a contract with Newcomb Anderson McCormick Energy Engineering to develop and circulate an RFP for a second phase of solar power generating capacity, evaluate proposals in response to the RFP, and support the District in negotiating a contract should such an agreement be advantageous to the District.

April 5, 2013

P-2428.03

Mr. Mike Weissenborn
Facility Planning/Construction Supervisor
Chico Unified School District
2455 Carmichael Drive
Chico, CA 95928

Re: Proposal: Solar Procurement Support

Dear Mr. Weissenborn:

Newcomb Anderson McCormick, Inc. (NAM) is pleased to submit this proposal to assist the Chico Unified School District (District) in developing an RFP to purchase solar power generating capacity, evaluating proposals received in response to the RFP, and supporting the District in negotiating a contract should such an agreement be advantageous to the District. Our firm is uniquely qualified to perform these services for the following reasons:

- Unparalleled experience with solar PV and energy efficiency. We currently provide Comprehensive Technical Services for Renewable and Advanced Energy Generation Systems for the San Francisco Public Utilities Commission and Hetch Hetchy Water and Power, management support of the California Public Utilities Commission's evaluation of the California Solar Initiative, and management and technical oversight of several statewide energy efficiency partnerships on behalf of California investor-owned utilities. These programs involve thousands of individual projects.
- A deep understanding of the financial and regulatory environment. Our clients include utilities, the CPUC, municipalities, and educational institutions. NAM works everyday within the legal, regulatory, and financial environment that influences the success of energy programs in California. NAM will leverage this knowledge to the benefit of the District.
- A successful track-record of timely delivery of energy projects for many clients, including over 25 California school districts. NAM staff has performed solar PV projects for a variety of customers and applications, including our prior work with the Chico Unified School District, Washington Unified School District, Mt. Diablo Unified School District, Los Angeles Unified School District, Santa Clara Unified School District, Temple City Unified School District, Fontana Unified School District, Lincoln Unified School District and Loomis Unified School District. Our work with clients includes carport structure systems, roof-mounted systems, and large ground-mounted systems.

NAM has successfully provided consulting services for hundreds of energy efficiency and generation projects on behalf of numerous clients, and welcomes the opportunity to provide the District with independent, expert analysis and advice. *NAM is not affiliated with any manufacturer or service provider, and believes our extensive experience acting as an objective third-party on behalf of our clients is unparalleled in the industry.*

HISTORY

The Chico Unified School District operates 29 elementary schools, middle schools, high schools, and other educational facilities in the city of Chico. The school district serves a population of over 13,500 students. In addition to pursuing high teaching standards, the school district is committed to meeting its financial goals, which is made more difficult by the current economic downturn.

Investing in on-site solar photovoltaic systems is a potential way to diminish long-term energy costs and contribute to long-term financial sustainability. The District has recently completed the installation of solar generation systems at four school sites and the District Corporate Yard that are currently generating electrical bill savings. The recently completed systems include total to roughly 1.6 megawatts of solar capacity and offset roughly 68% of the electrical load at those sites. The District chose to enter into power purchase agreement (PPA) with the solar installer, SolarCity, for the recently completed projects. In a PPA, rather than purchase the systems outright, the District pays a rate lower than their average Pacific Gas and Electric (PG&E) electricity rate for the solar energy generated from the systems. In total, these systems are projected to generate \$3.1 million over the 20 year life of the PPA contracts. The District is now looking to further their solar power generation and increase revenue generation from solar energy generation utilizing the recently passed Measure E Bond funds for school infrastructure projects.

The District previously contracted with NAM to conduct a Feasibility Analysis to determine if there is a technical and financial basis for moving forward with energy projects throughout District facilities. The results of our analysis indicate that there is a strong basis for moving forward and the procurement effort described in this proposal would be the next step in the project life-cycle.

APPROACH

PHASE 2 PROJECT DESCRIPTION

The results of the feasibility study indicate that there are potentially two procurement options are available for the District to pursue. The first opportunity is to pursue ownership and power purchase agreement opportunities utilizing Net Energy Metering (NEM) at various school sites to offset current electrical costs and load on a site-by-site basis. The first option is referenced as the “NEM Option” in the following discussion. The second option is the development of the Canyon View filed located at Bruce Rd and Raley Blvd as a power generation facility utilizing a Feed-in-Tariff (FIT) agreement or bill credit

transfer (PG&E's RES-BCT tariff). The second option, referenced as the "Power Export Option," may require a separate procurement, depending on the ownership and financing options pursued by the District. For the purposes of this proposal, we assume the Power Export Option would be pursued as a District-owned or controlled facility and would be procured via the same RFP process as the NEM Option.

TASK 1 – DEVELOP RFPs FOR SOLAR SYSTEMS

Newcomb Anderson McCormick will define the scope for the solar project on both a per-site and per-electrical meter basis and develop all the procurement documents necessary to procure the systems under the NEM Option. Sections of the RFP requiring particular focus include technical requirements, performance specifications, description of existing conditions, and instructions to respondents. Additionally, we will collaborate with the District's legal team to develop language for inclusion in the energy contract(s), which we recommend be included as part of the RFP. The terms and conditions of a proposed contract are as critical to evaluate as the technical aspects of the system, as they have enormous effect on the financial outcome of the project and can be significant cost drivers in solar deals.

As discussed above, the Power Export Option might be implemented on a parallel track, depending on the ownership and financing approaches pursued by the District. If the District chooses not to own the system, we would release a streamlined RFP to find a developer/partner who would enter into an MOU for the development of the site. In this case, the District would earn revenue from a combination of rent, royalties, and lease option payments.

As with the District's previous projects, NAM recommends a design-build approach to implementation under both options. Although it is expected the District will take advantage of Government Code (GC) 4217¹, we recommend a competitive solicitation process in which proposals are evaluated at best-value instead of lowest cost, since the technical specifications, contractor experience and references, and project schedule will also contribute real financial costs to the system owner. In the past, we've had great success with this procurement method (both under GC 4217 and other contracting codes), which maximizes the energy cost savings and overall benefits to the client.

The content of both RFPs will be based upon knowledge developed in earlier phases of the project, our experience supporting the District's previous projects, and our extensive experience with solar system requirements and local government procurement processes. We will leverage our experience writing these types of documents to quickly and comprehensively document all solar project requirements.

¹ Government Code 4217 allows a public agency to select energy services contractors without pursuing multiple bids, provided the governing body determines that the project is in the best interests of the public agency and it results in financial savings, and that this determination is made at a regularly scheduled public hearing and given at least two weeks notice.

Draft language of all procurement documents will be submitted to District staff and legal counsel for review and feedback. It is critical at this juncture in the process to coordinate the development of the technical sections of these documents with the work the legal team is doing to ensure complete, unambiguous coverage of District requirements. We anticipate several meetings to discuss needed modifications to the draft technical sections of the procurement documents. NAM will incorporate feedback from the District and legal counsel into the final versions of the documents.

Outcome and Deliverables: Draft and Final elements of the RFP for the NEM and Power Export Options.

TASK 2 – PROPOSAL EVALUATION AND VENDOR SELECTION ASSISTANCE

Newcomb Anderson McCormick will support the District throughout the procurement period, including the time between when the RFP is released and proposals are received from respondents. This phase of a solar project often sees a high volume of vendor questions, many of which are technical in nature. NAM will answer these questions in addition to participating in any proposer's conference and site walks. We will also provide additional assistance obtaining clarifications from proposers, should their submittals be missing any key data. We are practiced at establishing and adhering to document management systems, which is often a key component of a well-run, defensible procurement process.

NAM will also provide the District advice regarding the evaluation and award process, leveraging numerous best practices in the areas of evaluation models, document management, communications, vendor selection, and contract negotiations.

NAM will conduct an evaluation of proposals submitted to the District in order to select the best bid and help the District negotiate the most favorable contract. For the purpose of this proposal, we assume that the District will receive up to six proposals. Should the number of proposals be higher, NAM and the District will work together to determine the appropriate level of additional effort.

We will conduct a preliminary review of the proposals to determine technical compliance with specifications and assess the proposed equipment, PV output models, and the implementation approach. Based on the number of proposals received, our preliminary review of the proposals, and our experience in the solar industry, we will then recommend a short list of proposers for detailed evaluation and negotiation, and identify potential problem areas in each of the proposals. NAM will develop a list of clarification questions for each shortlisted proposer, the answers to which will support more detailed analysis and negotiations. NAM may recommend a more detailed evaluation of all, or a subset of all, proposals depending on the number of proposals received, the proposal quality, and proposal pricing.

NAM will provide the following services as part of our preliminary proposal review:

- Assess whether each proposed system meets economic criteria established by District
- Development of detailed proposal evaluation and scoring criteria
- Preliminary review of proposals to determine technical compliance with specifications

- A risk assessment that quantifies the impacts of key variables on the financial performance of the proposed system
- Assessment of proposed equipment, PV performance calculations and models
- Evaluation of proposed project team, project implementation approach, and ability to meet schedule
- Identification of problem areas and areas of ambiguity for follow-up
- Recommended a “short list” of proposers for detailed evaluation and potential negotiations

NAM will also perform a detailed evaluation of the short-listed proposals and provide the District a recommendation on which vendor should be selected. We will thoroughly assess each of the shortlisted proposals by validating the proposers’ PV output estimates, proposed design, and the economic performance of each proposal.

We will carry out a more detailed risk analysis on each shortlisted proposal to bracket (e.g., determine the upper and lower limits of) the potential effects of key elements of the proposed system. In order to strengthen the District’s position in negotiating a contract, NAM will also develop a list of cost drivers, including any “alternative” business arrangement proposed (e.g. virtual net metering, different system sizes, etc.).

In addition to recommending a solar provider for negotiations and award, NAM will update the cost and energy savings analysis developed for the District as part of the Feasibility Analysis. The updated analysis will use pricing from the shortlisted proposals and model solar output based on proposed system designs. This will result in a more accurate estimate of energy and cost savings as a result of implementing the project.

NAM will provide the following services during the detailed evaluation and vendor selection phase of work:

- Validate each proposed system meets economic criteria established by District
- Perform a “peer review” independent evaluation of proposers’ PV output models to validate system performance
- Analyze technical proposal to include PV array sizing, location, orientation, technology, and the location of inverters, transformers, switchgear, as well as safety issues related to equipment location and isolation from students and staff
- Review proposed PV module mounting systems and civil, structural, and geotechnical considerations (to the extent permitted by the detail in the proposals)
- Assess proposers’ system design and identify potential problems and areas for improvement
- Perform detailed risk assessment to quantify and “bracket” risks associated with both the technical elements of the system and the terms of the Design-Build contract
- Review proposed data acquisition and monitoring system against RFP requirements

- Thorough evaluation of proposed project team, identification and qualifications of key staff, project history, capabilities to accomplish scope, and information regarding contractor licensing, insurance, and references. NAM will also check contractors against the California State Contractor's Licensing Board to determine if any complaints have been filed or fines have been levied against each firm
- Detailed evaluation of proposed implementation approach and ability to meet schedules
- Review proposed maintenance procedures and offerings
- Ensure that all RFP requirements for system and equipment warranties and any performance guarantees are met
- Coordinate technical, cost, and legal/terms & conditions issues with legal team

Outcome and Deliverables: A memo describing the strengths and weaknesses of each shortlisted proposal, assessing areas of concern, and recommending a solar provider for contract negotiations and award of the project. Updated lifecycle cost and energy savings estimates for the recommended solar provider.

TASK 3 – CONTRACT NEGOTIATIONS SUPPORT

NAM will support the negotiations themselves by identifying cost drivers and other key issues for discussion with the selected PV vendor. Additionally, NAM will analyze the pros and cons of the options being discussed during the negotiation process and provide technical recommendations regarding alternative approaches, designs and equipment.

NAM will provide the following services in support of the negotiations and contract execution:

- Assist the District and the legal team with the contract negotiation phase with selected proposers, including negotiation strategies, economic and performance targets, schedules, and terms and conditions
- Develop a list of cost drivers for negotiations, including any “alternative” business arrangements proposed
- Review any changes to proposal based on negotiations prior to contract award
- Participate in negotiation process as requested by District
- Provide recommendations and assist District with final decision on a contract award

Outcome and Deliverables: A list of cost drivers for use in negotiations, agendas and other materials needed to facilitate the negotiation meetings, and any required modifications to technical specifications or contract language resulting from the negotiations.

TEAM QUALIFICATIONS AND STAFFING PLAN

NAM is a highly respected engineering and program management consulting firm devoted exclusively to the field of energy engineering and program development and management for institutional, industrial, and commercial customers. Our work is characterized by accurate and thorough technical analysis and

documentation, conservative economic evaluation, solid, buildable projects, and groundbreaking, large-scale programs. We have designed, managed, and implemented a wide range of energy efficiency programs for investor-owned utilities (IOUs), municipal utilities, higher education customers, and local governments.

The staff we are proposing to do this work have demonstrated experience in conducting public sector procurements and writing performance based specifications, with an emphasis on solar and energy efficiency. We are proposing staff who are recognized industry leaders in energy programs.

Russell H. Driver, Principal, will act as the lead for the project and provide oversight of the NAM team throughout all phases of the project. Mr. Driver has over 18 years of experience managing large programs in complex institutional settings, including managing the CPUC's evaluation program for the California Solar Initiative (CSI) and directing NAM's efforts to perform feasibility studies, develop business cases and procurement documents (including technical specifications) for photovoltaic systems for public sector clients. Mr. Driver's solar experience includes directing NAM's recent efforts in support of the Chico Unified School District, Washington Unified School District, Los Angeles Unified School District, Mt. Diablo Unified School District, Santa Clara Unified School District, and the University of Hawaii to procure solar systems. Mr. Driver is responsible for coordinating the efforts of multiple contractors, defining and monitoring schedules, and reviewing plans and work products. Mr. Driver recently served as the Chair of the Town of Moraga Planning Commission and currently serves as Chair of the Contra Costa County Transportation Authority Citizens Advisory Committee and co-chair of the Town of Moraga Climate Action Task Force. Mr. Driver holds a Master's Degree in Urban Planning from the University of California Los Angeles and a B.A. in Urban Studies from Stanford University.

Michael K. J. Anderson, P.E., a Principal of Newcomb Anderson McCormick, will be responsible for overseeing the engineering and technical elements of the project. As the firm's Chief Engineer with over 30 years of experience in the energy industry, Mr. Anderson is responsible for the technical quality of all engineering analyses and design, overseeing the engineering staff, and providing technical assistance and training to the engineering staff. Mr. Anderson's extensive expertise includes all aspects of energy engineering projects, including renewable generation, energy efficiency analysis, energy management, PV systems, HVAC systems, central plants, cogeneration, and retrocommissioning. Mr. Anderson holds a Master of Engineering and B.S. in Mechanical Engineering from Harvey Mudd College. He is a registered Professional Engineer (Mechanical) in California.

Matt J. Sullivan, P.E., a Senior Program Manager, will conduct the solar-related field work and analysis. Mr. Sullivan has 30 years of experience developing and managing distributed and renewable generation and energy efficiency programs and projects. His experience has included energy efficiency program management for California IOUs, higher education, and many other large scale private and public sector customers, including project and construction management for projects ranging from 50 kW design-build turnkey photovoltaic systems to 150 MW central plants. Mr. Sullivan holds a Bachelor of Science in Marine Engineering from the California Maritime Academy. He is registered Professional Engineer

(Mechanical) in California and LEED Accredited Professional. Mr. Sullivan has served as a City of Pleasanton Planning Commissioner for six years and is currently a City Councilmember.

Simon J. Olivieri, Staff Engineer, will be responsible for providing engineering support and performing technical analysis. Mr. Olivieri has been heavily involved with the solar power system for the Chico Unified School District, Washington Unified School District and Santa Clara Unified School District. He has held roles from project inception, developing a solar RFP, performing technical due diligence on behalf of the school districts, and coordinating project implementation and contractor oversight. Mr. Olivieri provides project management and technical due diligence services for several large-scale energy efficiency programs, including PG&E's Core and 3P/GP retro-commissioning programs, and the statewide CDCR, CCC-IOU and UC-CSU-IOU Partnerships. Mr. Olivieri holds a Master of Science in Civil Engineering from the University of Colorado at Boulder and a Bachelor of Science in Mechanical Engineering from the University of California, San Diego.

Kyle B. Manahan, Staff Engineer, will be responsible for providing engineering support and performing technical analysis. Mr. Manahan has been heavily involved with the solar power system for Santa Clara Unified School District and De Anza College from project inception, developing a solar RFP, performing technical due diligence on behalf of the school district, coordinating project implementation, contractor oversight, and system commissioning. Mr. Manahan holds a Master of Science in Civil Engineering and a Bachelor of Science in Aerospace Engineering from Oklahoma State University.

BUDGET

NAM has developed an approach and assembled a team that will deliver results of the highest quality on a timeline that meets the District's needs. To accomplish the proposed scope of work, we estimate a total cost of \$114,170, including travel and expenses. The total cost includes the estimates for both procurement paths as discussed in the task descriptions. Typically, we contract on a time-and-materials basis with a not-to-exceed cap. The cost of each task is shown below, along with an estimate of direct expenses such as travel and document production. Direct expenses will be billed to the District for actual costs incurred by NAM without markup.

Proposed Project Budget

Task	Hours	Cost
Task 1 - Develop RFP for Solar Systems	248	\$43,400
Task 2 - Proposal Evaluation & Vendor Selection Assistance	232	\$40,600
Task 3 - Contract Negotiations Support	160	\$28,000
Task Sub-Total	640	\$112,000
Direct Expenses*		\$2,170
Grand Total		\$114,170

** District will be invoiced for actual expenses incurred*

The support as proposed by NAM will provide the technical, financial and regulatory information necessary for the District to make a decision on proceeding with the project, to solicit proposals, and execute a contract for implementation. Additional support once a solar implementation contract has been executed, such as project management or engineering oversight, is not included in this proposal.

We are enthusiastic regarding this opportunity and look forward to a follow-up conversation to further discuss our proposal. Please contact Russell Driver at (415) 230-8410 to set up a meeting and to answer any questions you may have. We look forward to working with you and your staff.

Sincerely,

A handwritten signature in black ink, featuring a stylized, looped design that resembles a cursive 'J' or 'N' followed by a horizontal line.

John M. Newcomb

Principal