



## **Request for City Council Committee Action From the Department of Public Works**

**Date:** August 9, 2010

**To:** Honorable Elizabeth Glidden, Chair – Regulatory, Energy, and Environment Committee

**Referral:** Honorable Betsy Hodges, Chair - Ways & Means Committee

**Subject:** **Contract Amendment - Solar Development and Solar Services – Minneapolis Convention Center**

**Recommendation:**

The proper City officers are authorized to amend the Solar Services Agreement with MCC Solar, LLC, (contract number C-28065) to accommodate a project price increase of \$70,000. The increase costs will be recovered by the developer through a negotiated price increase for the renewable energy and related solar services over the term of the contract. The price increase will be \$6,615 per year and has been accounted for within the budget for the Convention Center (Fund 08650 Department 8650100.) and therefore no additional appropriation is required.

**Previous Directives:**

- January 29, 2010 – Council authorizes staff to negotiate and execute a Solar Services Agreement with Best Power International, LLC (now MCC Solar, LLC), petition the Office of Energy Security and the Public Utilities Commission to re-designate the City as the sole recipient of a \$2 million dollar grant Renewable Development Fund Grant, and if successful, accept the Renewable Development Fund grant and authorizes the proper City officers to draft and execute appropriate agreements associated with the grant.
- October 30, 2009 – Council authorizes staff to issue a Request for Proposals for Solar Development and Solar Services for the Minneapolis Convention Center site.

**Prepared by:** Greg Goeke, Director of Property Services 673-2706

**Approved by:**

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Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** Greg Goeke, Director of Property Services  
Chris Larson, Director of Facility Services – MCC  
Brian Millberg, Energy Manager

## Reviews

Permanent Review Committee (PRC): Approval X Date 10/08/2009  
Civil Rights Approval Approval NA Date \_\_\_\_\_  
Policy Review Group (PRG): Approval NA Date \_\_\_\_\_

## Financial Impact

Other financial impact – The revised cost of the renewable energy and related solar services will increase by another \$6,615 per year.

## Community Impact

Neighborhood Notification:  
City Goals: **Enriched Environment**  
Comprehensive Plan:  
Zoning Code:

## Background/Supporting Information

The proposed project is envisioned to install 600 kW of direct current (DC) solar photovoltaic (PV) panels on the roof of the Minneapolis Convention Center and will be the largest PV installation in the state of Minnesota and the Upper Midwest region. The system will have the potential to produce 750,000 kWh of renewable electric energy on a yearly basis.

The PV systems will be owned and operated by the developer and privately financed. The City would purchase the energy and related solar services.

## Contracts and Other Approvals

On April 13, 2010 staff had successfully negotiated and signed all contracts for the project (subject to final internal review which was completed on April 28<sup>th</sup>). On May 5<sup>th</sup>, Xcel Energy submitted the City's petition to be named the sole recipient of the \$2 million Renewable Development Fund grant to the Office of Energy Security (OES) for their review and recommendation to the Public Utilities Commission (PUC). The OES's written recommendation supporting the City's petition was issued on June 24<sup>th</sup> and the City received unanimous approval from the Public Utilities Commission on July 15, 2010.

## Request for Price Increase by Solar Developer

Staff issued the original Request for Proposals and negotiated contracts based on an anticipated schedule that was dependent on the PUC approval of the project. The developer negotiated and guaranteed prices based on PUC approval being received by June 1<sup>st</sup>, 2010. This did not happen and by contract the developer is owed a commodity and labor increase. Additionally, due to nature of the Convention Center roof, additional structural supports were needed to ensure the stability of the system and to ensure that the roof warranty would not be compromised.

The developer, MCC Solar, LLC, a wholly owned subsidiary of Best Power International, LLC, has agreed to a \$70,000 price increase to accommodate both the cost escalator (for commodities and labor) as well as the increased scope of work for the additional structural supports.

## **Recommendation**

Staff requests authorization to amend the Solar Services Agreement with MCC Solar, LLC to accommodate a project price increase of \$70,000. The increase costs will be recovered by the developer through a negotiated price increase for the renewable energy and related solar services over the term of the contract. The price increase will be \$6,615 per year and has been accounted for within the budget for the Convention Center (Fund 08650 Department 8650100.) and therefore no additional appropriation is required.

Cc: Chris Larson  
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