



AGENDA

CAPITOLA COMMISSION ON THE ENVIRONMENT

Wednesday, January 28, 2015 – 6:00 p.m.
City Community Room
420 Capitola Avenue, Capitola CA

1. CALL TO ORDER & ROLL CALL

COMMISSION MEMBERS: Jacques Bertrand, Amie Forest, Kristin Sullivan, Peter Wilk

2. WRITTEN AND ORAL COMMUNICATIONS

The commission will receive written communications and consider brief oral communications about items not on the agenda.

3. APPROVAL OF MINUTES: November 17, 2014

4. OTHER BUSINESS

- a. Introduction of new commissioners Jacques Bertrand and Peter Wilk
- b. Election of Chair and Vice-Chair
- c. Discussion on SEED Program
- d. Report on Rain Barrel Program

5. ITEMS FOR NEXT AGENDA

6. ADJOURNMENT – Adjourn to workshop on Wednesday, February 25, 2015 at 6:00 p.m., in the Community Room, 420 Capitola Avenue, Capitola, California.

If you require special assistance in order to attend the meeting, including needs addressed by American with Disabilities Act, please notify the City at least 3 days prior to meeting by calling (831) 475-7300.



MEETING MINUTES CAPITOLA COMMISSION ON THE ENVIRONMENT

Monday, November 17, 2014 – 6:00 P.M.
City Council Chambers
420 Capitola Avenue, Capitola CA

Elisabeth Russell called the meeting to order at 6:03 p.m.

1. CALL TO ORDER & ROLL CALL

Members present: Amie Forest, Maddie Marlatt, Dennis Norton, and Kristin Sullivan,
Elisabeth Russell - Chairperson

Members absent: Bruce Arthur

City Staff Present: Steve Jesberg, Danielle Uharriet

Community Members Present: Stephen Wolcott, Optony; Steve Campbell, AMBAG; JR
Suthland; Mark Jacobi and Patrick Bowen, Scudder Solar

2. WRITTEN AND ORAL COMMUNICATIONS – None

3. APPROVAL OF MINUTES

Dennis Norton made a motion to approve the September 22, 2014 meeting minutes.
Kristin Sullivan seconded. Motion passed 3-0, Amie Forest abstained.

4. OTHER BUSINESS:

- a. The Department of Energy Solar Road Map & the Energy Sage Solar Marketplace
Presentation by Stephen Wolcott, Project Manager

Stephen Wolcott of Optony Inc. gave a presentation on the Department of Energy Solar Road Map and Sage Solar Marketplace. He discussed the Department of Energy SunShot Initiative, which is a national collaborative effort to make solar energy cost-competitive with other forms of electricity by the end of the decade. The Sage Solar Marketplace enables consumers to shop for residential solar installation by comparing quotes from multiple pre-screen installers.

The Commission unanimously supported the city in pursuing solar promotion under the programs presented and to take advantage of the assistance offered by Optony through the Department of Energy SunShot Initiative over the next 18 months.

Steve Jesberg stated that Mr. Wolcott should meet with the Community Development and Building Departments, who will be implementing the requirements, prior to the city proceeding with this solar program.

- b. 2015 Meeting Schedule

Staff suggested a different meeting date that does not conflict with several city holidays. The Commission agreed to meet the fourth Wednesday of each month with the alternating schedule of regular meetings and workshops.

5. ITEMS FOR NEXT AGENDA - None

6. ADJOURNMENT – The commission adjourned at 7:45 p.m. to a workshop meeting on Monday, January 28, 2015 at 6:00 p.m., in the City Hall Council Chambers, 420 Capitola Avenue, Capitola, California.

Approved at the meeting of January 28, 2015

Danielle Uharriet
Environmental Projects Manager

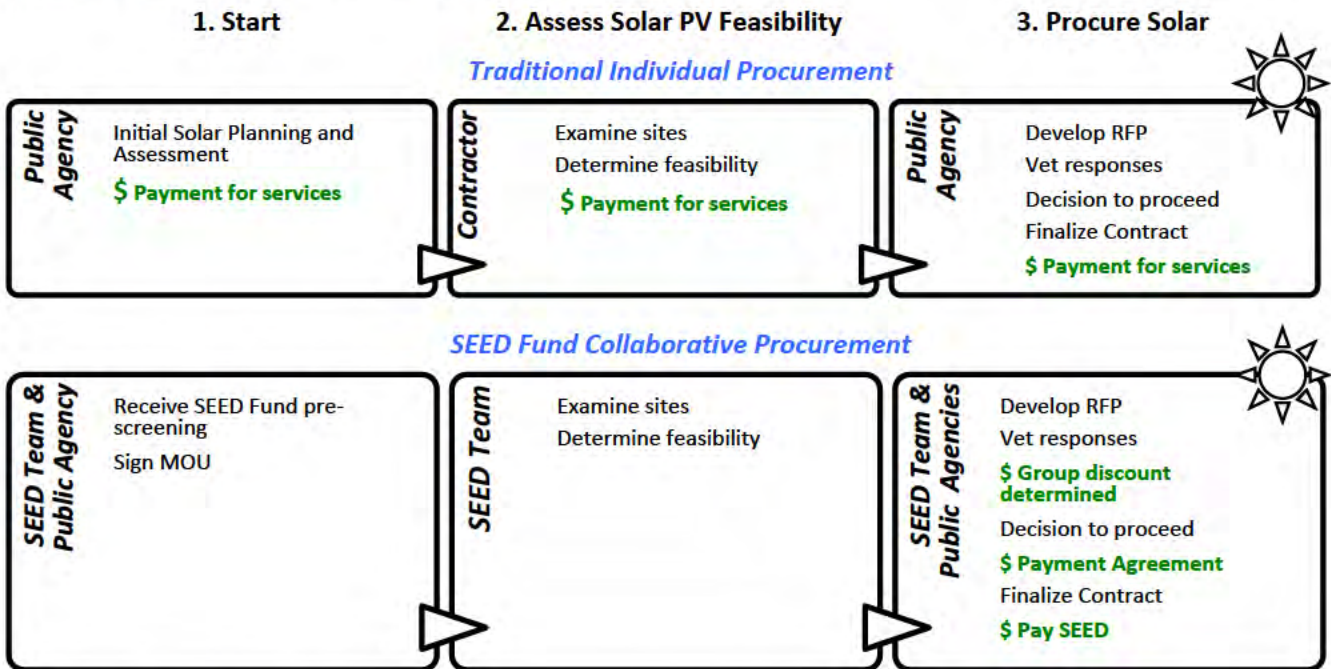


SEED Fund Solar Procurement: Steps, Roles, Benefits/Risks & Savings Examples

This document is meant to help potential participants understand the side-by-side benefits, risks, costs and savings of traditional versus SEED Fund collaborative solar procurement processes.

I. Traditional vs. SEED Fund Action Steps

The following diagram features the primary differences in procurement action steps and payment timing between traditional and SEED Fund collaborative procurement.



II. Benefits and Risks

The following table summarizes benefits and risks associated with a traditional procurement approach (where the agency contracts for assessment services directly) versus the SEED Fund Collaborative approach.

Traditional Individual Solar Procurement	
Benefits	<ul style="list-style-type: none"> Agency can independently manage procurement Potential to pay less for solar feasibility assessment service
Risks	<ul style="list-style-type: none"> Must commit resources and costs prior to actual viable project Support and expertise for RFP development and evaluation of vendor responses not maximized Smaller total PV in RFP may reduce responses by vendors and volume discounts
SEED Fund Collaborative Solar Procurement	
Benefits	<ul style="list-style-type: none"> Free pre-screening assessment without obligation to participate Participation in group purchase can generate significant cost savings Can assess financial/environmental opportunity in proposals before decisions are made No payment for assessment until total costs are known Receive support for evaluation of vendor responses <u>If NOT a lead agency</u>, others do most RFP development work <u>If a lead agency</u>, get significant support for RFP development Can amortize assessment costs into solar procurement contract
Risks	<ul style="list-style-type: none"> Potential to pay more for assessment support, but always less than group savings



- Procurement timeline dependent on all participants scheduling

IV. Potential Cost Savings from SEED Fund Participation

In the following tables, we provide two examples of potential costs and savings from collaborative procurement versus traditional individual procurement. Under collaborative procurement, group purchase of Solar PV is estimated to generate a 10-12 % system discount through group purchase. To illustrate the costs and benefits from Collaborative procurement we provide two examples in which the collaborative procurement generates 10% (within expected range) and 5% (significantly below expected range) system savings respectively. For the purposes of comparison we make the following assumptions:

- Basic Solar PV system cost is \$4.50/watt installed
- Contractor costs for stand-alone procurement services can be over 1.0% of total project costs.
- SEED Fund procurement services are 2% of total project costs. *[Actual costs will range 1.5-2%].*

Example A – Collaborative Group Purchase nets 10% discount

Costs	Traditional	SEED Fund
Solar System (1 MW at \$4.5/watt)	\$4,500,000	\$4,500,000
System Discount through group purchase (10%)	0	\$ -450,000
Assessment & Procurement Services (1.0% for contractor vs. 2% for SEED)	\$45,000	\$90,000
Total costs	\$4,545,000	\$4,140,000
Difference (SEED Savings)		\$405,000

Example B – Collaborative Group Purchase nets 5% discount

Costs	Traditional	SEED
Solar System (1 MW at \$4.5/watt)	\$4,500,000	\$4,500,000
System Discount through group purchase (5%)	0	\$ -225,000
Assessment Service (1.0% for contractor vs. 2% for SEED)	\$45,000	\$90,000
Total costs	\$4,545,000	\$4,365,000
Difference (SEED Savings)		\$180,000

IV. Determination of Percentage for Reimbursement

To establish future rounds of the program, participants or vendors will pay 1.5-2% of total project costs to reimburse program for project evaluation, procurement, and contracting costs. Reimbursement costs in monetary terms will be determined prior to the participant’s decision to proceed. The Range of 1.5-2% will be based on a combination of factors including total number of participants and total size (in MW of the collaborative solicitation).

V. Organization Roles in SEED Fund

- **SEED Fund Team:** SEI and Optony Inc provide technical and logistical support to facilitate solar potential evaluation of participant sites
- **Public Agency Participants:** Local governments, schools and special districts that want to install solar PV on their facilities
- **Lead Agency:** One participant willing to use their legal and/or fiscal staff for development and issuance of a collaborative RFP/RFQ

Solar Energy & Economic Development Fund

Jonathan Whelan, Optony

Kif Scheuer, Strategic Energy Innovations

Karly Zimmerman, Strategic Energy Innovations



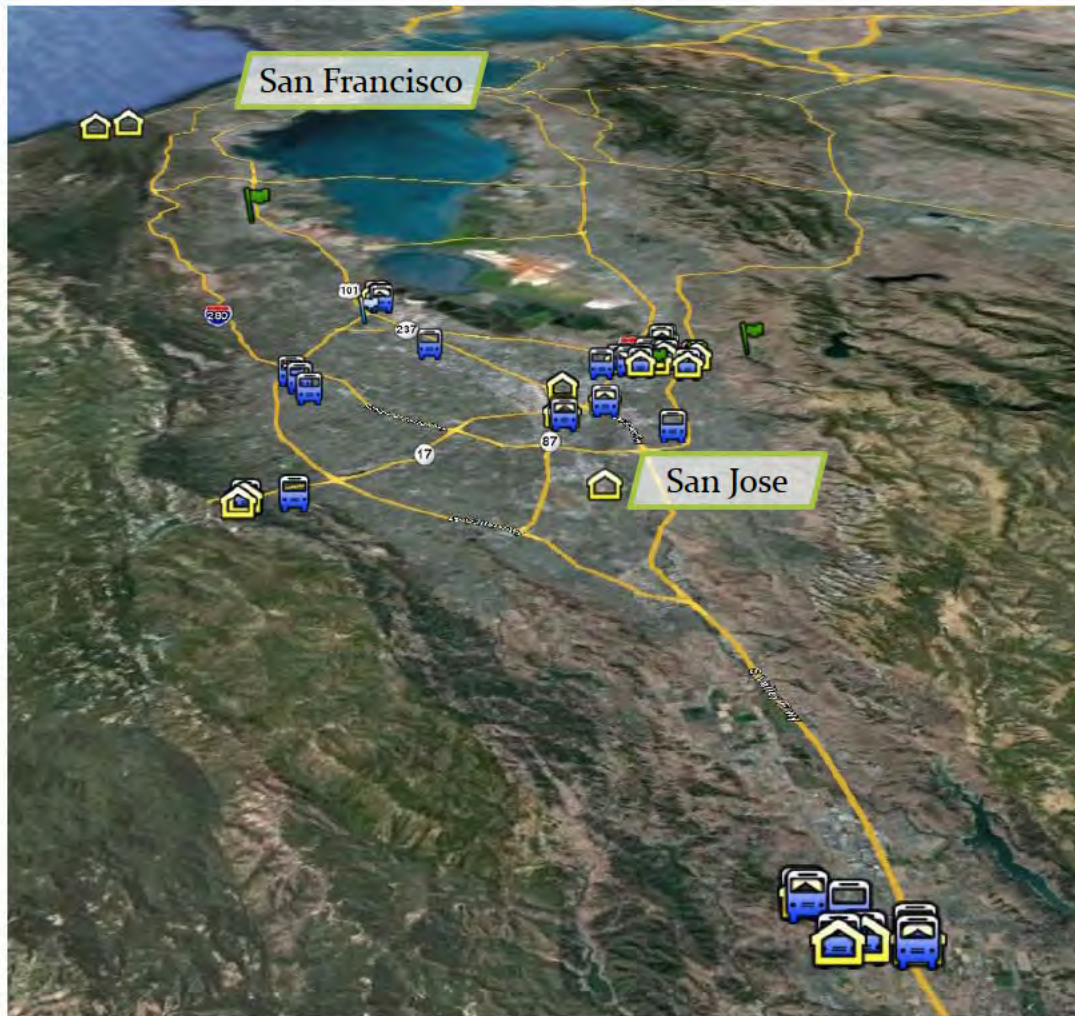
Solar Energy & Economic Development Fund



- An innovative business model designed to extend the market potential of collaborative procurement by creating a revolving fund mechanism to defer upfront costs for public partners.
- Funded by California Solar Initiative Research Design and Development Program



Silicon Valley Regional Solar Project Overview



Includes 43 sites

- Collaboration across 9 jurisdictions
- 14.4MW of combined solar PV

Multiple Site Types:

- Carports
- Rooftops
- Ground mounted

Largest multi-agency effort to date

- County of Santa Clara
- 6 Cities
- 2 Special Districts

LESSONS:

Aggregated purchase discounts 12%+

Reduced admin and transactions costs 50%+

Better negotiated contract terms & conditions



Collaborative Procurement



Demonstrated Collaboration Benefits

Based on successful initiatives and model in Silicon Valley and Washington DC Regions

- Achieve Strategic Sustainability Plans faster by working together
- Aggregation yields greater market interest and better pricing
- Working together yields lower project risks with higher returns
- Dramatically reduce transactions costs and administrative effort
- Consolidate fragmented efforts to pursue viable options
- Leverage regional initiatives for education and workforce development
- Demonstrate leadership locally, regionally and nationally
- Achieve energy goals while generating operational savings
- Shorten the long learning curve on new technologies and financing options





Design of SEED Fund

- Although collaborative procurement is attractive, upfront cost is still prohibitive for many public entities.
- SEED Fund is designed to address this barrier
 - A unique 3-step opt-in program to empower public agencies to evaluate and participate in a regional group purchase program for municipal solar PV projects.
 - Does not require upfront allocation of funds for project planning, site assessments, or procurement activities

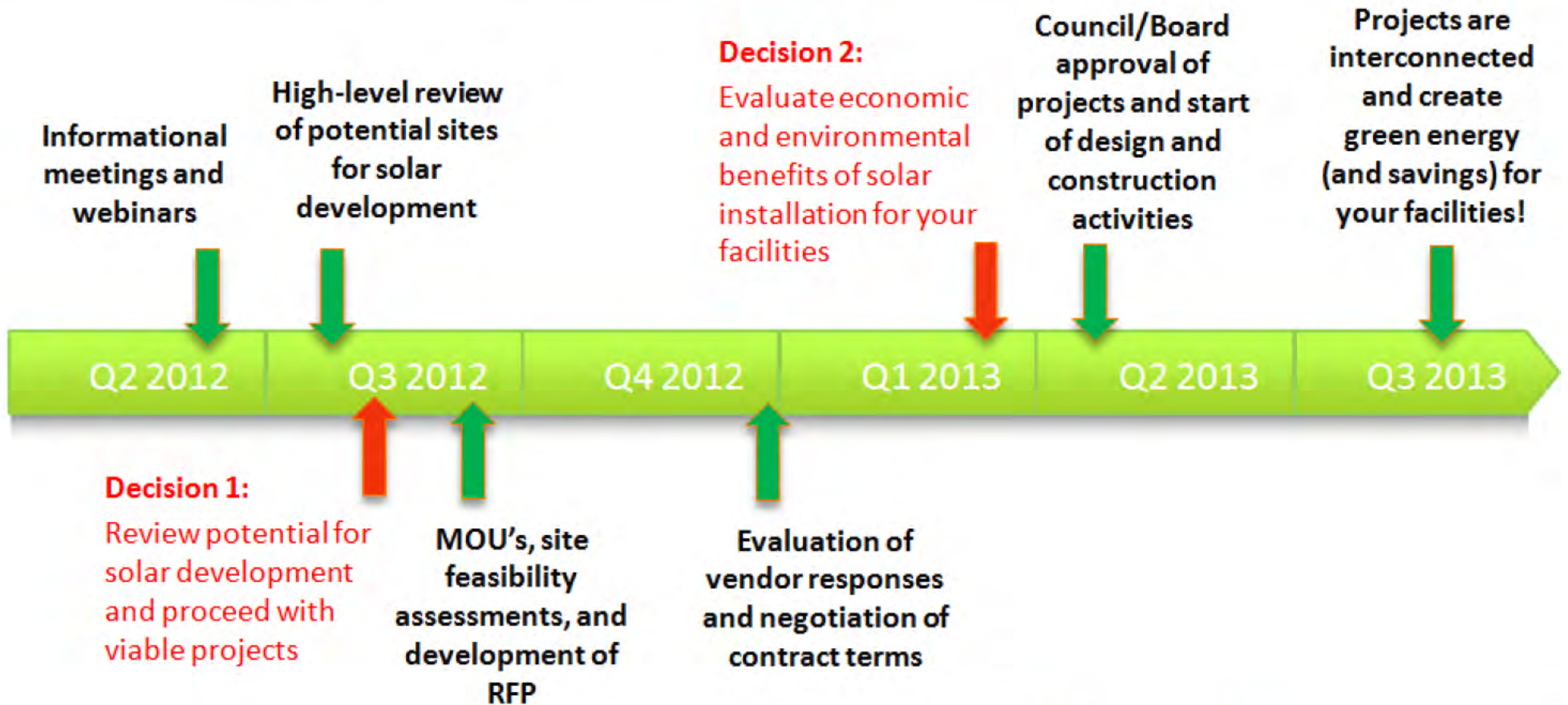


Participants

- Local government agencies and schools that are considering solar power for their facilities.
- Targeting Marin, Napa and Sonoma Counties
- Strategic Energy Innovations will act as convener
- Optony Inc. will serve as technical advisor



Timeline





Goals of SEED Fund

- Bring at least 5 MW of new public PV on line
- Realize **10-12%** in total project cost savings
- Reduce transaction costs and administrative effort by **50-70%**
- Deliver collaboration support for 1-2% of total contracted solar project costs
- Secure agreements to build collaboration costs into solar contracts.
- Attract at least \$250,000 in additional funding for long-term sustainability of the fund.



Program Sustainability

- CSI provides \$\$ for the initial fund
 - Program management and support for participating agencies and up to 50 potential sites
 - Technical assistance throughout the education, evaluation and procurement phases
- Savings anticipated for participating agencies
 - Project cost savings over 10% (ex: \$20M in projects reduced by \$2M)
 - Administrative and transaction costs reduced by over 50%
 - Project risks reduced (improve lifetime economic benefits and avoid “bad projects”)
- Replenishment of fund after contracts are signed
 - 1-2% of project value (ex: \$20M in projects, recovers \$300K)
 - Funding goes into future rounds of renewables and energy efficiency projects



Framework for Regional Collaboration & Fund

- Revolving fund for technical assistance and program support
 - Fund to be used to overcome initial cost hurdle for support services
 - Replenished upon contract approvals for additional phases
 - Accelerates implementation and encourages participation
- Collaborative Evaluation and Procurement
 - Standardized, market-leading resources made available to all participants
 - Evaluation and procurement templates for fast impact and rapid progress
 - Reduce the learning curve for participants through training materials and education
 - Group purchase and negotiations save money on all projects
- Lasting Regional Impact
 - Create significant new economic activity and jobs
 - Demonstrate environmental leadership & education for the future
 - Potential participants in Marin, Sonoma, and Napa Counties



Discussion



Thank you!

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