

TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: February 24, 2011

SUBJECT: Agreement-in-Principle for APS Incentives Application

SUBMITTING DEPARTMENT: Management, Community Development Department

PREPARED BY: Ruth Mayday, Planner, for Richard T. Parker, Community Development Director
Kim Moon, CIP Coordinator for Larry Tarkowski, Town Manager

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Agreement-in-Principle

SUMMARY/BACKGROUND: At the direction of Town Council, staff has been researching the feasibility of installing photovoltaic (PV) panels on certain Town properties and entering into one or more Solar Service Agreements (SSA's) for maintenance and operation of such installations. The key factor in proceeding with the project is production of electricity for use by the Town at a rate below what APS is currently charging and what we estimate for future rates. The Council direction came at the September 16, 2010, work/study session. Based on that direction, staff issued a Request for Qualifications (RFQ) on November 28, 2010 and December 5, 2010, inviting firms to submit their qualifications. And, on December 20, 2010, a total of ten (10) firms submitted qualifications. All 10 were subsequently invited to submit formal Statements of Qualifications (SOQ's), and all 10 submitted SOQs by January 10, 2011. Four (4) of those were selected to make presentations to the selection committee (SunEdison, Wilson Electric, SPG Solar, and Solar City). The selection committee heard the presentations on January 26, 2011, and the final ranking was announced on January 27, 2011. The top firm selected was Wilson Electric. Staff has since been working with Wilson Electric and its representatives to come up with contract language and to determine which sites are best suited for installations. Smart Energy Capital, LLC is the financing arm of Wilson Electric, and the actual SSA will be executed with Smart Energy Capital. They, in turn, will subcontract with Wilson Electric for construction and maintenance of the installations.

The financial feasibility of this project is entirely dependent on per-kilowatt hour and other incentives from APS; without those incentives, the project will not go forward. When the original project plan was developed, APS required that the contracting entity and the municipality/political subdivision applying for such incentives enter into an agreement within thirty (30) days of the award of the incentives by APS. Just recently, however, APS has changed this requirement to say that agreements must be included with the actual application for incentives. And, applications for the next round of incentives are due to APS no later than February 28, 2011.

Staff and Wilson Electric had not expected to be ready with a final contract before sites had been chosen and other matters decided. Yet, if the project is to go forward, it is critical that some type of document suitable to APS be approved by the Council and submitted to APS by the regular meeting on February 24th. Therefore, after discussing with APS what it requires at minimum, staff is proposing that the Town and Wilson Electric enter into an "Agreement-in-Principle" that lists the provisions agreed-to so far and that lists the items still to be determined. If the Council approves this document, it will be submitted with the necessary application to APS for incentives. Only if the incentives are awarded will the final agreement be entered into between the Town and Smart Energy Capital.

OPTIONS ANALYSIS: Town Council may approve the proposed Agreement-in-Principle or decline to approve the proposed Agreement and forgo an application for this round of incentives.

ACTION OPTION: Motion to approve the proposed Agreement-in-Principle with Smart Energy Capital and Wilson Electric for inclusion in an application to APS for incentives with regard to installation of photovoltaic panels on various Town properties, **OR** Motion not to approve the Agreement-in-Principle.
VOTE.

RECOMMENDATION: Staff recommends approval of the proposed Agreement-in-Principle.

FISCAL ANALYSIS: The purpose for any photovoltaic program is to obtain electricity over time at a cheaper price than is currently charged by APS or that is expected to be charged by APS in the future. This Agreement-in-Principle will not result in a final agreement unless necessary incentives have been provided by APS and other necessary provisions are negotiated (including price per kw/hour).

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____