

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: June 9, 2011**

**SUBJECT:** Master Solar Power Service Agreement with Smart Energy Capital

**SUBMITTING DEPARTMENT:** Management, Community Development Department

**PREPARED BY:** Ruth Mayday, Planner, for Richard T. Parker, Community Development Director  
Kimberly J. Moon, P.E., CIP Coordinator for Larry Tarkowski, Town Manager

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

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**ATTACHMENTS:** a.) Master Solar Power Service Agreement

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**SUMMARY/BACKGROUND:**

At the direction of Town Council, staff has researched the feasibility of installing photovoltaic (PV) panels on certain Town properties and entering into one or more Solar Service Agreements (SSA's) for financing, ownership, maintenance and operation of such installations. The key factor in proceeding with this 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 prequalifications. All ten (10) were subsequently invited to submit formal Statements of Qualifications (SOQ's), and seven (7) 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, L.L.C., is the financing arm of Wilson Electric, and the actual Agreement will be executed with Smart Energy Capital. They, in turn, will subcontract with Wilson Electric for construction and maintenance of the installations.

On February 24, 2011 Town Council approved an Agreement-in-Principle with Wilson Electric and Smart Energy Capital to submit applications to APS for their incentive programs. The Town was notified on March 16, 2011 that incentives had been approved for all four (4) applications submitted, and can receive an 8.8 cents per kilowatt hour incentive for the projects submitted. Town Council voted unanimously to accept the incentives and sign all four (4) Solar Energy Credit Purchase Agreements during the April 14, 2011 meeting.

On April 28, 2011, to meet time constraints, the Town Council approved the first draft Master Power Solar Services Agreement with Smart Energy Capital as confirmation of the Town's commitment to proceed with this solar agreement. Per the Solar Services Agreement, Smart Energy Capital will fund, construct, maintain, and operate photovoltaic systems to augment electricity fed through two (2) meters at the wastewater treatment plant, and two (2) meters at the Duplex and Triplex pumping stations. An additional application has been made through APS' Government and Schools program, which, if approved, may result in a potential amendment to this Solar Services Agreement. To maximize savings, the term of the contract is for twenty-five (25) years. Smart Energy Capital and Wilson Electric will be

responsible for financing, designing, constructing, maintaining, and operating the system; the town has the ability to purchase the system after the end of year five (5) years of the date the contract commences.

Material changes to the previous version include:

- 1) Change in Law: Should there be a change in Applicable Law subsequent to the Effective Date of the contract that results in a direct and material change in Provider's costs, any increase in cost to the Town cannot exceed 5% total for the term of this agreement .
- 2) Language regarding easements for equipment installed
- 3) Language defining and protecting Prior Property Commitments
- 4) Standard language for ARS 38-511, ARS 41-4401, and ARS 23-214
- 5) Language allowing for the extension of the contract by 5 years under specific circumstances

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**OPTIONS ANALYSIS:** This contract is the final step in the process of augmenting APS' electrical service with energy produced by photovoltaic installations on property owned by the Town.

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**ACTION OPTION:** Motion to Authorize the Mayor (or in his absence, the Vice Mayor) to sign the revised Master Solar Power Services Agreement with Smart Energy Capital **OR** Motion not to sign the revised Master Solar Power Services Agreement with Smart Energy Capital. **VOTE.**

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**RECOMMENDATION:** In order for this project to move to the construction phase, an agreement needs to be reached between The Town of Prescott Valley and Smart Energy Capital to set forth the terms under which Smart Energy will finance and manage the project, and The Town of Prescott Valley will receive benefit through savings in energy costs.

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**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. In agreeing to the terms delineated in this contract, the Town will benefit from reduced energy costs for the wastewater treatment plant and the duplex/triplex booster pumps.

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_