



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 4

Agenda Date: November 9, 2023

In Control: City Council A Session

DEPARTMENT: Office of Sustainability

DEPARTMENT HEAD: Douglas Melnick

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Ordinance authorizing the execution of a Master Services Agreement with GS Solar, LLC d/b/a Big Sun Solar for Municipal On-Site Solar Photovoltaic (PV) System Services

SUMMARY:

This ordinance approves the following action related to this contract:

1. Authorizes the execution of a Master Services Agreement with Big Sun Solar in the amount of \$30,772,879.00 to install roof top, parking, and park canopy solar PV at multiple city facilities with an option for a supplemental \$10,000,000.00 for additional solar projects for a five-year term with one two-year renewal.
2. Appropriates \$30,772,879 to create the Municipal On-Site Solar PV System project funded through self-supporting debt, State Energy Conservation Office (SECO) loans, and clean energy tax credits as the tax credits are approved for the project.
3. Authorizes adjustments to departmental appropriations to utilize utility savings to pay for operations and maintenance of solar projects and fund principal and interest payments on debt.
4. Through the Master Services Agreement, authorizes quarterly payments to Big Sun Solar for the operations and maintenance of solar PV installed at municipal facilities for a 15-year term with two five-year renewals.
5. Delegating the authority to the City Manager or designee to take the necessary actions to apply

for and accept funding to include but not limited to the State Energy Conservation Office (SECO) loan, and clean energy tax credits for the project.

BACKGROUND INFORMATION:

In 2019, the City of San Antonio (CoSA) adopted SA Climate Ready, its first Climate Action & Adaptation Plan (CAAP). In the CAAP, CoSA maps out an equitable pathway to achieving net carbon neutrality by 2050, prioritizing clean air, public health, water quality, water conservation, good jobs, transportation options, clean and secure energy, and emergency preparedness. SA Climate Ready identifies the reduction of building energy consumption as a driver for achieving our community's climate goals, noting that 48% of San Antonio's greenhouse gas (GHG) emissions come from buildings and over half of that energy use (27%) is attributed to commercial and industrial buildings specifically. To reach the goal of carbon neutrality by 2050, emissions contributed by the building energy sector must be reduced 41% by 2030 and 74% by 2040. The production and procurement of renewable energy such as solar is a key strategy to meeting this goal.

On August 22, 2022, the City released the Municipal On-site Solar Request for Proposal (RFP), soliciting proposals from qualified solar photovoltaic (PV) providers to design, engineer, build, operate, maintain, and decommission a turn-key installation of multiple rooftop and parking canopy solar PV projects at more than eighty (80) municipal sites. This RFP was a two-phased process. Proposals for the Phase 1 were due on October 17, 2022. Five (5) proposals were received and deemed eligible for review. The evaluation committee met to review and discuss responses for Phase 1 on November 9, 2022. The Phase 1 evaluation was based on the following criteria: Experience, Background, Qualifications (85 points), the Local Preference Program (10 pts) and the Veteran-Owned Small Business Preference Program (5 points).

The committee reviewed and evaluated the proposals for Phase 1 and in discussion agreed to reduce the number of sites to forty-two (42) municipal facilities, conduct interviews and request for initial pricing from the top 3 ranked firms. This created the shortlist of firms proceeding to Phase 2. For Phase 2, initial pricing was requested, and responses were received in December 2022. The committee reconvened to review the responses and held interviews on January 6, 2023. Based on reviews, a Best and Final Offer was requested from the short-listed firms in April 2023. Responses were received and reviewed. Final evaluation and scoring was later held on August 14, 2023. The Phase 2 evaluation was based on the following criteria: Proposed Plan (65 points), the Local Preference Program (10 pts), the Veteran-Owned Small Business Preference Program (5 points) and Price (20 points). The committee recommended awarding the contract to the highest-ranked respondent, Big Sun Solar. After final evaluation, one (1) non-recommended firm was disqualified due to a political contribution made during the prohibited black-out period.

The Audit Committee received a post solicitation briefing on the project on September 12, 2023.

Big Sun Solar is a registered small business founded in San Antonio in 2016. Currently Big Sun has 16 full time employees and provides turnkey solar services, including engineering, permitting, procurement, and construction plus long-term asset management for commercial and industrial

customers in Texas. In addition to commercial customers, Big Sun was selected by CPS Energy to deliver the Big Sun Community Solar program which is fully operational and includes an innovative approach for low-to-moderate income households.

Through this contract, Big Sun Solar will install roof top, parking, and park canopy solar PV systems at multiple city facilities. A total of 42 municipal facilities are included in the contract and the projects will be phased in over three fiscal years. With the phased approach, 18 projects will be completed in FY 2024 for a total of \$13,169,384. These projects align with the city's CAAP goal of being carbon neutral by 2050. As a result of the installation of these solar systems, it is estimated that the annual utility savings generated from these 18 projects will be \$757,415 and once all 42 projects are implemented, the annual utility savings is estimated to be \$1.8 Million or the equivalent of approximately 12.7 MW. These savings will be used to fund the operations and maintenance of the solar PV systems and the principal and interest payment on the debt issued for this project. In addition to these savings the project provides reduced exposure to increasing electricity prices and volatile energy markets, supports local jobs and facilitates energy-related economic development and investments and provides shade benefits in extreme heat as well as reduces exposure to people and vehicles.

ISSUE:

This ordinance authorizes the execution of a Master Services Agreement with Big Sun Solar in the amount of \$30,772,879.00 to install roof top, parking, and park canopy solar PV at multiple city facilities with an option for a supplemental \$10,000,000.00 for additional solar projects. Additionally, through this agreement the parties will execute an Operations and Maintenance Agreement under which Big Sun Solar will provide the operations and maintenance of the solar PV systems. A total of 18 of the 42 projects are expected to be installed in FY 2024. The following table illustrates the number of projects anticipated to be completed annually and the estimated costs:

Fiscal Year	Anticipated number of Projects	Estimated Costs
2024	18	\$13,169,384
2025	19	\$12,875,362
2026	5	\$4,728,133
Total	42	\$30,772,879

This contract will be funded through self-supporting debt, the State Energy Conservation Office (SECO) 2% LoanSTAR General Fund Loan and Clean Energy Tax Credits as approved. Tax Credits in support of the project are valued at an estimated \$10M over the course of the project. Annual savings from the installation of these projects will be used to pay for the operations and maintenance of the solar PV systems and fund the principal and interest on the debt.

ALTERNATIVES:

City Council could elect not to approve this action and projects would not move forward.

FISCAL IMPACT:

This ordinance approves the following action related to this contract:

1. Authorizes the execution of a Master Services Agreement with Big Sun Solar in the amount of \$30,772,879.00 to install roof top, parking, and park canopy solar PV at multiple city facilities with an option for a supplemental \$10,000,000.00 for additional solar projects for a five-year term with one two-year renewal.
2. Appropriates \$30,772,879 to create the Municipal On-Site Solar PV System project funded through self-supporting debt, State Energy Conservation Office (SECO) loans, and clean energy tax credits as the tax credits are approved for the project.
3. Authorizes adjustments to departmental appropriations to utilize utility savings to pay for operations and maintenance of solar projects and fund principal and interest payments on debt.
4. Through the Master Services Agreement, authorizes quarterly payments to Big Sun Solar to operate and maintain (O&M) the solar PV projects. Once all projects are constructed, the first-year O&M costs are estimated to be \$195,911 which will escalate 2% annually.

Based on current assumptions, the project is anticipated to generate gross savings ranging from \$7M to \$11M over the twenty-five-year life of the project. The amount of savings is dependent on final project designs and the amount funding obtained from SECO loans and clean energy tax credits. Given the large upfront capital investment needed to implement the project there may be a small annual deficit of utility savings over the debt and O&M costs ranging from \$100k to \$250k for the first 15 years of the project. To the extent that any deficit exists in the early years of the project, the Resiliency, Energy, Efficiency and Sustainability Fund (REES) will be utilized to cover the shortfall.

RECOMMENDATION:

Staff recommends approval to execute Master Services and O&M Agreements with GS Solar, LLC d/b/a Big Sun Solar to provide Municipal On-Site Solar PV System Services.

This contract is procured by the means of Request for Proposals, and the Contracts Disclosure Form is attached.