



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: June 7, 2022

TO: Christine Daniel, City Manager

FROM: Pedro Jimenez, Community Services Director

SUBJECT: **Resolution Of The City Council Of The City Of Emeryville Approving And Authorizing The City Manager To Execute And Enter Into An Agreement With The Emery Unified School District Consenting To Installation Of A Solar Project At Emery Center Of Community Life As Referenced In The Joint Occupancy Agreement, Attachment F, Section 10 And 6.1 To Annually Contribute To The Operations And Maintenance Budget**

RECOMMENDATION

Staff recommends that the City Council approve the above-entitled resolution.

BACKGROUND

In 2014, the Emery Unified School District (EUSD) and the City of Emeryville (the Parties) entered into a Joint Occupancy Agreement (JOA) relating to the construction and use of the Emery Center of Community Life (ECCL).

Pursuant to the terms of the JOA, a Governance Committee consisting of the City Council and District Board recommends an Annual Operations and Maintenance Budget for ECCL. The City Council and District Board then each approve their own appropriations for the Annual Operations and Maintenance Budget based on the estimates for all expenses associated with the operation and maintenance of the ECCL Project Facilities.

The JOA also requires the Parties to maintain a schedule for capital replacement projects and provide contributions to a capital replacement reserve account to fund such projects. Alterations to the ECCL Project Facilities require the advance written approval of the Parties. Consultant and contractor agreements are subject to approval by the City Council and District Board if they (1) contemplate payment in excess of \$25,000, (2) are related to use, operation, repair, or replacement, (3) are proposed to be included as Operations and Maintenance or Capital Replacement expenses, and (4) are to be paid proportionately by the Parties.

EUSD has been assessing installing solar photovoltaic panels on the ECCL for the last several years. This matter has been discussed at the Governance Committee several times as well. As described at the May 5, 2022, Governance Committee meeting, the District is now prepared to authorize its contractor to commence construction of the project.

DISCUSSION

The Agreement recommended in this item provides for the City to consent to the District's installation and construction of solar photovoltaic (solar PV) panels, and other related energy conservation measures (the Project) at ECCL. The District retained a design/build company, Syserco, to assess the solar PV installation and the District Board will be considering approval of the construction of the Project at a meeting in June 2022. The City will not be a party to, nor have any financial obligations under, the Syserco Agreement. The District will pay all costs required for the installation of the Project under the Syserco Agreement.

The Agreement provides that the Solar PV and battery storage system will not be placed on the Capital Replacement Schedule as discussed in Section 6.4 in Attachment F (Operations, Maintenance and Shared Use Agreement) that is part of the JOA. Thus, neither EUSD nor the City will be contributing to capital replacement costs.

With regard to operational costs, after the solar portion of the Project becomes operational, the Parties will calculate an annual offset, to be paid by the City, to the District's contribution to the Annual Operations and Maintenance Budget (the Solar Offset). The Solar Offset will be calculated at a rate of \$0.25 per kWh (the Rate). The amount of electricity produced by the solar PV system over the course of the previous year will be determined based on a meter reading exclusive to the solar PV system. The Rate will be multiplied by the total kWh provided by the solar system in the prior year, and the resulting product will be multiplied by 29% to calculate the Solar Offset. The \$0.25 per kWh rate will be locked in for the duration of the Agreement, thereby protecting the City from PG&E/EBCE rate increases over that time.

The term of the Agreement commences on the date it is executed by each Party and ends upon the earliest of the following: (1) the City's early termination of the ECCL Project Lease pursuant to Section 2.2 of the ECCL Project Lease; (2) the District's notification of its desire to terminate this Agreement; or (3) twenty-five years after the date of execution.

FISCAL IMPACT

The Agreement details that the Solar Offset shall be a deduction to the District's contribution to the Annual Operations and Maintenance Budget, and in addition to the City's contribution. This is not an actual increase to the City's portion of the Operations and Maintenance (O&M) Budget. Rather, the City will continue paying its contribution (29%) to O&M for electric service, just as it has for the past 5 years. However, the City's Solar Offset will be paid to the District instead of to PG&E/EBCE. The estimated cost to the City annually for electrical service under this Agreement is \$63,000, which is included in the proposed FY 2022-23 budget (101-5000-88900).

STAFF COMMUNICATION WITH THE PUBLIC

The Agreement was publicly discussed at the ECCL Governance Committee's May 5, 2022, meeting. Prior Governance Committee meetings in 2021 and 2020 have included general discussion of the installation of solar panels at ECCL.

PREPARED BY: Pedro Jimenez, Community Services Director

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS

- Draft Resolution
- Agreement