

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 1



**MINUTES OF THE REGULAR MEETING OF THE
RIDGECREST CITY COUNCIL AND
RIDGECREST REDEVELOPMENT AGENCY**

**City Council Chambers
100 West California Avenue
Ridgecrest, California 93555**

**May 3, 2010
5:00 p.m.**

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council/Redevelopment Agency. Meetings are recorded solely for the purpose of preparation of minutes.

CALL TO ORDER at 5:02pm

ROLL CALL

Council Present: Mayor Morgan, Council Members Taylor, Wiknich, Holloway

Council Absent: Council Member Carter

Staff Present: City Manager Harvey M. Rose; City Clerk Rachel J. Ford; City Attorney Keith Lemieux; Craig Bradley; Tyrell Staheli; and other staff

APPROVAL OF AGENDA

Motion to Approve Agenda Was Made By Council Member Taylor, Second By Council Member Holloway. Motion Carried/Failed By Vote Of 4 Ayes, 0 Nays, 0 Abstain, And 1 Absent. (Council Member Carter)

REGULAR SESSION – 5:00 p.m.

PLEDGE OF ALLEGIANCE led by Mayor Morgan

INVOCATION – Moment of silence led by Mayor Morgan

DISCUSSION AND OTHER ACTION ITEMS

- 1. Resolution No. 10-, A Joint Resolution Of The Ridgecrest City Council And Redevelopment Agency Ratifying And Authorizing City Management To Sign And Enter Into Contract Agreement With South**

California Trane For The Construction Of A Photovoltaic Solar Energy Production Field **Bradley**

City of Ridgecrest has solicited multiple solar companies to develop and present solutions for a Solar Energy Production Field providing Renewable Energy for the Civic Center Complex. City staff has determined that the Photovoltaic Solar Renewable Energy System proposed to be installed at 125 S. Warner (APN-478-010-09 also known as Helmer's Park) will be a viable and practical investment for the City. This system is designed to produce 90% of the Civic Center's current annual electrical power consumption, render over \$1.7 million in incentives and renewable energy credits, and decrease the Center's energy bill by more than \$136,000 annually. Ridgecrest Redevelopment Agency may invest and fund this Renewable Energy project. Staff recommends that the RRA invest in this project using existing funds OR it may establish internal lending through the utility fund to be repaid utilizing bond revenues.

- Mayor Morgan read staff report
- Craig Bradley gave power point presentation, revised from previous version of April 21 regular meeting of council. Presentation reviewed the amendments to the contract that were made on recommendation of the council. Power Point presentation is available upon written request to the City Clerk.
- Mayor Morgan – asked for clarification of the warranties and guarantees. Manufacturer warranties included 25 year on panels, 10 years on inverter from the manufacturers and 20 year performance guarantee from Trane.
- Craig Bradley – provided handout pertaining to the meter and installation inside the building.
- Council Member Taylor – asked for outline of the route that will be used to the meter.
- Craig Bradley – reviewed the route.
- Council Member Taylor – asked if this would go above offices.
- Craig Bradley – explained location above office in community development.
- Mayor Morgan – exclusion No. 3 previous discussion about utilities. Found in past were not where expected and City has to bear additional cost.
 - Craig Bradley – standard contract.
- Mayor Morgan – asked Mr. Taylor about environmental impact and permits.
- Council Member Taylor – what is permit process for this project?
- Craig Bradley – inspections and cost estimate to County for permits.

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 3

- Council Member Taylor – on developed land and don't see additional costs.
 - Craig Bradley – last year CEC EIP was done. Possibly in November.
- Mayor Morgan – asked Council Member Wiknich if he is satisfied with the concerns you had in April?
- Council Member Wiknich – all concerns have been addressed.
- Council Member Taylor – concerns about figures have been answered. Total cost of project less than 3 years. One solution is cheaper going in but other solution is cheaper in long run with higher yield.
- Craig Bradley – page 12 article 3 performance concerns. Reviewed with Keith Lemieux and revised. In particular when the project will commence after notice to proceed and completion of project timeline.
- Mayor Morgan – Asked Keith Lemieux for comments concerning Article 3 Section 14.
- Keith Lemieux – restoration of standard language that was originally removed. Enforceability of liquidated damages, not typically enforceable unless based on real world. Meant to be compensatory for loss suffered. Gave example of situation when issue may be used.
- Council Member Holloway – concerns about if panels don't come in on time?
 - Trane Representative – first part of contract is engineering, clock doesn't start till panels are received and engineering is completed.
 - Craig Bradley – is time to receive panels. Contract does state a particular panel or equivalent. If this panel isn't available do have other options and suppliers.
- Mayor Morgan – notes from last meeting, permits done, trenching and tunneling options part of contract? Yes. Performance guarantee and exceptions have been modified. Power box issue has been added. Issue about signed proposal?
 - Craig Bradley – wasn't issue for me.
 - Council Member Taylor – you have submission and not signed, is it official? No official RFP.
 - Craig Bradley – displayed original cover letter of proposal. Also included in agenda.
 - Mayor Morgan – markup? Describe in contract 12% v 13% issue of Trane proposal.
 - Craig Bradley – back to exclusions and assumptions. Exclusions had estimate on what may cost in future with a markup of costs. Some discussion about what percentage was between contracts.

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 4

- Mayor Morgan – markup discussion in overall amount of bid?
- Craig Bradley – apples to apples with same exclusions and some went bad, one contractor may mark up higher than other. Ok with that because do not believe exclusions will be a problem.
- Mayor Morgan – Staff recommendation of current proposal referenced seasoned technology v. new technology.
- Craig Bradley – yes, panels have improved and been around sometime; also have good idea of performance.
- Council Member Holloway- did we wait and lose CSI between proposals.
 - Craig Bradley – when both companies came to office and gave presentation was within same week. Made decision within 2 weeks and moved forward with Borrego/Trane and submitted application for funds.
 - Council Member Holloway – what cost us to lose original?
 - Craig Bradley – no bids from either contractor at the time 1% funding went away.
 - Council Member Taylor – since paying ourselves then a mute point.
 - Craig Bradley – did attempt to meet timeline to get the additional 1% but takes time to develop a project. Gave examples of steps needed.
 - Council Member Holloway- no qualms about getting proposals? Liquidated damages are in there. Answered costs questions. At last meeting you stated that in spite of newer technology you have not changed mind?
 - Craig Bradley – no I have not changed mind.
- Pat Farris – signing of document, what is attorney's opinion about it being ok not to have a signed document. Proposal
 - Craig Bradley – reviewed question for attorney about validity if no signature exists.
 - Pat Farris – why wasn't it signed and is it important.
 - Keith Lemieux – Ultimately the contract includes all provision in the proposal. That is what they will be bound to. All discussions have to be included in contract to be binding. City enforces signed contracts, not in proposals received.
 - Mayor Morgan – we don't have an agreement until council approves.
 - Keith Lemieux – correct.
- Dave Matthews – asked Craig about cost for kilowatt hour?
 - Craig Bradley - Went back to slide showing cost and annual production totals. \$3.05

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 5

- Council Member Taylor – gave numbers to Dave including annual savings.
- Dave Matthews – based on electric bill, which is a tremendous cost per kilowatt hour.
- Council Member Taylor – what really paying is .12 per hour? This cost is to buy not for production.
- Craig Bradley – this is one year cost if not spreading out.
- Council Member Taylor – rebate is based on annual production.
- Dave Matthews – used phrase referring to dollar benefit to general fund, savings only not revenue?
 - Craig Bradley – both savings and revenue.
- Mayor Morgan – asked for clarification of current debt of \$430,000
 - Craig Bradley – complete plans for submission, ready to break ground and permit. Architectural, soil testing, air quality etc. We agreed to pay for this debt before beginning project. Do not want to turn head to that debt and focusing on how to pay for the debt so added to bond list. Not in the contract or added to costs.
 - Council Member Taylor – asked it to be in presentation.
 - Craig Bradley – was some confusion originally, Mr. Metcalf asked for those numbers to be removed. Understand this is just a debt. Agree should be examined as we proceed.
 - Council Member Taylor – going to have to deal with HVAC units. That original project was to correct the HVAC system. Original scope was HVAC + Solar.
- Mr. Randall – cost savings comes from savings during peak hours. Full-level take slices off peak hours so needs to be looked at. Referencing HVAC project.
- Council Member Taylor – what is before us is the Solar.
- Craig Bradley – option R changes ice storage. Not cost effective.
- Council Member Taylor – SCE gives cheap rate for use at night. Should have originally separated Trane HVAC and Solar. Gone out for RFP. Not part of the proposal before us.

Mayor Morgan acknowledged that representatives from Metcalf firm have asked to present to Council.

- Paul Eichenberger – gave power point presentation to Council. Email sent from Skyline to Council. Silicon+Reflector+Tracker their preferred system. Highlighted that construction team is local and set up local offices. System believed to be better for this area. Currently working a site in Inyokern and mini-RFP to School District currently underway. Have not won that bid yet but hopeful. Gave specification of silicon product. Metal

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 6

not glass so less damage, can 'park' system during wind to prevent damage. Overall anticipated cost expected to decrease over time.

- Council Member Taylor – asked wind velocity rating
 - Mr. Eichenberger – gave rating statistics.
- Paul Eichenberger – provided cost benefit analysis for 25 years.
- Craig Bradley – asked questions of upgrade cost at 10 years and how estimated.
 - Paul Eichenberger – supplier provided cost estimate. Both systems require 10 year inverter replacement.
 - Craig Bradley – confused about cost being less expensive. Don't think any issues of theft and damage. Only place we will be able to get the panels and replacement cost so cheap then, why am I paying so much now.
 - Mr. Randall – large piece for installation is costly. Replacement would be smaller pieces.
 - Craig Bradley – 10 years predicted costs, don't know if standard panels would be stamped out.
 - Mayor Morgan – am I missing something, my understanding \$577,000 upgrade is new information. Is that correct?
 - Paul Eichenberger – correct, this is new information.
 - Mr. Randall – upgradeability not new, just cost it out.
 - Council Member Wiknich – will the \$577,000 be every 10 years.
 - Council Member Taylor – over time system loses production, theirs will degrade too but in 10 years will bump back up. Measure distance. RFP does not discuss costs over 25 years.
 - Paul Eichenberger – both companies used different bases of energy.
 - Council Member Taylor – not clear the issue is heat. Hot stagnate days are evil, longevity in that environment of hot focuses solar energy to dissipate.
 - Paul Eichenberger – hotboxes, production falls dramatically and we have cooling system.
 - Tim Keating – thanked council for taking time to listen, invited to see Nipton plant. Technology is mature, while innovative is not new. Showed a sample panel. Aluminum backed which dissipates heat and radiators on back. Also use higher quality casing that does not yellow. More sunlight and more powers. Chips don't wear out. Panel will run cooler than standard panel. Opportunity can see is that we can bring to market at competitive price. Built in Detroit and panels made in California cleaning same as all others. Panel put thru same tests as all others. Currently meeting more stringent tests. Over 25 years of testing and production of components over 40 years. Upgrade could be done every decade and only change small panels rather than entire panel. Daisy chained together to create large panel. Gave insurance

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 7

- specifications which are not typical. Long life, high capital upfront cost. Showed slides of various plants and panel design. Showed ribbon cutting in Santa Clara and external validation of system. Introduced Harish Patel local sales executive.
- Mr. Patel – gave encouragement for Council to consider and some performance and design statistics.
 - Paul Eichenberger – had concerns about contract but focus on technology.
 - Craig Bradley – in technology, what happens to the light that hits the bend of the panel?
 - Mr. Keating – called a gutter that is not sending light, every panel has edge.
 - Craig Bradley – what happens to that light? At some point it is reflecting at a point other than into the silicon. A reflected light back into the sky.
 - Mr. Keating – several studies, no focused light coming out of the system. San José airport no light more than car reflection.
 - Craig Bradley – gives example of several rows and would not want to put up without clearing with base first.
 - Mr. Keating – would be diffused.
 - Council Member Holloway – what is current efficiency rating
 - Paul Eichenberger – current is 20%.
 - Craig Bradley – discussion of encapsulate. Would like to see a true comparison of the replacement system.
 - Council Member Taylor – cost for first unit there will be cost differentials that will come down in time. Higher risk with you because you are new yet coming in at similar prices. If came in for less could assume some of the risk, now trading for maybe potential costs and savings. Didn't do a formal bid or do a 25 year cost cycle. Appreciate your presentation but didn't come in less than the others. Credits are there. Making it hard to take on new technology when no proof of what lifecycle cost will be. Today do not see as low-risk option and in time think you will prove yourself.
 - Mr. Randall – want to address the cost. Asked electrician to address. If could come to agreement cost could come down.
 - Council Member Taylor – struggling to allow you to keep sharpening pencils. Need to look at our internal processes. Both companies had opportunity to submit proposals. Need to cut it off at some point.
 - Council Member Wiknich – inverter cost of 10 years.
 - Paul Eichenberger – all inverters will go out in 10 years.
 - Council Member Wiknich – make clear that no savings if upgrade at that time.
 - Mayor Morgan – wanted to hear what you had to say. Back to council, have issue in opinion with the process. If we reconsider at this point a proposal, would we not have to start again and if so what would we lose?

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 8

- Harvey Rose – would have to start process again.
- Craig Bradley – government code allows this type of process without RFP. Public hearing held and can choose how to do this. The reason is to expedite thru process and take advantage of funding available. When we did this, concern with only one company so council directed to look at other companies. If we change track, other vendors would have complaints.
- Harvey Rose – if you had to start over, what would you lose.
- Craig Bradley – all incentives and investment to date.
- Council Member Taylor – will drop from .32
- Craig Bradley – also lose 10 k deposits.
- Mayor Morgan – isn't in my decision making process that what has been provided is good information, tonight new information that presented before. Presents a serious problem in changing decision before us in the resolution. Even without formal RFP process, would open us up every time for bids, especially if someone comes in with new information for us to consider. If contractor wants to protest, we have to review what was originally presented. What we have here is not the contract originally presented. My decision is based on what was originally presented this time. Future projects may have different outcome. Don't feel we have a choice on what we need to do.
- Council Member Wiknich – comfortable because we do have other bids to use when making the decision. We got 5 different bids. Good proposal, not a stupid decision. Will work. Should move forward.
- Council Member Holloway – potential for this technology is outstanding. Go back and think about computers. We are comfortable this project will do what we want it to do. More I learn, more I need to learn. Think more opportunities in Ridgecrest for your technology. Cost so close, taxpayer money would be uncomfortable going with unproven product.
- Paul Eichenberger – requests to discuss the contract. Gave comparison between Metcalf Construction and TRANE/Borrego Solar. Highlighted that current contract is not covered by Bond. Metcalf would cover with Bond.
 - Trane Representative – written in contract
 - Craig Bradley – do we need to bond panels and inverter?
 - Paul Eichenberger – bond covers performance
 - Trane Representative – both Trane and Borrego are providing performance bonds.
 - Craig Bradley – was a conflict in exclusions that have now been removed. Is bonded.
 - Keith Lemieux – clarified comment about bond.
 - Mayor Morgan – asked Keith if the performance bond is 100%
 - Paul Eichenberger – read section of contract provisions.
 - Keith Lemieux – discussion between Eichenberger and Keith to clarify contract language. Guaranteed maximum price does not

MINUTES - CITY COUNCIL / REDEVELOPMENT AGENCY - SPECIAL

May 3, 2010

Page 9

include total price. Trane's intention is full amount be bonded in performance bond. Payment and performance bond. Can clarify to dollar amount.

- Trane Representative – that is acceptable. Total 3,077,000 will be fully bonded.
- Craig Bradley – will make the change to the contract.

Motion To Approve Contract With Amendment To Bond Was Made By Council Member Taylor, Second By Council Member Wiknich. Motion Carried By Voice Vote Of 4 Ayes, 0 Nays, 0 Abstain, 1 Absent (Council Member Carter)

- Unidentified Speaker – distance does not mesh out, change order would have to be done to correct.
 - Trane Representative – whatever it takes to connect the panel to the box is fully covered in the contract.
 - Unidentified Speaker – recommend it be part of the contract.
- Keith Lemieux – thanked Craig Bradley and staff for setting up call.

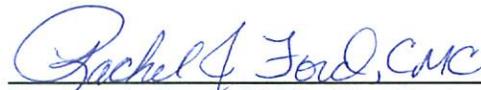
PUBLIC COMMENT

- No public comments were made

MAYOR AND COUNCIL COMMENTS

- No Council comments were made

ADJOURNMENT at 7:07pm



Rachel J. Ford, CMC, City Clerk