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**Public Works
Department**

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Staff Report

ITEM 4-7

To: Lemoore City Council
From: David Wlaschin, Public Works Director 
Date: August 14, 2014
Subject: Budget Adjustment for Additional PG&E Costs for the Chevron Solar Project

Discussion:

As Council may recall, the solar project at Well 4 (at the north well field) is being constructed not just to generate electricity for that well, but to offset the electricity bills for other City accounts that do not have enough land to build solar onsite. As a result, the array is oversized. PG&E requires upgrades to its substation in order to accept all of the electricity that the Well 4 array is going to produce and requires that the City, as the producer, share in the costs of the upgrade.

Staff and our attorney have reviewed the contract with Chevron and it explicitly states that there may be additional utility charges required for interconnection that the City may be responsible for.

The City's portion of the upgrades, which includes a transformer upgrade and SCADA system installation, is \$121,796.62 plus either a one-time maintenance cost of \$65,574.80 or an additional \$418.10/month in perpetuity. Staff recommends the City choose the one-time maintenance fee as it equates to approximately 13 years of payments. PG&E has sent the City an invoice of \$95,096.62 due as soon as possible so they may get started on the necessary upgrades.

Budget Impact:

The total upgrade cost including the one-time maintenance fee is \$187,371.42. Since the Well 4 solar array benefits multiple departments, the cost breakdown will be the same percentages applied to the actual construction costs of the Well 4 solar array. The respective costs are as follows:

Water Department Operating Fund: \$114,296.56
Sewer Department Operating Fund: \$56,211.43
General Fund Operating Fund: \$16,863.43

Recommendation:

Staff recommends that Council, by motion, approve a budget adjustment in the amount of \$187,371.42 to be paid out of the Water, Sewer, and General Fund operating funds as stated above.