



**City of Santa Barbara**  
Airport Department

**Memorandum**

**DATE:** May 21, 2014  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Acting Airport Director *HJ*  
**SUBJECT:** Airline Terminal Solar Photovoltaic Project

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**RECOMMENDATION:** That Airport Commission receive a staff report on the proposed solar photovoltaic collection system for the Airline Terminal.

Background

During the approval process for the Airline Terminal project, City Council asked that Airport staff explore ways to offset anticipated increases in carbon emissions related to the building under design. Additional carbon emissions were expected due to the increased energy consumption when transitioning from the 1942 era terminal to the new, much larger building.

Airport staff identified solar photovoltaic (PV), where sunlight is converted directly into electricity, as the most likely source of renewable energy available to accomplish the carbon offset goal. Since capital funding was unavailable for the Airport to construct, operate and own a solar PV collection system, a Power Purchase Agreement (PPA) approach was selected.

Power Purchase Agreement (PPA)

Under a PPA arrangement, a third party plans, finances, permits, builds, owns and operates a solar collection system on the Airport. In exchange, the Airport agrees to purchase all power produced and delivered by the system, to the Airport's electric meter, at a pre-determined price, over the 20 year term of the agreement.

Solar PV Project Request for Proposals

On March 17, 2011, the Airport Department issued a Request for Proposal for a solar PV project. Results were moderately competitive with projected Southern California Edison energy rates over the term of the agreement. None of the proposals that were deemed credible by the review panel offered pricing that was better than SCE.

Since the Terminal project was in early stages of construction, much of the information needed for firms to submit a competitive bid was unavailable. Negotiations were delayed due to phasing difficulties with the Airline Terminal parking lot construction project.

Airport staff was unable to agree on terms with the top proposer. After a recommendation that the Airport Department reject all proposals, the City Council's Sustainability Committee accepted the recommendation, but gave direction to continue to pursue the project.

On February 5, 2014 Airport Department issued a second request for proposals. The revised scope for the project was developed with input from Community Environmental Council and City staff. To improve the bid document, the second round package included:

- Actual energy bills and energy use data for the new facility
- Requirement that proposals meet or beat SCE energy costs
- A provider performance guarantee
- Detailed equipment specifications, and
- Elimination of the PV system size specification.

Proposals were received on March 27, 2014. Eight firms submitted proposals. Three firms have been invited as finalists to present the proposals and respond to staff questions.

#### Next Steps

The interview team will make a selection and begin negotiations on the Power Purchase Agreement terms. After agreement is reached, Airport staff will submit the agreement for consideration and approval to Airport Commission and City Council.

Once an agreement is finalized, the selected firm will begin designing and permitting the proposed solar PV project. It is estimated that it will take approximately 2 years from the date a proposal is selected until the project is completed and power is delivered to the Airline Terminal.