



**City of Palo Alto  
City Council Staff Report**

**(ID #5876)**

**Report Type: Consent Calendar**

**Meeting Date: 6/29/2015**

**CITY OF PALO ALTO  
Memorandum**

**TO:** HONORABLE CITY COUNCIL

**FROM:** CITY MANAGER

**DEPARTMENT:** PUBLIC WORKS

**AGENDA DATE:** June 29, 2015

**SUBJECT:** Staff Removal of Consent Item #10 from June 29, 2015 Council Agenda

**TITLE:** Authorize the City Manager or His Designee to Enter Into a 20-Year Lease Agreement with Pristine Sun to Install and Maintain Photovoltaic Systems at Five City-Owned Parking Structures

Staff has rejected Pristine Sun’s proposal for a Site Lease of Parking Structures For Renewable Electric Power that was submitted in response to Request For Proposal (RFP) Number 153642. Despite a series of negotiations with Pristine Sun to attempt to reach terms for an acceptable lease, Pristine Sun was unwilling to agree that the Parking In-Lieu Fee would be paid for any spaces permanently lost in the five parking garages. Payment of the Parking In-Lieu Fee for spaces permanently lost was one of the terms of the RFP and was discussed as a lease requirement by staff throughout the negotiations. Pristine Sun had estimated that two parking spaces would be permanently lost in each of the parking garages.

The following is a chronology of the RFP and lease negotiation process:

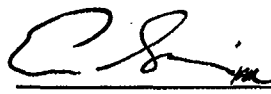
**11/18/2013:** City enters into contract with RightCycle to provide consultant assistance in developing a RFP that would result in photovoltaic systems at City parking structures through a lease with the City and participation in the Palo Alto CLEAN (Clean Local Energy Available Now) program

**3/25/2014:** RFP #153642 issued

- 6/3/2014: Three proposals received in response to RFP
- 9/9/2014: Pristine Sun, LLC selected as finalist for lease negotiations
- 10/2/2014: Kickoff meeting to review project schedule and key lease terms
- 1/29/2015: Completion of first City draft of lease
- Feb. –
- June 2015: Ongoing negotiations between City and Pristine Sun on lease terms
- 6/23/2015: City rejection of Pristine Sun proposal

With the rejection of Pristine Sun's proposal, staff is evaluating other possibilities for providing photovoltaic systems at City facilities. While three proposals were received in response to the RFP, the two runner-up proposals included zero rent and a minimal rent of only \$5,000 per year. There were other issues with the proposal that included \$5,000 per year rent that caused it to be scored poorly in comparison to the other two proposals. Given the Council's decision on May 27, 2015 to direct rent from the parking garage lease to Utilities to offset the cost of the program to electric rate payers, staff believes that it is appropriate to reissue the RFP rather than negotiate on the basis of one of the other two proposals already received. Staff will also consider whether the RFP should include photovoltaic systems at other City facilities in addition to parking garages. Staff will bring proposed project criteria to the Council following the Council break before reissuing the RFP.

  
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J. MICHAEL SARTOR  
Director of Public Works

  
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JAMES KEENE  
City Manager