

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: June 3, 2014

ITEM SUMMARY, JUSTIFICATION and/or SPECIAL CONSIDERATIONS:

Sale of Surplus Personal Property, Revenue: Approval to participate in Department of Defense Logistic Agency (DOD DLA) Solicitation Request for Offers to purchase Renewable Energy Certificates ("REC", solar electric kilowatt-hour); offer to sell 5-years of RECs, 2014-2018, to be generated by Pima County's newest Solar facilities at PECOC & Fleet to be commissioned not later than October 1st, 2014 at \$0.01 per REC. Funding Source: Not Applicable. Administering Department(s): Facilities Management Energy Office and Finance Revenue Management Division

BACKGROUND

A Renewable Energy Certificate is created for each kilowatt-hour of electricity generated from a Renewable energy Source such as solar, wind or biomass.

In accordance with A.R.S. 11-251 (9) and Pima County BOS Policy D29.2, unanimous Board of Supervisors approval is requested to participate in DOD solicitation #SP0600-14-R-0413 and to tender an offer to sell REC's at \$0.01 each. The contemplated revenue contract if awarded to Pima County by DOD will be for a 5-year term (2014-2018), with a value of approximately \$67,546, which if this action is approved by the Board of Supervisors will be subsequently executed by the Procurement Director. Bids must be received by the DOD no later than June 12, 2014.

Pima County, via Solar Service Agreements (SSA), with Solon Corporation, is presently establishing 1.1MW of solar electric generating facilities at its new Fleet and PECOC facilities with expected commissioning dates of not later than October 1, 2014. This action will reduce the cost of electricity at those facilities by an estimated 8% of the SSA cost. The SSAs include guaranteed production of the amount of REC's that will be offered for purchase, and stipulate that Pima County will solely own all RECs generated by the facilities.

Fair market value, REC offer price of \$0.01, is based on published historical data provided by the U.S. Department of Energy, Energy Efficiency & Renewable Energy, Green Power Markets, REC Prices website: <http://apps3.eere.energy.gov/greenpower/markets/certificates.shtml?page=5>

The solicitation and resulting contract requirements include the need for Pima County to provide annual Certified Public Accountant (CPA) audits, affidavits and attestations of sole REC ownership, generation of sufficient RECs and transfer of REC Ownership defined by annual invoices to be issued by Pima County. If Pima County Finance cannot provide those certifications, CPA services will be procured and paid from the resulting revenues.

Pima County has previously sold REC's from its solar facilities to Tucson Electric Power Company, which has discontinued its REC Purchase program. In support of Pima County's Sustainable Action Plan and Ordinance, and to mitigate County operational expenses, Pima County expects to implement more Renewable Energy generating facilities. If national carbon penalties are implemented the value of REC's should increase. The experience derived from this sale will enable Pima County to better understand and optimize future sales and benefits.

Contracts Officer: John Nanosky; 724-8165, Procurement Department

Payment System: CMS

CLERK OF BOARD USE ONLY: BOS MTG. _____ ITEM NO. _____