

July 3, 2023

Peggy Ducey
City Manager
City of Fort Bragg
416 North Franklin St.
Fort Bragg, CA 95437

Mr. Gabe Johnson
Syserco Energy Solutions, Inc.
1425 North McDowell Blvd., Suite 115
Petaluma, CA 94954

Subject: Letter of Intent (LOI) to Contract and Approval to Proceed with Detailed Engineering and Final Project Development for NEM2 Solar PV

Dear Mr. Johnson,

The City of Fort Bragg (“City”) has reviewed the Preliminary Solar Designs presented by Syserco Energy Solutions, Inc. (“SES”), that details an opportunity for the City to reduce Utility Costs by installing solar PV under NEM 2.0 status. The City requests that SES proceed with Project Development and Detailed Engineering of the City’s NEM 2.0 Solar PV portfolio, consisting of the following systems and site locations:

1. City Hall (~40.7 kW)
2. Corp Yard / Water Treatment Facility (~134.6 kW)
3. CV Starr Center (~453.7 kW)
4. Fire Station (~22.1 kW)
5. Police Station (~46 kW)
6. Waste Water Treatment Plant (~340.4 kW)

City staff worked closely with SES to identify all viable locations where the City had an opportunity to install solar PV and submit Interconnection Applications through PG&E to secure NEM 2.0 status. Six locations were identified and all (6) Interconnection Applications were successfully submitted and accepted by PG&E. In order to maintain NEM 2.0 status and realize the maximum financial value of these systems, each system must be designed, built and receive Point of Connection (POC) approval by PG&E by April 15, 2026. If these systems are unable to be built and preserve NEM 2.0 status ahead of the deadline, the financial gains of the generated electricity for the City will be significantly devalued. In consideration of current market and supply chain conditions, City staff recognizes extremely long lead times for various components that are required for successful completion of the projects, and recommends finalizing Project Development and Project Implementation as quickly as possible so as to not jeopardize the financial gains that will be realized by the City by implementing these solar PV

systems. Additionally, as part of this Scope of Work, SES will analyze the City’s existing solar systems and provide a summary of options, relating to repairing, improving and/or refinancing. Additional energy conservation measures and/or infrastructure improvement measures may also be included as part of this final Project Development, at the discretion and mutual agreement of both parties.

The purpose of this Detailed Engineering and Final Project Development is to determine the feasibility of entering into a negotiated Energy Services Agreement (Agreement) utilizing CA GC 4217 for the Design-Build Implementation of these projects.

The City intends to enter into either an Energy Services Agreement (“Agreement”) with SES, or a Power Purchase Agreement (PPA) with 3rd party provider, if the following Project Criteria is met:

1. Budget Impact: Project must not impact existing City capital budget. Capital Outlay by the City shall not be required unless desired by the City.
2. Annual Savings: Must meet annual Project Costs, at minimum.
3. Energy Savings: 100% of energy savings goes directly to the City. Savings shall not be shared with SES or others.
4. Financing: The City shall have the opportunity to qualify for project Financing, if applicable, at the discretion of the City.
5. Financing Term: Shall not exceed the useful life of the proposed systems.
6. Rebate/Grant Application: Program shall include administrative support for all grants and rebates, if available, including Inflation Reduction Act.
7. Design-Build Construction: All systems shall be designed and built by Syserco Energy Solutions.
8. Procurement Method: Procurement shall meet provisions of California Government Code 4217.

The City agrees to work exclusively with SES through the duration of the Project Development and Detailed Engineering effort.

The City intends to enter into either an Energy Services Agreement with SES, or a PPA with 3rd party provider, within 60 days following the delivery of a final Energy Services Proposal (ESP) that will result from the Final Engineering and Project Development that SES will perform.

All costs associated with Final Engineering and Project Development performed by SES shall be incorporated into the final Lump Sum Fixed Price of the Agreement.

In the event SES cannot meet this Project Criteria, there will be no charge to the City for engineering, pre-construction activities, project development or estimating costs incurred by SES for the development of the projects.

In the event SES meets the Project Criteria above and City does not enter into the Agreement with SES within sixty (60) days of submittal of the ESP, then the City shall pay SES a Break-Fee in the amount of:

Sixty-Three Thousand Two-Hundred Eighty-Seven Dollars
(\$63,287)

ACTIONS TO BE PERFORMED:

In order for SES to complete the Work, City shall provide SES with the following (if not already provided):

- 2-year history of utility bills and a signed form authorizing SES to act as an Agent for City and receive the data directly from the Utility Provider(s).
- Records of existing solar PV Agreements, including access to existing solar PV production data, where applicable.
- Reasonable access to facilities and design drawings

The Work is a very collaborative effort. The Work is intended to form the basis of a Final Proposal and contracting documents. Therefore, City shall also:

- Assign a main Point of Contact for the Work: John Smith, Director of Facilities
- Provide reasonable access to Key Stakeholders:
 - Peggy Ducey, City Manager

TIMELINE AND MILESTONES: SES will initiate this Work immediately upon acceptance of this Letter. Formal progress review meetings will be conducted regularly throughout the process of the Work. During these review meetings, SES will make recommendations based on preliminary analysis, while City will provide final direction regarding acceptance of the recommended Scope(s) of Work of the Project. The goal of these review meetings is to focus engineering / project development efforts, budgeting, and savings assessment of the measures that possess a high probability for implementation.

The following are proposed key milestone dates:

- July, 2023 - Authorization to Proceed based on signature of LOI
- August, 2023 - Project Development Kickoff Meeting
- Oct, 2023 - 30% Design Review Meeting
- Nov, 2023 - 60% Design Review Meeting
- Dec, 2023 - 90% Pre-Final Workshop Meeting
- Jan, 2024 - Project Development Completion
- Feb, 2024 - Agreements Approved by City Council
- March, 2024 - Project Implementation begins



- March, 2024 – January, 2026 : Estimated Project Implementation Timeline, based on current lead times and market conditions for material availability

Please signify acceptance of this Letter of Intent by signing below.

Letter of Intent Authorized by:

Peggy Ducey
City Manager
City of Fort Bragg

Scott Meinzen
VP General Manager
Syserco Energy Solutions, Inc.

Signature

Signature

Date: _____

Date: _____