



CITY OF LOVELAND
WATER & POWER DEPARTMENT
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AGENDA ITEM: 16
MEETING DATE: 1/19/2016
TO: City Council
FROM: Steve Adams, Water and Power Director
PRESENTER: Jim Lees, Utility Accounting Manager

TITLE:

An Emergency Ordinance Enacting a Supplemental Budget and Appropriation to the 2016 City of Loveland Budget for Design and Construction of the Photovoltaic (Solar) Facility Federal Emergency Management Agency (FEMA) Alternate Project

RECOMMENDED CITY COUNCIL ACTION:

Conduct a Public Hearing and approve the Emergency Ordinance on first and only reading, which requires an affirmative vote of 2/3 of the entire Council (6 votes) under Charter Section 4-10.

OPTIONS:

1. Adopt the action as recommended.
2. Deny the action.
3. Adopt a modified action.
4. Refer back to staff for further development and consideration.

SUMMARY:

This is an administrative action. This ordinance re-appropriates funding approved in 2015 for the Solar facility portion of the FEMA Alternate Project. This emergency ordinance is being requested as an acceleration of the normal re-appropriation process so that completion of the Solar facility can stay on schedule.

At the July 7, 2015 City Council Meeting, Council approved a supplemental budget appropriation, on second reading, of \$9,068,018 for the substation and Solar facility FEMA Alternate Projects. Of the \$9,068,018, \$5,068,018 was for the Solar facility and came out of the Power Plant Investment Fee (PIF) Fund, which is used for growth-related capital projects. The remaining \$4,000,000 for the substation project will be included with the City's re-appropriation ordinance that is presented to City Council in April 2016.

In the normal course of events, this \$5,068,018 would be included with the City's re-appropriation ordinance that is presented to City Council in April 2016. However, in order to stay on target to complete the Solar facility by December 31, 2016, we need to enter into a contract for the design and construction by no later than January 31, 2016. Before the contract can be executed, funds for this project must be appropriated in the 2016 budget.

On December 1, 2015, the City Council unanimously approved the notice to award the contract to Namaste Solar and authorized the City Manager to execute the contract. The Solar facility is required to be complete by December 31, 2016 in order for the City to take advantage of a three times multiplier credit for renewable energy resources. This credit was extended by the State of Colorado for two projects, including our FEMA Alternate Project. In order to meet the December

31, 2016 deadline, Loveland Water and Power needs to move forward aggressively with planning, design, procurement and construction of this project. Due to the significant delays in the notice of approval by Colorado Office of Emergency Management (COEM) and FEMA, the City did not receive approval to move forward until late 2015. In order to achieve completion of this project by December 31, 2016, the appropriation and contract execution need to occur in January 2016.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

The Solar Facility project was funded in 2015. The re-appropriation of this project does not have an impact on the 2016 budget. Since the assumption in developing the 2016 budget it was expected that these funds would be encumbered by the end of 2015, funding for this is available because the encumbrance did not occur and became a fund balance at the end of 2015.

BACKGROUND:

On May 30, 2014, Loveland received confirmation that FEMA had determined the City was eligible to receive a subgrant of \$9,068,018 for an alternate FEMA project to replace the Idylwilde Dam and Penstock facilities lost in the September 2013 Flood. On January 6, 2015 the City Council authorized Loveland Water and Power to submit two project scopes to the state for this alternate project subgrant, one for the construction of a Solar facility and one for the construction of a substation. On March 12, 2015 both project scopes were approved by the COEM and FEMA. Along with approving the project scopes, Loveland Water and Power also requested and received approval to extend the timeline to complete these projects.

On April 30, 2015 an amendment to the project site was submitted to COEM and FEMA for approval to move the site from southeast of Boedecker Lake to the current site, formerly Meadowbrook Ridge, now renamed the Foothills Solar Facility and the Foothills Substation. On June 11, 2015, Loveland Water and Power posted a request for proposal (RFP) for the Foothills Solar Facility. This competitive process was performed in compliance with the Federal Acquisition Requirements (FARs) for a two-step design/build process for the FEMA Alternate Project. Design proposals were received on July 23, 2015. Phase 2 of this process requested pricing responses from all three contractors to support their submitted designs. Phase 2 pricing proposals were received on September 3, 2015.

On October 21, 2015, the Loveland Utilities Commission (LUC) recommended that City Council approve a resolution issuing a notice of award for final design completion, project oversight during construction, and construction to Namaste Solar, contingent on receiving scope change approval for the project location from the State and FEMA. On November 24, 2015 City received approval of the scope change from the COEM and FEMA. On December 1, 2015, City Council approved the contract to move forward for execution.

The FEMA project worksheet for the Solar alternate project totals \$5,068,018. The City can expect to receive 87.5% or \$4,434,516 of expenses in project reimbursements. Reserves are available in the funds to cover the difference between the total project expenses and the 87.5% reimbursement from FEMA. As detailed and approved on July 7, 2015 by the City Council the funds that were requested to be allocate were as follows:

Project	Supplemental Request Amount	Power Utility Fund	Budget Line Item/Project Number
(Revenue) Solar Facility FEMA Alternate Project	\$4,434,516	Revenue - Power PIF Fund (331)	331-00-000-0000-32000
(Expense) Solar Facility FEMA Alternate Project	(\$5,068,018)	Power PIF Fund (331)	331-47-334-2903-49399-FLD922

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

Ordinance

EMERGENCY ORDINANCE NO. 5992

AN ORDINANCE ENACTING AN EMERGENCY SUPPLEMENTAL BUDGET AND APPROPRIATION TO THE 2016 CITY OF LOVELAND BUDGET FOR A FEMA SOLAR FACILITY ALTERNATE PROJECT

WHEREAS, the City's 2015 budget included an appropriation for the FEMA Solar Facility project that was not completed or closed out by the end of 2015, when the 2015 budget appropriations expired in accordance with the City of Loveland Charter and state law, requiring re-appropriation in 2016 to permit expenditure of such funds to continue with respect to ongoing projects; and

WHEREAS, the Federal Emergency Management Agency (FEMA) delayed necessary approvals for the solar project until the end of 2015 and in order to receive FEMA funds the solar project and substation must be complete by September 17, 2017; and

WHEREAS, the State of Colorado's Renewable Energy Standard requires a municipally owned utility's solar electric generation facility to be in operation no later than December 30, 2016 to qualify for the extension of incentives found at C.R.S. § 40-2-124(c). This incentive counts each kilowatt-hour of solar electric generation as three kilowatt-hours; and in order to complete the project by December 30, 2016, funds must be appropriated, the contract executed, and work begin immediately;

WHEREAS, the City has received and reserved funds not anticipated or appropriated at the time of the adoption of the 2016 City budget for a FEMA Solar Facility alternate project; and

WHEREAS, the City Council desires to authorize the expenditure of these funds by enacting an emergency supplemental budget and appropriation to the 2016 City budget for a FEMA Solar Facility alternate project, as authorized by Section 11-6(a) of the Loveland City Charter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That revenues in the amount of \$4,434,516 from a Federal grant in the Power Plant Investment Fee Fund are available for appropriation. That reserves in the amount of \$633,502 from fund balance in the Power Plant Investment Fee Fund are available for appropriation. Such revenues in the total amount of \$5,068,018 are hereby appropriated to the 2016 City budget for a FEMA Solar Facility alternate project. The spending agencies and funds that shall be spending the monies supplementally budgeted and appropriated are as follows:

**Supplemental Budget
Power Plant Investment Fee Fund 331**

Revenues

Fund Balance		633,502
331-00-000-0000-32000	Federal Grant	4,434,516
Total Revenue		5,068,018

Appropriations

331-47-334-2903-49399	FLD922	Other Capital	5,068,018
Total Appropriations			5,068,018

Section 2. That the City Council finds and determines that an emergency exists requiring immediate passage of this Ordinance in order to execute the contract and begin construction as quickly as possible for the preservation of the health, safety, and welfare of the citizens of the City of Loveland.

Section 3. This Ordinance shall be in full force and effect upon final adoption and shall be published in full after adoption, as provided in City Charter Section 4-10(b).

ADOPTED this 19th day of January, 2016.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney