

**CITY OF BAINBRIDGE ISLAND
WASHINGTON**

REQUEST FOR PROPOSAL (RFP)

COMMUNITY SOLAR PROJECT – CITY HALL ROOFTOP

Introduction

The City of Bainbridge Island (COBI), a Code city in Washington State with a Council-Manager form of government, is seeking proposals from knowledgeable and experienced individuals and organizations to administer a potential project to install and operate a community-owned photovoltaic solar panel array on the roof of COBI's city hall.

The project is intended to qualify for:

- investment cost recovery financial incentives for “Community Solar Projects” under Washington state law under the April 2010 enactment of SB 6658 (referred to in this RFP as the “SB 6658”),
- net metering, as administered by the existing electrical power utility, PSE;
- waiver of state sales tax for the renewable energy equipment and installation, and
- federal income tax incentives such as the 30% renewable energy tax credit (and any other applicable features of the Internal Revenue Code) for the community owners of the solar energy installation.

COBI is aware that time is of the essence for a project of this kind, since the incentives under federal and state law may sunset, and, in particular, the cash-grant alternative to the 30% federal tax credit may only apply to projects put into service during 2010. COBI therefore intends to administer the RFP process expeditiously and is willing to consider a timeline that, depending on how quickly and effectively the service provider selected in this RFP process is able to organize the project, might put a City Hall rooftop array into service as early as late 2010.

This RFP is being published Friday, May 7, 2010, and, to waste no time, the deadline for responses is Friday, May 28, 2010. Earlier responses are welcome and an interview will be scheduled with an RFP respondent as soon as practical after a qualifying response has been received by COBI and reviewed.

The following subjects are discussed in this Request for Proposals to assist proposal preparation.

- I. Background
- II. Objective
- III. Information Required in RFP Response

- IV. City Responsibilities
- V. Selection Criteria
- VI. Discretion and Liability Waiver
- VII. Contact
- VIII. Directions for Delivery of Proposal

BACKGROUND

The City of Bainbridge Island is a municipal corporation organized as a non-charter, code City governed under Chapter 35A of the Revised Code of Washington. It was incorporated on September 18, 1947 as the City of Winslow. Following the annexation of the remainder of the island on February 28, 1991 and the vote to change the City's name on November 5, 1991, on December 20 of that year the entire island became the City of Bainbridge Island. The City most currently operates under a Council-Manager form of government, with a 7-member City Council of elected officials and a Council-selected City Manager.

Other than a score of solar panel installations that are currently mounted on residences and a school on Bainbridge Island, PSE is the sole provider of all electrical power on the island, including at the City Hall site.

With Council support and leadership, COBI has been proactive in seeking funding for energy conservation, energy efficiency and renewable energy. For example, COBI successfully filed an application to the IRS in 2009 for approval to potentially issue up to \$250,000 in federally-subsidized CREB bonds (Community Renewable Energy Bonds) for a 32kw City Hall solar array, but that project is on hold because it is less attractive financially than the new Community Solar Project program under Washington law. COBI has received a grant (in cooperation with other Kitsap cities, the county and PSE) to support the shared employment of an Energy Resource Manager, who would work in 2010 and later years to achieve greater electrical energy efficiency for City Hall and other local government facilities. The City is also working closely with a very active grass-roots community initiative, called the “Bainbridge Island Energy Challenge”, in which there is a very attractive education and communications program emphasizing renewable energy and conservation. As one outcome of that campaign, in cooperation with PSE nearly 600 homes in 2009-10 have installed a smartgrid demand-response device to reduce electrical demand at times of peak load. Community members on Bainbridge Island are also highly conscious of electrical energy demand and supply issues due to a highly-publicized pending decision by PSE whether to install a fourth transformer substation on the island, and a 115kV transmission loop in the Winslow vicinity. As further evidence of the community’s active interest in solar and renewable energy, there has been a Solar Tour for the last several years on the island, and the public school district has installed a 5kw array on the roof of one of the public school buildings for education purposes.

The COBI city hall is located in the heart of Winslow, at 280 Madison Ave. North. It was built approximately 10 years ago with a sloping steel roof which faces due South with an entirely unobstructed and unshaded access to sunlight during the vast majority of the hours of the day when the sun is above the trees on the horizon.

In April 2010, the City Council formed an ad hoc committee to examine the feasibility of a community owned solar project on the City Hall roof. That subcommittee (referred to in this RFP as the “RFP Committee”) is charged with reviewing responses to this RFP and interviewing applicants. Members of the Committee include Councilmembers Kim Brackett and Barry Peters, and COBI Executive Department performance manager Dave McCoy.

OBJECTIVES

The purposes of this project are:

- To enable COBI to reduce its carbon footprint by substituting clean renewable solar energy for some of its commercial electrical energy requirements at no net cost to taxpayers in any year of the project, and in a way that provides net savings to taxpayers over the expected lifetime of the solar array (expected to be 25 years or more);
- To fulfill commitments to carbon footprint reductions that have been adopted in COBI Council resolutions for many years;
- To enable community members to assist in reducing COBI’s carbon footprint by becoming participants in the financing and ownership of a community-owned solar array in a project in which there is full and fair disclosure and responsible accountability and management by a knowledgeable, ethical and accountable administrator to be chosen through this RFP process; and
- To demonstrate and implement in an informative and educational manner one or more long-term financially sustainable strategies for COBI and its residents, businesses and public agencies to respond to projected long-term increases in energy costs.

INFORMATION REQUIRED IN RFP RESPONSE

The successful respondent to this RFP will be selected by COBI to serve as either the “Administrator” of the Community Solar Project (if organized under Section 1(2)(a)(i) of SB 6658) or as the organizer of the “Company” managing the Community Solar Project project (if organized under Section 1(2)(a)(iii) of SB 6658).

In responding to this RFP, please mark with an asterisk any information that you consider to be proprietary, and any information that you believe would be economically harmful to you or your firm if disclosed to competing respondents. In case of a citizen’s public document request under the State’s Public Records Act, the City may have an obligation to disclose information that you consider proprietary, but flagging items you consider proprietary will enable the City to take that factor into account when determining what information must be disclosed.

In responding to this RFP, please make the following **assumptions**: (1) the steel roof of the City Hall is large enough to accommodate at least 75 kw of panels, is unobstructed and is sloped at a desirable angle due South (these assumptions are subsequently to be independently verified by

the party awarded this RFP engagement); (2) the existing electrical power usage of City Hall is as illustrated on the attached sample PSE invoice; (3) COBI expects no net cost (and prefers a net positive savings) for the project over the useful life of the solar array (including the eventual cost of removing or replacing the array at the end of its useful life); (4) COBI expects the project to be administered by the “Administrator” or “Company” in a professional and accountable manner, and in compliance with applicable public records rules and any applicable federal and state securities laws (including any applicable exemptions).

Your response to this RFP should address the following requested information, issues and questions (to the extent that answers are currently known or available). Answers may be delivered in summary form, with the expectation that more complete responses may be provided during the follow-up interview process.

1. Name of respondent organization; type of legal entity; IRS status; name of contact person and his or her full contact information.
2. The names, title and qualifications (resumes) of the proposed project manager and support staff who will be conducting the work on this assignment, including their experience and projects in which they had “hands on” responsibility, and length of time with the firm or proposal team. The project manager will be expected to be fully involved and conversant in the details of the project on a day-to-day basis. Describe the organization structure of staff members and sub-consultants (if any).
3. Name of legal counsel firm(s) that have agreed to advise and assist the respondent. If none is yet appointed, please state any existing plans for engagement of legal counsel, e.g. for legal advice on the organization of the “Administrator” or “Company” entity, and for federal and state securities law compliance.
4. Name of any solar equipment manufacturer, installer, advisor, or service provider which is expected to work with the respondent on this project.
5. Would the panels be manufactured in Washington? The inverters? In each case, by what company?
6. Do you propose to use the “Administrator” approach or “Company” approach, as defined in SB 6658, and why? What type of legal entity would be utilized?
7. Summarize your proposed form of legal relationship between COBI and the “Administrator” or “Company”, and between community participants and the “Administrator” or “Company.” For example, summarize any lease of the City Hall rooftop, and any other operating agreements that you envision
8. What is the approximate number of Community Solar Projects of the type you propose which could be accommodated within the potential pool of funds for financial support payments under the applicable portion of SB 6658 (e.g. 5% of PSE pool for “Company” sponsored projects)? How would project cash flows be affected if the applicable cap for support payments were reached?

9. Provide an Excel spreadsheet illustrating an estimated cashflow for a 75kw project over 30 years (i.e. greater than the warranted life of the panels), revealing each factor and assumption that drives each year's cashflow, identifying the years in which a roof lease would be in effect, and identifying the cashflow elements for the project as a whole, for the investors, and for the City. Assume that the rooftop array is dismantled and removed by COBI in year 30.
10. Briefly summarize your proposed approach to seeking community participants for the financing of the Community Solar Project. How would you communicate the opportunity? What geographic area would your communications cover? Would you seek solely qualified investors or a mix of investors? Would you utilize an offering statement? A securities registration? If not, what exemption would you seek to use?
11. Would leveraging be available for potential investors? Please briefly describe.
12. What party would pay for an engineering analysis of the City Hall roof to determine its structural suitability for a solar array?
13. What party would pay for COBI's costs of legally reviewing the proposed roof lease and other proposed legal documents?
14. What other out-of-pocket costs, or in-kind services, would COBI incur: (a) from this time to approval of the final project proposal; (b) from approval of proposal to the date the system is put into service; and (c) thereafter, to the ultimate decommissioning or replacement of the system.
15. During the period of the roof lease, would the community owners be responsible for all costs of maintenance, all roof damage, and all equipment repair and replacement costs?
16. What is the service life expectancy of your proposed solar panels? Of your proposed inverter?
17. Attach a list of references.
18. Summarize the proposed timeline and workplan for the project. That includes time to negotiate agreements with COBI, three weeks for City Council approval, adequate time to obtain permits, time to engage community participants in the financing, and designing and installing required equipment and systems with an in-service date no later than December 31, 2010.
19. Please summarize the factors that favor COBI choosing your response to this RFP.
20. Please summarize risk factors that could affect the overall success of the project if administered in accordance with your proposal?

CITY'S RESPONSIBILITIES

Prior to your submittal of an RFP response, you may direct questions to David McCoy at dmccoy@ci.bainbridge-isl.wa.us (or by phone to 206-780-3741).

After your submittal of a response, the RFP Committee will arrange an interview which shall either be in person or by conference call, as determined by the Committee.

Once the RFP Committee has selected its preferred RFP respondent, the Committee will offer to enter into a letter of intent with that respondent. The letter of intent will provide for a period of time (to be negotiated with the respondent), in which the City will cooperate exclusively with that respondent in the review and development of a final project proposal.

Once the respondent delivers a final project proposal and applicable legal documents (e.g. lease), the Committee will determine whether or not to recommend the final proposal (and related legal documents) for approval by the City Council.

SELECTION CRITERIA

Proposals will be evaluated based on the following criteria:

- Thoroughness and understanding of the tasks to be completed.
- Background and experience in similar tasks.
- Expertise and overall experience of personnel assigned to the work.
- Time required to accomplish the requested services. Likelihood of expeditious implementation. Demonstrated ability to manage a detailed project schedule.
- Responsiveness to requirements of the project.
- Perceived likelihood of success in attracting willing participants from the community.
- Recent public sector experience, preferably in a municipal setting, conducting similar studies.
- Safeguards to ensuring that COBI does not experience financial liability, exposure or loss.

DISCRETION AND LIABILITY WAIVER

COBI reserves the right to reject all proposals or to request and obtain, from one or more of the respondents, supplementary information as may be necessary for COBI to analyze the proposals pursuant to the consultant selection criteria contained herein.

The respondent, by submitting a response to this RFP, waives all right to protest or seek any legal remedies whatsoever regarding any aspect of this RFP.

CONTACTS

All questions regarding this project should be directed to:

David McCoy,
Performance Manager
City of Bainbridge Island
280 Madison Avenue North
Bainbridge Island, WA 98110-1812

Phone (206) 780-3741
dmccoy@ci.bainbridge-isl.wa.us

DIRECTIONS FOR DELIVERY OF THE PROPOSAL

Response, via email, is required by **4pm on Friday, May 28, 2010.**

Proposal must be delivered in electronic form (e.g. .doc or .pdf format); provided, however, that the cashflow presentation (and any other spreadsheets) shall be delivered in Microsoft Excel .xls format. Schedules shall be delivered in Microsoft Project .mpp format.

Within 3 business days of delivering the electronic copy, the respondent shall also deliver three hard copies of the proposal to:

City of Bainbridge Island
Attn: David McCoy
280 Madison Avenue North
Bainbridge Island, WA 98110-1812

Faxed submittals are not accepted. All proposals must be clearly marked on the outside of the envelope: Community Solar -- City Hall

Before final approval of any proposal, the successful proposer will be required to provide copies of their current State of Washington and City of Bainbridge Island business licenses.

Guarantees
 will receive a \$50.
 for other languages. Call 1-888-225-5773.

LEAD METERING
 OR Power Outage
 1-888-225-5773
 natural gas or electric
 X, call 1-888-225-5773
 sobre la emergencia del gas
 llame 1-888-225-5773
 可致電 1-888-225-5773
 或停電
 1-888-225-5773
 в аварии, связанной с природным
 газом или электричеством,
 звоните по телефону
 1-888-225-5773

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 The Energy To Do Great Things
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SUMMARY AS OF FEB 08, 2010

Account No.	369-840-200-9
Account Balance	\$4,805.32
	<u>\$4,805.32CR</u>
	\$0.00
	<u>\$4,739.01</u>
	\$4,739.01

as of last billing
 Thank you for your payment(s)
 Balance Forward

Current Charges
 CURRENT TOTAL AS OF FEB 08, 2010

Statement Due Date Mar 01, 2010

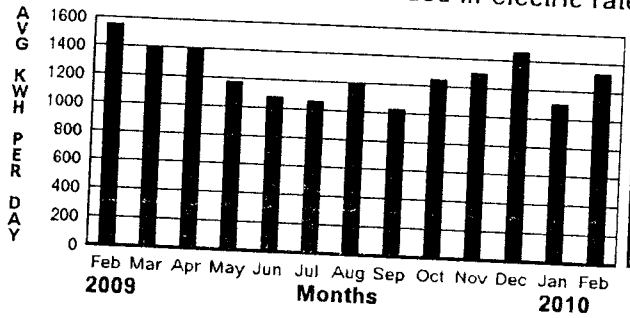
AMOUNT DUE THIS STATEMENT	\$4,739.01
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Electric Detail: 280 MADISON AVE N, BAINBRIDGE ISLAND

Rate/ Dates	Meter Number	Pres Read	Prev Read	Pres Date	Prev Date	Mult	KWH (Usage)	Bill Demand	KVAR Hours	Code	Amount
25E-C-KV	Z004089092			02/05			120	208.6		ACTL	
25E-C-KV	Z004089092	08835	08751	02/05	01/07		120			ACTL	
25E-C-KV	Z004089092	31411	31090	02/05	01/07		120		10080	ACTL	
01/08/10 02/05/10	Basic Charge										\$50.00
01/08/10 02/05/10	Energy Charge										\$1,776.44
01/08/10 02/05/10	Energy Charge										\$1,187.78
01/08/10 02/05/10	Demand Charge										\$0.00
01/08/10 02/05/10	Demand Charge										\$1,384.74
01/08/10 02/05/10	Reactive Power Charge										\$27.62
01/08/10 02/05/10	Electric Conservation Program Charge										\$92.33
01/08/10 02/05/10	Power Cost Adjustment										\$0.00
01/08/10 02/05/10	Wind Power Production Credit										\$57.97CR
01/08/10 02/05/10	Merger Credit										\$7.40CR
01/08/10 02/05/10	Effect Of Bainbridge Is. City Tax										\$285.47
Current Electricity Charges											\$4,739.01

A late fee of 1% will apply to overdue charges, if any. Please see the reverse side for details on late payment charges.

A 3.873% state utility tax is included in electric rates charged.



For Bill Period	This Year	Last Year	Change
Jan-Feb			
No. of days	29	29	0
KWH use	38520	45000	-6480
Avg. KWH use per day	1328.3	1551.7	-223.4
Avg. temp. per day	45F	38F	7F

For information, emergencies, to report an outage or for changes to your account, please call 1-888-225-5773.
 When paying in person, please present both portions. When mailing remittance, please mail to Puget Sound Energy, BOT-01H, P.O. Box 91269, Bellevue, WA 98009-9269