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Title: Action on Funding Agreement with 1220 Santa Clara PropCo, LLC, Relating to City Predesign Engineering Activities for the Memorex Junction Substation Project and Related Budget Amendment [Council Pillar: Deliver and Enhance Quality Efficient Services and Infrastructure]

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Attachments: 1. Funding Agreement

Date	Ver.	Action By	Action	Result
6/9/2020	1	City Council and Authorities Concurrent	Approved	

REPORT TO COUNCIL

SUBJECT

Action on Funding Agreement with 1220 Santa Clara PropCo, LLC, Relating to City Predesign Engineering Activities for the Memorex Junction Substation Project and Related Budget Amendment [Council Pillar: Deliver and Enhance Quality Efficient Services and Infrastructure]

BACKGROUND

1220 Santa Clara PropCo, LLC, (SC PropCo) proposes to construct a four-story 470,920 square foot data center building at 1230 Memorex Drive that would house computer servers and supporting equipment for private clients. The datacenter facility is proposed to be served by a new single customer electric substation and a related 60kV transmission line extension to the substation.

SC PropCo has requested the City of Santa Clara’s Electric Department, doing business as Silicon Valley Power (SVP), to perform predesign engineering activities in parallel with SC PropCo’s development and construction approval process which is presently under California Environmental Quality Act (CEQA) review.

DISCUSSION

Under this Funding Agreement, SC PropCo will fund SVP’s preparation of system impact studies and predesign activities on the substation, the substation’s control building and the off-site 60kV transmission line interconnection, in a parallel path with SC PropCo’s CEQA review process.

This Funding Agreement does not provide SC PropCo with any vested right to electric service, any assurance of approval of SC PropCo’s project, any budget approvals relating thereto, permit application approvals, the environmental review or any other item relating or arising out of its project or any portion thereof. SVP shall not be liable to SC PropCo for failure to approve any such items.

ENVIRONMENTAL REVIEW

The actions being considered are exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Article 20, Section 15378, (b) (4), “The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment” is not defined as a Project that requires an environmental review. If the data center facility and substation moves forward with construction, appropriate CEQA will be completed prior to the project.

FISCAL IMPACT

Under the terms of the Funding Agreement, SC PropCo shall fully fund SVP’s system impact study and predesign of the substation, substation’s control building and related off-site 60kV transmission line estimated at \$400,000. SC PropCo will be responsible to provide developer contributions prior to SVP incurring actual costs associated with these activities. The developer contribution will be included as a new Memorex Junction Substation Capital Improvement Program (CIP) project in the Electric Utility Capital Fund. A budget amendment to receive this revenue and appropriate project costs is detailed below.

**Budget Amendment
FY 2019/2020**

	Current	Increase/ (Decrease)	Revised
Electric Utility Capital Fund			
<u>Revenues</u>			
Developer Contributions for new Memorex Junction Substation project	\$0	\$400,000	\$400,000
<u>Expenditures</u>			
Memorex Junction Substation project	\$0	\$400,000	\$400,000

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the City Manager to execute the Funding Agreement with 1220 Santa Clara PropCo, LLC for \$400,000;
2. Direct the Finance Department to create a new CIP project number for the Memorex Junction Substation Project;
3. Approve a FY 2019/20 budget amendment in the Electric Utility Capital Fund to recognize developer contributions and establish a Memorex Junction Substation Project appropriation in the amount of \$400,000; and
4. Delegate authority to the City Manager, or designee, to make minor modifications, execute subsequent Funding Agreements and amendments with other applicants.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Funding Agreement