



## Agenda Report

19-1355

Agenda Date: 12/3/2019

### REPORT TO COUNCIL

#### SUBJECT

Action on Substation Service Agreement with Related Santa Clara, LLC for Esperanca Substation

#### BACKGROUND

On July 12, 2016, the City Council approved the adoption of Ordinance No. 1956 which authorized the City Manager to enter into a Development Agreement with Related Santa Clara, LLC (Related) for the development of the 240-acre City Place Santa Clara project ("City Place"). As part of this Development Agreement, the City has agreed to provide new electric capacity and power transmission facilities to Related for City Place. The City Place development will require certain increased and/or special electric service facilities that will be provided by the City's electric utility provider, Silicon Valley Power (SVP). The City and Related have negotiated a Substation Service Agreement to address the rights and obligations of the parties with respect to providing interim electric capacity and service at full build-out. This Substation Service Agreement addresses such matters as the construction obligations of the City for the additional substation and off-site distribution facilities, electrical service requirements to be provided by the City, construction and payment obligations of Related, and the granting of easements or other property rights.

#### DISCUSSION

Electric service to City Place will be provided from Esperanca Substation under the terms of this Substation Service Agreement. In addition, SVP will provide interim service capacity of 9MVA which will enable Related to begin construction and operate without interruption until the Esperanca Substation is fully constructed and operational. SVP will design, procure, construct, test and commission all substation equipment necessary and required per SVP's specifications to provide electric service to City Place. Since Esperanca Substation is a general distribution substation, Related will be responsible for their prorated portion of the total cost incurred by SVP related to the design, procurement, installation, construction, fabrication, inspection and testing of the Esperanca Substation. Related's prorated share of the total cost will be paid in full by Related to the City as Developer Contributions. The completed Esperanca Substation will be owned, operated and maintained by SVP at SVP's sole cost and expense.

This Substation Service Agreement requires the City to procure a control building, circuit breakers, switchgear and two substation transformers (long lead materials), and Related will be responsible for the prorated costs for 27 MVA of the total 63 MVA Esperanca Substation capacity. These items typically have a long lead time between procurement ordering and delivery of the items to the site. Due to the expedited time frame associated with this agreement, staff is requesting that Council delegate the authority to approve the purchase of the long lead materials to the City Manager.

#### ENVIRONMENTAL REVIEW

Esperanca Substation will be within the site boundary of SVP's existing Northern Receiving Station.

The Bayshore North Redevelopment Projects Environmental Impact Report (EIR) was adopted by the City Council on September 14, 1999 and the full buildout of the Northern Receiving Station substation facility was included as a part of that EIR review. The EIR approval allows SVP to proceed with the required design, procurement, and construction activities necessary for the Esperanca Substation project.

**FISCAL IMPACT**

Related will be responsible for paying the actual prorated costs related to the design, procurement, installation, construction, fabrication, inspection and testing of the Esperanca Substation as listed in Exhibit B (Payment Terms) of this Agreement estimated at \$9,7079,794. This developer contribution has been included in the Capital Improvement Program project budget in the Electric Utility Capital Fund in the affected fiscal years. Related will also be charged a Load Development fee, with rate listed in Exhibit B. This fee will be in effect until August 12, 2023 per the Development Agreement between the City and Related. After this date, the Load Development fee will be based on the current published fee in the Municipal Fee Schedule.

**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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Approve the Substation Service Agreement with Related Santa Clara, LLC to allow the City to design, procure equipment, and construct Esperanca Substation to provide permanent electric service to City Place; and
2. Delegate authority to the City Manager to approve long lead time material procurement agreements and purchase orders.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Service Agreement