



Legislation Text

File #: 23-1793, Version: 1

Resolution to Rescind R-23-182 for a Single Construction Contract with Melink Solar, LLC for the Purchase and Installation of Solar at City Facilities and its Appropriations and to Approve Four Construction Contracts with Melink Solar, LLC for the Purchase and Installation of Solar at City Facilities, and to Appropriate Necessary Funds **(8 Votes Required)**

In June of 2023, City Council approved a single Construction Contract with Melink Solar, LLC to install solar systems at seven city locations via resolution R-23-182. Because a portion of this project is funded by the American Rescue Plan Act (ARPA), the federal government requires that the City's contracts involving the use of ARPA funds contain certain provisions. However, the contract approved by R-23-182, which was never executed, does not contain the required ARPA provisions.

As City staff and Melink worked to finalize the contract and project details, they realized the project could be streamlined and made easier to implement and administer by allocating ARPA funding toward the construction of solar at the Wheeler Center only and using a separate contract for that site containing the required ARPA provisions. The remaining sites would proceed using separate contracts based on the City's standard form construction contract.

The City and Melink also discovered new issues that would make the Water Treatment Plant prohibitively expensive at this time. As such, staff recommends removing the Water Treatment Plant from the scope of the project and expanding the size of the Steere Farm solar project as this facility is a water-facility and will therefore still provide value to the water system.

Based on the foregoing funding and project scope adjustments, City staff recommend that Council rescind the single contract for Melink in R-23-182 and approve four separate construction contracts. Proceeding with four separate construction contracts, rather than a single contract, will make compliance with ARPA requirements for the Wheeler Center easier and more streamlined, and it will allow for better administration and implementation of the construction projects at the remaining sites through separate contracts. This arrangement will allow the projects to proceed more quickly to final solar designs and project execution.

Melink Solar, LLC has submitted all required Non-Discrimination, Prevailing Wage, Living Wage, and Conflict of Interest Disclosure forms and complies with the requirements of the City's Non-Discrimination and Living Wage ordinances.

Budget/Fiscal Impact: Staff proposes using \$3,043,247.00 from ARPA Funding that was previously designated for solar on City Facilities just for the Wheeler project. Further funding is available in the County Mental Health Millage Fund fund balance in the amount of \$1,339,172.00 for these contracts. It is being requested that \$3,100,001.00 be appropriated from the General Fund fund balance for these contracts. Of this amount from the General Fund, up to \$2,244,726.00 may be provided through a zero-interest loan from the State of Michigan.

Prepared by: Missy Stults, Sustainability and Innovations Director
Reviewed by: Marti Praschan, Chief Financial Officer

Reviewed by: Tim Wilhelm, Deputy City Attorney

Approved by: Milton Dohoney Jr., City Administrator

Whereas, In June 2023, through resolution R-23-182, City Council approved a single construction contract with Melink Solar, LLC for the construction of roughly 2.8MW of solar systems at various City facilities and rescinded certain appropriations in resolutions R-22-202 and R-22-203 and approved appropriations to fund the single construction contract;

Whereas, A portion of the funding for this project is coming from the American Rescue Plan Act which requires that contracts funded, in whole or in part by ARPA funding, contain specific provisions and requirements;

Whereas, The original contract with Melink Solar, LLC did not include the required ARPA provisions;

Whereas, It is in the City's best interest to rescind resolution R-23-182 and have only the Wheeler Center solar project be funded through ARPA with its own contract containing the required ARPA provisions which will streamline the project and make compliance easier;

Whereas, The remaining project sites, with the exception of the Water Treatment Plant which is being removed from the project, will each have a separate construction contract for the purchase and installation of solar systems at those sites;

Whereas, Funding has been identified for the direct purchase of all the proposed solar installations at these City facilities, leading to future direct fiscal and energy savings for the City;

RESOLVED, That City Council rescind the single construction contract authorized in R-23-182 with Melink Solar, LLC for the Purchase and Installation of Solar at City Facilities and also rescind the associated budget appropriations for the Melink Solar, LLC contract from resolution R-23-182 and that all other contracts and budget appropriations in R-23-182 shall remain in effect;

RESOLVED, That City Council approve a construction contract with Melink Solar, LLC in the amount of \$761,040.00 for the purchase and installation of solar systems at the City's airport (northwest hangars, northeast hangars, and airport administration building);

RESOLVED, That City Council approve a construction contract with Melink Solar, LLC in the amount of \$1,427,446.00 for the purchase and installation of solar systems at the City's Steere Farm site and facilities;

RESOLVED, That City Council approve a construction contract with Melink Solar, LLC in the amount of \$2,230,730.00 for the purchase and installation of solar systems at the City's Water Recovery Facility;

RESOLVED, That City Council approve a construction contract with Melink Solar, LLC in the amount of \$3,063,204.00 for the purchase and installation of solar systems at the City's Wheeler Center;

RESOLVED, That City Council affirm the use of \$3,043,247.00 in American Rescue Plan Act funds that were previously allocated for solar projects for the Melink Solar, LLC contract for the purchase and installation of solar systems at the City's Wheeler Center and appropriate \$19,957.00 from the fund balance of the County Mental Health Millage Fund fund balance to the FY24 County Mental

Health Millage Sustainability expenditure budget for this contract;

RESOLVED, That City Council appropriate \$1,319,215.00 from the County Mental Health Millage Fund fund balance to the FY24 County Mental Health Millage Sustainability expenditure budget and appropriate \$108,231.00 from the General Fund fund balance to the FY24 Sustainability General Fund expenditure budget for the contract with Melink Solar, LLC for the purchase and installation of solar systems at the City's Steere Farm site and facilities;

RESOLVED, That City Council appropriate \$2,991,770.00 from the General Fund fund balance to the FY24 Sustainability General Fund expenditure budget for the purchase and installation of solar systems at the City's airport and for the purchase and installation of solar systems at the City's Water Recovery Facility;

RESOLVED, That City Council approve receipt of and use of a zero-interest loan from the State of Michigan in the amount of \$2,244,726.00 to be used to directly purchase solar at the identified sites from Melink Solar, LLC and that the loan be repaid to the State of Michigan from federal renewable energy rebates received by the City under the Inflation Reduction Act of 2022;

RESOLVED, That City Council appropriate up to \$2,244,726.00 in revenue from the State of Michigan Zero Interest Loan to the FY24 General Fund Sustainability & Innovations revenue budget;

RESOLVED, That all amounts approved and appropriated herein are without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said agreements after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take the necessary administrative actions to implement this resolution.