

County of Santa Clara Facilities And Fleet Department




FAF03 100407

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Services

DATE: October 4, 2007

TO: Supervisor Pete McHugh, Chairperson
Supervisor Liz Kniss, Vice-Chairperson
Finance & Government Operations Committee

FROM: 
Larry Jenkins
Director of Facilities and Fleet Department

SUBJECT: Quarterly Report on Fuel Cell Advancement Initiative

RECOMMENDED ACTION

Accept quarterly status report from Facilities and Fleet Department (FAF) on Fuel Cell Initiative, and receive final County agreement with Bloom Energy for information only.

FISCAL IMPLICATIONS

There are no fiscal impacts associated with accepting this report.

REASONS FOR RECOMMENDATION

In September 2004, the Board of Supervisors approved the Santa Clara County Fuel Cell Advancement Initiative. Subsequently, staff have been providing quarterly status reports pertaining to this Initiative. The last status report was made to the Finance and Government Operations Committee (FGOC) on February 1, 2007.

This report provides the Board with an update on recent activities. Most recent activity relates to the stationary fuel cell project at the County 911 Communications headquarters.

BACKGROUND

This report is provided as an update of the Fuel Cell Advancement Initiative's progress in Stationary Fuel Cell Project planning and Alternatively Fueled vehicles. Previous reports have addressed other aspects of the Initiative including Identifying Stationary Fuel Cell Systems and Vendors, Local Fuel Cell Projects, and Stationary Fuel Cell Project Financing Alternatives.

STATIONARY FUEL CELL PROJECT

On June 13, 2006, BOS Agenda item #56, the Board accepted the quarterly report of the Fuel Cell Advancement Initiative; delegated authority to proceed with a competitive bid processes for a consultant and qualified vendor; and approved allocation and transfer of \$1.38 million in Williams Settlement Funds to the Planar Solid Oxide Fuel Cell Project at the County Communications 911 headquarters site. These funds will meet the local match requirement for the Department of Energy Federal Earmark. The Board also approved item #56e that delegated authority to the County Executive or designee to negotiate and execute the Final Agreement and Budget documents with the Department of Energy for the project. The total project funding of \$2.76 million includes the County match of \$1.38 million and DOE contribution of the same.

On January 19, 2007, staff released an Request for Proposal from qualified firms for implementation of the Fuel Cell project. In addition to emailing the RFP to vendors, staff advertised the RFP in a trade electronic newsletter: Fuel Cells Weekly Currents. A pre-proposal conference was held on January 26, 2007. Two proposals were received by FAF on February 23, 2007. A diverse Selection Panel of industry experts, academics, and internal staff reviewed the Proposals. The highest ranked proposer was Bloom Energy, with Ztek ranked second. Staff began negotiations with Bloom Energy on May 4, 2007, and concluded on June 19, 2007.

County staff recommendation to award the contract to Bloom Energy and the proposed Final Agreement and Budget documents were submitted to DOE for review on June 19, 2007. Following the announcement of the award recommendation, an appeal was submitted by the second ranked proposer, Ztek. The Ztek's letter alleged patent infringement and concern with Bloom Energy's ability to meet the DOE domestic content requirements. In compliance with the terms of the DOE Agreement, the County forwarded the alleged patent infringement claim to DOE for DOE Legal Counsel review. On August 22, 2007 the County received approval from DOE Legal Counsel to approve the contract. In addition, DOE responded to the alleged patent infringement by requesting Ztek to provide detail of claims against awarded patents per 10 CFR 782 (Federal standard for patent claims). The domestic content issue is a requirement of Bloom Energy's contract and the County has no indication that Bloom can not meet these requirements. The delay in DOE approval and analysis of patent issues have resulted in a three month slip in the project schedule. The Director of Facilities and Fleet, and Assistant County Executive approved the Final Contract on September 6, 2007.

The County has been providing quarterly status reports to DOE and requesting reimbursement for project expenses. As of June 30, 2007 the County has received from DOE 50% or \$18,487 of \$36,975 total expenses incurred.

ALTERNATIVELY FUELED VEHICLES

The County of Santa Clara Fleet Management Department continues to actively promote fuel efficiency and reduced emissions within the Ten Year Fleet Plan. The County has 60 Hybrid vehicles, 52 Neighborhood Electric vehicles, 32 Electric Forklifts and Electric Taylor Dunn Carts, and 12 Propane Forklifts. The FY 2008 vehicle purchase order for all funds includes 11 additional hybrids. Including the FY 2008 vehicle purchase order, a total of 170 of the 2100, or 8 % of the total County vehicle and equipment fleet are considered Alternate Fuel Vehicles (AFVs).

Fleet Management in the upcoming FY 2008 Vehicle Replacement evaluation is considering fuel flexibility as an additional procurement criteria. Private industry is actively working to make Ethanol more locally available in the Bay Area. Several vehicle makers are promoting fuel flexible vehicles for FY 2008, and Fleet Management will be evaluating the potential applications of these vehicles in the County Fleet.

Efforts of the Fleet Department to promote a mix of alternatively fueled vehicles are consistent with approved Board Policy 7.11 on Vehicle Procurement - Low Emission Vehicles (adopted 2-10-04). The Fleet Department continues working towards the goal of improving both fuel efficiency and reduced emissions for the entire Fleet and thereby reducing fuel costs. Fuel costs continue to be volatile and are likely to remain so.

CONSEQUENCES OF NEGATIVE ACTION

The Board of Supervisors will not receive updated information on the Fuel Cell Project.

ATTACHMENTS

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- Bloom Agreement
- Attachment A - DOE Agreement
- Attachment B - Statement of Project Requirements
- Attachments C & D - Compensation/Schedule of Values and Insurance Requirements
- Amendment to DOE Agreement for NEPA Categorical Exclusion