

Memorandum

REPORT TO: City Commission

FROM: Brian Heaston, Engineer III
Natalie Meyer, Sustainability Program Manager
Shawn Kohtz, Director of Utilities

SUBJECT: Authorize the City Manager to Sign Amendment No. 1 to Task Order No. 3 of the Professional Services Master Task Order Agreement with HDR Engineering, Inc., Providing for Bidding Phase Services for the WRF Solar Project.

MEETING DATE: January 6, 2026

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Authorize the City Manager to Sign Amendment No. 1 to Task Order No. 3 of the Professional Services Master Task Order Agreement with HDR Engineering, Inc., Providing for Bidding Phase Services for the WRF Solar Project.

STRATEGIC PLAN: 2.2 Infrastructure Investments: Strategically invest in infrastructure as a mechanism to encourage economic development.

BACKGROUND: HDR Engineering provides professional engineering services on an on-call basis for the Water Reclamation Facility (WRF) under a master task order professional services agreement authorized by the City Commission on June 3, 2025. The City and HDR entered into [Task Order No. 3](#) on July 22, 2025, which provided for HDR's completion of final design documents for the proposed 553.4 kW non-export solar generating installation at the WRF.

HDR completed the final design documents in late November. The attached Amendment No. 1 to Task Order 3 provides for HDR to complete bidding phase services. A future amendment providing for HDR to perform construction administration is anticipated prior to issuance of a notice of award for the construction contract.

UNRESOLVED ISSUES: The availability of the federal clean energy investment tax credit (ITC) for solar projects sunsets in 2028 under the budget reconciliation bill passed by Congress and signed into law on July 4, 2025. Local governments can still claim the ITC through elective pay provisions available under the budget reconciliation law. However, to qualify for the full 30% ITC value (which is provided as a one-time cash reimbursement at 30% of an eligible solar project's construction cost) specific IRS guidelines must be met. These guidelines require at least 5% of the solar project's construction cost to be

expended or procured under binding agreements before December 31, 2025. To meet these requirements, the City has pre-purchased \$75,900 worth of construction materials in the form of insulated conductor wire that will be owner-supplied to the future construction contractor. This purchase was authorized by the City through a formal purchase order, materials have been delivered and invoiced by the supplier, and payment has been issued by the City. This construction cost expenditure is 6.3% of the estimated construction cost of the project, therefore appearing to satisfy the 5% expenditure rule. Ultimately, the IRS determines whether a project satisfies applicable requirements to gain the 30% ITC.

If the IRS denies ITC eligibility to the project under federal law for 2025, then the City will still be eligible for the full 30% tax credit but will become subject to supply chain restrictions that take effect under the budget reconciliation law in 2026. These new restrictions disqualify projects from ITC eligibility that receive “material assistance” from foreign entities of concern (FEOC) connected to China, Iran, Russia, and North Korea. IRS guidance on FEOC requirements has not yet been issued making it difficult to ensure compliance in advance. To best position the WRF solar project for the ITC on occurrence of it being subject to 2026 FEOC requirements, the insulated conductor wire pre-purchased by the City is certified by the wire manufacturer as being “Made in the USA”.

ALTERNATIVES:

As suggested by the City Commission.

FISCAL EFFECTS:

Negotiated costs for Amendment No. 1 to Task Order No. 3 increase agreed costs by \$26,500 bringing the total contract amount of \$116,100. Project costs are funded by the wastewater fund through capital improvement plan project 'WW155 - WRF Solar Arrays'. The available unobligated budget for WW155 amounts to \$1,047,600. Sufficient funding exists to cover the amended task order costs.

Attachments:

[Amendment 1 to TO 3_WRF Solar_Combined.pdf](#)

[Amendment 1 to TO 3_WRF Solar_Combined.pdf](#)

Report compiled on: December 17, 2025