



City of San Leandro

Meeting Date: May 18, 2020

Staff Report

File Number: 20-166 **Agenda Section:** ATS Review

Agenda Number: 8.C.

TO: City Council

FROM: Jeff Kay
City Manager

BY: Debbie Pollart
Public Works Director

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: Staff Report for a City of San Leandro City Council Resolution Authorizing the City Manager to Apply for a California Public Utilities Commission Self-Generation Incentive Program Grant and to Appropriate \$120,000 from the Water Pollution Control Plant's Fund Balance Reserves to Account 593-51-002 as a Grant Guarantee

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council approve the resolution authorizing the City Manager to submit for a California Public Utilities Commission (CPUC) Self-Generation Incentive Program (SGIP) and also approve an appropriation of \$120,000 from the Water Pollution Control Plant's fund balance reserves to account 593-51-002-5890 as a grant guarantee.

BACKGROUND

As part of the City's ongoing efforts to increase resiliency, specifically with City operations, the Public Works Department is continuing to look at potential infrastructure modernization and resiliency projects that could be implemented. One potential project under consideration would be at the Water Pollution Control Plant (WPCP) and tentatively includes:

- Microgrid Energy Control System
- Compressed Biogas System
- High Strength Waste (Receiving/Storage/Transfer)
- Battery Energy Storage
- Energy Conservation (via onsite equipment upgrades)

The CPUC's Self-Generation Incentive Program (SGIP) provides incentives to support existing, new, and emerging distributed energy resources. Due to recent Public Safety Power Shutdowns (PSPS) events across the state, CPUC has increased funding to provide further resiliency to

critical infrastructure such as the WPCP facility. The SGIP provides rebates for qualifying distributed energy systems installed on the customer's side of the utility meter. Qualifying technologies include wind turbines, waste heat-to-power technologies, pressure reduction turbines, internal combustion engines, microturbines, gas turbines, fuel cells, and advanced energy storage systems. The SGIP is administered on behalf of the CPUC through energy providers, which in this case is PG&E. The funding is first-come, first-serve.

Analysis

The potential project components described above have an estimated turnkey cost of \$9,060,652. Funding sources identified to date include:

- Self-Generation Incentive Program (SGIP) - \$1.2 million paid out by the CPUC on a performance-based incentive (PBI) over the first 5 years.
- Bay Area Air Quality Management District (BAAQMD) Low-Interest Loan - \$6.6 million.
- WPCP Enterprise Fund Capital - \$1.2 million (to be paid back by the SGIP PBI).

The application period for the SGIP opened May 1, 2020. Per the SGIP guidelines, the City must submit an application fee within seven (7) days of submission. The application fee is refunded upon project completion. However, if the City were to elect to not proceed once the CPUC awards the grant, then the City forfeits the application fee.

Staff is also reviewing low-interest, subsidized funding through the BAAQMD's newly developed Climate Tech Funding program. Staff would come back to the City Council with details on the loan amount/interest rate for consideration, in addition to consideration of the project itself, including a new Measurement & Verification contract and project payback timeframes. Currently, that timeframe for project consideration/funding could be in late Summer of this year.

Fiscal Impacts/Budget Authority

The SGIP application fee will cost \$120,000 to be funded by transferring funds from WPCP Fund Balance reserves to account 593-51-002-5890. Should the City complete the project, this amount is fully refundable.

ATTACHMENT(S)

None.

PREPARED BY: Debbie Pollart, Director, Public Works Department



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Resolution - Council

File Number: 20-167

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TO: City Council

FROM: Jeff Kay
City Manager

BY: Debbie Pollart
Public Works Director

FINANCE REVIEW: Liz Warmerdam
Interim Finance Director

TITLE: RESOLUTION Authorizing the City Manager to Apply for a California Public Utilities Commission Self-Generation Incentive Program Grant and to Appropriate \$120,000 from the Water Pollution Control Plant's Fund Balance Reserves as a Grant Guarantee

WHEREAS, a staff report on the proposed SGIP grant application was presented to this City Council; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager recommends the City's application of said grant.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That the City Manager is authorized to submit the grant application on behalf of the City, subject to the approval of the City Attorney; and
2. That \$120,000 from the WPCP Enterprise Fund balance reserves to account 597-56-115 is appropriated and be made payable as the grant application fee, which would be forfeited if the City is awarded the grant but does not proceed with the project.