



COUNCIL REPORT

DATE: September 13, 2022

CATEGORY: Public Hearing

DEPT.: Public Works

TITLE: **Community Center Resiliency Hub Project—Various Actions**

RECOMMENDATION

1. Approve a midyear Capital Improvement Program project, Community Center Resiliency Hub, and transfer and appropriate \$749,242 from the Construction/Conveyance Tax Fund and appropriate \$614,115 in grants to the new project for a total of \$1,363,357. (Five votes required)
2. Adopt a Resolution of the City Council of the City of Mountain View Awarding a Contract to Syserco Energy Solutions, Inc., for the Community Center Resiliency Hub Project for a Cost Not to Exceed \$1,213,357, Including a \$110,305 Contingency, to be read in title only, further reading waived (Attachment 1 to the Council report).
3. Authorize the City Manager or designee to enter into a capital project grant agreement with Silicon Valley Clean Energy for up to \$636,365 for the Mountain View Community Center Resiliency Hub project.
4. Authorize the City Manager or designee to apply for the California Public Utilities Commission’s Self-Generation Incentive Program rebate funds from Pacific Gas and Electric in an amount up to \$105,000.

BACKGROUND

Silicon Valley Clean Energy (SVCE) is providing nearly \$5 million in grants to local agencies to promote energy conservation and resiliency projects that reduce demands on the power grid, minimize impacts when outages happen, and support local job creation. Through this noncompetitive grant program, the City is eligible to apply for up to \$636,365 for use on a City facility.

Staff evaluated the City’s facilities and identified the installation of a battery storage system connecting to the existing solar system at the Community Center as the top-priority project for this funding. The Community Center serves as a gathering place for City residents and hosts

special events, such as weddings, seminars, public and private meetings, summer camps, and many others. The Community Center also serves as an emergency shelter and cooling center for City and County residents during natural disasters and heat waves. During the COVID-19 pandemic, the Center functioned as a vaccination center.

In 2019, the Community Center was renovated and expanded to refresh and modernize the facility and increase its capacity to provide a quality event space for the public; however, installation of an emergency generator was excluded from the renovation project due to funding limitations. During power outages, City staff transports and connects an emergency diesel generator to restore power. This is a suboptimal solution if power is immediately needed during a natural disaster or while cooling or vaccination center services are being provided.

Applications to SVCE for these grant funds were due by May 15, 2022. Staff submitted a grant application to SVCE for the Community Center Resiliency Hub Project to install a battery storage system for the Community Center. The application did not obligate the City to expend funds or carry through with the project, but secured funding if the City elected to move forward.

ANALYSIS

The Community Center Resiliency Hub Project supports resiliency by ensuring the Community Center has electricity during Pacific Gas and Electric (PG&E) Public Safety Power Shutoff events and other power outages. It also reduces energy consumption by using battery power during peak-energy rate periods and by reducing dependency on a diesel generator.

Project Scope

Staff has been working with a design-build firm, Syserco Energy Solutions, Inc. (Syserco), to develop a proposal for a power-backup battery storage resiliency system for the Community Center. In fall 2021, Syserco conducted a preliminary analysis for installing battery storage and adding more solar panels at the Community Center. Based on this analysis, Syserco determined that adding additional solar generation capacity was not feasible on this site due to shading from mature trees; therefore, the project was scoped to focus on installing a stand-by battery energy storage system. To finalize their proposal, Syserco asked the City to choose between two system sizes, which are shown in Table 1 below, along with relative costs, anticipated run-times, and estimated average annual energy cost savings over 20 years.

Table 1: Battery System Options

% of Electrical Load	Option A 528 kwh	Option B 352 kwh
	Run-time	
100%	22 Hours	14 Hours
75%	32 Hours	20 Hours
50%	3 days	40 Hours
25%	10 days	7 Days
Cost/Savings		
Design-Build Cost	\$1,213,357	\$904,540
Average Annual Savings over 20 years	\$48,400/year	\$48,400/year

After evaluating the options, **staff recommends proceeding with Option A to provide the maximum resiliency and operational benefits for the Community Center.** Option B, while initially less expensive, provides fewer hours of backup power during extended outages. This increases the likelihood that a portable diesel generator would need to be brought on-site to provide power.

Grant Application Process and Deadlines

The SVCE grant funds can be used for planning (i.e., management, design, and engineering) and capital improvement costs (i.e., construction). Out of the total available funding of \$636,365, \$22,250 is for planning purposes and \$614,115 is allocated for construction of the capital improvements. One of the requirements of the SVCE noncompetitive grant funding is the short durations specified to complete the planning and capital phases of the project. The deadline to use the planning portion of the grant is December 31, 2022. The deadline to complete the implementation of capital improvements is December 31, 2023.

Through SVCE's grant program, the City will obtain design and engineering support services from Buro Happold (BH). BH's scope includes the review of Syserco's capital improvement proposal and their design deliverables for a total fee of \$22,250, which is equal to the planning portion of the grant award. This consultant will contract directly with SVCE through a master services agreement, and BH will invoice SVCE for their services. Utilizing SVCE's master contract for these planning services will ensure that the grant funding for planning purposes is expended prior to the December 31, 2022 deadline.

Energy Conservation Contracting Process

The grant requires all construction to be completed by December 31, 2023. It will not be possible to meet this deadline and secure the construction reimbursement funding with the use of the

traditional design-bid-build method of public works contracting. For this reason, staff recommends using the energy conservation contracting process for this project, as authorized in Government Code Sections 4217.10 through 4217.18. This process uses a streamlined approach, inclusive of both design and construction, allowing for a design-build contract. This contracting process was created by the State to encourage energy efficiency and conservation by enabling public agencies to use the ensuing energy savings as an alternative funding source to finance infrastructure upgrades that were deemed a net benefit and cost effective.

Syserco is a qualified energy services contractor. Section 4217.12 allows a public agency to enter into an energy services contract for the design and delivery of energy efficiency projects so long as the City makes the following findings at a public hearing:

1. The energy services contract with Syserco is in the best interests of the City; and
2. The anticipated cost to the City for the electrical energy provided by the battery back-up system under the contract will be less than the anticipated marginal cost to the City of thermal, electrical, or other energy that would have been consumed by the City in the absence of the back-up battery system.

The City is able to make these findings for the Community Center Resiliency Hub Project. A design-build contract with Syserco will ensure the project can be delivered within the grant timeline and will improve the resiliency of the Community Center during power outages. This satisfies the first finding.

After applying SVCE grant funding to the project, the total initial cost of the improvements to the City for the recommended Option A is \$749,242. The battery system is expected to have a life of at least 20 years. The net-present value of the cumulative energy and related facilities maintenance savings after 20 years of continuous operation is estimated at approximately \$970,000, exceeding the City's cost of \$749,242. This assumes the battery system is used approximately four to five hours a day to provide power during peak-energy rate periods using power stored from the existing solar panel system and utility power from nonpeak periods of time. With the value of the anticipated lifetime project energy cost savings exceeding the net cost of the improvements to the City, the recommended contract satisfies the second finding listed above.

These findings are made in the Resolution (Attachment 1).

California Environmental Quality Act (CEQA):

In accordance with California Environmental Quality Act, this project has been determined to be categorically exempt as a Class 1, 15301(a) for minor alterations to existing facilities involving

electrical work. The notice of exemption will be filed with the County of Santa Clara if the project is approved by the City Council.

Project Schedule

Should Council approve the recommended actions, construction is anticipated to begin in the summer of 2023 and be completed in fall 2023.

FISCAL IMPACT

The SVCE grant is reimbursement-based where the City will need to allocate funding for the project and SVCE will reimburse the City after each invoice that will be paid to the contractor. The SVCE grant will provide \$636,365 in funding, with \$614,115 available for construction after the \$22,250 is allocated for third-party consultant services.

The project costs are as follows:

Table 2: Total Project Costs

Design-Build Contract (including contingency)	\$1,213,357
City Project Management	50,000
Construction Inspection and Testing	10,000
Permits, Printing, Miscellaneous	<u>5,000</u>
Subtotal	\$1,278,357
City Administration	<u>85,000</u>
TOTAL ESTIMATED COST	<u>\$1,363,357</u>
GRANT	<u>614,115</u>
CITY FUNDING	\$ 749,242

To potentially further reduce the City's project costs, the City and Sysco will apply for \$105,000 in rebate incentives from PG&E as part of the California Public Utilities Commission's (CPUC) Self-Generation Incentive Program (SGIP). If these funds are realized, they can be refunded to the Construction/Conveyance Tax Fund.

CONCLUSION

This project provides an opportunity for the City to improve the resiliency of a critical recreational facility and emergency shelter. When completed, the proposed stand-by battery project will allow the Community Center to provide essential services when they are needed most by the City's residents. Should Council approve the staff recommendations, the City will maximize the use of available grant funding and reduce the initial costs to the City. When estimated over the 20-year lifespan of the proposed battery system, the project is anticipated to provide a net savings to the City of over \$220,000.

ALTERNATIVES

1. Do not approve a midyear CIP project or adopt the resolution, and defer the project, relinquishing the grant funding.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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Attachment: 1. Resolution Awarding Contract to Syserco

cc: APWD—Skinner, APWD—Arango, PCE—Shah, PPM—Printy, SCE—Ayele, SMA—Doan,
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