



# City of Rialto

## Legislation Text

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For City Council and Rialto Utility Authority Meeting [July 13, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Thomas J. Crowley, P.E., Utilities Manger

Request City Council/Rialto Utility Authority Board Approve the First Amendment to the Final Construction Work Authorization for the Rialto Microgrid Project - Phase 2 to Include Expenditures in the Total Amount of \$185,751.86 for the Self Generation Incentive Program Application Deposits of \$83,792.50 for Energy Generation and \$101,959.36 for Energy Storage.

### **(ACTION)**

#### **BACKGROUND**

To help their customers be better prepared for outages and Public Safety Power Shutoffs (PSPS), Southern California Edison (SCE) offers grants, referred to as incentives, through the Self-Generation Incentive Program (SGIP), which cover costs towards the installation of self-generating energy systems. These systems are designed to offset energy use and work as backup to provide power when an outage or a PSPS occurs.

On July 14, 2020, City Council/Rialto Utility Authority (RUA) Board of Directors authorized a Feasibility Analysis on installing/constructing an energy microgrid at the Wastewater Treatment Plant (WWTP). The City Council/RUA Board accepted the Feasibility Analysis and authorized the Final Construction Work Authorization (FCWA) for the Rialto Microgrid Project - Phase 2.

#### **ANALYSIS/DISCUSSION**

For Rialto's WWTP, RWS has submitted applications for the Energy Generation and the Energy Storage categories of the SGIP program. SCE has approved the applications for the program and as long as RWS and the City complete the application process and provide the required deposit, the applications will be funded. Funding for the Energy Generation application could be up to \$1,627,850 and the Energy Storage category could be up to \$2,039,187.13.

In order to proceed to the next step in the process, a deposit was required from the City for each application to be paid within seven (7) days from the notice date. The deposits requested equaled \$83,792.50 for Energy Generation and \$101,959.36 for Energy Storage, for a total of \$185,751.86. Payment of this deposit is intended to show commitment to participate in the SGIP program and towards completion of the proposed projects. RWS, as the City's Concession Agreement partners, agreed to advance the deposit amounts, ensuring the City met the deadline and remained in the program. Verification of the deposit amounts is included as **Attachment 1**.

With the proposed action, staff is recommending the Final Construction Work Authorization (FCWA)

be amended to include the SGIP program application and deposit costs with the knowledge that the expenditure will be returned to the City once the projects are funded. The FCWA Amendment No. 1 is included as **Attachment 2**.

On June 23, 2021, this item was presented to the Water Subcommittee which recommended that staff present Amendment No. 1 to the City Council/RUA Board of Directors for approval.

### **ENVIRONMENTAL IMPACT**

Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, such as the proposed design work. An environmental analysis will be completed and presented to Council prior to the commencement of construction.

### **GENERAL PLAN CONSISTENCY**

Approval of this action complies with the following:

*Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.*

In addition, approval of this action complies with the City of Rialto General Plan Goals and related Policies:

Policy 3-6.3: Require an increasing level of public safety infrastructure and service capability tied to population increase and increasing service demand.

### **LEGAL REVIEW**

The City Attorney has reviewed and supports the staff report.

### **FINANCIAL IMPACT:**

The requested action will include expenditures in the total amount of \$185,751.86 for the Self Generation Incentive Program Application deposits in the FCWA total project. And although the deposit will increase the project total to \$1,180,648.86, the deposit amounts will be returned to the City and are only being required to verify the City's commitment to completing the SGIP projects. It should be noted that if the City elected to withdraw from the SGIP program, the deposit amounts would be forfeited.

#### **Operating Budget Impacts**

Once the Microgrid has been constructed, operating costs may be reduced through the reduced use of electricity; however, the savings and costs will be absorbed by the Utility Authority through the Concession Agreement.

#### **Capital Improvement Budget Impacts**

Sufficient budget is available in Sewer Fund Account No. 660-500-7860-3001 for the SGIP program deposits in the amounts of \$83,792.50 for Energy Generation, and \$101,959.36 for Energy Storage, for a total amount of \$185,751.86.

Licensing

A Business License is not required with the proposed action.

**RECOMMENDATION**

Staff recommends that the City Council/Rialto Utility Authority Board:

1. Approve the First Amendment to the Final Construction Work Authorization for the Rialto Microgrid Project - Phase 2 to include expenditures in the total amount of \$185,751.86 for the Self Generation Incentive Program application deposits of \$83,792.50 for Energy Generation and \$101,959.36 for Energy Storage; and
2. Authorize the City Manager/Executive Director to execute all necessary documents.