TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: MAY 6, 2002 CMR:221:02

SUBJECT: AUTHORIZING THE FILING OF AN APPLICATION WITH THE CALIFORNIA ENERGY COMMISSION FOR $77,250 INCENTIVE GRANT FUNDING FOR PEAK LOAD REDUCTION/ENERGY EFFICIENCY PROGRAM FOR WASTEWATER FACILITIES

RECOMMENDATION
Staff recommends that Council approve the attached resolution requesting $77,250 incentive funding from the California Energy Commission to partially fund the Blower Replacement and Dissolved Oxygen Control Project at the Palo Alto Regional Water Quality Control Plant.

DISCUSSION
In response to the high electricity prices and power outages, the California Legislature passed and Governor Gray Davis signed Assembly Bill 29X and Senate Bill 5X (April 2001). These bills provided funding to the California Energy Commission and other state agencies for grants and rebates to reduce electricity peak load demand. The Peak Load Reduction/Energy Efficiency Program for Water & Wastewater Facilities has funding available for municipal water/wastewater facilities to implement peak load reduction and energy efficiency projects that will reduce the summer peak load. Projects completed and operational by June 1, 2003 are eligible for incentives up to $250/kW.

On January 14, 2002, Council awarded a contract in the amount of $836,000 for the Blower Replacement Project to Monterey Mechanical. The Blower Replacement Project replaces lower efficiency blowers with higher efficiency blowers and dissolved oxygen control valves, which will provide energy savings of 309 kW peak load reduction. The peak load reduction qualifies for SB 5X Incentive Grant Funding. The grant application requires Council authorization in the form of the attached resolution.

RESOURCE IMPACT
If the $77,250 grant is awarded, staff will return to council with a Budget Amendment Ordinance to recognize the revenue in Capital Improvement Plan Project 8021 “Equipment Replacement”.

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POLICY IMPLICATIONS
The project is categorically exempt from the provisions of the California Environmental Quality Act and no further review is necessary.

ATTACHMENTS
Attachment A: Resolution of Council for the California Public Utilities Commission

PREPARED BY: William D. Miks, Manager RWQCP

DEPARTMENT HEAD: ________________________________
GLENN S. ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: ________________________________
EMILY HARRISON
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