



# Agenda Report

**MEETING DATE:** Tuesday, September 13, 2022

**TO:** City Council

**FROM:** PUBLIC WORKS & UTILITIES DIRECTOR DI RENZO  
ENVIRONMENTAL PROJECTS MANAGER, ALEX YASBEK

**THROUGH:** CITY MANAGER MENDEZ

**SUBJECT:** APPROPRIATION OF \$14,229 FROM THE CARBON FUND  
(0311) FOR CITY'S CONTRIBUTION TOWARDS THE PG&E HOT  
WATER HEATER REPLACEMENT PROGRAM

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## STATEMENT OF ISSUES:

The City is participating in a PG&E Government and K12 Energy Efficiency (GK12) Program to replace natural gas-powered hot water heaters in city buildings with high efficiency electric heat pump hot water heaters. The total cost of the incentive program is \$154,921 of which the City is required to contribute \$14,229.

## RECOMMENDED ACTION:

Staff recommends that City Council adopt a resolution appropriating \$14,229 from the Carbon Fund [0311] for the City's contribution towards the PG&E hot water heater replacement program.

## DISCUSSION:

The City is participating in the PG&E Government and K12 Energy Efficiency (GK12) Program that is administered by Willdan Energy Solutions. The program incentivizes replacing natural gas-powered hot water heaters in city buildings with high efficiency electric heat pump hot water heaters.

The replacement will lower overall energy use and have measurable greenhouse gas reductions because of the switch from natural gas (a fossil fuel) to electricity (largely renewable). The total cost of the project includes equipment and installation costs of \$154,921. PG&E is offering an incentive of \$140,692 with a required City contribution of \$14,229.

PG&E is responsible for all contracting and installation costs through direct payments with the vendor, while the city is only responsible for the required \$14,229 contribution through the incentive program.

The appropriation of \$14,229 from the Carbon Fund [0311] for this project meets the guidelines for the use of the Carbon Fund as defined in the Carbon Fund Ordinance:

1. The project is being proposed by an eligible department - Public Works and Utilities
2. The project has identified direct greenhouse gas emission reductions
3. The project aligns with the priorities identified in the Climate Action Plan, specifically,
  - a. Strategy E1: Reduce Natural Gas Use
    - i. Measure E1-B: Appliance Retrofits
  - b. Strategy E2: Retrofitting Existing Buildings
  - c. Strategy E6: Reduce Municipal Energy
4. Funds will not be used for staff time
5. Project has been approved by collaborative deliberation between departments and agreement by department heads.

The project has an anticipated lifetime reduction of 641 metric tons of greenhouse gas emissions.

The prioritized project locations are listed below:

Project locations\*:

1. City Hall
2. Police
3. Parks Administration (Rec Center)
4. Youth Building
5. Fire Station #1 (First fl. laundry)
6. Fire Station #1 (First fl. dorm)
7. Fire Museum
8. Marinovich Park Youth Center
9. Marinovich Park YWCA Day Care
10. Ramsay Park Community Center
11. Senior Center
12. Fire Station #2
13. Animal Shelter
14. Water Resources Center - Main Building
15. Water Resources Center - Lab Building (heater 1)
16. Water Resources Center – Lab Building (heater 2)
17. MSC - Ground Floor Showers
18. MSC - 2nd Floor Auto Shop
19. Civic Plaza Library
20. Civic Plaza Administration Offices

\* Please note that two of the heater replacements are to replace low efficiency electric resistance hot water heaters with higher efficiency heat pump technology.

**STRATEGIC PLAN:**

The project aligns with Strategic Plan Priority:

- 3 - Infrastructure & Environment
  - Strategy 3.3 Environmental Stewardship

**FINANCIAL IMPACT:**

Financial impact is a decrease in the Carbon Fund [0311] balance of \$14,229.

**ALTERNATIVE ACTION:**

1. Council may choose not to appropriate the funding from the Carbon Fund and find an alternative source for the contribution.
2. Council may choose to not appropriate funding for this project. However, this would entail that the City forgo \$140,692 in incentive funding.

**ATTACHMENTS AND/OR REFERENCES:**

1. Supporting Documentation and Contractual Documents