



**DATE:** May 16, 2023

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Execute an Amended Coordination, Resiliency, and Action Agreement with Russell City Energy Company, LLC and Accepting and Appropriating a Contribution of \$1,250,000 in Funds To Support Clean Energy Efficiency Projects in the City Following the Explosion that Occurred at the Russell City Energy Center on May 27, 2021

**RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) authorizing the City Manager to execute an amended Coordination, Resiliency, and Action Agreement (Attachment III) with Russell City Energy Company, LLC and accepting and appropriating a donation of \$1,250,000 to the City of Hayward to support clean energy efficiency projects.

**SUMMARY**

The Russell City Energy Center (RCEC) is a 600 megawatt powerplant located in the Hayward industrial area. The plant is owned and operated by the Calpine Corporation and began commercial operations in 2013. On May 27, 2021, RCEC experienced a mechanical failure of the steam turbine generator that resulted in an explosion and fire (incident). The steam turbine generator experienced extensive damage and debris from the explosion flew from the site to surrounding areas, including the City’s Water Pollution Control Facility (WPCF) and the City’s Homeless Navigation Center.

On February 7, 2023, the Council approved the original Coordination, Resiliency, and Action Agreement that was the result of over two years of investigations, meetings, and collaboration between the CEC, California Public Utilities Commission (CPUC), Calpine Corporation staff, and City staff. The intent of the agreement is to document improvements made in the working relationship between the City and Calpine as well as create a mechanism for donations to the Fire Department for the purchase of a hazardous materials response vehicle (\$150,000) and to the Russell City Reparative Justice Project (RCRJP) (\$20,000). Calpine has made these initial contributions to the City.

Pursuant to a settlement agreement pending with the California Energy Commission, Calpine agreed to donate additional funds to the City in the amount of \$1,250,000 for clean energy efficiency projects in the City to support grid resiliency, including microgrids, solar energy, and/or battery storage installations. This report presents the amended Agreement for Council adoption and allows the City to accept and appropriate the funds.

## **BACKGROUND**

The Russell City Energy Center (RCEC) is a 600 megawatt powerplant located in the Hayward industrial area. The plant is owned and operated by the Calpine Corporation and began commercial operations in 2013. On May 27, 2021, RCEC experienced a mechanical failure of the steam turbine generator that resulted in an explosion and fire (incident). The steam turbine generator experienced extensive damage and debris from the explosion flew from the site to surrounding areas, including the City's Water Pollution Control Facility (WPCF) and the City's Homeless Navigation Center. No damage occurred at the WPCF but a large piece of debris fell through the roof of the Navigation Center trailer that serves as the common area and kitchen. Thankfully, the trailer was unoccupied at the time and there were no significant injuries resulting from the explosion.

CEC, CPUC, and City staff have been meeting bi-weekly as part of a Joint Agency Working Group since the incident as the investigation and follow up actions have occurred. On May 24, 2022<sup>1</sup>, City staff, along with CEC and CPUC staff, presented to City Council regarding the investigations into the incident. After any major incident at a powerplant in the State, the operator must commission a Root Cause Analysis (RCA) report. Calpine commissioned this report and it was included in the May 24, 2022 Council packet. Upon review of the RCA, CEC and CPUC staff determined there were deficiencies in the report and commissioned a secondary gap analysis and investigation. That report was also included with the May 24 Council report. In addition, CEC and CPUC staff presented this report and corrective actions to the CEC Business Meeting on April 26, 2022. The City Manager and Fire Chief also participated in that meeting and presented the collaborative work that has been done with the Calpine team to enhance first responder training and response to the plant.

## **DISCUSSION**

In addition to the investigations into the explosion, the CEC directed Calpine to work with the City and the Fire Department on both operating practices and reimbursement for expenses related to the incident response. The City and Calpine met on at least ten (10) separate occasions regarding the Event and RCEC plans to continue its efforts to communicate, cooperate, and coordinate with the City. These meetings were conducted on:

- August 6, 2021, with the City Manager and Fire Chief, and representatives of the CEC and California Public Utilities Commission (CPUC)

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<sup>1</sup> [CITY OF HAYWARD - File #: WS 22-019 \(legistar.com\)](#)

- August 16, 2021, with the City Mayor, City Manager and Fire Chief, and CEC Commissioners and Staff,
- August 19, 2021, with the City Mayor, City Manager and Fire Chief, and CEC Commissioners and Staff,
- August 27, 2021, with the City Mayor, City Manager and Fire Chief, and CEC Commissioners and Staff,
- September 8, 2021, with the City Manager and Fire Chief
- November 30, 2021, with the City Manager and Fire Chief, CEC Staff and CPUC Staff for presentation of the RCA Report
- December 2, 2021, with the City Manager and Fire Chief
- March 14, 2022, with the Fire Department Training Battalion Chief
- May 9, 2022, with the City Manager and Fire Chief
- May 24, 2022, with the City Manager and Fire Chief

The result of these meetings was the Coordination, Resiliency, and Action Agreement that the Council adopted on February 7, 2023<sup>2</sup>. This agreement resulted in a contribution of \$150,000 towards a hazardous materials response vehicle for the Hayward Fire Department and a contribution of \$20,000 to support the Russell City Reporative Justice Project (RCRJP). The City has received these funds.

Following additional settlement negotiations between Calpine and the California Energy Commission (CEC), Calpine agreed to contribute an additional \$1,250,000 to the City for clean energy efficiency projects in the City to support grid resiliency, including microgrids solar energy and/or battery storage installations. This report amends the original Agreement to include this additional donation to the City and to allow the City to accept and appropriate the funds.

The City will be required to report quarterly to the CEC in a public manner on the use of these funds. City staff will return to Council at a future date to appropriate these funds to specific City projects that will be eligible to utilize this funding.

## **ECONOMIC AND FISCAL IMPACTS**

The acceptance and appropriation of the \$1,250,000 in funding from this agreement will allow for the support of clean energy efficiency projects in the City to support grid resiliency, including microgrids, solar energy, and/or battery storage installations.

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<sup>2</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=6016050&GUID=5C9CD27C-59A7-4434-B2B9-EADEE40A9627>

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority and Specific Project of:

- Strengthen Organizational Health
  - 6.13. Expand Communications, Transparency, and Community Engagement

## **PUBLIC CONTACT**

There is no public contact associated with this item.

## **NEXT STEPS**

Upon authorization from the City Council, the City Manager will execute the agreement and upon receipt, staff will appropriate the funds to a restricted project fund until the Council approves a future appropriation to an eligible project.

*Prepared and Recommended by:* Kelly McAdoo, City Manager

Approved by:



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Kelly McAdoo, City Manager