CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

Agenda

Monday, May 8, 2017

4:30 PM

City Hall, Conference Room 1C

Council Sustainability Committee

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS:

(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda as well as items on the agenda. The Committee welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Committee is prohibited by State law from discussing items not listed on the agenda, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)

APPROVAL OF MINUTES

1. MIN 17-066 Approval of Minutes of Council Sustainability Meeting on March 13, 2017

Attachments: Attachment I Minutes of Council Sustainability Committee Meeting on March 13, 2017

REPORTS/ACTION ITEMS

2. ACT 17-030 Update on Water Supply Availability and Water Conservation Regulations

Attachments: Attachment I Staff Report

3. RPT 17-072 East Bay Community Energy

Attachments: Attachment I Staff Report
Attachment II EBCE Timeline

4. ACT 17-033 Update on the Recycled Water Storage and Distribution Project

Attachments: Attachment I Staff Report

5. RPT 17-071 Proposed 2017 Agenda Planning Calendar

Attachments: Attachment I Staff Report

FUTURE AGENDA ITEMS

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING, 4:30 PM, MONDAY, JULY 10, 2017

File #: MIN 17-066

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT

Approval of Minutes of Council Sustainability Meeting on March 13, 2017

RECOMMENDATION

That the Committee reviews and approves the minutes of the Council Sustainability Committee meeting on March 13, 2017.

ATTACHMENTS

Attachment I Minutes of Council Sustainability Meeting on March 13, 2017

CITY COUNCIL SUSTAINABILITY COMMITTEE MEETING
Hayward City Hall – Conference Room 1C
777 B Street, Hayward, CA 94541-5007

March 13, 2017
4:30 p.m. – 6:30 p.m.

MEETING MINUTES

CALL TO ORDER: Meeting called to order at 4:30 p.m. by Chair Al Mendall.

ROLL CALL:

Members

- Al Mendall, City Council Member/CSC Chair
- Elisa Márquez, City Council Member
- Francisco Zermeño, City Council Member

Staff:

- Alex Ameri, Director of Environmental Services
- Todd Rullman, Director of Maintenance Services
- Stacey Bristow, Deputy Director of Development Services
- Jan Lee, Water Resources Manager
- Erik Pearson, Environmental Services Manager
- Fred Kelley, Transportation Manager
- Jeff Krump, Solid Waste Program Manager
- Rodney Affonso, Jr., Streets Maintenance Manager
- Elisa Wilfong, WPSC Administrator
- Sai Midididdi, Associate Transportation Engineer
- Corinne Ferreyra, Senior Management Analyst
- Mary Thomas, Management Analyst
- Jennifer Yee, Sustainability Technician
- Christopher Sturken, CivicSpark AmeriCorps Fellow
- Carol Lee, Administrative Secretary (Recorder)

Others:

- Chris Chamberlin, Associate Professor, California State University East Bay (CSUEB)
- Chris Banzon, Student, CSUEB
- Jackie Pace, Student, CSUEB
- Karina Garbesi, Professor and Director of Environmental Studies, CSUEB
- Kerry Rohrmeier, AICP -CSUEB
- Lonny Brooks, Assistant Professor, CSUEB
- Mary F. Fortune, Professor, CSUEB
- Steven Dunbar, Hayward Resident
- Shova Ale Magar, Waste Management of Alameda County (WMAC)

PUBLIC COMMENTS

None.

1. Approval of Minutes of Council Sustainability Meeting on January 9, 2017.

The Committee approved the minutes of the Council Sustainability Committee meeting of January 9, 2017.

2. Pedestrian and Bicycle Master Plan

Fred Kelley, presented the report and sought the Committee's feedback on the upcoming Bicycle and Pedestrian Master Plan. He announced that staff will be organizing community outreach meetings to get input from the community regarding the Plan.

Discussion ensued among Committee members and City staff regarding expediting improvements to increase the bikeability and walkability in the City, prioritizing Caltrans improvements to the Tennyson Road overpass on Interstate Highway 880 when funding becomes available, connecting gaps between current bike and pedestrian paths, implementing energizer stations for cyclists, organizing a "Bike with Cops" event similar to "Coffee with Cops", encouraging student involvement in promoting biking, looking for a bicycle store that is interested in locating in South Hayward, increasing the walkability in industrial areas and throughout the City, providing annual reports on quantifiable metrics and projects that improve bike and pedestrian areas.

Council Member Márquez announced that the Council Infrastructure Committee will be holding their first meeting on Wednesday, March 29. She invited those who were interested to attend, noting that future discussion on such topics maybe covered in that Committee meeting.

The Committee requested that the upcoming community meetings be scheduled at varying times of day and at a variety of locations throughout the City to increase attendance, and to appeal to more Hayward residents.

3. Illegal Dumping

Streets Maintenance Manager Rodney Affonso presented the report, and discussed several contributing factors of illegal dumping in Hayward.

The Committee suggested several options to alleviate the amount of illegal dumping throughout the City and resulting cost to the City. The suggestions included a free bulky item drop off day, collaborating with Hayward Unified School District (HUSD),

local nonprofits, religious organizations, and increasing the number of LED boards displaying that dumping is illegal.

The Committee requested that staff partner with Hayward Police Department to follow up with repeat offenders. Furthermore, the Committee encouraged staff to utilize the six weekly bulky item pickups contracted with Waste Management, and challenged staff to implement new ideas to innovatively reduce illegal dumping. Lastly, the Committee asked staff to provide an update at a future meeting with a quantifiable progress report on the issue.

4. Bulky Item Collection Service Participation

Solid Waste Program Manager Jeff Krump presented the report.

Discussion ensued among Committee members and City staff regarding educating residents on the quantity and types of materials approved for hauling, prescheduled verses flexible scheduling of bulky pick-ups, partnering with property owners to increase outreach efforts, utilizing social media to promote the service, enforcing fines for repeat offenders of illegal dumping, and focusing efforts on multi-family dwelling units. The Committee suggested scheduling one bulky appointment for single family homes and leaving the second appointment flexible.

Deputy Director of Development Services Stacey Bristow noted that the Developmental Services Department is preparing to send rental inspection invoices, and invited staff to provide inserts to be included. She noted that these invoices are mailed out annually, and could be a means to inform residents of various City services, including bulky item removal.

5. Sustainable City Year Program: Fall 2016 Reports on Littering & Composting

Environmental Services Manager Erik Pearson introduced Professor Karina Garbesi, Director of Environmental Studies, CSUEB. Professor Garbesi provided an overview of the report and introduced CSUEB staff, who highlighted various accomplishments made during the Fall Semester. She also noted that CSUEB's program, though fashioned after the University of Oregon's Sustainable City Year Program, is called Pioneers for Sustainable Communities.

Erik Pearson further shared that as result of these courses, students have emphasized the importance of education in the areas of composting and found that elementary-aged students were an optimal target audience to reach. He noted that HUSD currently does not practice organics sorting, which is a challenge that staff intends to address.

Chair Mendall emphasized the value in the feedback and suggestions provided by the students and staff at the conclusion of the program, and requested that staff provide them to the Committee

Council Member Zermeño requested that staff partner with Chabot College to implement a similar program to allow all more students to get involved.

The Committee was pleased with the progress report and suggested an annual update on the item.

6. Green Infrastructure Framework

Water Pollution Source Control Administrator Elisa Wilfong presented the report.

Discussion ensued among Committee members and City staff regarding the probability of meeting the Municipal Regional Permit 2.0 requirement, the consequences of falling short in 2020, current and past projects that qualify as treated land, and the collaboration with Public Works, Engineering & Transportation during phase III of the Complete Streets two-year action plan.

It was moved by Council Member Mendall, seconded by Council Member Zermeño, and carried unanimously with Council Member Márquez absent, to bring the proposed recommendation to City Council.

7. Advanced Metering Infrastructure Project Update

Senior Management Analyst Corinne Ferreyra presented the report.

Committee members and City staff discussed the need to replace the current water meters throughout the City, the specifications of the AMI unit, RFP criteria, and the current roles and potential job specification changes of a water meter reader.

Chair Mendall requested that staff include a comparison tool to the customer interface as an item on the RFP criteria, which will allow customers to compare their usage to neighbors. He added that he did not want an option to report water waste on the customer portal, as that is already established through Access Hayward. Additionally, he requested that staff include discussions of the changes in role of a water meter readers once the AMI project is launched in the staff report presented to City Council.

The Committee requested that staff provide Council Members prior notification before the AMI project goes live with billing, as they will want to be prepared for any questions or concerns that customers will have.

8. Proposed CSC 2017 Agenda Planning Calendar

Director of Utilities & Environmental Services Alex Ameri noted that staff is preparing to bring the item of Lead Testing in Schools before the Committee at a future meeting.

Chair Mendall requested an update on the Mountain Tunnel Shut Down, but referred the timing to staff to decide when to bring it back to the Committee. He also challenged staff to progressively plan for the long-term changes in the transportation industry, and evaluate how car share will play a role in such changes.

The Committee requested that staff limit the number of presentations at future meetings, and reminded that it is acceptable to omit presentations for informational items.

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS:

Erik Pearson announced several upcoming events in April, which included Book to Action's community discussion, facilitated by W. Kamau Bell on Wednesday, April 19, and March the Hayward Shoreline on Saturday, April 22 at the Hayward Shoreline Interpretive Center. There will also be a litter pick up event at Hayward Community Gardens, 25051 Whitman Street on April 22.

Chair Mendall asked staff to provide links on the website for the upcoming events and bulky item removal to promote what the City has to offer.

Director Ameri announced that the Mountain Tunnel was put back into service yesterday, and noted that we should see a slight improvement in the City's already excellent water quality.

ADJOURNMENT: 6:37 p.m.

Attendance	Present 03/13/17 Meeting	MEETINGS Present to Date This Fiscal Year	Excused to Date This Fiscal Year	Absent to Date This Fiscal Year
Elisa Márquez	✓	4	0	0
Al Mendall*	✓	5	0	0
Francisco Zermeño	✓	5	0	0

✓ = Present O = absent X = excused
* Chair

File #: ACT 17-030

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT

Update on Water Supply Availability and Water Conservation Regulations

RECOMMENDATION

That the Committee reviews this report and provides direction on (1) rescinding the City's Stage I Water Shortage declaration and implementation of Stage I Water Shortage Contingency Plan actions and (2) revising the City's Nonessential Water Use Prohibition Ordinance to permanently prohibit wasteful practices consistent with State water conservation regulations.

ATTACHMENTS

Attachment I Staff Report

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT Update on Water Supply Availability and Water Conservation Regulations

RECOMMENDATION

That the Committee reviews this report and provides direction on (1) rescinding the City's Stage I Water Shortage declaration and implementation of Stage I Water Shortage Contingency Plan actions and (2) revising the City's Nonessential Water Use Prohibition Ordinance to permanently prohibit wasteful practices consistent with State water conservation regulations.

SUMMARY

The winter of 2017 has been one of the wettest on record, following five years of drought conditions. The Governor formally declared an end to the drought emergency on April 7, 2017 in most of California, while maintaining water reporting requirements and prohibitions on wasteful practices, such as watering during or right after rainfall. The San Francisco Public Utilities Commission (SFPUC), the City's wholesale water supplier, has announced that available water has exceeded what is needed to ensure the entire water system will fill by July 1, 2017 and that SFPUC will be able to meet 100% of its customers' needs this year.

Concurrent with the Governor's declaration, the State released a conservation framework, titled "Making Water Conservation a California Way of Life," to establish long term water conservation practices and more effective drought planning and resiliency. Among its provisions, this framework will change the way future water use reduction targets are calculated. In view of the changing water supply outlook and recent developments at the State level, staff has prepared this report to update the Committee on the current water supply and demand conditions for the City and provide an overview of the State's efforts to implement a new long-term conservation framework for urban water agencies.

BACKGROUND

The recent drought included the driest four-year statewide precipitation, from 2012 to 2015, and some of the warmest temperatures. These conditions prompted the State and the City to take various actions, as described below, to reduce urban water use:

- January 2014 – Governor Brown called for a 20% reduction in state-wide water use. No specific requirements were mandated.

- July 2014 – The State Water Board adopted Emergency Regulations for Statewide Urban Water Conservation, which prohibited wasteful outdoor water use and required all urban water suppliers, including Hayward, to implement their Water Shortage Contingency Plans (WSCP).

- September 2014 – The City amended its 2010 Urban Water Management Plan (UWMP) to incorporate the State's mandatory outdoor water use prohibitions in the WSCP Stage I actions and declared a Stage I Water Shortage. Stage I actions prohibit wasteful outdoor water uses such as overwatering landscapes, washing outdoor surfaces with potable water, and using hoses without shut-off nozzles.

- March 2015 – The State Water Board approved an extension of the Emergency Water Conservation Regulations, along with additional requirements, including more specific irrigation, food service and hospitality water use restrictions.

- April 2015 – The City amended its 2010 UWMP to further revise the City's WSCP to implement the State's additional water use restrictions. In addition, in late April, Governor Brown issued an Executive Order that required mandatory conservation of potable urban water and directed the State Water Board to impose restrictions that would achieve a 25% reduction, compared to the amount used in 2013.

- May 2015 – The State Water Board adopted a methodology that assigned urban water suppliers a conservation requirement between 8% and 36%, based on residential per capita use. Hayward was placed in the lowest assigned tier, with an 8% reduction requirement.

- November 2015 – Governor Brown issued an Executive Order to extend existing water use restrictions through October 31, 2016.

Increased amounts of rain and snow received in parts of California during the winter of 2016 somewhat eased concerns about water supply reliability and prompted the State Water Board to transition from mandatory state-wide conservation standards to standards based on supply reliability consideration at the local level, as described below:

- February 2016 – The State Water Board adopted revised Emergency Regulations, which basically maintained and extended the May 2015 requirements, but provided urban water suppliers with an opportunity to modify conservation requirements.

- May 2016 – The Governor issued an Executive Order requiring State agencies to develop new water use efficiency targets as part of a long-term conservation framework for urban water agencies. In addition, the Executive Order required the State Water Board to adjust Emergency Regulations to recognize the differing water

supply conditions across the state. In response, the State Water Board adopted a water conservation approach that replaced the percentage reduction-based standard with an approach that ensures at least a three-year supply of water under drought conditions. Based on SFPUC's estimate of water supply availability for 2016, no mandated reductions were required for Hayward to comply with State regulations. However, SFPUC continued to request that agencies achieve a 10% voluntary reduction to protect against future dry year conditions.

Throughout the recent drought, Hayward has consistently complied with all State mandates related to water conservation, including enhanced monthly reporting requirements. The community responded to calls for water use reductions, significantly exceeding the 8% reduction requirement. Between June 2015 and June 2016, Hayward achieved a water use reduction of 23%, as compared to the same period in 2013 with substantial water use reductions occurring in every customer classification. The City's Stage I Water Shortage declaration has remained in effect pending State and SFPUC actions related to water supply conditions for 2017, which were announced in April 2017.

DISCUSSION

Precipitation during the winter of 2017 has been far above normal, with numerous and sustained winter storms bringing significant quantities of snow to the Sierra and rainfall throughout the State. The change in water conditions has affected supply availability and state-wide drought restrictions.

Water Supply Availability

Hayward purchases its water supply from SFPUC. On April 4, 2017 SFPUC issued its final water supply availability estimate for this year, confirming that the Hetch Hetchy watershed experienced exceptionally wet conditions this past winter. SFPUC indicated that the SFPUC water system will fill this year and that it will have sufficient supply to meet 100% of its customers' needs this year and that voluntary 10% reductions are no longer required. Nevertheless, SFPUC reminded customers that their continued commitment to water conservation supports the ability to carry over water in reservoirs from one year to the next and results in improved water supply reliability.

Water Use in Hayward

As noted in the Background section, Hayward responded to the drought conditions and achieved significant water use reductions, far exceeding the 8% target set by the State through June 2016. One of the most telling measures of water use efficiency is the average gallons of residential water use per capita per day. During Fiscal Year 2016, average *residential* water use was 46 gallons per capita per day (gpcd), which was below the minimum quantity of 50 gpcd that was used by the State to calculate minimum health and safety needs during the drought. Hayward customers have consistently been excellent stewards of water resources and continued to do their part during the drought.

For 2017, Hayward's cumulative water use savings year-to-date is 21%, compared to 2013. Hayward customers have continued to demonstrate their interest in water use efficiency through participation in water conservation programs and reports of water waste activities.

Ending of Statewide Drought Emergency

Governor Brown formally ended the drought state of emergency on April 7, 2017 in most of California, citing unprecedented water conservation and plentiful winter rain and snow. Only a few Central Valley counties, Fresno, Kings, Tulare, and Tuolumne, remain under a state of emergency due to diminished groundwater supplies. The Governor's Executive Order ending the drought maintains urban water use monthly reporting requirements and prohibitions on wasteful practices such as watering during or after rainfall and hosing off sidewalks and driveways. In addition, the Governor's actions taken in May 2016 to require State agencies to develop a new long-term conservation framework for "Making Water Conservation a California Way of Life in California" remains in effect and is further described in the following section.

State Water Conservation Framework: Making Water Conservation a California Way of Life

Concurrent with the Governor's termination of the emergency drought declaration, State agencies released a long-term framework for future water conservation regulations, titled "Making Water Conservation a California Way of Life". The final plan can be accessed at: http://www.water.ca.gov/wateruseefficiency/conservation/docs/20170407_EO_B-37-16_Final_Report.pdf

The new long-term conservation framework responds to Governor Brown's May 2016 Executive Order to establish long-term water conservation measures and improved planning for more frequent and severe droughts. Largely because of the drought, urban water agencies have achieved significant reductions in water use ahead of schedule. The new conservation framework seeks to build on this momentum and make the reductions permanent through strengthened water use efficiency standards and removing negative incentives for using more water than needed during non-drought conditions. While staff is still evaluating the State's conservation plan and its implications for Hayward, this report offers an opportunity to brief the Committee on key aspects of the new framework.

The following summarizes key provisions within the new conservation framework:

- New Water Use Targets: Beginning in 2010, water suppliers were required to establish interim and final water use targets, based on a selected method. Known as "20% by 2020," these requirements were intended to reduce state-wide consumption by certain percentages at the local level to achieve a 20% reduction state-wide. Rather than focusing primarily on reductions in gross water use, as was the case with "20% by 2020," the new conservation framework requires State agencies to develop new water use efficiency targets using a method that looks at indoor residential, outdoor residential, and non-residential use separately, and establishes efficiency standards for

each category. The new water use targets will be customized to fit the unique conditions of each water supplier.

- Permanent monthly reporting: Mandatory monthly reporting that was initiated as part of the emergency regulations will be required on a permanent basis.

- Elimination of Water Waste: The emergency regulations prohibited certain water wasting activities, such as hosing down sidewalks and irrigating landscapes after rain. Some of these activities will be prohibited on a permanent basis.

- Minimizing Water Loss: Water suppliers will need to quantify and minimize water system leaks and prioritize capital improvements to reduce water waste within the distribution system.

- Innovative Water Conservation Technologies: The framework calls for the continued development and evaluation of technologies for water loss detection, as well as water saving devices and technologies.

- Drought Risk Assessments and Water Shortage Contingency Plans: Water suppliers are currently required to provide three-year drought assessments and water shortage contingency plans every five years, as part of an agency's Urban Water Management Plan. Under the provisions of the framework, agencies would submit water budget forecasts on an annual basis to the State, and would prepare five-year drought assessments every five years.

Some portions of the framework, including establishing a process for new water use targets and water shortage contingency plan changes, will require legislative action, following a public process for stakeholders. Other provisions can be implemented within the State's existing authority, for example, permanent prohibitions on wasteful activities, water loss management, and permanent reporting. Staff anticipates that several of the provisions may require substantial effort to implement for Hayward, particularly changes to the method by which water use targets are established. The State currently anticipates offering technical assistance. The Bay Area Water Supply and Conservation Agency (BAWSCA), of which Hayward is a member agency, also plans to provide data collection and other support on a regional basis for its member agencies. Staff will continue to monitor and participate in the development of proposed regulations and legislation needed to implement the new conservation framework and evaluate implications for Hayward.

<u>Recommended Hayward Water Shortage Actions</u>

Staff is recommending two actions to address the recent changes to the water supply situation:

- Rescinding the Stage I Water Shortage declaration - With the ending of the statewide drought emergency and confirmation from SFPUC that sufficient water supplies are

available to meet 100% of demand, staff recommends that the City Council formally rescind the Stage I Water Shortage declaration and implementation of Stage I Water Shortage Contingency Plan actions.

- Revisions to the Nonessential Water Use Ordinance - In connection with the repeal of the Stage I Water Shortage declaration, staff would also recommend modifications to the City's Nonessential Water Use Ordinance to make permanent the prohibitions on water wasting activities, consistent with State water conservation regulations. While most of the activities are already prohibited in the City's ordinance, there are a few additional prohibitions, notably landscape irrigation during or within 48 hours of precipitation and irrigating ornamental turf on public street medians, that must be added.

  Also, while not a specific requirement at this time, many agencies have opted to also make permanent water use restrictions requiring that restaurants only serve water to customers upon request and that hotels offer patrons the option of not having towels and linens washed daily. Staff is requesting direction from the Committee on whether to include these water use restrictions related to restaurants and hotels in the Nonessential Water Use Ordinance.

ECONOMIC IMPACT

The costs of implementing actions to meet the State Water Board's conservation regulations and achieve water use reductions are included as future water rates are set. While water conservation, i.e. less usage, would typically result in a reduction in water bills, the water rates may have to increase to pay for fixed costs.

FISCAL IMPACT

Water conservation program management is provided by the Utilities & Environmental Services Department and is funded entirely in the Water Operating Fund. Some staff time will be needed to evaluate the State's new conservation framework and implementation strategies. In addition, BAWSCA, to which the City pays fees on an annual basis, proposes to include budget in their FY 2017/2018 work to support member agencies with implementing the new conservation framework. All water conservation program costs are funded in the Water Operating Fund. There are no General Fund impacts.

SUSTAINABILITY FEATURES

Although precipitation greatly increased in the winter of 2017, water conservation and water use efficiency remain critical to ensuring adequate water supply reliability during water shortages. Staff efforts to implement the new conservation framework and implement future conservation programs are expected to lock in a portion of the water savings achieved during the recent drought.

Some technology improvements, such as more efficient showerheads, faucet aerators and high efficiency washing machines and dishwashers, can also reduce the use of hot water, and thus result in conservation of energy resources.

PUBLIC CONTACT

A strategic communications plan was in place throughout the drought to raise awareness and educate the community about the importance of conservation and the programs available to assist customers in reducing their water use. A key component of the communications plan has been the City's "Drought Watch" website, developed to provide relevant information about drought conditions locally and throughout the State. The website can be accessed at http://www.hayward-ca.gov/droughtwatch/. If the Council acts to rescind the Stage I Water Shortage, staff will update the website to include information on how our customers contributed to water savings during the drought, acknowledge their efforts and the City's appreciation, and raise awareness of and educate the community on which wasteful water use practices are permanently prohibited by the City.

NEXT STEPS

If the Committee concurs, staff will take the necessary actions to bring to the City Council for consideration a resolution to rescind the Stage I Water Shortage declaration, along with revisions needed to the Nonessential Water Use Prohibition Ordinance to permanently prohibit wasteful water practices consistent with State water conservation regulations. In addition, staff will continue to monitor and participate in the State's efforts to develop and implement the new long-term conservation framework and will update the Committee periodically.

Prepared by: Jan Lee, Water Resources Manager

Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:

Kelly McAdoo, City Manager

File #: RPT 17-072

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT

East Bay Community Energy

RECOMMENDATION

This is an informational report.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	EBCE Timeline

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT: East Bay Community Energy

RECOMMENDATION

That the Committee reviews and comments on this informational report.

BACKGROUND

In June of 2014, the Alameda County Board of Supervisors approved funding for exploration and development of a Community Choice Energy program. That Phase 1 funding totaled $1.325 million, which was followed up by a second tranche of $2.41 million for a total of $3.735 million. From June 2015 through December 2016, a Steering Committee met monthly to consider the feasibility of establishing a Community Choice Energy program. Staff's last update to the Committee was in July 2016 and included results of the feasibility study prepared by the County and the draft joint powers agreement. Since then, Council received an update about the formation of East Bay Community Energy (EBCE) on October 13, 2016. On November 29, 2016, Council voted unanimously to join EBCE and on December 6, 2016, Council adopted the ordinance that was required for Hayward to join the joint powers authority. All previous Council and Committee reports are available at http://www.hayward-ca.gov/cce

In addition to Hayward, ten other cities in Alameda County joined the joint powers authority to form EBCE in November and December 2016. The cities of Newark and Pleasanton did not join and the City of Alameda is served by its own electric utility. The EBCE Board of Directors had its first meeting on January 30, 2017. Subsequent meetings were held on February 15, March 1, and April 12.

DISCUSSION

County staff and the EBCE Board of Directors initially intended to have EBCE begin serving customers in October 2017, however this would require that an Implementation Plan be submitted to the California Public Utilities Commission (CPUC) by April 1, 2017. However, the County issued an RFP for three consultant service categories including Energy and Technical Services; Community Outreach, Marketing, and Customer Notification; and Data Management and Call Center Services and all three contracts were protested. The protests required hearings before the Alameda County Board of Supervisors, which delayed

development of the program. As a result of the bid protest for Data Management and Call Center Services, all bids were rejected and on April 12, 2017, the EBCE Board directed staff to issue a new RFP. EBCE now expects to begin serving customers in the spring of 2018.

In 2016, Contra Costa County expressed interest in joining EBCE. While there are currently five cities in Contra Costa County that are members of MCE Clean Energy, the County and the remaining cities are deciding whether to join MCE or EBCE. The EBCE Board discussed bringing on additional cities and agreed that EBCE would benefit from additional members and additional electrical load due to economies of scale. In the last few months, EBCE Board members and County staff have spoken at the Contra Costa County Board of Supervisors and several city councils in Contra Costa County to encourage them to join EBCE. The Contra Costa County Board of Supervisors is expected to decide at their May 2nd meeting.

On March 1, 2017, the EBCE Board approved a $2.4 million implementation budget, which will fund the preparation of the Implementation Plan to be submitted to the CPUC, development of rate schedules, marketing, and outreach, entering into energy supply agreements, and a Local Development Business Plan. This budget does not include pre-launch expenses associated with power procurement. This and other additional expenses will need to be covered by a bank loan, however EBCE has yet to establish a credit rating. EBCE will be asking cities for loan guarantees to facilitate a short-term loan at a reasonable interest rate.

Also on March 1, the Board awarded a contract to ALH Economics for the preparation of a Local Development Business Plan. As noted in the JPA, EBCE will seek to prioritize the use and development of local renewable resources and demonstrate quantifiable economic benefits to the region in terms of union and prevailing wage jobs, local workforce development, new energy programs, and increased local energy investments. The JPA requires the preparation of a Local Development Business Plan that will lay out a plan for achieving those objectives and requires that the Plan be approved by October 30, 2017.

EBCE is in the process of hiring its first staff member, a Chief Executive Officer. The application deadline for EBCE's CEO was April 10 and the CEO may be in place by June or early July of this year. S/he will be working out of a temporary office at County CDA until permanent office space is secured.

Finally, on April 12, County staff shared with the EBCE Board that in January 2016, the County issued a conditional use permit to Salka Energy LLC for a wind energy project in Alameda County, a 54-megawatt project called Summit Repower Wind Project, which begin producing power in summer 2018. The County Board of Supervisors entered into a non-binding MOU with Salka on December 20, 2016 outlining a "mutual expression of interest" regarding the possibility of a long-term power purchase agreement (PPA) between Salka and EBCE if mutually beneficial terms can be met.

FISCAL IMPACT

Alameda County has and will continue to front most of the costs associated with establishing EBCE, however a bank loan may be necessary to fund the purchase of electricity before revenues are received. Such a bank loan may require member cities to offer loan guarantees. To date, the only community choice energy program to request loan guarantees from its member agencies is Silicon Valley Clean Power. If the EBCE Board makes a formal request for loan guarantees, staff will seek direction from the Committee and the full Council.

SUSTAINABILITY FEATURES

The EBCE program is directly in line with General Plan policy NR 4.8, which states, "The City shall assess and, if appropriate, pursue participation in community choice aggregation, or other similar programs. The City shall seek partnerships with other jurisdictions to minimize start up and administration costs." In addition, the program is expected to provide electricity from clean and renewable sources that reduce our reliance on fossil fuels and minimize pollutants and has the potential to reduce GHG emissions, helping Hayward to meet its Climate Action goals.

NEXT STEPS

As shown in the attached timeline, EBCE intends to hire a CEO in the next month and prepare an implementation plan that will be submitted to the CPUC in September 2017. The timeline also shows other key tasks leading up to the launch of the program in the spring of 2018.

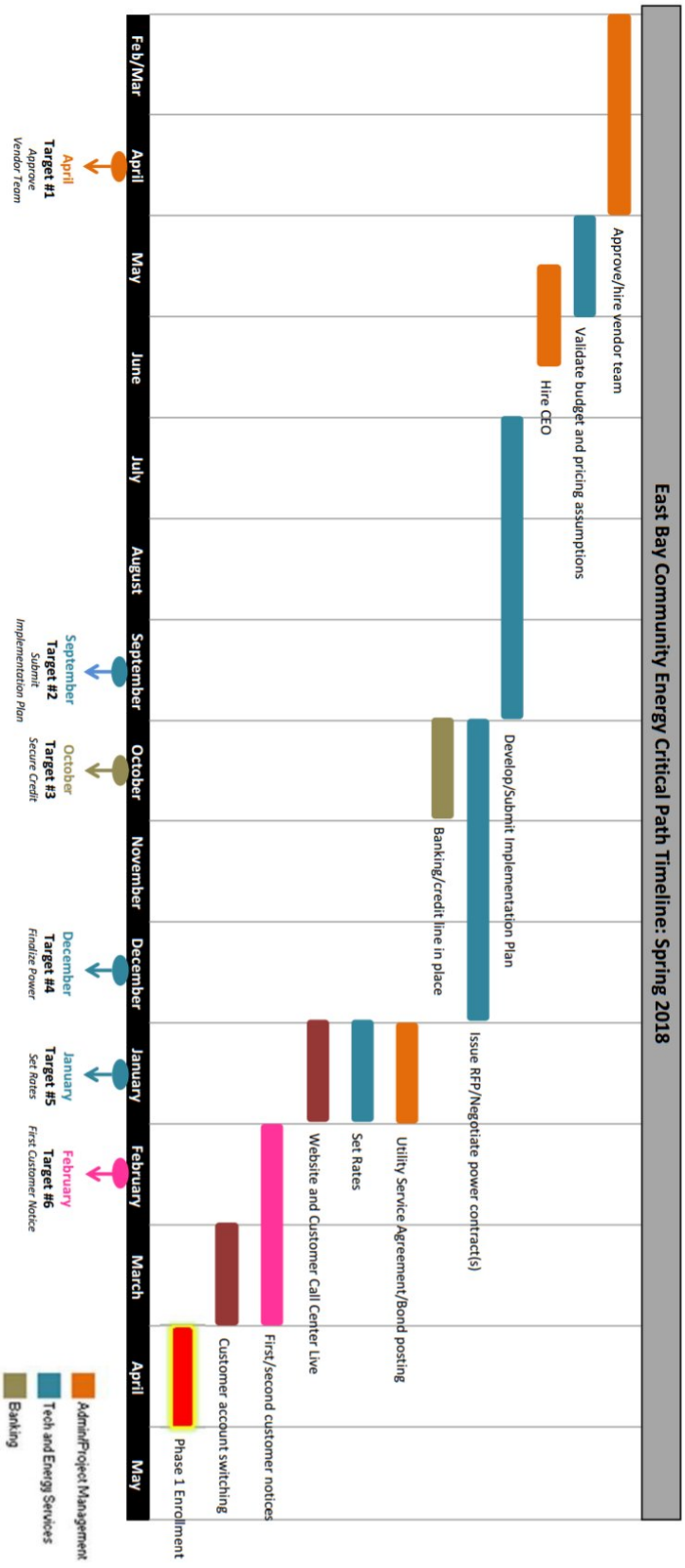
Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Utilities and Environmental Services

Approved by:

Kelly McAdoo, City Manager

Attachment II



File #: ACT 17-033

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT

Update on the Recycled Water Storage and Distribution Project

RECOMMENDATION

That the Committee reviews and comments on the report.

ATTACHMENTS

Attachment I Staff Report

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT Update on the Recycled Water Storage and Distribution Project

RECOMMENDATION

That the Committee reviews and comments on the report.

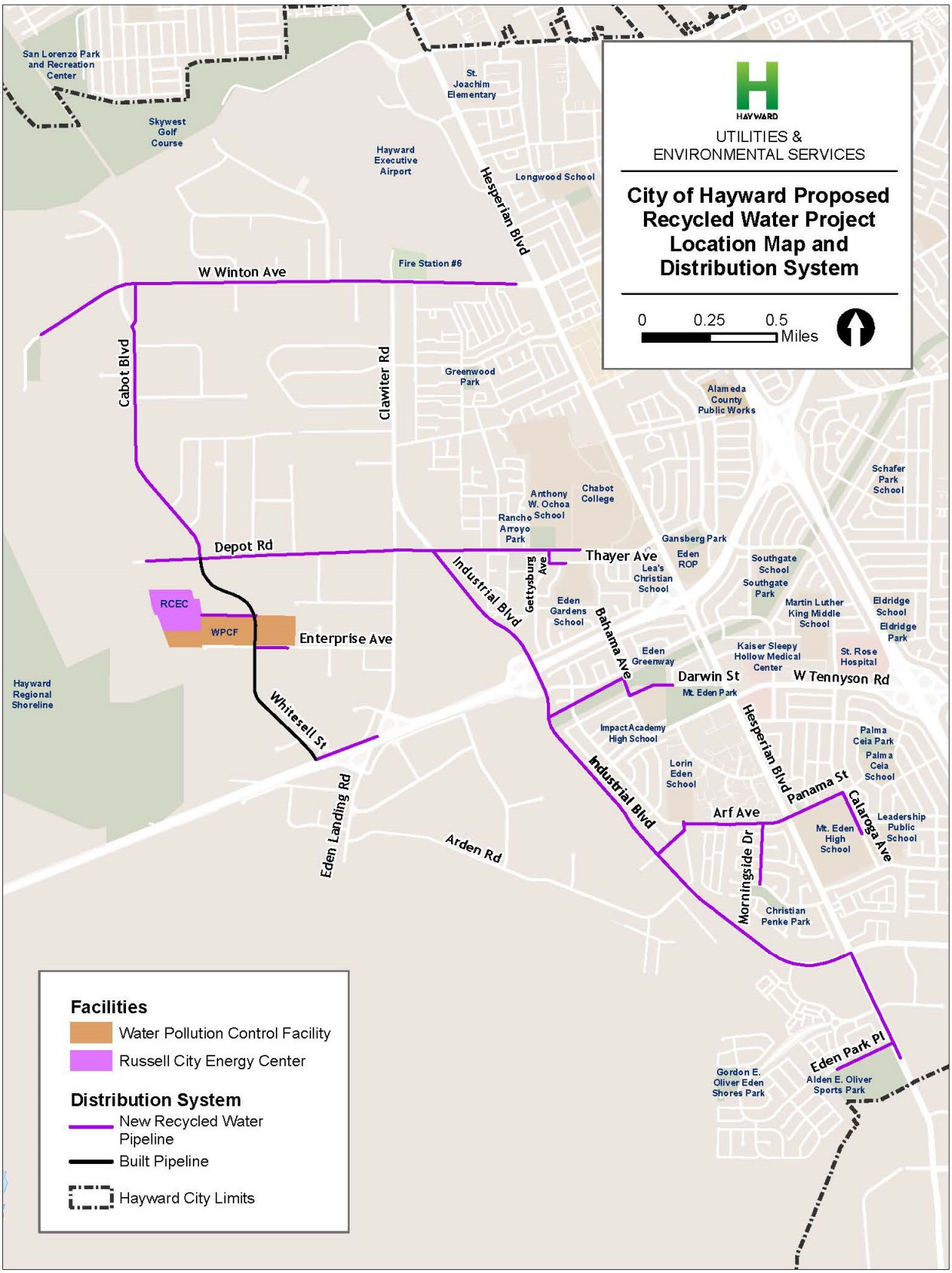
SUMMARY

The City continues to make progress on implementing the Recycled Water Storage and Distribution Project. The project will provide recycled water for irrigation of parks, schools, and landscaped areas around commercial and industrial buildings. The use of recycled water will reduce the demand for potable water and improve the reliability and availability of potable water, while providing a sustainable and drought-proof water supply for customers that connect to the recycled water system. This report has been prepared to update the Committee on the status of the various project elements that are needed to implement the recycled water project, including discussions to purchase recycled water from Russell City Energy Center, permitting requirements, project design, and outreach to potential recycled water customers. The project is currently scheduled to be substantially complete by the end of 2018 with customer connections to the recycled water system occurring in early 2019.

BACKGROUND

The City's Recycled Water Storage and Distribution System Project consists of constructing a one-million-gallon storage tank and pump station at the City's Water Pollution Control Facility (WPCF) and installing approximately ten miles of distribution pipelines and customer connections to deliver an estimated 290 acre-feet per year, or about 260,000 gallons per day, of recycled water. The water will be used for irrigation of parks, schools, and landscaped areas around commercial and industrial buildings. The project area and distribution system are shown on Figure 1.

Figure 1. Recycled Water Project Area and Distribution System



The project currently does not include installation of a recycled water treatment facility because the City anticipates purchasing surplus tertiary treated recycled water from Russell City Energy Corporation, LLC's (RCEC) Recycled Water Facility, located adjacent to the WPCF. However, in the event RCEC and the City are unable to reach agreement on the final terms and conditions of a recycled water supply agreement and/or the City determines it is more feasible to operate separate recycled water facilities, the project design provides flexibility to install City-owned treatment facilities at the WPCF in the future, A City-owned recycled water treatment facility option was previously analyzed and considered in the environmental documentation prepared for the City's recycled water project.

DISCUSSION

This section describes the work required, status, and schedule of the major project elements that are needed to implement the recycled water project. In addition, this report discusses planning for future phases of the recycled water project that could expand the recycled water system to serve additional irrigation customers and provide recycled water for industrial purposes.

Recycled Water Supply Arrangement

City and RCEC staff are currently in discussions on a recycled water supply agreement for the City to purchase surplus tertiary treated recycled water from RCEC's Recycled Water Facility. If successful, this arrangement, which had been contemplated in the Water Supply Agreement between the City and RCEC, could benefit both the City and RCEC. Under the proposed terms of the agreement, RCEC would provide up to 0.5 million gallons per day (MGD) of tertiary treated recycled water that meets Title 22 of the California Code of Regulations (Title 22 requirements) for the City's project. Title 22 requirements are stringent water quality standards set by the State to ensure the safe production, distribution, and use of recycled water in California.

The City's cost to purchase recycled water would be based on the incremental cost for RCEC to produce additional recycled water. The cost is expected to be below the current wholesale purchase cost of drinking water. The City would pay all costs for RCEC to modify piping and related facilities to deliver recycled water to the City.

There are currently times, although infrequent, that RCEC experiences process upsets that cause the Recycled Water Facility to produce recycled water that does not meet Title 22 requirements and thus cannot be used. These events typically occur during start-up of the Recycled Water Facility. During these periods, RCEC is forced to use potable water for its cooling towers until the process upset is resolved. Under the terms of the proposed agreement, the City would allow RCEC to return water that does not meet Title 22 requirements to the WPCF to help expedite RCEC's efforts to get its Recycled Water Facility back online and producing recycled water that meets Title 22 requirements. RCEC would pay the sewer service charge for any non-compliant recycled water discharged to the City's WPCF. Under the terms of the proposed agreement, the connection fee would be waived so long as RCEC's discharge meets certain limits specified in the agreement.

The proposed term of the recycled water supply agreement would be for a two-year period that begins once the City's project is fully constructed and ready to receive recycled water. The agreement would provide for automatic one-year extensions, unless terminated by either party after the initial two-year period. Both City and RCEC staff agree that a two-year initial term would provide sufficient time to determine whether the arrangement is successful or whether the parties would prefer to explore other options for a recycled water supply. The ability of RCEC to deliver recycled water for the City's project is conditioned on RCEC's ability to first produce enough recycled water to meet RCEC's own operational needs. While both parties have evaluated the capacity of the Recycled Water Facility and determined that there is available capacity to produce recycled water for the City's initial phase of the recycled water project, the supply from RCEC may not be sufficient to meet the future recycled water needs of the City as future expansions are envisioned, planned, and implemented. In addition, RCEC has indicated that they may want to explore options in the future where the City produces recycled water and RCEC becomes a recycled water customer. Both parties believe that it makes sense to enter into a short-term agreement while discussions and planning on longer term recycled water arrangements continue.

RCEC and City staff have developed most of the key terms of the recycled water arrangement and are currently discussing the remaining issues. Staff anticipates bringing a draft agreement to Council for consideration in July 2017. Implementation of the agreement is dependent on both parties completing and receiving all necessary approvals needed to implement the project. If RCEC is unable to secure the necessary permit approvals, or if the parties are unable to reach agreement on final terms and conditions, staff would return to Council to request authorization to proceed with installing City-owned recycled water treatment facilities at the WPCF. This option was previously analyzed and considered in the environmental documentation prepared for the City's recycled water project.

Permitting

The City's project will need to meet stringent regulations for the production, distribution and use of recycled water. In June 2016, the State Water Resources Control Board (SWRCB) adopted a General Order for permitting and use of recycled water for non-potable uses. The General Order was developed in response to the Governor's 2014 Drought State of Emergency proclamation and streamlines the process for permitting recycled water projects. Under the new General Order, the State can delegate its authority for managing recycled water programs to public agencies and private entities, which allows agencies to directly permit customers rather than needing to apply for individual use permits from the State. To apply for a so-called Master Recycled Water Use Permit, the City will need to apply to the San Francisco Bay Regional Water Quality Control Board (RWQCB) and the Division of Drinking Water (DDW), which details how the City intends to manage its recycled water program and comply with regulatory requirements for issuing, revising, and enforcing individual customer use permits.

Staff anticipates submitting the application for the City's recycled water program to the State in May 2017. Review and approval by regulatory agencies is expected to take three to four months and be completed prior to the start of construction. Even after the State approves the City's recycled water program, the City will need to work closely with the DDW, which will review the City's customer retrofit designs to ensure the separation and protection of drinking water supplies.

RCEC will also need to make minor modifications to its recycled water use permits to add the City as a user of recycled water produced by their Recycled Water Facility. RCEC will be responsible for obtaining the necessary permit modifications from the RWQCB, DDW, and California Energy Commission. Staff will assist and support RCEC, as needed.

Project Design

In March 2016, staff initiated work on the design of the storage tank, pump station, and distribution system. The City's recycled water project originally contemplated an option of using an existing abandoned eight-inch diameter Shell Oil pipeline to form the backbone of the distribution system. However, based on numerous and complex issues that were raised during design, including concerns with the ability to successfully rehabilitate the pipeline, staff is proceeding with the option of installing new water mains for the recycled water distribution system.

The design is currently at a 75% level of completion and is expected to be completed and the project advertised for construction in fall 2017.

Customer Retrofits

Customer retrofits involve making modifications to a customer's on-site piping to connect the customer to the new recycled water system and maintain complete separation of the recycled water and drinking water systems at all times. On February 28, 2017, the City Council approved execution of a professional services agreement with HydroScience Engineers Inc. to support the City's work with retrofitting customers to use recycled water for irrigation. There are several critical tasks involved in customer retrofit conversions, including site visits, proper training of site supervisors, design and installation of the retrofits, and testing and inspection activities. All work involved must be acceptable to the customer and meet both technical and regulatory requirements for use of recycled water.

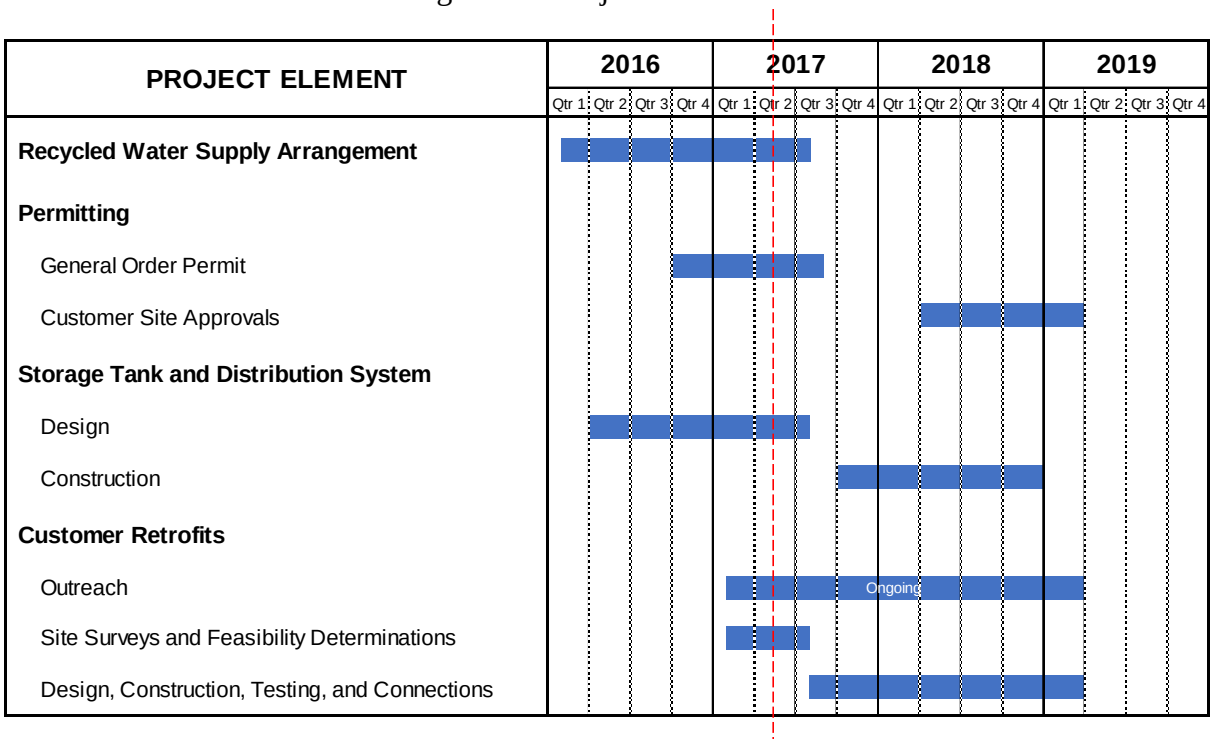
Staff has identified approximately forty sites that could potentially be converted to recycled water. The current list of potential recycled water customers includes five industrial businesses, twenty-two commercial businesses, Chabot College, four schools, and four parks. Staff plans to start setting up individual meetings with customers to provide information and answer questions the customer may have on the process of converting to recycled water, and to perform a site survey to determine the feasibility of retrofitting the site to use recycled water. Staff will also take the opportunity to identify which sites have the potential to use recycled water for future industrial applications.

Initial customer outreach will focus on schools and parks, which typically use large quantities of water for irrigation, and expand to include business parks and industries. Outreach materials have been developed to address common questions that customers will have on the benefits and costs of utilizing recycled water and can be viewed at: http://www.hayward-ca.gov/your-government/departments/utilities-environmental-services/recycled-water

Schedule

The estimated schedule for the recycled water project is shown in Figure 2. Staff currently anticipates substantial completion of construction by the end of 2018 with customer connections to the recycled water system occurring in early 2019.

Figure 2. Project Schedule



Future Expansion Planning

The recent drought has highlighted the benefits of recycled water as a sustainable, drought-proof water supply, resulting in an increased interest by Hayward customers to use recycled water for irrigation and industrial uses. Staff plans to prepare an update of the Recycled Water Facilities Plan in 2018 to serve as a guide for implementing future phases of the City's recycled water project. The study would look at expanding the recycled water system to serve additional users, including industrial applications. It would also evaluate a range of recycled water supply options to meet the City's future buildout recycled water demands, including construction of a City-owned recycled water treatment facility.

While the City's recycled water efforts are focused on using recycled water for non-potable uses, this report offers an opportunity to make the Committee aware of statewide efforts related to recycled water for potable reuse. Potable reuse is the use of purified recycled water to augment drinking water supplies through methods such as groundwater recharge or blending with other water supply sources. In December 2016, the SWRCB and DDW completed and delivered a report to the California Legislature that evaluated the feasibility of developing uniform water recycling criteria for potable reuse. The report found that developing regulations for potable reuse is feasible, but several research activities must be completed to help inform the development of regulations. To this end, several legislative actions have been proposed to set timelines for developing potable reuse regulations and definitions for various types of potable reuse.

In addition, several local and regional agencies are currently in various stages of evaluating the possibility of potable reuse. Staff will continue to monitor potable reuse efforts and evaluate how these efforts may impact the City and what role, if any, potable reuse may play in the City's future recycled water plans.

ECONOMIC IMPACT

The economic impact of the recycled water project on customers will, to a large measure, depend on the total costs to implement the City's recycled water project, which include the cost to purchase recycled water from RCEC, capital cost, and operating and maintenance costs. Staff will evaluate these costs and recommend a rate structure that would provide a balance between recovering costs over the life of the project and providing an incentive for eligible customers to use recycled water. The delivery of recycled water can provide cost savings to the customers, including businesses that would receive recycled water. The benefit of this project to the community is that it will ensure a reduction in potable water use, allowing for greater diversity and reliability in the City's water supply especially during droughts.

FISCAL IMPACT

The FY 2017 Capital Improvement Program includes $12 million in the Sewer Improvement Capital Fund for this project. On September 13, 2016, Council authorized staff to submit a revised application for recycled water funding through the State Revolving Loan (SRF) Loan Program to fund the entire cost of the project. As described in the September 13, 2016 staff report, the project is currently in the final design phase and the estimated project cost has increased from $12 million to approximately $20 million due to necessary changes and refinements in the project design. Based on recent discussions with State staff, the City is currently in line to receive $5.8 million in grant funding and $13.5 million in low interest loans from the State's SRF program to help finance the project. The City is also pursuing federal grant funding from the US Bureau of Reclamation under Title XVI. This project will not utilize any General Fund monies and any debt service incurred will be obligated to the Water and Wastewater Enterprise Funds.

SUSTAINABILITY FEATURES

The use of recycled water will reduce the demand for drinking water and improve the reliability and availability of drinking water, while providing a sustainable and drought-proof water supply for some irrigation uses. It will also reduce the volume of wastewater and associated residual pollutants discharged to San Francisco Bay, which is required to meet increasingly stringent discharge regulations.

PUBLIC CONTACT

The City completed an environmental review of the recycled water project in October 2014 and a draft Initial Study/Mitigated Negative Declaration (IS/MND) was circulated for a thirty-day public review from October 24, 2014 through November 24, 2014. The IS/MND was adopted on December 16, 2014, incorporating all the comments that were received. The Recycled Water Ordinance, which includes provisions for mandatory use of recycled water for appropriate irrigation and industrial uses, was introduced at a public hearing of the City Council on December 1, 2015 and adopted on December 15, 2015. Prior to the adoption of the Ordinance, a customer meeting was held on November 20, 2015 at City Hall to inform the customers about the City's proposed recycled water project.

Staff plans to initiate contact with customers in May to begin site surveys and identify key customer contacts. Staff will maintain regular communication with customers throughout project implementation so that questions and concerns are addressed in a timely way and site supervisors are properly trained on the use of recycled water. Staff will also be working closely with the Hayward Unified School District and the Hayward Area Parks and Recreation District to educate their staff, governing boards, and constituents about the use of recycled water for irrigation. As noted in the Discussion section, staff has developed informational materials on the City's recycled water project that can be viewed at: http://www.hayward-ca.gov/your-government/departments/utilities-environmental-services/recycled-water.

NEXT STEPS

Staff will continue work needed to implement the recycled water project and update the Committee periodically. Next steps include:

- Submitting the City's recycled water permit application to the State for review and approval;
- Finalizing a potential recycled water supply agreement with RCEC;
- Completing final design of the storage and distribution system; and
- Continuing customer outreach and scheduling individual site assessments.

Prepared by: Jan Lee, Water Resources Manager

Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:

Kelly McAdoo, City Manager

File #: RPT 17-071

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT

Proposed 2017 Agenda Planning Calendar

RECOMMENDATION

This is an informational report.

ATTACHMENTS

Attachment I Staff Report

DATE: May 8, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT: Proposed 2017 Agenda Planning Calendar

RECOMMENDATION

That the Committee reviews and comments on this report.

DISCUSSION

For the Committee's consideration, staff suggests the following agenda topics.

July 2017
Pay As You Save (PAYS)
Sustainable City Year Program
WMAC Franchise Agreement Annual Report (July)
2015 GHG Inventory
September 2017
Car Sharing
Energy Performance and Disclosure – Alternative Approaches
Unscheduled Items
Lead Testing in Schools
Stormwater Trash Reduction Requirements
Review of Mountain Tunnel Shutdown (January 3 – March 3)
Laundry to Landscape Ordinance
Downtown Specific Plan -A/Mission/Foothill

NEXT STEPS

Upon direction from the Committee, staff will revise the above list and schedule items accordingly for the remaining 2017 meetings.

Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:

Kelly McAdoo, City Manager