



DATE: February 7, 2023

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute a Coordination, Resiliency, and Action Agreement with Russell City Energy Company, LLC and Accepting and Appropriating Donations for a Fire Department Hazardous Materials Response Vehicle and for the Russell City Reporative Justice Project (RCRJP) 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 a Coordination, Resiliency, and Action Agreement (Attachment III) with Russell City Energy Company, LLC and accept and appropriate two donations to the City of Hayward:

- 1) \$20,000 appropriated to the General Capital Fund towards the Russell City Reporative Justice Project (RCRJP); and
- 2) \$150,000 appropriated to the Capital Fleet Replacement Fund towards a hazardous materials response vehicle for the Hayward Fire Department.

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 July 15, 2021, the California Energy Commission (CEC) voted to approve Calpine's petition for modifications to allow the facility to temporarily operate in simple-cycle mode, subject to certain limitations in the CEC's order. The CEC order found it was appropriate for the CEC to "exercise enhanced scrutiny over the facility" in light of the May 27, 2021 incident and that "it is reasonable for the public to have access to safety audits conducted

pertaining to the operation of the facility, including the circumstances that gave rise to the petition.” Additionally, the order directed the project owner to meet with CEC staff and the Hayward City Fire Department within 30 days of the order “to discuss any needed modifications of [RCEC’s] standard operating procedures for first responders to implement when responding to incidents on site, including establishing a process for reimbursement of reasonable expenses.”

The Coordination, Resiliency, and Action Agreement that is the subject of this report is the result of over two years of investigations, meetings, and collaboration between the CEC, California Public Utilities Commission (CPUC), Calpine Corporation and RCEC 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 and to the Russell City Reporative Justice Project (RCRJP). Upon execution of the agreement, City staff will work with Calpine on receipt and appropriation of the two donations.

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, 2022¹, 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 CEC Business 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

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

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)
- 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 end result of these meetings was the Coordination, Resiliency, and Action Agreement included with this report as Attachment III. One key element of the agreement is coordination between RCEC and the Hayward Fire Department. This coordination will be memorialized as an exhibit to the agreement and includes the following elements:

- Notify the HFD in advance (two weeks' notice) of any planned emergency drills or tabletop exercises performed in compliance with its EAP.
- Coordinate with the HFD on at least two general emergency drills and one mock rescue drill annually.
- Invite the HFD to participate in any roundtable discussions that take place following the drills.
- Provide notice to the HFD of any plant management changes within RCEC and making the appropriate introductions to HFD.
- Meet annually with HFD and City Manager to review information for the Knox Box (non-destructive emergency Fire Department key access to the property) and providing any necessary updates.

In addition, the City and RCEC came to an agreement that the best approach to settling the expense reimbursement for the Fire Department response to the incident was for Calpine/RCEC to provide a contribution of \$150,000 toward a hazardous materials response vehicle. This vehicle will allow the Fire Department to respond more effectively to any future incident at the plant and will also allow crews to train throughout the year in preparation for a hazardous materials incident. Given the number of businesses located in Hayward that utilize hazardous materials, having this vehicle and a trained team will provide tremendous value to the community. Currently, if there is an incident, the department must rely on teams from either Fremont or Alameda County, which can significantly delay response and potentially cause more harm to Hayward residents and businesses.

The total cost of this vehicle will exceed \$150,000 and will be used to support response not just to RCEC but also to other businesses in the industrial area that utilize hazardous materials. This vehicle will be requested as part of the annual Capital Improvement Program, will become part of the City's vehicle replacement program, and the acquisition costs will be offset by this initial contribution from Calpine.

Lastly, the agreement contemplates a contribution in recognition of the history of Russell City. Established in 1853, Russell City was an unincorporated area of Alameda County located near the Hayward shoreline between present day Chabot College and the Hayward Executive Airport. In the early 1960s, Russell City was annexed into the City of Hayward as part of a redevelopment plan that entailed the relocation of Russell City residents and businesses and rezoning property for industrial development.

On Nov. 16, 2021, the Hayward City Council voted unanimously to issue a formal apology for the City's historical role in and the perpetuation of racial discrimination and racially disparate impacts of its past actions and inactions. The apology resolution specifically cited Hayward's participation in the redevelopment of Russell City, whose population was made up largely of African American, Latinx and other People of Color.

The Russell City Reporative Justice Project (RCRJP) is the City of Hayward's response to a recommendation of its Community Services Commission, which called for the City to work with former Russell City residents and descendants to "determine appropriate restitution" for the City of Hayward's involvement in inequitable treatment and the forced relocation of Russell City Community. As part of this agreement, the City and RCEC will work with the historic Russell City community to agree upon an appropriate cultural project to recognize the history of Russell City. Calpine/RCEC will contribute up to twenty thousand dollars (\$20,000) for the selected project.

ECONOMIC AND FISCAL IMPACTS

The funding from this agreement will allow for support of the Russell City Reporative Justice Project (RCRJP) and will also help to provide much needed funding for a hazardous materials response vehicle for the Hayward Fire Department. Ongoing replacement costs for the vehicle

will be provided through annual fees currently charged to businesses utilizing hazardous materials throughout Hayward.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priorities and Specific Projects of:

- Enhance Community Safety & Quality of Life
 - 1.25 Work with the survivors and descendants of Russell City to determine appropriate restitution.
- Strengthen Organizational Health
 - 6.13. Expand Communications, Transparency, and Community Engagement

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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 staff will appropriate the funds to the CIP vehicle replacement fund for acquisition of the hazardous materials vehicle and to a holding fund for the Russell City Reporative Justice Project (RCRJP).

Prepared by: Jenny Chacon, Equity and Inclusion Officer

Recommended by: Regina Youngblood, Assistant City Manager
Garrett Contreras, Fire Chief

Approved by:



Kelly McAdoo, City Manager