

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.C.**

FROM: John F. Weigold IV, General Manager

Meeting Date: August 31, 2022	Subject: Discussion and Consideration of Pacific Gas & Electric (PG&E) Work Order and Letter of Intent for Implementation of the Sustainable Solutions Turnkey (SST) Project
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RECOMMENDATIONS:

Staff recommends that the Board of Directors approve the PG&E Work Order to implement the SST Project and authorize the General Manager to sign a letter of intent.

FISCAL IMPACT:

The overall cost of the PG&E Investment Grade Audit (IGA) is \$688,404. An initial amount of \$160,000 was paid up front by the CCSD in FY 2019/20. The remaining cost of \$528,404 is anticipated to be rolled into the construction phase. The construction phase amount and the funding for this phase are estimated to be \$10,956,549.

Staff will return to the Board with a future budget adjustment request, to program the capital project expenditures and debt service amounts for FY 2022/2023.

DISCUSSION:

Through culmination of careful consideration and community engagement to address the aging infrastructure of the Cambria Community Services District (CCSD), CCSD engaged Pacific Gas & Electric (PG&E) in 2018 to conduct a Preliminary Energy Assessment (PEA) under PG&E's Sustainable Solutions Turnkey (SST) program. The PEA Report identified infrastructure improvement opportunities that were recommended for further investigation through an Investment Grade Audit (IGA). The Board of Directors approved the PG&E Investment Grade Audit (IGA) Contract and Master Service Agreement on January 9, 2020.

The PG&E design team has worked closely with the District's utilities staff to navigate the design process. Though the focus of the initial studies was on wastewater infrastructure only, several projects were considered that could meet the IGA criteria within the Wastewater, Water, and Facilities & Resources Departments. Those projects went through preliminary stages of design; however, the priority projects remain focused on wastewater infrastructure.

At the November 18, 2021 Board meeting, PG&E presented the final IGA report which discussed the highest priority projects and the methodologies used to determine prioritization. Difficult choices were made as initial cost estimates indicated that completing all wastewater projects were likely beyond the current financial resources of the District.

The IGA report was updated (see Attachment 1) August 26, 2022 to reflect the revised project list and updated project cost. The ECM10 Secondary Water System was removed from the project list since CCSD staff completed that project in-house. The updated project cost for the wastewater treatment plant projects is \$10,956,549. Cost increases in mechanical and electrical equipment, labor costs, and construction duration accounted for these price adjustments.

As outlined in Table 1, actions were taken to obtain the appropriate revenue to finance these infrastructure upgrades. The Board previously approved a rate increase to fund the needed wastewater infrastructure projects, and the District is currently pursuing a financing process to obtain the appropriate funds to execute the wastewater system work. The work order (see Attachment 2) under consideration today describes the scope of work and conditions to implement the high priority wastewater system infrastructure projects.

Staff recommends that the Board of Directors approve the PG&E Work Order to implement the SST Project and authorize the General Manager to sign a letter of intent. This action is consistent with the strategic plan goal shown in Table 2 below.

Table 1 - Related Board Items

Agenda Item No.	Board Date	Subject
7.D.	11/18/2021	Receive Final Investment Grade Audit (IGA) Report from PG&E and Discuss and Consider Potential Follow-up Actions
6.C.	12/9/2021	Discussion and Consideration Regarding the PG&E IGA Financing Update and to Authorize Bartle Wells to Proceed with the Phase 2 Rate Study
8.C.	2/17/2022	Presentation and Update by Bartle Wells Associates Regarding the PG&E IGA Financing and the Rate Study
8.B.	3/17/2022	Receive and Discuss Water, Water Reclamation Facility and Sewer Rate Recommendations from Bartle Wells Associates, and Consider Scheduling a Proposition 218 Hearing Date and Directing Staff to Commence the Proposition 218 Noticing Process
7.C.	5/12/2022	Discussion and Consideration to Adopt Resolution 28-2022 and Direct Staff to Proceed with Planning for the Issuance of Certain Obligations to Finance the 2022 Infrastructure Projects and Engage a Financing Team in Connection Therewith
7.A.	5/19/2022	Public Hearing in Accordance with the Requirements of Proposition 218 on the Proposed Increases to Water and Sewer Rates, and Future Annual Inflationary Rate Adjustments to Water, Water Reclamation Facility and Sewer, and Consideration of Adoption of Resolution 32-2022 Establishing Said Rates
3.A.	6/23/2022	Public Hearing in Accordance with the Requirements of Proposition 218 on the Proposed Increases to Fixed Water Service Charges for Commercial Water Accounts with Meters 1-inch and Larger Proposed to Become Effective July 1, 2023 and July 1, 2024, and Consideration of Adoption of Resolution 43-2022 Establishing Said Rates

Table 2 – Strategic Plan Alignment

Three-Year Goal(s) Addressed	Objective(s) Addressed
Execute phased repairs and upgrades for the Wastewater Treatment System	Present to the Board for review and consideration the agreement with PGE to move forward with the work on the wastewater treatment system.

Attachment:

- 1- Investment Grade Audit Report, Aug 26, 2022
- 2- PG&E Work Order
- 3- Letter of Intent (Added 8/30/2022)