



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 24-489

October 22, 2024

Introduced: 10/11/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the County Administrative Officer, or designee, to participate in the Pacific Gas and Electric Government K-12 Energy Efficiency Program by executing a non-standard agreement to replace gas water heaters with highly efficient electric heat pump water heaters in several County facilities for a project valued at \$238,090 at no cost to the County; and
- b. Approve and authorize the County Administrative Officer, or designee, to enter into, execute, and deliver all documents necessary to implement this project subject to review and approval of the Office of the County Counsel as to form and legality.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the County Administrative Officer, or designee, to participate in the Pacific Gas and Electric Government K-12 Energy Efficiency Program by executing a non-standard agreement to replace gas water heaters with highly efficient electric heat pump water heaters in several County facilities for a project valued at \$238,090 at no cost to the County; and
- b. Approve and authorize the County Administrative Officer, or designee, to enter into, execute, and deliver all documents necessary to implement this project subject to review and approval of the Office of the County Counsel as to form and legality.

SUMMARY/DISCUSSION:

Pacific Gas and Electric (PG&E) offers a Government and K-12 (GK12) program for public agencies and schools to replace inefficient carbon polluting gas equipment with highly efficient electric heat pump hot water heater (HPHW) alternatives. This program is under the auspices of the California Public Utilities Commission and is funded by the Public Purpose Program surcharge to PG&E customers. PG&E designated Willdan Energy Services as the GK12 program implementor. Willdan has contracted with Enovative Mechanical and Energy Services for installation. To secure this highly competitive funding aligned with the County's sustainability goals, County Administrative Office staff coordinated site walks with PG&E's implementor Willdan. Willdan has identified 14 gas water heaters that can be replaced with 16 electric heat pump hot water heaters at the following County facilities: 168 W. Alisal St., 1441 Schilling Pl., 1494 Schilling Pl. and 855 E Laurel Dr. The total value of this project is \$238,090 at no cost to the County. Project costs can be seen on the attached Exhibit B: GK12 Program Participation Agreement.

Sustainability Program staff learned of the benefits and limited time horizon of this program through the Association of Monterey Bay Area Governments (AMBAG) and Central California

Energy Watch (CCEW). Recognizing that this program was in alignment with the Board's goal to draw down State and federal funding to improve infrastructure and accomplish climate goals, staff arranged site walks for this project in September 2022 in coordination with Public Works, Facilities and Parks. Incentive funds ran out late 2022 before this agreement could be executed. Staff is now seeking to expeditiously approve this initiative to provide a new electric heat pump hot water heater (HPHW) for the reopening of the cafeteria in 1441 Schilling Place by October 31, 2024, now that Willdan has notified the County that incentive funds are available. Meeting the hot water needs of the facility is a requirement for health inspection permits.

The GK12 program has gone through an extensive public review and bid process by the California Public Utilities Commission to design the program and select implementors like Willdan; this public process allows the County to implement the infrastructure replacements without a County specific bid process that would double-bid a public program.

The agreement contains non-standard terms which Willdan and PG&E will not alter, including disclaiming any representation or warranty of merchantability and fitness for a particular purpose, waives liability for damage caused by egress or ingress of equipment, and binding arbitration. The agreement also has a provision in section 15 stating that the County is liable for unrealized energy savings; however, staff has evaluated this risk and determined that it is negligible and that PG&E does not have a history of enforcing this provision. The warranty also automatically enrolls installed heat pumps in PG&E's demand response program that would preheat and pause the water heater's energy consumption during certain peak energy usage periods for up to four hours in length on the hottest days in summer from 4:00 p.m. - 9:00 p.m. In the event that the facility's water needs are not compatible with the demand response event, the event is overridden and water will heat normally. Staff recommends that the Board authorize the County Administrative Officer, or designee, to accept the non-standard terms and conditions and execute any documents necessary to implement this project including the GK12 Program Participation Agreement attached to this report.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved as to form. Public Works, Facilities and Parks staff provided input on the procurement approval process for the acquisition of building equipment. Contract Purchasing has coordinated with the Sustainability Program to re-initiate this project.

FINANCING:

The value of this project is \$238,090 to replace 14 gas water heaters as can be seen in the GK12 Program Participation Agreement attachment. There is no County cost or purchasing required to implement this project, as all funds pass from PG&E to their implementors that went through the California Public Utilities Commission bidding process.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Building decarbonization and energy efficiency are key strategies to accomplish the County's State mandated greenhouse gas reductions goals. The electrification of gas infrastructure reduces local air pollution levels, supports healthier communities, and removes public safety risk of explosive gas infrastructure.

Mark a check to the related Board of Supervisors Strategic Initiatives

Economic Development
 Administration
 Health & Human Services
 Infrastructure
 Public Safety

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Approved by: Deborah Paolinelli, Assistant County Administrative Officer, ext. 5309

Attachments:

GK12 HPHW Standard Agreement

Exhibit A: GK12 Scope of Work

Exhibit B: GK12 Program Participation Agreement