



CITY COUNCIL AGENDA REPORT

Meeting Date: November 21, 2024

From: Adrienne Etherton, Sustainability Manager

Subject: Peninsula Clean Energy Contracts for Pool Electrification

Award of Contracts is Exempt from Environmental Review (CEQA Guidelines, Section 15061 (b)(3))

Community Goal/Result

Ecological Sustainability; Fiscally Prudent

Purpose

Receive council approval on funding contracts with Peninsula Clean Energy (PCE) for the Community Pool Electrification Project.

Recommendation

Authorize the City Manager to sign the PCE incentive and loan contracts.

Background

In 2018, city sustainability staff participated in a Zero Net Energy (ZNE) Study through BayREN (Bay Area Renewable Energy Network) for the Community Pool, as it represents the City's largest use of fossil fuels. The study indicated that pool heating needs could primarily be met with electric heat pump water heaters with an ultimately reduced energy cost. In late 2021, staff engaged with Willdan Energy Solutions (WES), implementers of the PG&E GK12 (Government & K-12 Schools) and San Mateo County Energy Watch programs, for technical assistance. In July 2022, utilizing CA Government Code 4217, a Design-Build Contract with WES was approved by the City Council.

In September 2022, WES and staff learned that the CA Public Utilities Commission (CPUC) had not approved the PG&E incentive that was a key part of the project funding plan due to the retention of the pool's existing gas boiler for back-up heat when temperatures drop below 50°F. The team set about revising the project to meet the CPUC's requirements and sought additional funding to meet the escalated project cost.

Discussion

The project will install three electric air-source heat pumps as the primary heating system for the pool, replacing the existing gas-fired pool heater currently in use as the primary heating source. Due to the CPUC decision, a small gas-fired condensing "pony" boiler will be installed to provide supplemental heating to the heat pump systems when outdoor temperatures fall. The project will require the installation of a new 800-amp PG&E electrical service and associated site changes to accommodate a transformer as well as the new switchboard and equipment.

Electrifying the pool's primary heating source will eliminate a projected 34,274 therms of natural gas per year, or 86% of the City's annual municipal natural gas usage across all facilities. Using current energy costs, it is expected to reduce operational utility costs \$15,034 per year.

In response to Brisbane and other cities' requests for funding to complete building electrification projects at local government facilities, PCE introduced the Government Building

Electrification, or GovBE program offering incentives and loans. Staff applied for and was awarded the maximum project incentive of \$548,384 (\$16/therm methane reduced x estimated 34,274 therms per year) and maximum loan of \$600,000. The proposed contracts were reviewed by sustainability staff, Public Works Director, and Legal Counsel before application.

WES has included an estimated PG&E cost based on their recent experience with other projects in the total project cost, but we will not have a final confirmed cost until PG&E completes their engineering design process for the new service required. Upon completion, likely in spring 2025, staff expects to return to Council with a Construction Amendment to the existing Design-Building Contract with WES, as anticipated in that contract. Construction is expected to take approximately 12 months and is largely dependent on long lead times for new switchgear and PG&E's construction.

Fiscal Impact

The total project cost is currently estimated at \$1,761,778. The proposed PCE incentive and loan would cover 65% of the total cost.

Source	Amount
PCE incentive	\$548,348
PCE loan (7-year term, 1% interest rate, to be paid out of general fund – anticipated quarterly payments of \$22,214)	\$600,000
PG&E incentive (CPUC-approved)	\$230,000
County Measure K Funds directed by Supervisor Canepa	\$200,000
City Capital Improvement Plan Funds approved in July 2022	\$183,394
Total	\$1,761,778

Environmental Review

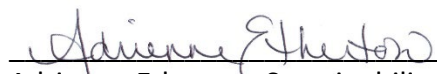
Awarding these contracts is exempt from environmental review because the California Environmental Quality Act applies only to projects that have the potential for causing a significant effect on the environment and it is certain that there is no possibility that the activity here may have a significant effect on the environment. Indeed, the activity will have a positive effect on the environment. CEQA Guidelines, Section 15061 (b)(3).


Measure of Success

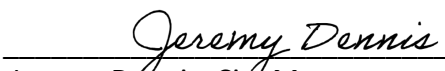
Heat pump water heaters installed to provide primary heating for the community pool with a significant reduction of GHG emissions and long-term cost savings.

Attachments

1. PCE GovBE Incentive Agreement
2. PCE GovBE Loan Agreement


Adrienne Etherton, Sustainability Manager


Randy Breault, Public Works Director


Jeremy Dennis, City Manager

INCENTIVE AGREEMENT
BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND
City of Brisbane

This Agreement is entered into this [day] day of [month], [year], by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called “PCEA,” and City of Brisbane hereinafter called “Customer Agency.”

* * *

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, PCE was formed to support decarbonization, provide local electricity services, and to reduce the adverse public wellbeing and economic impacts of climate change in its member jurisdictions; and

WHEREAS, PCE has created a program to incentivize its Customer Agencies, those being served by an electric meter and currently receiving electricity as a PCEA customer, to undertake projects that replace fossil fuel equipment with electric equipment; and

WHEREAS, PCE invited Customer Agencies to apply for PCE-provided funding for such projects in the form of its GovBE Loan Program; and

WHEREAS, PCE has selected projects from the Customer Agency applicants that have applied for funding based on urgency, shovel-readiness, total fossil fuel savings, community visibility, and Diversity Equity and Inclusion (DEAI) benefit; and, if required, these Agreements have been approved by the PCEA Board of Directors; and

NOW, THEREFORE, in consideration of the mutual promises and benefits set forth herein, the sufficiency of which is hereby acknowledged, it is agreed by the Parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Program Terms & Conditions
Exhibit B—Funding
Exhibit C—Project Description

2. Project Performance by Customer Agency

In consideration of the funding set forth in this Agreement and in Exhibit B, Customer Agency shall perform the Project defined in Exhibit C in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

3. Funding

For each Project PCEA shall make incentive payments to Customer Agency as specified in Exhibit B. The total not to exceed amount for this Agreement shall not exceed five hundred forty-eight thousand, three hundred eight four dollars (\$548,384). In the event that the PCEA makes any advance payments, Customer Agency agrees to refund any amounts in excess of the amount owed by the PCEA at the time of contract termination or expiration. PCEA reserves the right to withhold payment if PCEA determines that the Customer Agency has not complied with the provisions of this Agreement, inclusive of all Exhibits.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from November 22, 2024, through November 22, 2027.

5. Termination; Availability of Funds

This Agreement may be terminated by Customer Agency or by the Chief Executive Officer of the PCEA or his/her designee at any time in the event that Customer Agency terminates the Project or Customer Agency exceeds the timeline to complete the Project.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits in the event of unavailability of PCEA funds by providing written

notice to Customer Agency as soon as is reasonably possible after PCEA learns of said unavailability funding.

6. Relationship of Parties

Customer Agency understands and agrees that it is solely responsible for all aspects of the Project, including, but not limited to, design, consultation, maintenance, and operations. Customer Agency is responsible for securing industry professionals for all aspects of their Project and PCEA shall not provide, select, or hire professional staff for the completion of the Project. In addition, Customer Agency agrees and understands that the work services performed under this Agreement are performed as an independent contractor and not as an employee of PCEA and that neither Customer Agency nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

7. Hold Harmless

a. General Hold Harmless

Customer Agency shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Customer Agency under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Customer Agency or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Customer Agency's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Customer Agency's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Customer Agency to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

8. Payment of Permits/Licenses

Customer Agency bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Customer Agency's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

9. Insurance

PCE shall not be responsible for the provision of any insurance policy on behalf of the Customer Agency.

The parties understand and agree that Customer Agency shall not commence work without insurance coverage appropriate to its specific project and as reviewed by Grantee's own legal counsel and/or Risk Manager.

10. Goodwill and Publicity

Either Party may make any press release or public announcement of the specific terms of this Agreement or the Project including, but not limited to, regarding the financing or building systems thereunder (except for filings or other statements or releases as may be required by applicable law) without the prior written consent of the other Party. Both Parties shall make reasonable efforts to coordinate with the other regarding publicity under this paragraph. The Customer Agency shall credit Peninsula Clean Energy in any and all publicity, notices, and announcements regarding the Project and/or this Agreement.

11. Right to Inspect

Peninsula Clean Energy has a right to inspect the physical location of the Project upon twenty-four (24) hours written notice to the Customer Agency.

12. Compliance With Laws

The Project to be performed by Customer Agency pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. The Project shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law

or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

13. Retention of Records; Right to Monitor and Audit

(a) Customer Agency shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Customer Agency shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Customer Agency shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Customer Agency agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

14. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

15. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

16. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Shawn Marshall, Chief Executive Officer
Address: 2075 Woodside Road, Redwood City, CA 94061
Telephone: 650-474-5002
Email: smarshall@peninsulacleanenergy.com

In the case of Customer Agency, to:

Name/Title: Adrienne Etherton, Sustainability Manager
Address: 50 Park Place, Brisbane, CA 94005
Telephone: 415.508.2118
Email: aetherton@brisbaneca.org

17. Electronic Signature

PCEA and Customer Agency wish to permit this Agreement, and future documents executed pursuant to this Agreement, to be digitally signed in accordance with California law. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

18. No Recourse Against PCEA's Member Agencies

Customer Agency acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Customer Agency waives any recourse against PCEA's member agencies.

* * *

In agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY
AUTHORITY

City of Brisbane

Chief Executive Officer, Peninsula Clean
Energy Authority

Title: City Manager, City of Brisbane

Date: _____

Date: _____

Exhibit A

Terms and Conditions

1. Definitions

- Customer Agency – For the GovBE Program, a Local Government Agency Customer (Agency) is defined as an agency or county, or local government, within the jurisdiction of PCE, that is governed by publicly elected officials. Such Customers may include but are not limited to, city or town offices and facilities, County of San Mateo offices and facilities, public schools, and public libraries.
- Project – a planned electrification retrofit construction project at an Agency's building, facility, or group of buildings and/or facilities.
- Project Site – The physical address or addresses, and/or facilities where the Project will occur.
- Therm – a unit of measure for the sale of methane gas is equivalent to 100,000 British Thermal Units.
- Fossil Fuel – a greenhouse gas emitting fuel, including methane gas, propane, fuel oil, diesel, or gasoline
- GHG – greenhouse gasses

2. Customer and Project Eligibility

Eligible Projects must meet the following criteria:

1. Projects must be located at facilities currently served by PCE, and the proposed equipment must be served by electric meters which are served by PCE.
2. Projects must be located at an existing local government building, facility, or group of buildings and/or facilities.
3. Project construction may not have commenced prior to the date of application of the project,
4. The Project must replace fossil fuel equipment on-site used for space heating, water heating, cooking, clothes drying, pool heating, lab processes, or other use types with heat pump or electric equipment. Replacement of backup gas generators or cogeneration systems is an ineligible measure.
5. The Project must be past the concept phase and can feasibly begin construction in the 18-month period following submission of the application.

3. Customer Eligibility

Customer Agency must meet the following criteria:

1. Is a current Peninsula Clean Energy customer
2. The customer must be a, county or local government Agency (see Definitions)
3. The Customer currently receives service from Peninsula Clean Energy at the location of the retrofit project and meters to serve the equipment to be installed.
4. The Customer must be in good credit standing from when the Customer's program application is approved through the funding of the loan. A Customer's credit standing will be determined according to a Payment History Screening, which may be based upon the existence of any 24-hour disconnection notices and payment plans in the last 12 months.

4. Eligible Costs

Eligible electrification project costs that may be covered under the incentive or loan may include projects costs may include:

- Electrification equipment costs
- Implementation costs, such as material costs, labor, lift rentals, etc.
- Engineering and Design
- Costs associated with building code compliance which must be addressed in direct relation to electrification measures
- Initial and ongoing Measurement & Verification (M&V) expenses, only if paid upfront
- under the loan disbursement
- Training, if paid upfront under the loan disbursement
- Quality Assurance (QA) Provider costs

The following charges are not eligible for project funding

- In-house labor or project management costs for electrification measure installation
- Equipment installed prior to project application
- Efficiency projects that save electricity usage but do not result in fuel switching or reduce methane gas usage
- User behavioral activities: behavioral measures, e.g., customer staffing or occupant behavior programs
- Add-ons to existing renovation projects

Exhibit B

In consideration of the project by Customer Agency described in Exhibit C and subject to the terms of the Agreement and Exhibit A, PCEA shall pay Customer Agency based on the following fee schedule and terms:

GovBE incentive amount and therm savings

GovBE program incentives

- Maximum incentive based on projected methane savings at a rate of \$16 per therm saved per year
- The maximum amount of incentive support available for each jurisdiction is \$600,000 per year
- Must meet minimum 25% match requirements

Project fossil fuel savings and associated incentive

- Estimated Therm Savings: 34,274 therms per year
- GovBE incentive value: \$548,384

Project cost and match funding

- Total project cost: \$1,761,778
- Match funding amount from non-PCEA dollars: \$623,934 (35%)
- Source of match funding: PG&E incentive: \$230,000, Canepa Measure K Funds: \$200,000, City Capital Improvement Plan Funds: \$183,394. [Note that the City may utilize the PCE Local Agency Grant for contingencies, if the full \$205,664 allocated to Brisbane were used for the project, it would bring the PCE funding to ~69%.

Payment schedule and invoicing

- Payments will be made upon completed project installation
- Invoicing will be initiated by Customer Agency via email to PCEA to email address as determined by PCEA. Invoice will include verification of completed installation as signified by ribbon-cutting, certificate of occupancy, final invoice from contractor, or other verification as determined by PCEA.
- Customer Agency EFT/ACH details for transfers:
 - [account name]
 - [financial institution]

- [routing number]
- [account number]
- [account type]

Documentation of Therms savings calculation

Calculation Methodology

The energy savings calculation is performed using a custom monthly simulation simulation; **the unlocked Excel workbook will be provided via email**. Daily, weekly, and monthly simulation approaches were all evaluated, and the monthly model was pursued due to it correlating best with the historical meter data.

The normalized monthly simulation uses weather inputs from the CALMAC California Weather Files CZ2022 data set for San Francisco Int'l AP³. Other inputs are derived from PG&E gas meter data, site inspection observations, and the proposed equipment performance specifications.

Daily gas consumption data for the main gas meter at the site was obtained from PG&E. This data was converted to monthly gas consumption totals, then months with atypical COVID related operation were removed from the analysis (April 2020 to September 2020 data was removed). Data for December 2021 was also removed because it was not included in the most recent export from PG&E to the Implementer (outside of 3-year window). Ultimately 54 months of data was used in the analysis. A regression analysis was conducted alongside monthly average NOAA outside air dry-bulb temperature data.

Non-pool gas use prior to October 2023 consisted of domestic hot water for the locker room showers and sinks. The estimate of domestic water consumption conservatively assumes that every pool user makes use of the shower and sink facilities while at the pool. Assuming an average of 55 pool users per day, approximately 20 gallons of hot water per shower, and 10 gallons per sink use, it was determined that conservatively 7% of the overall gas use at the site is used for domestic hot water purposes. This initial assumption of 7% is supported by the observed change in facility gas usage after the gas water heaters were removed from operation.

After October 2023, this non-pool gas use went to zero when the DHW system was converted to all-electric heat pumps. For the purposes of analysis, the data for months prior to October 2023 were adjusted down based on the above-described analysis to reflect the current operation of the site. Electric load profiles did not require adjustment, because the savings analysis is only based on the regression analysis of the gas profile (i.e., base case system only uses gas for pool heating.)

The result of the regression analysis is a model of the total gas consumption of the site as a function of average daily temperature. The modeled relationship is as follows:

$$y = 1.013 * x^2 - 321.3 * x + 18,268$$

where,

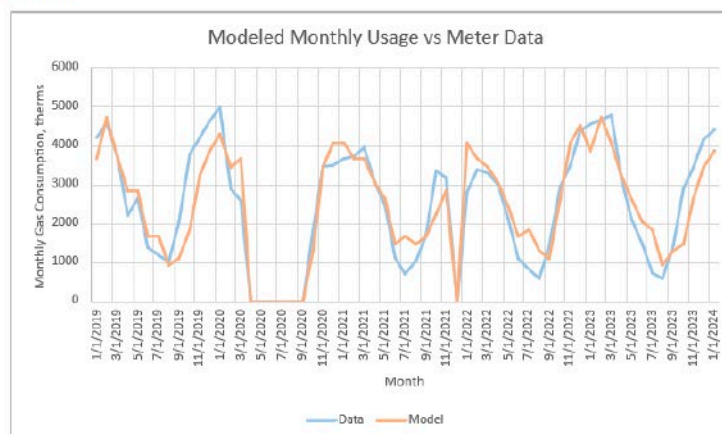
y = Site Monthly Gas Consumption in therms per month

x = monthly average outside air dry bulb temperature

Using this model, the total site gas consumption was predicted during a normalized weather year using CZ2022 CALMAC weather data as indicated above. Currently, all gas consumed at the site is used for pool heating.

The savings calculation then simulates serving this normalized monthly pool heat load using a code-compliant gas-fired heater⁴, as well as the proposed electric heat pump system with pony gas fired heater. These two scenarios are then compared to determine the estimated gas savings and electricity consumption increase resulting from the implementation of the proposed measure.

Figure 4. Gas Consumption Model vs Meter Data (Note that consumption from April to September of 2020 is not shown, when the site was shut down due to COVID-19, and for December 2021, when data was not available).



Estimated Savings

This measure saves natural gas by significantly reducing the amount of pool heat that is generated using the baseline natural gas boiler from year-round operation to only approximately 4 weeks per year. During these 4 weeks, the savings estimate conservatively assumes that the electric heat pumps support 20% of the load, and the new pony gas heater supports 80% of the load. During the other 48 weeks of the year, the pool heat will be generated using efficient electric heat pumps. The customer's electricity consumption will rise due to this added heat pump load, but due to the efficiency of the heat pump units, there will be a net saving on the overall energy bills.

Table 1 below presents historic existing system usage, proposed system usage, and first year estimated project energy and utility cost savings:

Table 1. First Year Energy Savings and Cost Overview

Measure Application Type		Normal Replacement
Standard Practice Applicable		Yes
Effective Useful Life (years)		10
EUL Source		DEER ID: WtrHt-HtPmp
Historical Existing System Usage	kWh	0
	Therms/yr	37,484 ⁵
Proposed System Usage	kWh	175,104
	Therms/yr	3,210
Estimated Project Savings	kWh	-175,104
	Therms/yr	34,274

Exhibit C

Project scope of work and timeline

Project Description

The City of Brisbane's Community Pool Electrification Project will tackle the largest source of municipal operations greenhouse gas emissions for the City. The outdoor pool, located at 2 Solano Street in Brisbane, is approximately 4,000 square feet, and an average depth of approximately six feet. It is heated to approximately 80°F year-round, with a pool cover in use during non-operating hours.

The project will install three electric air-source heat pumps as the primary heating system for the pool, replacing the existing gas-fired pool heater currently in use as the primary heating source. A small gas-fired condensing pony heater will be installed to provide supplemental heating to the heat pump systems when outdoor temperatures fall below 50°F. The project will require the installation of a new 800 amp PG&E electrical service and associated site changes to accommodate a transformer as well as the new switchboard and equipment.

The project was originally conceived through a 2018 BayREN Zero Net Energy Study. It is a high priority due to the existing gas boiler being beyond its expected useful life, and the emissions impact of the equipment. Electrifying the primary heating source will eliminate a projected 34,274 Therms of natural gas per year, or 86% of the City of Brisbane's annual municipal natural gas usage across all facilities. Using today's energy costs, it is expected to reduce operational utility costs \$15,034 per year. As one of the first projects of its kind, this project will help inform local governments and other pool operators pursuing electrification of existing swimming pool water heating systems.

Project Timeline

MILESTONE	DATE
PG&E Design/Cost Estimate Start*	10/11/2024
PG&E Design/Cost Estimate Complete	4/11/2025
Council Approval/Notice to Proceed	4/17/2025
Permitting/100% Construction Documents/Equipment Submittals	4/21/2025
Equipment Procured/Start Installation	6/21/2025
Substantial Completion	Oct 2026
Final Completion	Nov 2026

*actual, all subsequent dates estimated accordingly – PG&E has estimated 6 months to complete the design/engineering and cost estimate, with a total time to completion of 12-14 months

LOAN AGREEMENT
BETWEEN PENINSULA CLEAN ENERGY AND
City of Brisbane

This Agreement (“Agreement”) is entered into as of the Effective Date (defined herein) by and between the Peninsula Clean Energy Authority (“PCEA”), and City of Brisbane (PCEA and Borrower may be collectively referred to herein as “Parties” and individually as “Party”).

* * *

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, PCE was formed to support decarbonization, provide local electricity services, and to reduce the adverse impacts of climate change in its member jurisdictions; and

WHEREAS, PCE has created a program to incentivize its Customer Agencies, those entities served by an electric meter and currently receiving electricity as a PCEA customer, to undertake projects that replace fossil fuel equipment with electric equipment; and

WHEREAS, PCE invited Customer Agencies to apply for PCE-provided funding for such projects in the form of its GovBE Loan Program; and

WHEREAS, PCE has selected projects from the Customer Agency applicants that have applied for funding based on urgency, shovel-readiness, total fossil fuel savings, community visibility, and Diversity Equity and Inclusion (DEAI) benefit; and, if required, these Agreements have been approved by the PCEA Board of Directors; and

NOW, THEREFORE, in consideration of the mutual promises and benefits set forth herein, the sufficiency of which is hereby acknowledged, it is agreed by the Parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Program Terms & Conditions

Exhibit B—Project Scope of Work

Exhibit C—Budget Summary

2. Loan

Subject to the terms and conditions specified herein and the Loan Documents (defined herein), PCEA shall loan to Borrower the principal amount of Six Hundred Thousand (\$600,000) (the “Loan”) which amount is to be repaid by Borrower at interest on unpaid principal from the date set forth Loan herein until paid in full, at the rate of one percent (1%) per annum for a maximum loan term of seven (7) years, provided that (i) in no event shall PCE’s total fiscal obligation under this Agreement exceed the amount of the Loan; and (ii) Borrower shall only use the Loan for the Loan Purpose, as defined below.

3. Loan Purpose

The Parties agree that the purpose of the Loan is to fund City of Brisbane Pool Electrification in accordance with the Project Description contained in Exhibit A, dated by Borrower on June 21, 2024 (“Loan Purpose”). The Loan shall not be used for any other purpose without the prior written consent of PCE.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall commence November 22, 2024 and shall extend through November 22, 2027. This Agreement will not automatically renew, be assigned in any manner by Borrower, nor shall it create any reliance on the possibility of future loans. Borrower understands and agrees that, if Borrower does not proceed with the Project, Borrower must promptly return

all Loan funds to PCE, and any unexpended or undisbursed funds at the time of termination shall be forfeited and returned to PCE.

5. Termination

PCEA may suspend and/or terminate this Agreement if Borrower fails to comply with the terms of this Agreement (including breach of any representation and warranty provided herein) and may, at its sole discretion, withhold or cancel pending and future disbursements of funds and/or require Borrower to return some or all funds disbursed under this Agreement.

6. Loan Disbursement

a. Fund availability and distribution

Loan funds will be available upon contract execution. Funds will be provided upon written request by the Agency. In order to avoid instances of repayment due to cancelled projects, the Agency should consider waiting to request funds until the project is assured to move forward.

b. Loan terms

Loans will be based on the terms as described in Section (1) above and as described in Exhibit A to this Agreement.

c. Quarterly loan repayments

Loans repayments will commence once funds have been transferred from PCE to the Borrower (see Exhibit A Terms and Conditions.) Loan payments shall be transmitted to PCE by Borrower on a quarterly basis. PCE will provide an invoice in advance of the first day of each quarter. Funds will be paid to PCE within 30 days of the date of invoice and shall be submitted via Electronic Funds Transfer (ETF) or another mutually agreed upon method.

d. Early repayment

Early repayments can be made in part or in full at any time during the loan period. If the Agency seeks to repay the loan in its entirety before the end of the term, please request

an early repayment calculation from PCE in advance of making the full payment. Contact programs@peninsulacleanenergy.com.

e. **Return of funds for cancelled projects**

If funds have been distributed to a participating agency, but the project has been cancelled due to unforeseen circumstances, the funds shall immediately be returned to PCE. If any funding has spent on project costs, and can no longer be returned to PCE, the agency shall provide an itemized documentation of spending.

7. Borrower's Representations and Warranties

Borrower represents and warrants the following:

- a. Borrower shall use the Loan for purposes consistent with its filing status under the United States Internal Revenue Code during the term of this Agreement.
- b. Borrower agrees that at no time will any Loan funds be used: (i) to attempt to influence the outcome of any specific public election, or to participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office; (ii) to attempt to influence the selection, nomination, election or appointment of any individual to any public office or office in a political organization within the meaning of Internal Revenue Code Section 527(e)(2); and/or (iii) for any activity that is in violation of federal, state, or local law or any effort to induce or encourage violations of law or public policy.
- c. Borrower shall ensure that the Loan is expended in compliance with applicable law and regulations.
- d. Borrower has full power, authority, and legal right to execute and deliver this Agreement and all other agreements, documents, and instruments contemplated hereby or thereby and to incur and perform its obligations hereunder and thereunder.
- e. Borrower is not in default under or in violation of any indenture or agreement to which it is a party or by which it is bound, or any order, regulation, ruling, or requirement of a court or other public body or authority. No creditor has given Borrower a notice or threatened to give it any notice of default under any material agreement. No event has occurred and is continuing and no condition exists that would constitute an event of default or an event which, with the lapse of time or the giving of notice, or both, would become an event of default.

- f. No action, suit or proceeding (and to its knowledge, no investigation) is pending against Borrower before any court or administrative agency, (i) the outcome of which, by itself or taken together with other such litigation, would be reasonably expected to have a material adverse effect on Borrower's business, assets, operations, or financial condition, or (ii) which purports to affect the legality, enforceability, or validity of this Agreement.
- g. Borrower is in material compliance with all federal, state and local laws, rules, regulations, ordinances, and orders applicable to it, including, without limitation, all applicable health and safety, environmental, and building and zoning laws.
- h. Borrower will submit an IRS W-9 Form to PCE and such other documentation as reasonably requested by PCE to facilitate disbursement of the Loan.

Borrower agrees to provide records sufficient to substantiate its representations and warranties upon PCE's request. Borrower understands and agrees that the foregoing representations and warranties are material to PCE's approval of the Loan.

8. Reporting Requirements

Borrower shall provide PCE with annual reports to the attention of the person identified by PCE in Section 18 of this Agreement, or their designee(s), providing: (a) documentation of any reporting reasonably requested by PCE to effectuate the terms and conditions of the Agreement.

9. Repayment Compliance

In the event that Borrower violates the terms this Agreement, including but not limited to Exhibit A and the responsibility of the Borrower to make timely repayments to PCE for a period of six (6) months or longer, Customer authorizes PCE to issue a charge or charges for the full amount due on the Loan on the Customer's utility bill and/or submission of the debt to a collection's agency.

Borrower is solely responsible for repayment of the Loan and termination of this Agreement does not discharge or negate the obligation of Borrower to repay its debt to PCE.

a. Acceleration of Loan Repayment

In the event that the Borrower breaches any of the terms and conditions of the Loan Documents, Borrower shall be in default of the terms and conditions of the Loan and the

remaining unpaid principal balance and any accrued interest shall become due immediately at the option of PCE.

10. Non-Liability, Duty to Defend, Indemnify and Hold Harmless

PCEA shall not be liable for damage associated with the Loan or to any damage or injury of any kind alleged by Borrower or any third party in relation to the Loan, including any damage or injury alleged to be caused by a dangerous condition of property or improvements funded by or other otherwise associated with the Loan.

Borrower shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services funded under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- a. injuries to or death of any person, including as to Borrower or its respective employees/officers/agents;
- b. damage to any property of any kind whatsoever and to whomsoever belonging;
- c. any sanctions, penalties, or claims of damages resulting from the Borrower's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- d. any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Borrower's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Borrower to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

11. Payment of Permits/Licenses

Borrower bears responsibility to obtain any license, permit, or approval required from any agency for activity to be funded under this Agreement prior to commencement of said work/services. Failure to do so will result in forfeit of any right to reimbursement under this Agreement.

12. Insurance

PCE shall not be responsible for the provision of any insurance policy on behalf of the Customer Agency.

The parties understand and agree that Customer Agency shall not commence work without insurance coverage appropriate to its specific project and as reviewed by Grantee's own legal counsel and/or Risk Manager.

13. Assignability and Subcontracting

Borrower shall not assign this Agreement or any portion of it to a third party. Any such assignment or subcontract without PCEA's prior written consent shall give PCEA the right to automatically and immediately terminate this Agreement without penalty or advance notice and PCE shall have the right to a refund of all funds disbursed under this Agreement.

14. Compliance With Laws

Borrower agrees that its activities funded under this Agreement shall be performed in accordance with all applicable Federal, State, PCEA, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or PCEA financial assistance. Utilization of the Grant shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, and provisions pertaining to confidentiality of records. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, PCEA, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement. Borrower will timely and accurately complete, sign, and submit all necessary documentation of compliance.

15. Retention of Records/Right to Monitor and Audit

- a. Borrower shall maintain all required records relating to this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Borrower shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.
- b. Borrower shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.
- c. Borrower agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of the Project work.

16. Merger Clause/Amendments

The Agreement, including any exhibits to the Agreement and incorporated by reference and including the Loan Documents, constitutes the sole Agreement of the parties to the Agreement and correctly states the rights, duties, and obligations of each party as of the Agreement's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of the Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any exhibit and/or attachment to the Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the Parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the Parties.

17. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the Superior Court or in the United States District Court for the Northern District of California. In the event of

breach or other dispute arising out of this Agreement, PCEA reserves the right to pursue all remedies, legal, contractual, administrative or otherwise against Borrower, including the recovery of any sanctions and penalties authorized by law.

18. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Shawn Marshall, Chief Executive Officer
Address: 2075 Woodside Road, Redwood City, CA 94061
Telephone: 650-474-5002
Email: smarshall@peninsulacleanenergy.com

In the case of Borrower, to:

Name/Title: Adrienne Etherton, Sustainability Manager
Address: 50 Park Place, Brisbane, CA 94005
Telephone: 415.508.2118
Email: aetherton@brisbaneca.org

The Parties may change their contact information in this section by giving the other Party written notice of the change in the manner permitted under this section.

19. Dispute Resolution/Governing Law

The validity of this Agreement (including the Loan Documents) and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the Superior Court or in the United States District Court for the Northern District of California. In the event of breach or other dispute arising out of this Agreement,

PCEA reserves the right to pursue all remedies, legal, contractual, administrative or otherwise against Borrower, including the recovery of any sanctions and penalties authorized by law.

20. Electronic Signature

PCEA and Borrower wish to permit this Agreement, and future documents executed pursuant to this Agreement, to be digitally signed in accordance with California law. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

21. No Recourse Against PCEA's Member Agencies

Borrower acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Borrower waives any recourse against PCEA's member agencies.

22. Effective Date

This Agreement shall be effective upon the date that all signatories have executed the Agreement (the "Effective Date").

* * *

THIS AGREEMENT IS NOT VALID UNTIL SIGNED BY ALL PARTIES. NO GRANT FUNDS WILL BE DISTRIBUTED UNTIL THIS DOCUMENT HAS BEEN SIGNED BY PCE'S AUTHORIZED DESIGNEE.

[Signatures on following page]

PENINSULA CLEAN ENERGY
AUTHORITY

CITY OF BRISBANE

Chief Executive Officer, Peninsula Clean
Energy Authority

Title: City Manager, City of Brisbane

Date: _____

Date: _____

Exhibit A
Terms and Conditions

1. Definitions

- **Customer Agency** – For the GovBE Program, a Local Government Agency Customer (Agency) is defined as an agency or county, or local government, within the jurisdiction of PCE, that is governed by publicly elected officials. Such Customers may include but are not limited to, city or town offices and facilities, County of San Mateo offices and facilities, public schools, and public libraries.
- **Project** – a planned electrification retrofit construction project at an Agency's building, facility, or group of buildings and/or facilities.
- **Project Site** – The physical address or addresses, and/or facilities where the Project will occur.
- **Therm** – a unit of measure for the sale of methane gas is equivalent to 100,000 British Thermal Units.
- **Fossil Fuel** – a greenhouse gas emitting fuel, including methane gas, propane, fuel oil, diesel, or gasoline
- **GHG** – greenhouse gasses

2. Customer and Project Eligibility

Eligible Projects must meet the following criteria:

1. Projects must be located at facilities currently served by PCE, and the proposed equipment must be served by electric meters which are served by PCE.
2. Projects must be located at an existing local government building, facility, or group of buildings and/or facilities.
3. Project construction may not have commenced prior to the date of application of the project,
4. The Project must replace fossil fuel equipment on-site used for space heating, water heating, cooking, clothes drying, pool heating, lab processes, or other use types with heat pump or electric equipment. Replacement of backup gas generators or cogeneration systems is an ineligible measure.
5. The Project must be past the concept phase and can feasibly begin construction in the 18-month period following submission of the application.

3. Customer Eligibility

Customer Agency must meet the following criteria:

1. Is a current Peninsula Clean Energy customer
2. The customer must be a, county or local government Agency (see Definitions)
3. The Customer currently receives service from Peninsula Clean Energy at the location of the retrofit project and meters to serve the equipment to be installed.
4. The Customer must be in good credit standing from when the Customer's program application is approved through the funding of the loan. A Customer's credit standing will be determined according to a Payment History Screening, which may be based upon the existence of any 24-hour disconnection notices and payment plans in the last 12 months.

4. Eligible Costs

Eligible electrification project costs that may be covered under the incentive or loan may include projects costs may include:

- Electrification equipment costs
- Implementation costs, such as material costs, labor, lift rentals, etc.
- Engineering and Design
- Costs associated with building code compliance which must be addressed in direct relation to electrification measures
- Initial and ongoing Measurement & Verification (M&V) expenses, only if paid upfront
- under the loan disbursement
- Training, if paid upfront under the loan disbursement
- Quality Assurance (QA) Provider costs

The following charges are not eligible for project funding

- In-house labor or project management costs for electrification measure installation
- Equipment installed prior to project application
- Efficiency projects that save electricity usage but do not result in fuel switching or reduce methane gas usage
- User behavioral activities: behavioral measures, e.g., customer staffing or occupant behavior programs
- Add-ons to existing renovation projects

5. Loan Funding

- Loan funding will be issued electronically following execution of the agreement
- Customer Agency EFT/ACH details for transfers:
 - [account name]
 - [financial institution]
 - [routing number]
 - [account number]
 - [account type]

Exhibit B

Project scope of work and timeline.

Project Description

The City of Brisbane's Community Pool Electrification Project will tackle the largest source of municipal operations greenhouse gas emissions for the City. The outdoor pool, located at 2 Solano Street in Brisbane, is approximately 4,000 square feet, and an average depth of approximately six feet. It is heated to approximately 80°F year-round, with a pool cover in use during non-operating hours.

The project will install three electric air-source heat pumps as the primary heating system for the pool, replacing the existing gas-fired pool heater currently in use as the primary heating source. A small gas-fired condensing pony heater will be installed to provide supplemental heating to the heat pump systems when outdoor temperatures fall below 50°F. The project will require the installation of a new 800 amp PG&E electrical service and associated site changes to accommodate a transformer as well as the new switchboard and equipment.

The project was originally conceived through a 2018 BayREN Zero Net Energy Study. It is a high priority due to the existing gas boiler being beyond its expected useful life, and the emissions impact of the equipment. Electrifying the primary heating source will eliminate a projected 34,274 Therms of natural gas per year, or 86% of the City of Brisbane's annual municipal natural gas usage across all facilities. Using today's energy costs, it is expected to reduce operational utility costs \$15,034 per year. As one of the first projects of its kind, this project will help inform local governments and other pool operators pursuing electrification of existing swimming pool water heating systems.

Project Timeline

MILESTONE	DATE
PG&E Design/Cost Estimate Start*	10/11/2024
PG&E Design/Cost Estimate Complete	4/11/2025
Council Approval/Notice to Proceed	4/17/2025
Permitting/100% Construction Documents/Equipment Submittals	4/21/2025
Equipment Procured/Start Installation	6/21/2025
Substantial Completion	Oct 2026
Final Completion	Nov 2026

*actual, all subsequent dates estimated accordingly – PG&E has estimated 6 months to complete the design/engineering and cost estimate, with a total time to completion of 12-14 months

Exhibit C

Project Budget Summary

- Total project cost: \$1,761,778
- Match funding amount from non-PCEA dollars: \$623,934 (35%)
- Source of match funding: PG&E incentive: \$230,000, Canepa Measure K Funds: \$200,000, City Capital Improvement Plan Funds: \$183,394. [Note that the City may utilize the PCE Local Agency Grant for contingencies, if the full \$205,664 allocated to Brisbane were used for the project, it would bring the PCE funding to ~69%.