

RESOLUTION NO. 13-868

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON SUPPORTING THE REPAIR AND RECONSTRUCTION OF POWER GENERATION CAPABILITIES OF THE SPRINGS WATER SUPPLY

WHEREAS, The City of Black Diamond has a power generation water right and a power generating facility that is no longer operational, and

WHEREAS, The Black Diamond City Council desires to Reconstruct the power generation capability of the springs water supply for the City, and

WHEREAS, replacement of the power generation facility at the springs is an obligation of Yarrow Bay and Palmer Coking Coal by the Water Supply and Facility Funding Agreement (WSFFA), and

WHEREAS, The City of Black Diamond City Council has concerns for the local, regional and global environment, and

WHEREAS, The Black Diamond City Council would like to take meaningful steps to help stabilize local utility rates, and

WHEREAS, The Black Diamond City Council supports green energy and steps to reduce the City's carbon footprint, and

WHEREAS, The Washington State Department of Commerce has low interest loan funding left over that must be obligated in the very near future and,

WHEREAS, The Water Facility Funding Agreement (WSFFA) anticipates the City taking advantage of low interest loans when available, and

WHEREAS, The WSFFA Partners could provide for the repayment of the loan for the portions of the project that are applicable to their obligations under the WSFFA;


NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Council supports the staff in taking any and all actions to expedite and move the Repair of the Power Generation Facility at the City's springs forward including filling out loan applications with Washington State for the Energy/Water Efficiency Loan Program, negotiating design contracts, meeting with Puget Sound Energy, meeting with WSFFA Partners and whatever other steps and action will move this project toward construction and completion.

Section 2. The City Council anticipates approving loan contracts, design contracts, and other actions that implement the reconstruction of the power generation facility at the City's spring site.

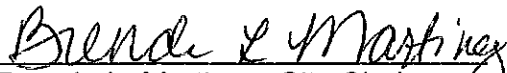
PASSED BY THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 18 DAY OF April, 2013.

CITY OF BLACK DIAMOND:



Rebecca Olness, Mayor

Attest:



Brenda L. Martinez, City Clerk

**Public Works Board
Energy/Water Efficiency Loan Program
Eligibility, Loan Terms, Conditions**

FINAL CRITERIA

The 2012 Legislature appropriated \$5 million to finance Energy/Water Efficiency projects (Chapter 2, Laws of 2012, Section 1018). The new Energy Efficiency Loan Program is administered by the Public Works Board (PWB).

The following eligibility and selection criteria are under development.

Eligible Jurisdictions

- Local Governments
- Special Purpose Districts
- Ports
- Flooding/Diking Districts
- Public Utility Districts
- Counties
- Cities
- Towns

Eligible Projects (Existing facilities only)

- Water (domestic)
- Sewer
- Solid Waste
- Stormwater
- Roads w/ lighting
- Courthouses
- Transit Facilities – i.e. shops that maintain buses
- Swimming Pools
- Community Centers
- Airports
- Town Halls
- Criminal Justice Facilities
- Park Lighting
- Public Building Rehabilitation/Retro-fits

Who & What is NOT Eligible?

- Indian Tribes
- State Agencies

- School Districts
- Private Water Systems
- Private Enterprises
- Moveable Stock (cars, generators, etc.)
- New Buildings

Application

- Apply on line with new Public Works Board “portal system”
- A completed “Final” standardized Investment Grade Audit will be required during the Public Works Board (PWB) review process for projects above \$250,000. For projects \$250,000 or less, a completed and signed document, from a *system appropriate licensed engineer*, with estimated energy savings is required (not more than 3 years old with revised costs for capital upgrades). The document will need to be provided during the PWB project review.
- This will be a competitive application process with an open and close date. The Public Works Board reserves the right to use a predetermined set of balancing factors per RCW 43.155.70 to select projects based on the equitable distribution of funds that meet state priorities. At a minimum, project selection will be based on the following criteria:
 - a. Percentage of energy (BTUs) and/or water saved (gallons or cubic ft.) by the project
 - b. Type of system or project
 - c. Percentage of the community served
 - d. Readiness to proceed*
 - e. Geographic location
 - f. Bundling projects for deeper energy savings
 - g. Innovative ideas
 - h. Availability of funds relative to project scope
- Investment grade audits are a reimbursable expense retroactive to April 23, 2012 (date legislation was signed) for those projects that are selected for funding
- No match is required
- The application process requires the entity completing the investment grade audit or the estimated energy savings (project less than \$250,000) to consult with the local power provider (PSE, BPA, PUDs, Avista, etc.) to maximize energy incentives
- Loan requests must document all the funders contributing to the project

*Readiness to Proceed is the ability to start a project within a “short” time frame i.e. engineering and design is complete or can begin immediately, project has been vetted by authorizing body prior to submittal. The intent is to start and complete construction to allow state money to be reinvested for future projects.

Loan Terms

- \$1,000,000 maximum loan amount

- Term of loan is up to 20 years and will be negotiated at the time of contract
- The construction window to complete the project will be three (3) years from time of contract execution
- Interest rate and terms will be negotiated at the time of contract and follow one of the rate & term structures below:

<u>RATE</u>	<u>TERM</u>
0.5%	5 YEARS OR LESS
1%	5 – 10 YEARS
1.5%	11 – 20 YEARS

- Payment of interest and principal will start one (1) year after completion of the project e.g. construction takes 3 years, 1 year deferred, 16 years to pay off a 20 year loan:

20 year loan term actual timeframe- example		
<u>10/2012</u>	<u>2013</u>	<u>6/1/2014</u>
Project completes	Deferral year	First loan payment due

- Interest will accrue during construction on money drawn
[Loan payments (principal + interest) will be spread across 16 years]
- Consultation with power provider is required and must be documented
- Loan term cannot exceed the life of the project
- Annual loan repayments

Assumptions

- Primary purpose of the energy and efficiency loan is to save energy and/or water. The energy or water savings is not meant to be a bi-product of a larger infrastructure project.
- A final standardized energy audit (per Department of Enterprise Services Energy Savings Performance Contracting Guidelines) will be required during the PWB review process for those projects requesting a loan over \$250,000. For projects requesting \$250,000 or less, a completed and signed document, from a system appropriate licensed engineer, with estimated energy savings is required
- Readiness to proceed is a priority
- Loan request will go through new “portal system” i.e. financial & managerial review
- Loan only
- Project selection will begin in October 2012
- On-going revolving loan
- Legislative approval of the final selected projects is not required

Program Outcome Measures

- Estimated savings that are submitted with their energy audits during the application process
 - I. Water will be measured by gallons or cubic feet saved
 - II. Energy will be measured by the percentage of native units saved (this will help with mixed projects i.e. gas/electricity) and converted to BTU's
- Actual energy/water savings once construction is complete and the entity has the ability to measure from their metered systems
- Making energy efficiency affordable and convenient (loan will allow recipients to cover the debt through energy savings rather than raising operational costs/rates).
- Documenting and reporting back to the legislature

PROJECT TITLE

Reconstruct Power Generation Capacity

DESCRIPTION

Replace the turbine, gear box and pump with a new turbine, electrical generator and connections to the power grid. The penstock and spring overflow pipes needs to be replaced and upsized. The tail race discharge needs to be replaced.

BACKGROUND

This project will provide a source of green energy, prevent south bank erosion, reduce the risk of landslides into the Green River, reduce turbidity in the Green River and protect the stability of the springs collection sites.

COMMENTS

Once the City has power generation functioning at the spring site again, the project will reduce the water systems power costs by approximately \$15,000 per year.

CAPITAL PROJECT COSTS	Budgeted & Funded 2011	Capital Plan 2014 - 2019	#REF!					
			2014	2015	2016	2017	2018	2019
Land/Right of Way		0						
Building Improvements		0						
Construction Engineering		0						
Preliminary Engineering		0						
Design Engineering		0						
Permitting & Grants		40,000	40,000					
Engineering		100,000	100,000					
Project Management		40,000		40,000				
Construction Costs		500,000		500,000				
Capital Outlay		-						
Other (Specify)		-						
TOTAL COSTS	-	680,000	140,000	540,000	-	-	-	-
REQUESTED FUNDING	Budgeted & Funded 2011	Capital Plan 2014 - 2019	2014	2015	2016	2017	2018	2019
WSFFA (loan payments)				34,000	34,000	34,000	34,000	34,000
Low interest energy loan		680,000	140,000	540,000				
TOTAL SOURCES	-	680,000	140,000	574,000	34,000	34,000	34,000	34,000