

AGENDA

SPECIAL CITY COUNCIL MEETING

February 7, 2017

Noon

CITY HALL COUNCIL CHAMBER

313 COURT STREET

THE DALLES, OREGON

1. CALL TO ORDER
2. ROLL CALL OF COUNCIL
3. APPROVAL OF AGENDA
4. ACTION ITEMS
 - A. Authorization to apply for grant funding from Oregon Department of Energy to support the installation of Co-Gen Systems at the Wastewater Treatment Plant
5. ADJOURNMENT

This meeting conducted in a handicap accessible room.

Prepared by/
Izetta Grossman
City Clerk

NOTE: Goal Setting will immediately follow this meeting.



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #4-A

MEETING DATE: February 7, 2017

TO: Honorable Mayor and City Council

FROM: Dave Anderson, Public Works Director

ISSUE: Authorization to apply for grant funding from Oregon Department of Energy to support the installation of Co-Gen Systems at the Wastewater Treatment Plant

BACKGROUND: As we proceed with the Wastewater Treatment Plant Upgrade Project, one of the potential sources of outside funding that we were pursuing to help pay for the construction of Co-Gen systems was through the Oregon Department of Energy (ODOE). This was the funding source, called the Combined Heat and Power (CHP) Program, that would have been awarded as tax credits that the City would then sell to a commercial or industrial partner, and that was set to expire in 2017. We've been waiting for ODOE to open their 2016 application period which they still haven't done. On January 19th, we were notified by the ODOE that they will probably not be awarding any funding under this program due to concerns at the state level about impacts to the state budget from program mandates that were approved by voters last November and for which the state may not have adequate funding; instead they are planning to retain the ODOE CHP funds for Oregon General Fund.

This is not a challenge for the project budget that was presented to Council on December 12th because it did not include any funding from ODOE – that funding has been too uncertain to rely on in the development of a project budget.

However, there is another ODOE program, the Renewable Energy Development (RED) program, under which we can apply for funding. This funding is a grant so there is no need to sell tax credits. The maximum amount that can be requested for a RED grant is \$250,000 but we have been told that we will likely be able to receive only about

\$180,000. We hadn't previously planned to apply for this funding because we can only apply for one type of funding from ODOE and we were hoping to net closer to \$540,000 from the CHP program. If ODOE later decides to offer funding under the CHP program, our application for a RED grant can be transferred over to the CHP program for consideration.

The application for the RED grant requires written authorization from the governing body to apply for it. The application needs to be submitted by February 10th.

Staff recommends that Council authorize the submission of applications to ODOE for funding to support the development of Co-Gen systems at the wastewater treatment plant, including the CHP and RED programs, or any other programs for which the project may be eligible.

BUDGET IMPLICATIONS: The cost of the Co-Gen portion of the Wastewater Treatment Plant Upgrade Project is about \$2,000,000. If funding is received from ODOE, the costs to the City to design and construct these renewable energy systems will be reduced by the amount of funding received. The potential funding that could be netted from the CHP program was estimated to be \$540,000 while the potential funding that may be received from a RED grant has been estimated to be \$180,000-\$250,000. There is a \$500 application fee for the RED grant, and a technical review fee (in an unknown amount) if the project is short-listed for funding. Fees for the CHP program are unknown since the application process has not yet been opened.

COUNCIL ALTERNATIVES

- A. **Staff Recommendation:** *Move to authorize the submission of applications for funding from the Oregon Department of Energy, including but not limited to the Combined Heat and Power program and/or the Renewable Energy Development program, to support the development of renewable energy production facilities at the City's wastewater treatment plant.*
- B. Deny authorization to submit applications for funding for the Oregon Department of Energy to support the development of renewal energy production facilities at the wastewater treatment plant.