

Central Services  
**Joan Araujo**, Director

Engineering Services  
**James O'Tousa**, Director

Roads & Transportation  
**Anitha Balan**, Director

Water & Sanitation  
**Joseph Pope**, Director

Watershed Protection  
**Vacant**, Director

April 9, 2024

Board of Ventura County Waterworks District No. 1 (Moorpark)  
800 South Victoria Avenue  
Ventura, CA 93009

**Subject:** Public Hearing Regarding the Proposed Master Services Agreement and Statement of Work with Veolia Sustainable Buildings USA West, Inc. for design, installation, and operation of a Solar Photovoltaic System at the Moorpark Water Reclamation Facility; Adoption of a Resolution Making Approval Findings on Energy Savings Pursuant to Government Code Section 4217.10 et. seq., Authorizing the Public Works Agency Director or Designee to Sign and Administer the Agreement, Approval to apply for and accept a California Energy Commission Loan in the amount of \$1,028,942, and Authorization for the Public Works Agency Director to Make Corrections, Clarifications and Technical Modifications to the Agreement; Waiver of Board's Policy Prohibiting Inclusion of Attorney's Fees in the Agreement; Find that the Project is categorically exempt from the California Environmental Quality Act Evaluation; Ventura County Waterworks District No. 1; Supervisorial District No. 4.

**Recommendations:**

1. Conduct a Public Hearing to hear and consider all oral and written comments, if any, concerning the proposed Master Services Agreement (Exhibit 3) and Statement of Work (Exhibit 4) (Agreements) with Veolia Sustainable Buildings USA West, Inc. (Veolia) for the design, installation, and operation of a 410.9 kilowatt Solar Photovoltaic System (Project) at the Moorpark Water Reclamation Facility (MWRF), Ventura County Waterworks District No. 1 (District).
2. Upon conclusion of the hearing, adopt the attached resolution doing the following:
  - a. Determining that entering into the Agreements is in the best interest of Ventura County Waterworks District No. 1 (District).



- b. Making the requisite findings on energy savings pursuant to Government Code section 4217.10 et. seq.
  - c. Approving the Agreements.
  - d. Authorizing the Public Works Agency (PWA) Director or designee to sign and administer the Agreements.
  - e. Authorizing the PWA Director or designee to apply for and accept a loan from the California Energy Commission in the amount of \$1,028,942; and
  - f. Authorizing the PWA Director or designee to make corrections, clarifications, and technical modifications to the Agreements, subject to County Counsel approval as to form and legal sufficiency, and that such changes are consistent with the stated intent of the underlying agreement and do not result in the loss of any income to the District, and do not subject the District to additional costs.
3. Waiver of the Board's policy prohibiting the inclusion of attorney's fees in the agreement.
4. Find that the project is categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15303, and that no exceptions to the exemption apply.

**Fiscal/Mandates Impact:**

|                                |   |
|--------------------------------|---|
| Mandatory:                     | No  |
| Source of Funding:             | California Energy Commission and<br>Inflation Reduction Act of 2022 |
| Funding Match Required:        | No  |
| Impact on Other Department(s): | None  |

**Summary of Revenue and Total Costs:**

|                          |    | <b><u>FY 2023-24</u></b> |    | <b><u>FY 2024-25</u></b> |
|--------------------------|----|--------------------------|----|--------------------------|
| Revenue:                 | \$ | 0                        | \$ | \$1,469,917              |
| Costs:                   |    |                          |    |                          |
| Direct                   | \$ | 0                        | \$ | \$1,469,917              |
| Indirect – Agency/Dept.  |    | 0                        |    | 0                        |
| Indirect – County CAP    |    | 0                        |    | 0                        |
| Total Costs              | \$ | 0                        | \$ | \$1,469,917              |
| Net Costs                | \$ | 0                        | \$ | 0                        |
| Recovered Indirect Costs | \$ | 0                        | \$ | 0                        |



Current Fiscal Year Budget Projections:

| <b>Current FY 2023-24 Budget Projection for<br/>Waterworks District No. 1 Sanitation - Unit 4305</b> |                   |                    |                     |                                |
|--|-------------------|--------------------|---------------------|--------------------------------|
|  | Adopted<br>Budget | Adjusted<br>Budget | Projected<br>Budget | Estimated<br>Savings/(Deficit) |
| Expenditures   | \$6,909,286       | \$6,970,958        | \$7,819,113         | (\$848,155)                    |
| Revenue  | \$12,218,700      | \$12,218,700       | \$8,364,410         | (\$3,854,290)                  |
| Net Costs  | (\$5,309,414)     | (\$5,247,742)      | (\$545,297)         | (\$4,702,445)                  |

Sufficient revenue and appropriations will be included in the FY 2024-25 budget.

**Executive Summary:**

The Public Works Agency is seeking approval for the installation of a 410.9 kilowatt (kW) photovoltaic (PV) System at the MWRF. This expansion, facilitated through Agreements with Veolia, will increase on-site renewable energy production, cut operating costs, and protect ratepayers from potential annual rate increases by Southern California Edison (SCE) and the Clean Power Alliance (CPA). The \$1,469,917 project will be financed by a \$1,028,942 low-interest loan from the California Energy Commission and a 30% direct payment tax credit from the 2022 Inflation Reduction Act, providing estimated savings of \$3.6 million over 30 years.

**Discussion:**

The District owns and operates the MWRF in unincorporated Ventura County near the City of Moorpark. The MWRF treats approximately 1.9 million gallons per day of wastewater from the City of Moorpark. A one (1) megawatt PV Energy System has operated at the MWRF since 2013 and produces approximately 50% of the electricity used by the facility. Staff is recommending the installation of an additional PV System to increase onsite renewable energy production and decrease operating costs. Staff propose entering into Agreements with Veolia for the design and installation of the new PV System. The proposed financing is from a low-interest loan available through the California Energy Commission's (CEC) Energy Conservation Assistance Act (ECAA) Loan and through the 2022 Inflation Reduction Act (IRA) 30% direct payment tax credit.



The cost to design and install the new 410.9 kilowatt PV system is \$1,469,917. The new system will provide significant savings through avoided electricity costs of approximately \$3.6 million over 30 years. This project will help protect the District ratepayers from SCE

and CPA annual rate increases. The project financing will be from two sources: a \$1,028,942 CEC ECAA loan at 1% fixed interest with a 17-year term and the 2022 IRA direct payment tax credit of \$440,975. The IRA tax credit is a direct payment to the District based on 30% of the project costs.

The Agreements are subject to the California Government Code Sections 4217.10-4217.18, which were enacted in 1984 to assist public agencies in expediting and financing energy conservation measures. Pursuant to section 4217.12, local agencies are provided flexibility in their contracting method for energy service agreements if its governing body determines at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, the following findings:

1. The anticipated cost to the District for electrical energy system or conservation services provided by the new PV system under contract will be less than the anticipated marginal cost to the District of the electrical energy that would have been consumed by the District in the absence of the new PV system.
2. It is in the best interest of the District to enter into the energy services agreement to implement energy-related cost savings and energy conservation improvements to District owned facilities.

As stated above, staff estimates that the District will save \$3.6 million in net energy cost savings over the 30 year life of the system. It would therefore be in the District's best interests to enter into the energy services agreement with Veolia. Staff recommends your Board adopt the resolution making the requisite approval findings pursuant to Government Code section 4217 et. seq., approving the Agreements, authorizing the PWA Director or designee to make changes to the Agreement that are consistent with the stated intent of the Agreements, do not result in the loss of any income to the District, and do not subject the District to additional costs. Additionally, the Agreement contains a provision that allows for the payment of attorney fees. This provision is in conflict with the County's Administrative Policy Manual VI-1 and requires that your Board waive this policy prohibiting the payment of attorney fees.



### **Project Financing and Fiscal Impact**

On February 6, 2024, the County Financial Planning Committee (FPC) concurred with staff's recommendation to apply for a project loan from the CEC ECAA program. The amount to be financed is \$1,028,942 at 1% fixed interest and a 17-year term. The remaining balance of the project costs will be funded through the 2022 IRA tax credit, which is valued at 30% of the project costs, or \$440,975. The required budgetary approvals will be incorporated into the future Fiscal Year 2025 and 2026 budgets for the District. As part of the financial analysis, the impact of the project on the future sewer rates and future cash reserves was assessed for the 17-year loan term (Exhibit 5). The cash reserve analysis in Exhibit 5 shows that the District's reserves are projected to increase during the 17-year loan term, as a result of the project. Since the project will have savings of \$3.6 million over the life of the project, it will help stabilize sewer rates against future rises in the cost electricity from SCE and the CPA. Therefore, staff requests your Board authorize the PWA Director or designee to apply for and accept a loan from the California Energy Commission in the amount of \$1,028,942.

### **California Environmental Quality Act**

Staff recommends approval of the CEQA exemption finding. The project is categorically exempt from CEQA under CEQA Guidelines section 15303 (for small new equipment and facilities) and no exceptions to the exemption apply. PWA will file the notice of CEQA exemption with the County Clerk-Recorder and the California State Office of Planning and Research following approval by your Board.

In compliance with legal notice requirements, PWA provided public notice of the public hearing on the proposed Agreement prior to April 9, 2024, providing the date, time, and location of the public hearing.

### **Strategic Plan:**

This item contributes to the Board of Supervisors 2024-2027 strategic priorities to provide:

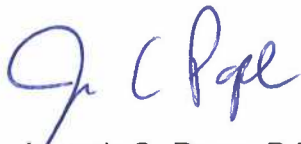
- II. Fiscal responsibility and economic vitality through
  - 1. Maintaining a transparent and balanced budget, while funding essential services and implementing cost savings measures.
- III. Reliable infrastructure and sustainability through
  - 3. Investing in sustainable infrastructure, renewable energy, and preservation of our natural resources.



This item has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

If you have any questions concerning this item, please contact the undersigned at (805) 378-3005.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. C. Pope".

Joseph C. Pope, P.E.  
Director  
Water and Sanitation

Attachments:

Resolution

Exhibit 1 – Vicinity Map

Exhibit 2 – Location Map

Exhibit 3 – Master Services Agreement

Exhibit 4 – Statement of Work

Exhibit 5 – Cash Reserve Forecast

Exhibit 6 – Energy Cost Comparison

