



AGENDA REPORT

CITY HALL - ONE FRANK H. OGAWA PLAZA, 2ND FLOOR - OAKLAND - CA 94612

TO: City Council and members of the Public

FROM: Councilmembers Kalb, Gallo and Fife

SUBJECT: Acceptance of Funds for Jack London Aquatic Center Retrofit

DATE: June 10th, 2021

City Council colleagues, Councilmembers Kalb, Fife and Gallo respectfully asks your support for the attached Resolution.

RECOMMENDATION

Councilmembers Recommend That the City Council Adopts a RESOLUTION (1) ACCEPTING AND APPROPRIATING GIFT IN PLACE FUNDS AND SERVICES IN THE AMOUNT OF \$250,000 FROM PACIFIC GAS & ELECTRIC (“PG&E”) TO RETROFIT JACK LONDON AQUATIC CENTER TO ALL-ELECTRIC SERVICE; (2) WAIVING ADVERTISING AND BIDDING AND AWARDDING A CONSTRUCTION CONTRACT TO PG&E; AND (3) ADOPTING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS

EXECUTIVE SUMMARY

The Jack London Aquatic Center (JLAC) is a water-oriented multi-purpose facility that is directly connected to a natural gas transmission line. Pacific Gas and Electric Company (PG&E) has scheduled safety work on this gas line, which will require the JLAC to be disconnected. To address this challenge, PG&E has offered to fund the electrification of JLAC, replacing the water and space heating systems with electric alternatives, and upgrading the electrical panel and connections to accommodate the additional electrical load. The financing of the project by PG&E constitutes a gift to the City of Oakland, requiring a formal acceptance by City Council. This staff report and accompanying Resolution facilitate that acceptance of funds and will allow for the construction of the project in the fall of 2021.

REASON FOR URGENCY *(If Applicable)*

PG&E has requested that the City process acceptance of the funding as quickly as possible, to allow for completion of the project and the subsequent safety improvements to its natural gas

line. Timely adoption of the Resolution by City Council will allow for construction in the third quarter of 2021, and initiation of the gas line improvements by the fourth quarter of 2021.

BACKGROUND / LEGISLATIVE HISTORY

JLAC is a multipurpose facility supporting various aquatic activities and providing a large meeting space. The building, located at 115 Embarcadero Street, is an older structure with a large multipurpose room, storage areas, locker rooms, a kitchen, and an entry lobby. The building is used by City staff, along with boating enthusiasts and others utilizing the waterfront.

When the building was constructed, it was provided a natural gas connection to the main gas transmission line located under Embarcadero Street. This arrangement is unusual, as structures are usually connected to smaller distribution lines branched off from main lines. There are no distribution lines on adjacent properties, making the facility particularly isolated in terms of its natural gas infrastructure.

ANALYSIS AND POLICY ALTERNATIVES

As part of its ongoing safety program, PG&E is required to provide regular testing, maintenance, and improvements to its natural gas lines. In 2020, PG&E identified the transmission line under Embarcadero Street as a priority line for maintenance and improvement. To facilitate the safety improvements, PG&E must take the line out of service, isolating sections of the transmission system and routing natural gas through other lines to serve customers. Because no other connection alternative exists for the JLAC, the options available are twofold. (1) construct a new connection to a distribution line further north of the site, or (2) eliminate the gas connection to the building through electrification of the current gas-based energy systems.

Staff from OPW met multiple times with PG&E to share information, review and inspect the building, and develop a shared approach to facilitating a solution that worked for the City and PG&E. The facility has two gas-based water heating tanks, along with a gas furnace providing space heating to the building. PG&E and the City worked with several vendors to estimate the costs of replacing these gas-based systems with electric alternatives, specifically heat pump water heaters and a heat pump space heating system. Additional improvements to the electrical panel and wiring of the facility are also needed to accommodate the increased electrical load. Based on this analysis and information provided by the contractors resulted in an estimated total replacement cost of \$175,000 for the project.

The cost of \$175,000 to electrify the facility is likely less than the cost of extending gas service from another distribution line. Additionally, City staff indicated a preference to electrify the building for several reasons. First, the infrastructure in the building is aging, and the upgrades would significantly improve the quality and longevity of the energy systems. Secondly, the upgrades would lower energy bills for the facility while also adding cooling capacity for the summer months. Finally, the electrification of municipal buildings is an action item in the City's Equitable Climate Action Plan (ECAP), which calls for all major City retrofit efforts to be all-

electric. With this information shared, all parties agreed to work towards electrifying the building as the preferred solution.

In April 2021, PG&E and City staff agreed to a proposed scope of work, and finalized estimated costs for the building improvements. At this point, in order to meet the schedule needed for the safety improvements to the natural gas line, the only viable process to complete construction was to have PG&E complete the work directly with their contractors. The effort will be completed to all applicable City standards, and with all requirements met. The Resolution attached provides for acceptance of these actions as a gift to the City, valued at \$175,000. As with all construction projects, there is the potential for cost overruns due to unexpected conditions or complications. Thus, the Resolution sets the gift at not more than \$250,000. This will allow for the approval to extend to any additional costs incurred during construction, and limit any delays associated with such changes.

FISCAL IMPACT

Acceptance and appropriation of this gift will allow for a no cost upgrade of a City facility, reducing capital expenses associated with building improvements and lowering ongoing utility costs. The funds will be deposited in Fund 4400, Special Projects (54919), Project (TBD). The net effect on City finances is beneficial.

PUBLIC OUTREACH / INTEREST

Staff in OPW met with the facility staff at JLAC to discuss operational needs and identify if any issues were present related to the needed improvements. No additional issues were identified in these discussions. Due to the technical nature of the work, and the fact that no operational or programmatic changes to the facility are associated with the project, no additional public outreach was deemed appropriate.

COORDINATION

Staff from Oakland Public Works, in both the Facilities and Environmental Services Divisions, have led analysis and recommendations on the project. Councilmember Kalb, a leading advocate for building electrification, as well as Councilmembers Fife and Gallo were consulted on the project during its development. The City Attorney's office was also consulted in the development of the legislation.

SUSTAINABLE OPPORTUNITIES

Economic: Acceptance of these funds will allow for upgrade of a municipal facility at significantly lower cost than traditional methods, and ensure that the JLAC continues to function as a community resource for an extended period of time.

Environmental: Eliminating the natural gas systems for electric alternatives will lower the emission of greenhouse gases from building operations, and provide a step forward in implementing the building electrification priorities of the Equitable Climate Action Plan.

Race & Equity: The project will have limited effects on overall racial equality in the City. The reduction in capital needs may allow for greater investment in frontline communities, and the reduction in criteria pollutants from the gas systems, particularly NOx, will benefit the broader area.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a Resolution (1) Accepting and appropriating gift in place funds and services in the amount of \$250,000 from Pacific Gas & Electric (“PG&E”) to retrofit Jack London Aquatic Center to all-electric service; (2) Waiving advertising and bidding and awarding a construction contract to PG&E; and (3) Adopting appropriate California Environmental Quality Act (CEQA) findings.

For questions regarding this report, please contact Daniel Hamilton, Sustainability Manager, 510-238-6179.

Respectfully submitted,



Dan Kalb
Councilmember, District I



Carrol Fife
Councilmember, District 3



Noel Gallo
Councilmember, District 5