

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 31, 2018

TO: Councilmember Nury Martinez, Chair
Councilmember Paul Koretz, Vice Chair
Councilmember Paul Krekorian
Councilmember Gilbert A. Cedillo
Councilmember Mitch O’Farrell
Energy, Climate Change and Environmental Justice Committee

FROM: Enrique C. Zaldivar, Director and General Manager
LA Sanitation and Environment



SUBJECT: COUNCIL FILE NO. 13-1210-S2 UPDATE WITH INCREASED FUNDING FOR THE HYPERION DIGESTER GAS UTILIZATION PROJECT

On April 19, 2016, the City Council (Council File No. 13-1210-S2) authorized LA Sanitation (LASAN) to apply for, and accept at least \$924,000 in grant funding for the Hyperion Digester Gas Utilization Project (DGUP) from the California Public Utilities Commission (CPUC) through the Self Generating Incentive Program (SGIP). It was noted that the grant could be increased if additional State funding was made available, and the project could qualify for the biogas technology element. The project is complete and did qualify for additional funding up to \$3,484,000. Payments will be made from the CPUC through a regional administrator, Southern California Gas Company (SoCalGas). Distribution of funds will occur across 6 years. The first payment of \$1,742,000 is available now. Five additional payments will be provided in annual installments of \$348,000, as long as the technology to convert the biogas to energy used for the treatment of wastewater continues to work as expected.

LASAN is requesting approval from the City Council, subject to the concurrence of the Mayor, for acceptance of the additional \$2,560,000 in additional grant funding to reimburse the Sewer Construction and Maintenance (SCM) funds for a total of \$3,484,000. No matching funds are required.

RECOMMENDATIONS

1. Authorize the Director and General Manager of LASAN, or designee, to accept, negotiate, execute and submit all grant documents, relative to the revised grant award total of \$3,484,000, from the State of California Public Utilities Commission program administrator (SoCal Gas) for the Hyperion Digester Gas Utilization Project associated with the Self Generation Incentive Program (SGIP).
2. Instruct the Office of Accounting to deposit the proceeds upon receipt, for a total of \$3,484,000 into the Sewer Construction and Maintenance Fund (SCM) No. 208,

Department 50, Departmental Source Code 381100 (Reimbursement from Other Agencies General).

3. Request the Controller to increase receivables from within SCM Fund No. 208, Department 50 in the amount of \$2,560,000, to be combined with the original request of \$924,000, bringing the total grant award to \$3,484,000 (Departmental Source Code 381100 - Reimbursement from Other Agencies General).
4. Authorize the Director and General Manager of LASAN, or designee, to prepare Controller instructions for any technical corrections as necessary and subject to the approval of the City Administrative Officer.

STATUS OF FINANCING

There is no impact to the General Fund. The Office of Accounting is instructed to deposit the total grant award of \$3,484,000 into the Sewer Construction and Maintenance Fund (Fund No. 208, Department 50) to offset the Hyperion DGUP capital expenses.

ECZ:HR:MB:mb

c: Lisa Mowery, LASAN
Mas Dojiri, LASAN
Eva Sung, LASAN
Rowena Lau, LASAN