

TO: JAMES L. APP, CITY MANAGER

FROM: MEG WILLIAMSON, INTERIM DIRECTOR OF PUBLIC WORKS

SUBJECT: RETENTION OF FSB ENERGY AND GEOTHERMAL SURVEYS, INC. (GSI)  
FOR SERVICES ASSOCIATED WITH GEO-THERMAL RESOURCE GRANT

DATE: DECEMBER 7, 2004

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Needs: For the City Council to consider project management and professional/technical services associated with a grant to conduct a resource assessment and feasibility study of geo-thermal resources within the City of Paso Robles.

Facts:

1. On March 16, 2004, City Council authorized application for grant monies from the California Energy Commission (CEC) for examining feasible uses of geo-thermal resources (prompted by the appearance of hot springs subsequent to the December 22, 2003 earthquake) within the City of Paso Robles.
2. The \$187,015 grant requires the City to provide \$41,515 in matching funds. The majority of the City's matching share will consist of "in kind" staff time to support the study. However, \$17,280 cash outlay is required.
3. On November 8, 2004, the City received confirmation that the grant had been awarded to the City from the California Energy Commission.
4. While City Staff will administer the grant and provide general project support, FSB Energy will coordinate the field work and necessary consultants.
5. The first task associated with the resource assessment will be to update a previous resource study performed in 1983 by Geothermal Surveys, Inc. (GSI).
6. The study will provide the City with updated mapping of geo-thermal resources and provide insight into the feasibility of the future development of those resources into an energy source. It will also provide the City with information regarding areas where future development could be effected.
7. The proposed scope of work also includes studies to determine the best means in which to deal with the odor and disposal of the hot sulfur water in conjunction with its being used as an energy source.
8. The task schedule and cost estimates on which the grant application was based suggest the City source the technical portions of the grant to GSI. Given that the information collected in 1983 by GSI would need to be accumulated by other consulting firms not having any pre-existing data, the updating and expansion of existing information already residing with GSI would be the most cost/time effective approach.

Analysis and  
Conclusion:

The City Council has already indicated support of this CEC grant on March 16, 2004, authorizing the expenditure of capital outlay and staff in-kind resources. The next step in implementing the grant is to obtain contract service support to facilitate the work outlined in the grant. FSB Energy and GSI are uniquely qualified to perform this work based on their previous involvement in the 1983 studies completed for the city.

Reference: March 16, 2004 City Council resolutions 04-60 and 04-62.

Fiscal

Impact:

The City must appropriate funds to cover both the grant expenses including the City's out of pocket match of \$17,280. A general fund appropriation of \$162,800 is requested to accomplish this objective. As noted above, the City must also provide an in-kind match of \$24,235.

Options: The following options are offered for consideration by City Council:

- a. Adopt Resolution No. 04-xx authorizing the City Manager to (1) enter into a contract with FSB Energy in the amount of \$25,680.00 plus \$326.00 in reimbursable expenses to provide project management and project support services; (2) enter into a contract with Geothermal Surveys, Inc. (GSI) in an amount not to exceed \$115,100.00 to provide field investigation and professional services associated with completing a resource assessment and feasible use study of the geo-thermal resources within the City of Paso Robles; and (3) allocate \$162,800 from General Fund reserves to implement the grant, of which \$145,500 will be reimbursed from the State.
- b. Amend, modify, or reject the above option.

Attachment:

1. Draft Resolution authorizing the retention of FSB Energy and GSI, and appropriating funds to implement the grant

RESOLUTION NO. 04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING CONTRACT SERVICES FOR PROJECT MANAGEMENT AND FIELD  
INVESTIGATION ASSOCIATED WITH A GRANT TO DEVELOP A RESOURCE  
ASSESSMENT AND FEASIBILITY STUDY OF GEO-THERMAL RESOURCES  
WITHIN THE CITY OF PASO ROBLES.

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WHEREAS, the City Council of the City of El Paso de Robles has authorized the use of grant monies to develop a resource assessment and feasibility study of geo-thermal resources within the City of Paso Robles; and

WHEREAS, the City lacks the necessary resources to manage the field work to accomplish this task; and

WHEREAS, FSB Energy and Geothermal Surveys, Inc. have established themselves as having the necessary resources and expertise to provide the field investigation and project management necessary to complete the assessment; and

WHEREAS, a grant from the California Energy Commission will ultimately assist the City in offsetting these costs.

THEREFORE BE IT RESOLVED by the City Council of the City of El Paso de Robles that a one time budget appropriation from General reserves in the amount of \$162,800 to Budget Account No. 100-310-5224-768 is hereby approved (\$17,280 will not be reimbursed).

THEREFORE BE IT FURTHER RESOLVED that the City Council for the City of El Paso de Robles authorizes the City Manager to negotiate a contract not to exceed \$25,680 plus \$326 in reimbursable expenses with FSB Energy, and a contract with Geothermal Surveys, Inc. (GSI) in an amount not to exceed \$155,100 for the purpose of assisting developing a resource assessment and feasibility study of geo-thermal resources within the City.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 7<sup>th</sup> day of December 2004 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk