



Legislation Details (With Text)

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Title:	Resolution Approving a Ten-Year Lease Agreement with Duke Energy for On-Site Power Generation Services at the North Buffalo Creek Water Reclamation Facility				
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Attachments:	1. Agenda 150721 Duke Energy OSG Agreement (North Buffalo 3MW).pdf, 2. Duke Energy Carolinas LLC SEC State.pdf, 3. 15-0567 Reso. Lease with Duke Energy.pdf				

Date	Ver.	Action By	Action	Result
7/21/2015	1	City Council	adopt	Pass

Resolution Approving a Ten-Year Lease Agreement with Duke Energy for On-Site Power Generation Services at the North Buffalo Creek Water Reclamation Facility

Department: Water Resources
Council District: 2

Public Hearing: N/A
Advertising Date/By: N/A

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PURPOSE:

The Water Reclamation Division of the Water Resources Department is requesting Council approval to enter into a lease agreement with Duke Energy for the purpose of installing and operating on-site power generation equipment at the North Buffalo Creek Water Reclamation Facility (NB) Transfer Pump Station. This station will require a full time, back-up power generation source when the treatment facility is decommissioned as part of the T.Z. Osborne Water Reclamation Facility (TZO) expansion/upgrades project.

BACKGROUND:

TZO is presently undergoing expansion/upgrades that will allow it to operate at 56 Million Gallons per Day (MGD) capacity. When TZO is able to operate at this capacity, NB will be decommissioned and converted into an equalization/transfer pumping station that will pump all influent wastewater to TZO. In doing so, the NB Transfer Station will require a constant and reliable source of back-up power in order to assure that wastewater service will continue uninterrupted. The continuous operation of these transfer pumps is critical to meeting regulatory requirements for reliability and firm pumping capacity.

A generator feasibility study was performed by Duke Energy. It was determined that one 3000 kW standby rated, 480 Volt diesel electric generator would be needed. All generator maintenance and fuel acquisition to support the use of the equipment is Duke Energy's responsibility. The terms of the lease agreement call for Duke Energy to provide on-site generation service to NB, located at 2199 White Street, Greensboro, North Carolina 27405, for a fee of \$30,550 per month for 120 months.

BUDGET IMPACT:

Funds in the amount of \$366,600 to cover the first year of the lease are budgeted in the Water Resources Operating Budget, account 501-7051-01.5429. The total lease contract value for the 120-month duration is \$3,666,000. Subsequent year funding is contingent upon Council approval of future Departmental budgets.

RECOMMENDATION / ACTION REQUESTED:

The Water Resources Department recommends and requests that City Council approve the lease contract for on-site power generation with Duke Energy Carolinas, LLC in the amount of \$30,550 per month for 120 months.