

Agenda Report

September 11, 2023

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Transportation

SUBJECT: AUTHORIZE THE CITY MANAGER TO SIGN ANY AND ALL AGREEMENTS TO RECEIVE FUNDS FROM THE ENERGIIZE COMMERCIAL VEHICLE PROJECT GRANT FOR A HYDROGEN FUELING STATION AND AMEND THE CITY'S BUDGET TO RECEIVE AND EXPEND THE GRANT FUNDS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (General Rule);
2. Authorize the City Manager to execute any and all agreements with CALSTART associated with the receipt of \$3,335,860 in Energy Infrastructure Incentives for Zero-Emission Commercial Vehicles (EnergiIZE) grant funding for the construction of a hydrogen fueling station for the City's transit fleet; and
3. Amend the City's budget to receive and appropriate funds for the EnergiIZE Grant:
 - i. Increase revenue by \$3,335,860 in Fund 209 to receive the EnergiIZE grant funds from CALSTART; and
 - ii. Appropriate \$3,335,860 to Capital Improvement Project 75133 for expenses related to construction of a hydrogen fueling station for the City's transit fleet.

BACKGROUND:

The EnergiIZE grant provides incentives for zero-emission bus infrastructure equipment for medium- and heavy-duty zero-emission vehicles, including buses. Funding for this grant is provided by the California Energy Commission's Clean Transportation program and is administered by CALSTART.

In 2023, CALSTART issued a grant solicitation to competitively award these funds. In May 2023, the City successfully applied to receive grant funding for the cost to build a hydrogen fueling station for the City's transit fleet in the amount of \$3,335,860. City Council's authorization will allow the City to receive these funds. Staff will return to the City Council on a separate date to award the contracts for design, engineering and construction of the hydrogen fueling station. The funding from this grant will enable the City to accelerate the transition to a zero-emission transit fleet.

COUNCIL POLICY CONSIDERATION:

Authorizing the receipt of these EnergIIZE grant funds will advance the City Council's strategic planning goals of maintaining fiscal responsibility, increasing conservation and sustainability, and encouraging non-auto travel.

ENVIRONMENTAL IMPACT:

The proposed action has been determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. No direct physical changes to the environment are proposed.

FISCAL IMPACT:

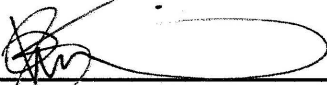
The approval of this action will enable the City to receive \$3,335,860 in EnergIIZE grant funds through CALSTART.

The following changes to the City's budget are recommended:

- Increase revenue by \$3,335,860 in account 20924044-647100-95096 to receive EnergIIZE grant.
- Appropriate \$3,335,860 to Capital Improvement Project 75133 (Hydrogen Fueling Station) for expenses related to the construction of a hydrogen fueling station.

The grant has a match requirement of \$1,118,620. To date, the City has appropriated \$250,000 in Prop C funds as part of the local match to CIP 75133 Hydrogen Fueling Station. The City has also secured \$6,126,000 in TIRCP State grant funds for the project. Staff will return to City Council at a later date to fully fund the City's local match and estimated construction costs once those are fully known There will be no impact to the General Fund.

Respectfully submitted,



LAURA RUBIO-CORNEJO
Director
Department of Transportation

Prepared by:



Sebastián Andrés Hernández
Principal Planner

Approved by:



MIGUEL MARQUEZ
City Manager