

Agenda Report



MEETING DATE: Tuesday, August 27, 2024

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR LINDBERG
ENVIRONMENTAL PROJECTS MANAGER VU-DUC

SUBJECT: AUTHORIZATION TO SUBMIT A GRANT APPLICATION FOR
THE MONTEREY BAY REGION EQUITABLE ELECTRIC
VEHICLE CHARGING PROJECT PROPOSED UNDER THE
FEDERAL HIGHWAY ADMINISTRATION CHARGING AND
FUELING INFRASTRUCTURE DISCRETIONARY GRANT
COMMUNITY PROGRAM

RECOMMENDED ACTION:

Adopt resolution authorizing the City Manager to apply for funds and accept any funds from the Federal Highway Administration (FHWA) Charging and Fueling Infrastructure (CFI) Discretionary Grant Community Program (Round 2) as co-applicant for installation of publicly available level 2 and DC fast charging at city-owned facilities.

BACKGROUND:

Watsonville is a leader in climate action in California, having adopted our Climate Action & Adaptation Plan (CAAP) in 2021, and holding leadership roles in regional and state collaborative climate networks. A vital component of the adopted CAAP and neighboring jurisdictions' plans is to reduce emissions coming from the transportation sector on a community-wide scale, which accounts for 60% of Watsonville's greenhouse gas (GHG). Measure T-7 of the CAAP requires expansion of electric vehicle (EV) use, with sub-measure T7-B specifying an increase in public EV charging stations.

To scale up climate investment and achieve the deep reductions in GHG emissions necessary to meet CAAP goals, the City is a founding member of the Monterey Bay Regional Climate Project Working Group (RCPWG). RCPWG seeks to collaborate among groups and organizations in the Monterey Bay Area region—mainly the tri-county areas of Santa Cruz, San Benito, and Monterey—to implement regionally beneficial climate programs. The RCPWG is funded through yearly membership contributions and has hired grant-writing consultants to write collaborative regional grant applications to fund climate programs at the regional scale.

Numerous funding opportunities are becoming available both through state and federal agencies, funded through the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA). In collaboration with the RCPWG, Ecology Action, the Association of Monterey Bay Area Governments (AMBAG), and other partners, the City tracks these opportunities to identify those for which a collaborative regional model would be most competitive.

DISCUSSION:

The Federal Highway Administration's CFI Discretionary Grant Community Program (Round 2) is one of these funding opportunities for which a regional proposal is considered highly competitive. It leverages learnings from successful proposals awarded in Round 1. Applications for Round 2 are due on August 28, 2024.

The CFI Community program has \$800 million to fund charging and fueling infrastructure along any public road. Award amounts range from \$500,000 to \$15 million, with a minimum match requirement. Last year, the RCPWG applied to Round 1 of this funding opportunity, but due to an overwhelming number of applications and despite a "recommended for funding" score, it was not awarded funds.

Since notification that the Round 1 application would not be funded, staff, in collaboration with RCPWG members, Ecology Action, and AMBAG, have refined the scope of the Monterey Bay Region Equitable EV Charging Project to be more competitive. The Round 2 proposal will apply for a \$10 million investment for the region. Current estimates for Watsonville investment are \$2.4 million of this total regional amount, though this number can change depending on actual installation costs. The City of Santa Cruz is acting as the lead applicant with each RCPWG member—including the City of Watsonville—as co-applicants.

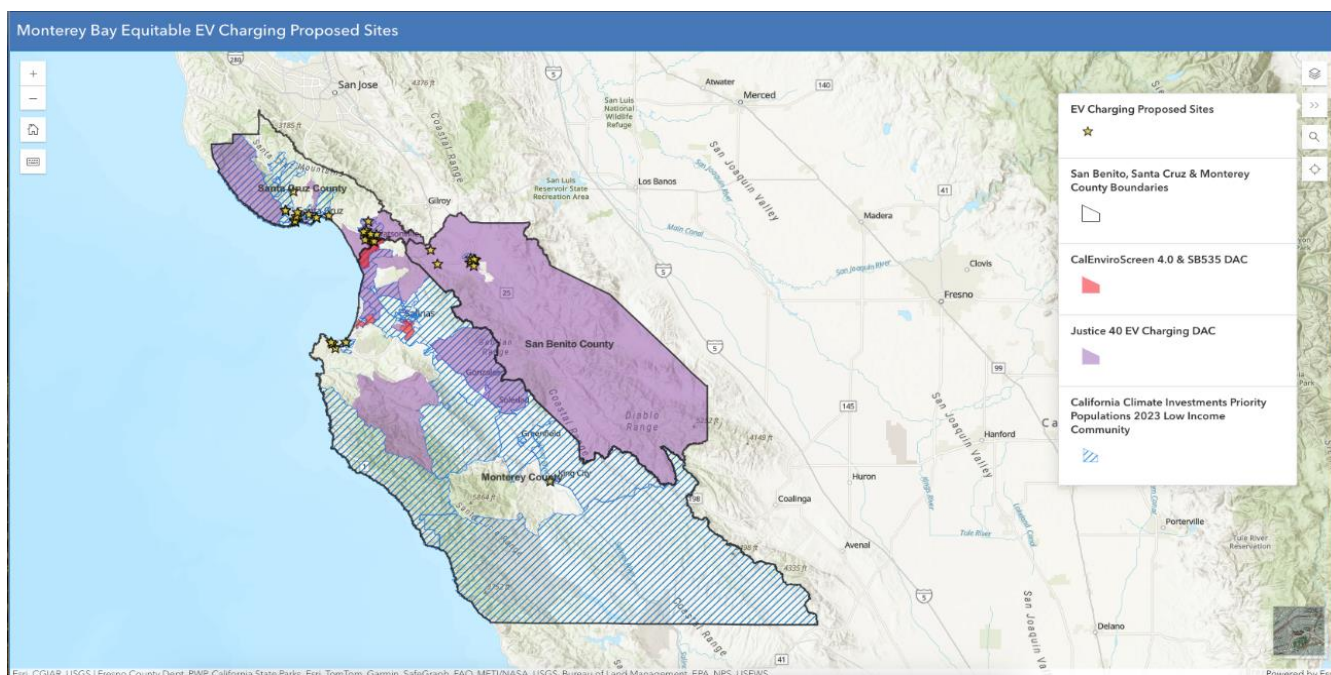


Figure 1 Screenshot from the grant application's web viewer showing a proposed network of regional public EV Chargers

The Monterey Bay Region Equitable EV Charging Project will install at least 100 level 2 EV charging locations and up to 5 DC Fast charging locations throughout the Monterey Bay Region (Figure 1). The grant proposal allocates an additional 48 ports in Watsonville across 10 locations at no cost, more than doubling the number of public charging ports in the City. All planning, installation, maintenance, and operations for 5 years will be funded through project funding. Under the proposal, 80% of the cost is funded by the Charging & Fueling Infrastructure grant, and the remaining 20% funded through an owner/operator or developer model, where the company installing the new chargers will supply the 20% cost share along with planning, make-ready, installation, maintenance, and operating costs for a 5-year term.

Each location will support at least four charging ports, each with a dedicated parking space. The project will also support an education and outreach component to increase awareness around EVs, mainly focused on reaching the underserved communities that could greatly benefit from this new infrastructure. Moreover, there is a workforce development component to support the skills and careers needed to support the EV charging installation, operation, and maintenance, should the project be awarded funds.

Locations must also be located at a publicly accessible, publicly owned facility. It will be publicly accessible during the chosen site's hours of operation. Outside of those hours, each site host will be allowed to determine whether the infrastructure should remain publicly available or be prioritized to serve specific EV charging needs, such as municipal fleet charging or a future EV ridesharing fleet.

If awarded, the co-applicants and a stakeholder working group will undertake a competitive solicitation process to select vendors for the installation, operation, and maintenance of the EV charging infrastructure. The selected private entity will be required to provide matching funds for the project. This approach, combined with the regional scale of the application, will ensure that Watsonville benefits from the deep economies of scale achieved through larger projects while also ensuring that neighboring jurisdictions also achieve a minimum level of EV infrastructure buildout, which will support community members as they travel to neighboring jurisdictions, and vice versa.

STRATEGIC PLAN:

The Monterey Bay Region Equitable EV Charging Project proposed in this application to the CFI Discretionary Grant Community Program (Round 2), if awarded, directly addresses:

- 1- Economic Development through the investment in workforce development for EV charging infrastructure
- 2- Infrastructure & Environment through the installation of GHG emission-reducing EV chargers
- 4- Fiscal Health by delivering the work through external funding sources
- 7- Efficient and Well-performing Government by maximizing economies of scale and working collaboratively with regional partners

FINANCIAL IMPACT:

Approval of this recommendation will not result in an immediate fiscal impact on the General Fund. The regional grant application will total \$10 million, and the private entity selected through a competitive selection process will provide most of the required match. Ecology Action and the RCPWG staff members will meet any remaining match requirements through an in-kind labor match.

ALTERNATIVE ACTION:

The City may opt out of this grant application and regional project proposal. This alternative is not recommended, however, because without the grant opportunity and regional approach of this project, the City would need to front the costs of expanding EV infrastructure in its entirety or choose not to expand infrastructure and risk failing to meet key climate targets committed to in the CAAP.

ATTACHMENTS AND/OR REFERENCES (If any):

None.