



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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April 23, 2024

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Matter Type: General Agenda Item

- a. Authorize the County Administrative Office to apply for the Charging Infrastructure for Government Fleets grant opportunity by the California Energy Commission's Clean Transportation Program for a total award amount not to exceed \$6 million;
- b. Authorize the County Administrative Office to execute all necessary forms and documents for the application to this grant opportunity;
- c. Direct staff to return to this Board for authorization to accept a grant award; and,
- d. Provide direction to staff as needed.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the County Administrative Office to apply for the Charging Infrastructure for Government Fleets grant opportunity by the California Energy Commission's Clean Transportation Program for a total award amount not to exceed \$6 million;
- b. Authorize the County Administrative Office to execute all necessary forms and documents for the application to this grant opportunity;
- c. Direct staff to return to this Board for authorization to accept a grant award; and,
- d. Provide direction to staff as needed.

SUMMARY:

The Sustainability Program has identified the Charging Infrastructure for Government Fleets grant opportunity by the California Energy Commission's Clean Transportation Program as beneficial towards jumpstarting the County's electric vehicle (EV) transition. This grant would fund a project of at least 249 charging ports across County facilities. To apply for this program, staff will partner with Mynt Systems, Inc. as a co-applicant, who is able to incorporate the infrastructure provided by this grant into the Master Energy Services Agreement as additional Energy Service System Confirmations, analogous to current solar and battery energy projects, and provide access to innovative financing capabilities.

The County will apply for the full award amount of \$6 million for a total project cost of \$54,930,359. The application proposes that the total cost of this project be provided by Mynt and their financing partner Sustainability Partners in the form of power purchase agreements and contract utilization agreements. In this way, Mynt will build the infrastructure and recoup their costs by the County paying for the energy it uses from the solar panels and electric vehicle chargers. This option will meet the 30% match requirement without capital costs by the County. The grant term is for 5 years, with work scheduled to be complete no later than June 30, 2028, to allow time for final grant disbursements.

This Board item is only to apply for the grant. If awarded, staff will proceed to the Budget

Committee to fully evaluate budgetary options, potential power purchase agreements, potential infrastructure utilization contracts, and match funding requirements. Staff will then return to the Board for authorization to accept the award. While the total cost of the proposed power purchase agreements and electric vehicle charging is to be determined, the gasoline fuel savings from transitioning to electric vehicles and solar production of this project will substantially benefit the County. There is no penalty in the event the County elects not to accept an award from the State.

DISCUSSION:

The Sustainability Program has identified the Charging Infrastructure for Government Fleets grant opportunity by the California Energy Commission's Clean Transportation Program as beneficial towards jumpstarting the County's electric vehicle (EV) transition. This grant would fund a project of at least 249 charging ports across County facilities. To apply for this program, staff will partner with Mynt Systems, Inc., who is able to incorporate the infrastructure provided by this grant into the Master Energy Services Agreement as additional Energy Service System Confirmations, analogous to current solar and battery energy projects, and provide access to innovative financing capabilities. The County will apply for the full award amount of \$6 million for a total project cost of \$54,930,359. The County will have no up-front capital expense for this project by leveraging power purchase agreements and utilization contracts. The County will only pay for the energy it uses from the solar energy and electric vehicle charging stations (EVCS). The grant requires a 30% match requirement that will be fulfilled by these potential financing agreements with no additional up-front cost to the County. These capital cost minimizing tactics are discussed in detail below and are emblematic of the Sustainability Program to leverage funding from State, federal, and private sources to accomplish the Counties climate action goals while prioritizing cost effectiveness. The grant term is for 5 years, with work scheduled to be complete no later than June 30, 2028, to allow time for final grant disbursements.

While the County has adopted the Clean Fleet Purchasing Policy prioritizing EV adoption, EV uptake by departments has been slow due to the lack of available charging infrastructure. This grant application aims to provide an influx of charging infrastructure for the County's municipal fleet at multiple facilities. Given the geographic reach and high vehicle turnover rate of the Health Department and Social Services Department, staff plan for this grant to focus on these two departments and provide flexibility for additional departments to participate. Staff has coordinated with Public Works, Facilities, and Parks, the Health Department, and the Social Services Department to apply for this grant opportunity.

The maximum award amount for this grant application is \$6 million with a minimum 30% match requirement. Of this 30% match requirement, 50% must be a "cash match", meaning the County must have cash expenditures to implement this project that is 15% of the total match requirement. The other 50% of the match requirement, or 15% of the total award, can be made in-kind. The grant allows for the County to use distributed energy resources and power purchase agreements (PPA) for solar, battery and other infrastructure as part of the match requirement. The County also has active PPA projects at the Sheriff's Public Safety Building, Jail Complex, and Schilling Place that may be eligible to fulfill the in-kind match requirement. However, for grant competitiveness and to reduce increases in electricity expenditure from electric vehicle (EV) charging, this grant application will propose that the County will work to develop new

PPAs at County facilities to fulfill this 15% in-kind match contribution at a minimum. A major benefit of this approach is that PPAs are structured so that the County will have no upfront capital expense to implement these renewable energy projects.

Attached to this report is the Estimated Project budget for this grant application. While this budget may be revised before final submittal of the grant application as the project develops with County stakeholders and to incorporate Board feedback, the aim of this report is to provide the Board of Supervisors enough information on the strategy of this application and provide an estimate of any potential match funding requirements so that the Board may authorize this application. If awarded, staff will proceed to the Budget Committee to fully evaluate budgetary options, potential power purchase agreements, potential infrastructure utilization contracts, and match funding requirements. Staff will then return to the Board for authorization to accept the award. There is no penalty in the event the County elects not to accept an award from the State.

The Estimated Project Budget Summary offers insight into the capital costs associated with the project. Staff is working with Mynt to include other line items in the reimbursable budget including third-party review and evaluation, staff time for program management, and energy efficiency design. However, these items will be a small percentage of total costs, and staff will continue to minimize additional County costs by leveraging incentives, grant disbursement, and available financing and incentives from State and federal sources.

The total cost of this project is currently estimated at \$54,930,359 for a total award of \$6 Million to be disbursed to the County by the California Energy Commission. As a co-applicant to the application, Mynt will be responsible for financing all project costs, including the 15% cash match and 15% in-kind match, through their relationship with Sustainability Partners, a public benefit company who specialize in an "Infrastructure as a Service" model. In this model, Sustainability Partners works with patient capital sources and public entities to provide infrastructure with no upfront capital costs and instead pay in regular installments for use of the infrastructure, (in this case the purchase of the energy from the charging stations). While the total cost of the proposed power purchase agreements and electric vehicle charging is to be determined, the gasoline fuel savings from transitioning to electric vehicles and solar production of this project will substantially benefit the County. If awarded, staff will evaluate these options in greater detail at the Budget Committee before any award acceptance. The Alternative Energy and Environment Committee received an informational presentation on this strategy by Sustainability Partners on 1/10/2024.

In one option to be proposed to the Budget Committee, the total project cost of \$54,930,359 would be made available by Sustainability Partners' leveraging of infrastructure utilization contracts and PPAs to recoup their investment and enable no-money down financing from the County. The County only pays for the solar energy and electric vehicle charging energy actually used from the infrastructure. Mynt will ensure that eligible match contributions to the cash and in-kind matches will come from a combination of financing for allowable equipment, labor, procurement financing, tax credit, system warranty and maintenance costs. This option would provide in-kind and cash-matches in excess of the 30% total match requirement, which can be seen in the attached Estimated Project Budget Summary. When completed, this scope of project would provide an estimated 71 fast chargers and 89 dual port level 2 chargers across 18 facilities. These PPAs would provide up to 5.24 mWh of new solar energy to supplement EV

charging. These PPAs can either be implemented through the Master Energy Services Agreement with Mynt, through a competitive RFP process, or a combination of the two. These options will be further evaluated at the Budget Committee if an award is made to the County.

The benefits of this approach are multifaceted and provide maximum flexibility to the County. At the outset, a major benefit of this approach is that PPAs and utilization contracts are structured so that the County will have no upfront capital expense to implement the EV charging infrastructure or the solar energy projects. In turn, the solar energy projects will reduce County electricity costs from the planned EVCS and transitioning to EVs will provide significant gasoline fuel savings. Additionally, the level 3 fast chargers scoped in the Estimated Project Budget Summary have built in batteries that further reduce electricity costs and enable bidirectional charging capabilities, which enables the chargers to offset building loads and sell energy back to the grid during peak energy times. This capability can be enhanced by freeing existing electrical capacity through energy efficiency improvements and operating as a virtual power plant. Staff are considering how to best incorporate energy efficiency projects into this proposal. Further benefit from federal and State sources include the Inflation Reduction Act incentives for distributed energy resources and the monetization of low carbon fuel standard credits and renewable energy certificates. Finally, the total award disbursement of \$6 Million would be made to the County by the California Energy Commission. In addition to potentially covering administration, review, and evaluation costs, this funding can be further reinvested into mitigating greenhouse gas emissions from County buildings, (28% of County emissions), by funding the aforementioned efficiency and virtual power plant capabilities and assisting departments purchase EVs, (County fleet vehicles account for 18% of County emissions).

If awarded, staff will return to this Board through its Budget Committee to request authorization to accept the award, evaluate all grant budget items, appropriate any necessary funds, and identify funding sources.

OTHER AGENCY INVOLVEMENT:

Staff has coordinated with Public Works, Facilities, and Parks, the Health Department, and the Social Services Department on a weekly basis to apply for this grant opportunity. Other departments may opt to participate in this grant application, which will modify the budget, but not increase County costs due to the financing structure of the project.

FINANCING:

The County will apply for the full award amount of \$6 million for a total project cost of \$54,930,359. One of the options this application proposes is for co-applicant Mynt Systems, Inc. to work with their financier Sustainability Partners to provide this full project cost and the infrastructure. The County will have no up-front capital expense and will only pay for the energy it uses from the solar energy and electric vehicle charging infrastructure through power purchase agreements and infrastructure utilization contracts. Minimum consumption or purchase guarantees are not standard components of infrastructure utilization contracts, rather they are structured for public entities to only pay for what is used. The grant requires a 30% match requirement that will be fulfilled by these potential agreements with no additional up-front cost to the County. The grant term is for 5 years, with work scheduled to be complete no later than June 30, 2028, to allow time for final grant disbursements. Furthermore, the grant will be written to provide the County with maximum flexibility and ability to meet County

procurement processes.

While the total cost of the proposed power purchase agreements and electric vehicle charging is to be determined, the gasoline fuel savings from transitioning to electric vehicles and solar production of this project will substantially benefit the County. If awarded, staff will proceed to the Budget Committee to fully evaluate budgetary options, potential power purchase agreements, potential infrastructure utilization contracts, and match funding requirements. Staff will then return to the Board for authorization to accept the award. There is no penalty in the event the County elects not to accept an award from the State.

A major benefit of this project is that PPAs and utilization contracts are structured so that the County will have no upfront capital expense to implement the EV charging infrastructure or the solar energy projects. In turn, the solar energy projects will reduce County electricity costs from the planned EVCS and transitioning to EVs will provide significant gasoline fuel savings. Additionally, the level 3 fast chargers scoped in the Estimated Project Budget Summary have built in batteries that further reduce electricity costs and enable bidirectional charging capabilities, which enables the chargers to offset building loads and sell energy back to the grid during peak energy times.


BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This application supports the County’s greenhouse gas reduction goals as set forth in the upcoming Community Climate Action and Adaptation Plan and Municipal Climate Action Plan. County buildings and energy use account for approximately 28% of municipal emissions and County fleet vehicle emissions account for approximately 18% of municipal emissions. The acquisition of electric vehicle charging infrastructure supports the implementation of the Clean Vehicle Purchasing Policy.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments:
 Charging Infrastructure for Government Fleets Solicitation Manual
 Estimated Project Budget Summary