



COUNCIL REPORT

DATE: March 26, 2024

CATEGORY: Consent

DEPT.: City Manager's Office

TITLE: **Application to the United States Environmental Protection Agency's Climate Pollution Reduction Grant**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Finding that the Action Taken and Activities Approved Herein Are Not Projects Subject to California Environmental Quality Act Procedures, and Authorizing the City Manager or Designee to: (1) Apply for the United States Environmental Protection Agency's Climate Pollution Reduction Grant; (2) Sign Letters of Intent to Participate in the Community-Scale Reusable Foodware System Design and Implementation Project and the Public Facilities Resiliency Implementation Project; and (3) Negotiate and Execute Required Memorandums of Agreement with Partnering Agencies by July 1, 2024, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

The Environmental Protection Agency's (EPA) Climate Pollution Reduction Grant Program provides \$5 billion in grants to states, local governments, tribes, and territories to develop and implement ambitious plans for reducing greenhouse gas emissions and other harmful air pollution. Authorized under Section 60114 of the Inflation Reduction Act, this two-phase program provides \$250 million for noncompetitive planning grants and approximately \$4.6 billion for competitive implementation grants. Typically, collaboration and partnerships with other agencies are required to apply for, and/or be competitive enough, to receive federal grants. Since December 2023, the County of Santa Clara (County) has convened multiple cities to partner on this grant application.

Under the noncompetitive planning grant, the County submitted a Priority Climate Action Plan (CAP) that was due on March 1 that included feedback and input from participating cities, including the City of Mountain View. This enables eligible lead organizations and their coalitions of partners to apply for competitive implementation grants (\$4.6 billion), applications for which are due on April 1, 2024. Implementation grant awards are expected to range from \$2 million to \$500 million across five funding tiers.

The County and its partner cities plan to submit funding requests to multiple funding tiers under the competitive implementation grant phase to implement local projects that meet the goals of the County Priority CAP that was submitted to the EPA on March 1. In addition, the two Metropolitan Statistical Areas that encompass the entire Bay Area are also applying to a different funding tier in the competitive implementation grant phase for a regional initiative that would serve the entire Bay Area.

One of the key elements of the EPA grant is to pursue measures that will achieve substantial community benefits (such as reduction of air pollutants) in low-income and disadvantaged communities and meet the greenhouse gas reduction goals of the County Priority CAP. The City has census tracts that meet the criteria of the grant. There are two categories of the County Priority CAP that Mountain View plans to participate in for the competitive implementation grant funds:

1. Community-Scale Reusable Foodware System Design and Implementation Project; and
2. Public Facility Resiliency Implementation Project.

Due to Mountain View's funding request for the public facilities project of up to \$15 million Council authorization is necessary to apply for the grant. The applications for the implementation grant are due on April 1, 2024.

ANALYSIS

Community-Scale Reusable Foodware System Design and Implementation Project

If awarded the implementation grant, the City of Sunnyvale would be the lead agency to directly receive up to \$35 million for the Reusable Foodware System Project. Mountain View, Cupertino, San José, and San Benito County would be participating partners. The project is intended to be a regional pilot program with third-party vendors providing infrastructure (e.g., reusable food containers, dish-washing hubs, or on-site washing installation) for voluntary participation by entities such as restaurants, schools, and event venues. Mountain View would not directly receive funds as the City of Sunnyvale would issue the Request for Proposals and manage the contracts with the vendors on behalf of partnering cities.

Public Facility Resiliency Implementation Project

If awarded this grant, participating jurisdictions would receive a combined grant of up to \$50 million to benefit low income and disadvantaged communities through electrifying and fortifying critical facilities that serve a community's most urgent needs during emergencies as cooling and heating centers, gathering/family reunification spaces, and shelters for those without traditional homes or access to personal emergency equipment like generators.

Cupertino, Morgan Hill, Mountain View, San José, and Sunnyvale are participating in this project category. Silicon Valley Clean Energy (SVCE) would be the grant fund administrator if awarded. Through collaboration with the partnering cities, staff identified the following qualifying grant projects in Mountain View at the Mountain View Sports Pavilion and Whisman Sports Center:

- Installing solar and battery storage microgrids that would enable the gymnasiums to operate with clean energy when the power grid is down and would provide utility cost savings during peak demand hours.
- Replacing gas-fired heating systems with an electric heat pump system that would enhance resiliency at the gymnasiums by adding cooling for extreme heat days. Currently, the gymnasiums' systems only provide heating during the winter.

The Mountain View Sports Pavilion and Whisman Sports Center gymnasiums are maintained and operated jointly by the City of Mountain View and the Mountain View Whisman School District (School District) and provide a wide range of recreational benefits to both students and the community. The gymnasiums serve census tracts with EPA-recognized disadvantaged attributes, such as high levels of fine particle pollution, proximity to Superfund sites, and linguistic isolation. In addition to providing recreational benefits to the students and the community, the facilities may serve as a safe gathering space.

The proposed project would both augment the recreational value of the gymnasiums and allow them to serve as Resilience Hubs, which are community-serving facilities that support residents and serve as safe gathering spaces in the event of climate emergencies, such as power outages, extreme heat, wildfire smoke events, and storms. The project includes temperature controls to increase building comfort and energy efficiency. Battery storage would provide clean energy during peak load periods (4:00 p.m. to 9:00 p.m.), supporting future cost savings. Battery storage would also enable the facility to operate as a clean-energy resiliency hub during a power outage. The heating system would be upgraded to include cooling and enhanced air filters that can be used during a dangerous air quality event. The City is creating additional resiliency hubs at the Community Center and Senior Center, and upgrading the gymnasiums with these resiliency measures strengthens the School District and City's ability to serve students and the community.

The requested funding for the above Mountain View projects is up to \$15 million and is an estimate. Unforeseen and unanticipated circumstances for capital projects may require additional budget appropriations beyond the grant funding period of five years to install and construct the projects. However, the gymnasiums have been identified as needing climate resiliency upgrades over the next decade to adapt to climate change and would be needed regardless of the grant application. Staff plans to include these upgrades in future Capital Improvement Plans. Staff will continue to explore funding opportunities to fill any gaps in funding over the next five years if awarded the grant.

The City of Mountain View and the School District have a Memorandum of Understanding for the maintenance and operation of the gymnasiums at both school sites. City and School District staff have discussed the proposed grant projects, and the School District is in support of moving forward if awarded the grant.

Next Steps

If Council adopts a resolution authorizing the City Manager or designee to apply for the Public Facility Resiliency Implementation Project and Community-Scale Reusable Foodware System Design and Implementation Project, and sign letters of intent for both projects, the next steps would be to:

- Submit grant materials by April 1, 2024.
- For each grant, enter into a Memorandum of Agreement (MOA) with the partnering cities and grant administrator by July 1, 2024.
- The City Manager or designee will negotiate and execute the required MOAs. For the Public Facility Resiliency Implementation Project, the School District will also review and approve the MOA.
- The EPA anticipates notifying awardees by October 2024. If awarded, all projects must be completed within five years.
- If the City is awarded funds, staff will return to the City Council for approval of grant agreements and appropriation of associated grant funds.

California Environmental Quality Act

The proposed activity of applying for an EPA implementation grant is not a project pursuant to the California Environmental Quality Act (CEQA) Guidelines, Section 15378(b), as there is no commitment or obligation to enter into an agreement at the time of application. Appropriate environmental review consistent with the requirements of CEQA will be completed prior to specific project action.

FISCAL IMPACT

If awarded, the City of Mountain View would receive up to \$15 million for the Public Facilities Project. No funds would be directly received by the City for the Reusable Foodware System Project. The implementation grant program does not require matching funds. Staff would need

to prioritize resources and time to implement the projects over the next five years starting in 2025 to meet the terms of the grant. The public facilities project budget is an estimate and may require additional budget appropriations beyond the grant funding over the five-year period. Staff will continue to dedicate resources to explore funding opportunities to fill any gaps in funding over the next five years.

ALTERNATIVES

1. Do not adopt a resolution authorizing the City Manager or designee to apply for the United States Environmental Protection Agency's Climate Pollution Reduction Grant, to sign letters of intent to participate in the Community-Scale Reusable Foodware System Design and Implementation Project and the Public Facilities Resiliency Implementation Project, and to negotiate and execute required Memorandum of Agreements with partnering agencies by July 1, 2024.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

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Approved by:

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Assistant City Manager

- Attachments:
1. Resolution Authorizing Application to the EPA's Climate Pollution Reduction Grant Program
 2. Letters of Intent

cc: Mountain View Whisman School District