



COUNCIL REPORT

DATE: March 25, 2025
CATEGORY: Consent
DEPT.: City Manager's Office
TITLE: **Silicon Valley Clean Energy Grant Applications**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Directing Staff to Apply for (1) a Competitive Decarbonization Track Grant in the Amount of \$1,000,000 for a Battery Storage System at the Mountain View Senior Center; (2) a Noncompetitive Grant in the Amount of \$341,460 for a Battery Storage System at the Mountain View Senior Center; and (3) a Competitive Engagement Track Grant in the Amount of \$100,000 for the City's Water Heater Campaign from Silicon Valley Clean Energy, and if Awarded, Accept and Appropriate Revenues and Expenditures Up to \$1,441,460 in Grant Funding to Sustainability Projects, Project 20-99, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

Silicon Valley Clean Energy (SVCE) has launched [new grant opportunities](#) totaling \$6,500,000 to support building and transportation electrification and resiliency projects. SVCE's 13 member agencies, including the City of Mountain View (City), are eligible to apply for two competitive grants and one noncompetitive grant.

For the SVCE noncompetitive grant program, each SVCE member agency would receive a specific funding allocation for projects that support the electrification of City-owned facilities, buildings, and/or electric vehicle infrastructure. The City is eligible for a noncompetitive grant allocation of \$341,460 and will automatically be awarded these funds upon submitting a project that meets the noncompetitive grant requirements.

The SVCE competitive grant program will award \$3.5 million to SVCE member agencies for projects that demonstrate the feasibility of all-electric technology to the community (known as the decarbonization track). Individual member agencies may receive up to \$1,000,000 and applicants will not necessarily receive an award in this competitive process. In a separate competitive grants program, up to \$100,000 may be awarded to individual member agencies for projects that educate the community on building and transportation electrification in innovative ways (known as the engagement track).

The proposed City projects and requested funds for the three grant opportunities are as follows:

1. For the competitive decarbonization track grant, the proposed funding request is \$1,000,000 to install a Battery Energy Storage System (BESS) at the Mountain View Senior Center (Senior Center) located at 266 Escuela Avenue to reduce electricity costs and provide backup power to the building. The total project cost is estimated to be \$1,785,000 and would require matching funds from the City to complete as discussed below in the Analysis section.
2. For the noncompetitive grant, the full grant allocation of \$341,460 for which the City is eligible would be used to supplement the above BESS project at the Senior Center. If the BESS project is not awarded, staff will return to the City Council to recommend another project for the noncompetitive grant allocation.
3. For the competitive engagement track grant, the proposed funding request is \$100,000 to enhance the City's Year of the Water Heater Campaign that encourages residents to replace their gas-fired water heaters with heat pump water heaters.

City Council authorization is required to apply for, accept, and appropriate grant funds in any amount. With the City Council's approval, the City would apply for the maximum amount of each grant offered by SVCE. If awarded, the City would receive a total of \$1,441,460.

The two competitive grant applications totaling \$1,100,000 must be submitted by March 28, 2025. The noncompetitive grant allocation of \$341,460 must be submitted by December 5, 2025.

The City applied for similar SVCE grants in 2022 and was awarded \$497,000 to replace gas equipment with electric alternatives at the Senior Center. In addition, the City received a \$70,000 community engagement grant to educate residents about building electrification and gather feedback to understand any associated barriers.

ANALYSIS

Proposed Grant Applications

Battery Energy Storage System Proposal for Mountain View Senior Center

The Senior Center is considered a critical facility that can support the City's most vulnerable residents during a power outage. In addition, it operates programs for seniors, such as events, classes, and meals, throughout the day and in the evening. Currently, the Senior Center uses a diesel generator during power outages. However, diesel fuel creates high greenhouse gas and pollutant emissions.

The proposed BESS would reduce emissions by connecting to the solar arrays that will be installed at the Senior Center in 2026, creating a clean energy microgrid. A microgrid is a local electrical system that can operate independently or be connected to the grid. The solar array would recharge the BESS. In addition to solar, the BESS could also be recharged by lower emission electricity from SVCE.

The BESS project would provide the Senior Center with adequate power to operate independently from the grid during power outages and could provide savings by using stored battery energy instead of grid power between the hours of 4:00 p.m. and 9:00 p.m. when energy costs are the highest. The existing diesel generator could still be used if the battery becomes depleted during a power outage or when there is lack of solar energy. The proposed BESS project would be designed in such a way that will enable the addition of more battery capacity in the future if additional funding becomes available.

The BESS project will likely require upgrading the electrical infrastructure at the Senior Center. The added electrical capacity would be sized to support some level of future electrical loads at the Senior Center, such as a heat pump heating, ventilation, and air conditioning (HVAC) system or additional electric vehicle charging.

Furthermore, the BESS project would inform the City's broader efforts in providing back-up power for its facilities. Several facilities have diesel generators. The Senior Center project would yield information on project costs and operational considerations that would help the City pursue future BESS projects in a cost-effective and efficient way.

As mentioned above, the total cost to install a BESS at the Senior Center is estimated to be \$1,785,000. The competitive and noncompetitive grant funding request for this project totals \$1,341,460. There is sufficient budget in Sustainability Projects, Project 20-99, to cover the remaining estimated project costs in the amount of \$443,540. However, the project has not been fully scoped, and the costs are an estimate based on past projects and similar projects in the area. Final costs could be higher or lower. For this reason, staff has earmarked up to \$650,000 from existing Sustainability Projects, Project 20-99, funds to allow some flexibility until the project is fully engineered and designed with more accurate cost estimates.

The grant project would need to be completed by December 31, 2028. This timeframe is adequate to complete the project as part of the Capital Improvement Program led by the Public Works Department. As with many grants, staff may prioritize the grant project over future projects or current projects if necessary to maintain funding.

Enhancing the Year of the Water Heater Campaign Proposal

The proposed project for the \$100,000 engagement grant opportunity is to enhance the City's Year of the Water Heater Campaign that will be kicking off at the annual Earth and Arbor Day Celebration next month.

The Year of the Water Heater campaign was presented to the Council Sustainability Committee (CSC) on [October 28, 2024](#). The campaign will use fun themes for education and engagement throughout the year to encourage residents to replace their gas-fired water heaters with electric alternatives, such as a heat pump. The campaign also includes a limited-time Mountain View electric water heater rebate that can be used with SVCE's water heater rebate to further reduce the cost to transition from a gas to electric water heater. The CSC was supportive of the campaign, and an update will be presented to the CSC in June.

SVCE's engagement grant funds would expand and support the City's Year of the Heat Pump Water Heater by:

- Increasing the number of heat pump water heater rebates Mountain View can provide to residents
- Expanding and supporting the educational campaign's outreach and engagement activities
- Funding a half-time Climate Corps Fellow for the 2025-2026 fiscal year.

If awarded funding, the engagement project would need to be completed by December 31, 2027. This timeframe aligns with the implementation plan for the campaign, and there are no foreseeable impacts to current or planned projects. It is not anticipated that additional City funds will be needed for this project.

Next Steps

If approved by the City Council, staff will apply for SVCE's competitive grants (\$1,100,000) by March 28, 2025. Award announcements are anticipated on April 25, 2025. If the City is awarded a \$1 million grant for the BESS project, staff will subsequently submit the application for the City's \$341,460 noncompetitive grant allocation to further fund the project. If the City is not awarded the BESS grant, staff will submit an existing decarbonization and/or resiliency Capital Improvement Project for the noncompetitive grant allocation, such as fleet electrical vehicle charging (priority) or installing heat pump HVAC systems at city buildings and will return to Council for approval as necessary.

FISCAL IMPACT

If awarded all three grants, the City would receive up to \$1,441,460 in funding: \$100,000 would be used for the Year of the Heat Pump Water Heater Campaign, and \$1,341,460 would be used toward the cost of a BESS at the Senior Center, with an estimated cost of \$1,785,000 resulting in an estimated City cost of \$443,540. There are sufficient funds in Sustainability Projects, Project 20-99, to cover remaining project costs of up to \$650,000 for the BESS project.

The anticipated project cost of the BESS is as follows:

Item	Cost
Design, Construction, and Procurement	\$1,200,000
Project Management Staff Costs	\$476,000
City Administrative Fee	\$109,000
Project Total	\$1,785,000
Total Possible Grant Funds	\$1,341,460
Estimated City Cost	\$443,540

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

Contract between two or more state or local government agencies

ALTERNATIVES

Given the due date for the competitive grants is March 28, 2025, there is inadequate time to consider other potential project alternatives. It would require analyzing project cost and resource estimates for City Council approval and drafting a new application by the grant submittal due date. Council may also direct staff to not apply for the one or more competitive grants.

PUBLIC NOTICING

Agenda posting and emails sent to community members interested in sustainability.

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Attachment: 1 Resolution