



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** General Services Department

**Subject:** Authorize GSD to Apply for ECAA Loan and take related actions

**Meeting Date:** February 25, 2025

**Formal Title:** Adopt resolution authorizing the General Services Department to apply for an Energy Conservation Assistance Act (ECAA) Loan, approve California Environmental Quality Act (CEQA) Notice of Exemption, and take related actions

### **Recommended Actions**

1. Authorize the General Services Department (GSD) to apply for a \$3 million loan from the California Energy Commission (CEC) under the Energy Conservation Assistance Act (ECAA) program to fund the installation of electric vehicle (EV) charging infrastructure and implement energy efficiency projects;
2. Adopt a resolution authorizing the General Services Department (GSD) Director to execute all necessary loan application documents in accordance with the Energy Conservation Assistance Act (ECAA) program;
3. Authorize the General Services Department to undertake all necessary actions to ensure compliance with California Environmental Quality Act (CEQA) and file any necessary documentation with the Clerk of the Board and the State, as required;
4. Approve California Environmental Quality Act (CEQA) exemption; and,
5. Direct the General Services Department (GSD) to return to the Board with the executed loan agreement, promissory note, and reimbursement requests for final approval before submitting to the California Energy Commission.

### **Executive Summary**

The General Services Department (GSD) seeks authorization from the Board to apply for a \$3 million low-interest loan from the California Energy Commission's Energy Conservation Assistance Act (ECAA) program. The loan will reimburse the County's share of costs for installing electric vehicle (EV) charging infrastructure. The Board is also asked to adopt a resolution enabling the GSD Director to execute the necessary loan application documents and ensure compliance with CEQA requirements. GSD will return to the Board for final approval of the loan agreement, promissory note, and reimbursement requests prior to submission to the California Energy Commission (CEC).

### **Discussion**

#### County Government EV Infrastructure

Electrification infrastructure is critical to achieving state-mandated greenhouse gas reduction targets outlined in the County's Climate Action and Adaptation Plan (CAAP). Transportation accounts for 70% of the County's emissions and expanding EV charging infrastructure will support the transition to an electrified General Services fleet, reducing the County's reliance on fossil fuels. This effort directly aligns with CAAP Objective 8, which calls for the elimination of fossil fuel use in the County vehicle fleet.

GSD has made progress in advancing EV infrastructure at County-owned sites but to achieve the scale necessary to support widespread EV use by County staff, additional EV infrastructure is required. GSD has secured a grant that provides a significant amount of the funding necessary through the Pacific Gas and Electric (PG&E) EV Fleet Program. Under this program:

- PG&E funds the cost of the design, construction, and maintenance of "to-the-meter" (TTM) infrastructure at no cost to the County.
- PG&E provides financial incentives to offset up to 80% of "behind the meter" (BTM) infrastructure costs, capped at \$96,000 per project site.

EV charging infrastructure installations at the Emeline Campus, South County Government Center (500 Westridge Drive, Watsonville) and North County Government Center (701 Ocean Street, Santa Cruz) will be partially funded by PG&E through these incentives, significantly reducing the County's financial responsibility at these sites. The collaborative effort between PG&E and the County provides cost sharing for the equipment and technical engineering necessary to support the infrastructure necessary to transition to an electrified fleet. As an added benefit, the EV Fleet Program includes rebates for medium-duty electric vehicles, helping the County meet its commitment to purchase 63 such vehicles by 2027.

However, installations at other key County facilities, such as the juvenile detention center (3650 Graham Hill Rd, Felton), main jail (259 Water Street Santa Cruz), and Sheriff's Office (5200 Soquel Ave, Santa Cruz), are not eligible for PG&E support. The County will be responsible for the entire cost of these installations, necessitating additional funds to support these expenses.

California Energy Commission's Energy Conservation Assistance Act (ECAA) Program  
The Energy Conservation Assistance Act (ECAA) Program, administered by the California Energy Commission (CEC), provides low-interest loans to local governments, schools, and public institutions to finance energy efficiency and electrification projects. The CEC is offering counties and cities the opportunity to apply for up to \$3 million in funding on a reimbursement basis for infrastructure costs associated with the installation of electric vehicle (EV) charging stations. GSD is seeking Board approval to submit an ECAA application for \$3 million to fund the installation of EV charging infrastructure at County facilities not supported through the PG&E grant.

#### Loan Requirements, Terms, and Application Process

To qualify for ECAA funding, projects must demonstrate energy savings, contribute to climate resilience, and comply with CEC regulations. GSD must submit a detailed loan application outlining the scope, cost-effectiveness, and expected energy savings of the project. If the application is approved, funds will be disbursed on a reimbursement basis, meaning the County must incur and document eligible costs before requesting reimbursement from the CEC. The project must be completed within five years from the loan agreement execution date to maintain loan eligibility. During this period, the County must submit progress reports, meet project milestones, and ensure timely completion of EV charging infrastructure installations to remain in compliance with the ECAA loan terms.

If awarded, GSD has up to 20 years to repay the loan at a fixed 1% interest rate, with an estimated total repayment of \$3.3 million or about \$165,000 annually. Repayment will be based on a surcharge rate assessed on the per kilowatt costs of charging an EV which is billed to County departments as they utilize the EV fleet. In the aggregate, cost savings is achieved through the elimination of fuel expenses and reduced maintenance

costs compared to combustion engine vehicles. Additionally, 10% of the loan amount will be retained until project completion, ensuring compliance with program requirements.

By applying for this loan, the County aims to expand EV infrastructure with minimal upfront costs, directly support climate goals, and position itself as a leader in sustainability and fleet electrification. Reiterating the recommended actions, this memo seeks approval to apply for the ECAA loan and directs County Staff to return to the Board for final approval of the loan agreement if and when the loan application is successful. It is anticipated that the CEC review timeframe for the County's application will conclude in September 2025. Should the application be successful, County Staff will return to the Board with final loan documents by December 2025.

#### Debt Advisory Committee Approval

In compliance with the County's Debt Management Policy, the ECAA loan application was submitted to the County's Debt Advisory Committee (DAC) for review and approval prior to submitting this request to the Board for approval to apply. The DAC, which includes representatives from the County Administrative Office, Auditor-Controller-Treasurer-Tax Collector, and County Counsel, ensures that all debt financing requests are thoroughly evaluated, meet policy requirements, and are in the County's best interest. The Committee has reviewed the financing terms, debt structure, and project alignment with County goals and has found that the loan application meets the financing requirements set forth by the DAC.

#### Project Scope and Timeline

The proposed projects to be funded through the ECAA loan include the installation of Level 2 chargers with displays at key County facilities. Site assessments and infrastructure designs have been completed for several locations. The County aims to complete all installations by 2027 to coincide with its fleet electrification schedule

- Emeline Campus:
  - 33 Level 2 chargers for healthcare, social services, and public access, partially funded by PG&E grant.
- North County Government Center (701 Ocean Street, Santa Cruz):
  - 24 Level 2 chargers for fleet and public use in downtown Santa Cruz, partially funded by PG&E grant.
- South County Government Center (500 Westridge Drive):
  - 10 Level 2 chargers for fleet and public access in Watsonville, partially funded by PG&E.
- Additional chargers at the following sites:
  - Rountree Juvenile Detention Center (3650 Graham Hill Rd, Felton)
  - Santa Cruz Main Jail (259 Water Street Santa Cruz)
  - Sheriff's Office (5200 Soquel Ave, Santa Cruz)

#### Compliance with the California Environmental Quality Act (CEQA)

The California Environmental Quality Act (CEQA) requires public agencies to assess the environmental impacts of proposed projects and ensure compliance with applicable laws and guidelines. The projects that would be included in the loan application have been reviewed for CEQA compliance and determined to be exempt. The Notice of Exemption (NOE) will be included at the time of application.

GSD will ensure full compliance with all CEQA requirements before implementing the projects, including filing the NOE with the Governor's Office of Planning and Research. This approach enables the County to meet environmental regulations and responsibly

advance critical energy efficiency and EV infrastructure projects.

#### CAAP Objectives Supported

This project supports the following CAAP Objectives:

- Transportation: Electrify County fleets and reduce reliance on fossil fuels.
- Energy: Integrate EV infrastructure with renewable energy systems for sustainability and resilience.
- Government Operations: Enhance sustainability and reduce emissions across County facilities.
- Equity: Improve access to clean energy solutions for underserved communities.

#### **Financial Impact**

The total project cost is estimated at \$3 million, funded through a low-interest (1%) loan from the ECAA program. This amount includes the County's share of behind-the-meter costs at partially funded sites—Emeline Campus, 701 Ocean Street, and 500 Westridge Drive—and the full cost of installations at the Rountree juvenile detention center, main jail, and Sheriff's Office, which are not eligible for PG&E incentives. The loan will be repaid over 20 years, with an estimated interest of \$300,000, bringing the total repayment to \$3.3 million or about \$165,000 annually.

PG&E's contributions to "to-the-meter" infrastructure costs and partial funding for behind-the-meter infrastructure at eligible sites significantly reduce the County's financial burden. PG&E rebates are estimated to offset \$175,000 for chargers and infrastructure. The PG&E grant savings ensure the project remains cost-effective while advancing the County's climate and sustainability goals.

#### **Strategic Initiatives**

Climate Action - Energy, Transportation, Government Operations

#### **Submitted By:**

Michael Beaton, General Services Director

#### **Recommended By:**

Carlos J. Palacios, County Administrative Officer

#### **Artificial Intelligence Acknowledgment:**

ChatGPT, an Artificial Intelligence (AI) large language model tool, significantly contributed to the development of this agenda item, including Staff Report, in compliance with the County of Santa Cruz AI Appropriate Use Policy.