



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: OCTOBER 28, 2024

SUBJECT: GRANT MATCH USING LOW CARBON FUEL STANDARD FUNDS OF UP TO \$1,001,807 FOR AN APPLICATION TO THE U.S. DEPARTMENT OF TRANSPORTATION CHARGING AND FUELING INFRASTRUCTURE DISCRETIONARY GRANT PROGRAM IN THE AMOUNT OF \$4,007,227 FOR A PROJECT TOTAL OF \$5,009,034 FOR DEVELOPMENT OF A MULTI-PORT ELECTRIC VEHICLE CHARGING HUB AT THE RIVERSIDE MUNICIPAL AIRPORT – SUPPLEMENTAL APPROPRIATION

ISSUE:

Consider a supplemental appropriation to provide grant match funding of up to \$1,001,807 from Low Carbon Fuel Standard revenue under the Riverside Public Utilities Electrify Riverside EV Charger Install at Public Facilities program supporting an application to the U.S. Department of Transportation Charging and Fueling Infrastructure discretionary grant program in the amount of \$4,007,227 for a project total of \$5,009,034 for development of a multi-port electric vehicle charging hub at the Riverside Municipal Airport.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the total amount of \$1,001,807 from the Electric Fund Low Carbon Fuel Reserve Account and appropriate expenditures to the EV Charger Install at Public Facilities Account; and
2. With at least five affirmative votes, upon grant award, authorize the Chief Financial Officer, or designee, to record a transfer from the Electric Fund EV Charger Install at Public Facilities account to the Grants & Restricted Programs Fund, Airport Charger Hub Project in the amount of up to \$1,001,807.

LEGISLATIVE HISTORY:

The Low Carbon Fuel Standard (LCFS) Program is one of several regulatory programs established by the State of California and the California Air Resources Board (CARB) for the purposes of reducing statewide greenhouse gas (GHG) emissions with a goal of carbon neutrality by 2045. These goals were put in place over the last two decades through legislation, regulation

and Executive Order. The LCFS Program specifically targets a 20% reduction in the carbon intensity of transportation fuels by 2030.

California has also committed to reducing transportation sector emissions through the adoption of zero-emission vehicle requirements affecting most vehicle types from passenger cars to heavy-duty trucks. Supporting regulation, such as Advanced Clean Cars II and Advanced Clean Fleets, mandate that an increasing proportion of vehicles sales in the state be zero emissions light duty vehicles and require fleets to transition to zero emissions vehicles within set timelines.

To support the expected widespread adoption of electric vehicles, the State has set a goal of deploying 250,000 public and shared private electric vehicle chargers by 2025 and forecasts the need for 1.2 million by 2030. This target includes public chargers that are available at parks, shopping centers, hotels, public buildings, and shared privately owned electric vehicle chargers, such as those found at workplaces and multi-unit dwellings.

BACKGROUND:

The LCFS Program regulations were first adopted in 2009 and have been amended several times since their first adoption. Electric utilities, such as Riverside Public Utilities, that opt into the program receive an allocation of credits based on the estimated residential electric vehicle (EV) charging by customers in their territory (called base credits). Utilities must use the funds to meet the needs of and benefit current and future EV owners by investing in projects and programs that promote transportation electrification in California and must expend the funds to benefit the sector that produced the credits.

On March 13, 2018, the City Council authorized RPU to opt into the LCFS Program. RPU receives most of its credits from the estimated residential EV charging within its service territory. The revenue generated from the sale of residentially produced base credits is required to be used to support residential EV owners and future residential EV owners. Of the revenue RPU receives from the sale of LCFS base credits, 25% is required to support the statewide, utility run California Clean Fuel Reward Program (CCFR). RPU has developed programs for the remaining proceeds and is required to ensure that 50% supports EV owners in low-income households, disadvantaged communities.

The City Council approved RPU's Electrify Riverside Program in October 2021 which includes rebates for EV chargers installed at homes for personal residential use and for public access EV chargers as well as rebates for customers to purchase used EVs. Low-income customers and affordable housing developments receive higher rebate amounts. RPU also provides its required contribution to the mandated CCFR program.

The Electrify Riverside Program also allocated an initial \$500,000 to the "EV Charger Install at Public Facilities" program which provides all City departments the opportunity to use the program's funding for the installation of publicly available EV charging at City facilities. RPU and any department requesting to use these funds is encouraged to leverage other incentive programs, such as grants, to implement the installation of publicly available EV chargers within the City.

Since opting into the LCFS program, RPU has received approximately \$5.5 million in revenues from the sale of LCFS base credits and interest earned on the balance. A total of about \$1.2

million has been expended to date on all program rebates and CCFR program contributions, with \$4.3 million held in a use restricted reserve account for LCFS programming.

DISCUSSION:

The City of Riverside's Airport, a division of the City Manager's Office, is applying for grant funding for an EV charging hub to be located at the airport. Staff proposed to utilize LCFS funds to fulfill the 20% match requirement. The use of the LCFS credit value for a grant match for the EV charging hub contemplated in this report is consistent with the allowable expenditure under the LCFS Program regulation and the City's Electrify Riverside Programs.

The City has applied for the U.S. Department of Transportation's Charging and Fueling Infrastructure Discretionary Grant Program (CFI Program), which is a competitive grant program created by President Biden's Bipartisan Infrastructure Law to strategically deploy publicly available electric vehicle charging and alternative fueling infrastructure in the places people live and work – urban and rural areas alike – as well as along designated Alternative Fuel Corridors (AFCs). CFI Program investments will make modern and sustainable infrastructure accessible to all drivers of electric, hydrogen, propane, and natural gas vehicles.

This program provides two funding categories of grants:

1. Community Charging and Alternative Fueling Grants (Community Program); and
2. Charging and Alternative Fuel Corridor Grants (Corridor Program).

The Bipartisan Infrastructure Law provides \$2.5 billion over five years for this program to strategically deploy EV charging infrastructure and other alternative fueling infrastructure projects in urban and rural communities in publicly available locations, including downtown areas and local neighborhoods, particularly in underserved and disadvantaged communities.

The City and Riverside Airport are proposing to construct the Riverside Airport EV Charging Hub (Charging Hub Project or Project), that will be one of the largest EV charging hubs in the area, if approved. Due to the timing and deadline to submit for the grant, City staff applied for the grant in September 2024 but must seek authorization by the City Council to accept the grant funds and by both the Council and RPU to expend LCFS funds to support the grant match requirements.

The Riverside Airport (KRAL) is an aeronautical education hub providing the Inland Empire and surrounding counties with the largest selection of educational programs in flight, mechanical, and aviation degree programs including 7 different aviation schools. The airport is tasked with meeting the aviation needs of the Inland Empire. In 2022, Riverside Airport was the 2nd busiest airport in California with a Federal Aviation Administration (FAA) contract tower. The Riverside Municipal Airport is ranked the 22nd busiest airport (out of 54 airports) in California. The airport is a central site in mid-city Riverside provides a unique opportunity in the City to establish such a project, with accessibility from major freeways and thoroughfares in the City and has the available land.

The Riverside Airport EV Charging Hub will include twenty-four (24) total EV charging stations, consisting of fourteen (14) Level 2 (J1772 connectors), and ten (10) Level 3 DC Fast Charge (5 Tesla connectors, 5 CCS connectors) units with dual port availability. The Charging Hub will accommodate passenger EV charging as well as medium- and heavy-duty (MHD) vehicle charging to provide the community with 24-hour access to a local EV charging hub. All chargers, including the MHD chargers, will be accessible to the public, allowing personal vehicles, privately

owned fleets, and vehicles rented by residents to be charged at the Charging Hub. The Project will also have the added benefit of supporting the City's fleet as it transitions to zero-emission vehicles to meet the requirements of the Advanced Clean Fleet regulations. The chargers will be located in the main public parking area at the airport and will include large shade structures with a solar component on top to power a portion of the EV charging, area lighting, and other aspects of the Charging Hub Project.

The Project budget is being optimized to pay primarily for equipment, construction, and installation of the chargers, the solar photovoltaic (PV) system with batteries, and the grid improvements necessary to support the project. Project costs are in line with similarly sized EV charging projects. No other federal funds are being sought for this project and no operating subsidies are currently anticipated. The Project is anticipated to generate operational income by charging operations and maintenance fees.

The Charging Hub Project is located in an area that is currently underserved by public access EV chargers and will provide local access to EV charging to an area of the City currently identified by the State as a disadvantaged community. This area of the City is currently lacking access to publicly available EV charging and this project will help to address this issue by providing easier access to nearby residents as well as visitors to the airport.

The Charging Hub Project has a budget of \$5,009,034. An amount of \$4,007,277 is being requested from the grant with a 20% match of \$1,001,807 required to be provided by the City. The Airport is requesting the use of LCFS revenues under the "EV Charger Install at Public Facilities" program offered by RPU.

Staff is proposing a supplemental appropriation of \$1,001,807 to the EV Charger Install at Public Facilities program from the Electric Fund Low Carbon Fuel Reserve. This supplemental appropriation will allow the program to provide match funding of up to \$1,001,807 for the proposed Riverside Airport EV Charging Hub, if selected for award for the CFI grant. RPU has available funding for this match and will also maintain \$500,000 in the program fund for other future EV charger projects at public facilities.

The Charging Hub Project meets both the regulatory requirements for expenditure of LCFS funds as well as meets the intent of the Electrify Riverside Programs. This project, if awarded the grant,

1. Will provide safe and convenient EV charging to the public;
2. Will support City and regional areas identified as a disadvantaged community per the criteria established by the State; and,
3. Meets the intent of using the LCFS funds to leverage other programs by providing the grant match.

RPU staff will participate in the project development where necessary to ensure that the expenditure of the LCFS funds meets both the regulatory requirements and the City's Electrify Riverside Program requirements. RPU will file all required reporting on the use of LCFS funds in its annual reporting.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 4 Environmental Stewardship** and **Goal No. 4.6** – Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

This item also contributes to **Strategic Priority No. 6 Infrastructure, Mobility and Connectivity** and **Goal No. 6.3** – Identify and pursue new and unique funding opportunities to develop, operate, maintain, and renew infrastructure and programs that meet the community’s needs.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Support customers that are considering or have already purchased/leased an EV or are transitioning their fleets to align with State goals.
2. **Equity** – Provide publicly available EV charging in disadvantaged communities to create an equitable distribution of services to ensure every member of the community can access EV charging.
3. **Fiscal Responsibility** – RPU is being fiscally responsible by utilizing revenue from the sale of LCFS credits to complement existing incentive programs to maximize transportation electrification benefits for customers.
4. **Innovation** – RPU is committed to identifying creative solutions to meet the needs of our customers by providing access to EV charging while simultaneously ensuring the City adapts to carbon neutrality goals.
5. **Sustainability & Resiliency** – RPU is meeting the community’s charging needs and preparing for the goals set by the State to reach 100 percent ZEV sales for new passenger vehicles by 2035. The full transition to ZEVs is also a critical step toward carbon neutrality, the equal balance of GHGs emitted into and removed from the atmosphere, by 2045.

FISCAL IMPACT:

The total fiscal impact of this report is \$1,001,807 to fund the EV Charger Install at Public Facilities Program that supports transportation electrification and complies with State requirements. Sufficient funds exist in the Electric Fund Low Carbon Fuel Reserve Account No. 0000510-101094 to support this program. Upon grant award, funds will be appropriated and transferred to the Grants & Restricted Programs Fund, Airport Charger Hub Project.

These funds are legally restricted and can only be used for applicable expenditures under the State requirements mentioned above.

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