County of Santa Clara
Office of the County Executive

FGOC–CE03 100604

DATE: October 6, 2004

TO: Supervisor Pete McHugh, Chairperson
Supervisor James T. Beall, Jr., Vice–Chairperson
Finance & Government Operations Committee

FROM: Gary A. Graves
Chief Deputy County Executive

SUBJECT: Report Back on the Santa Clara County Fuel Cell Advancement Initiative

RECOMMENDED ACTION

Accept report back from the Administration regarding the Fuel Cell Advancement Initiative forwarded by Supervisor Beall and approved by the Board.

FISCAL IMPLICATIONS

There are no fiscal implications that will impact the general fund. It is anticipated that funding to support this effort will come from grants and other forms of outside funding.

REASONS FOR RECOMMENDATION

At the September 14, 2004 meeting of the Board, Supervisor Beall presented a detailed referral requesting a variety of actions relating to the implementation of Hydrogen Fuel Cell technology in Santa Clara County. Since this technology is new and not in general use in the area, Mr. Beall's request was to develop a workplan that would identify the steps needed to prepare the county to begin utilizing this fuel source in the future. The Administration, working with Supervisor Beall's staff, has collected information and has created a preliminary workplan that will identify the steps that will need to be taken over the next several months to begin implementing this technology in Santa Clara County.

BACKGROUND

The use of hydrogen fuel cells is a relatively new technology that offers potential benefits in terms of clean, inexpensive energy. In addition, the economic development opportunities related to this technology are also significant as new jobs could be created in supporting this effort.

As a public sector organization with a high local profile, Santa Clara County has an opportunity to showcase hydrogen fuel cell technology. The Board's direction was to develop a workplan and timelines for implementing the recommendations related to the Fuel Cell Advancement Initiative presented by Mr. Beall. After a preliminary review of the available information on this topic, the Administration is presenting the following framework for the Committee's consideration.

WORKPLAN FRAMEWORK

1. Create core workgroup to direct this effort. The core workgroup will consist of Gary Graves – Chief Deputy County Executive, Larry Jinkins, Director – Facilities and Fleet, Nancy Fowler – Manager – Facilities and Fleet, Ann Gendron–Thompson, Budget and Public Policy Analyst, Caroline Judy – Supervisor Beall's Office.

2. Pursue Planning Grants – A key initial step is to access grant funding to support the core workgroup with subject experts that can facilitate the pursuit of other grants to implement this technology in Santa Clara County. At the current time the following grants have been identified and will be pursued:

   - CalTrans: Community Based Transportation Planning Grant – deadline October 15, 2004. Award announcements March 2005. Requires community collaborative focusing on reducing emissions, social equity, improved mobility, sustainable communities and context–senstive planning.

   - Bay Area Air Quality Management District (BAAQMD) – Program Manager Funds – application submitted to VTA by early February 2005, award announcement May 2005. Funds vehicles and infrastructure with goal of reducing emissions. $1 million grant cap.

   - BAAQMD – regional funds – application submitted to BAAQMD by June 2005. Award announcement September 2005.

The Administration will work with Supervisor Beall's Office and prepare the documentation needed to compete for these grant funds.

3. Pursue other potential financing options in addition to grants. We have been made aware of other potential fund sources that may allow for the funding of fuel cell projects. The California State Association of Counties (CSAC) Financing Authority Private Placement Bond Program is a source for projects over $500,000. Local governments and private companies may be eligible to use these funds for projects of societal benefit such as fuel cell projects. Synergy EV Financial in partnership with the Government Capital has $200 million available to finance advanced stationary fuel and vehicle projects. These sources may provide the funding for long–term projects as we look to the future.

4. Utilizing planning grant funds or other financing and contract with appropriate consulting resources to develop a more detailed and comprehensive plan for implementing fuel cell projects within the county. This effort would begin to identify stationary fuel cell applications and the consideration of a fuel cell fleet vehicle demonstration project. We are currently in the process of developing a list of consulting resources to determine who is available and how they can assist us in this effort.

5. Identify several short–term and long–term projects that can utilize fuel cell technology. In reviewing possible uses of this technology, we believe there are some smaller county facilities that could utilize stationary fuel cell technology and could be expanded in the future to also serve as hydrogen fueling stations. An example of this kind of facility is the Parks Headquarters at Vasona Park. At the same time planning would begin on larger projects that would take longer to implement. An example of this kind of project would be the Catholic Charities Affordable Housing Project at Fair Oaks. As the overall project develops, other opportunities would present themselves and could be pursued.

6. Actively pursue legislative action that will create incentives for local governments to adopt demonstration projects using a full range of fuel cell technologies; based both on renewable energy sources and natural gas/methane sources. Encourage the establishment of grant monies to accelerate the implementation of fuel cell technology in California.

TIMELINES

The core workgroup has already had one meeting. Some of the information included in this report is the result of conceptual discussions and general brainstorming that has already taken place. It is our expectation to use existing "in kind" resources to make initial progress on this project. These resources will focus on developing the initial workplan and pursuing planning grant funding to begin the detailed work of the initiative. At the current time, we believe consulting resources can be in place and prepared to execute the more detailed aspects of an implementation plan by January 1, 2005.

Concurrent with the initial steps being taken to move this project forward, would be the efforts to gain legislative support for this initiative and other like it. Our expectation would be that legislation would be

introduced in the early part of 2005 and move through the legislative process and included in the FY 2006 State budget. The fruits of this labor would be available to support projects that are identified in the process outlined below.

The next milestone relates to the inclusion of one or more demonstration projects in the FY 2006 or FY 2007 budget. Recognizing that we do not know what grant or funding opportunities exist that are consistent with our budget process, our goal will be to identify one or more projects to be included in this timeframe September 1, 2005.

A second milestone would be the development of a more detailed long term implementation plan that details the range of projects that could be implemented over the next three years. At this point in time we would project that this plan could be completed by January 1, 2006.

The detailed workplan for this initiative will include other issues raised by the Board including a review of safety and building codes, includng storage ventilation requirements as well as other concerns that are raised as we develop more information about this energy source.

It is important to note that this is a preliminary plan that lays out a very rough framework and timeline. The Administration welcomes the committe's input in fine tuning how this project should be organized in the key months ahead.

ATTACHMENTS

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