



City of Gilroy

STAFF REPORT

Agenda Item Title: Approval of a First Amendment to the Agreement with Circlepoint, Inc. in the amount of \$32,252 for the Preparation of an Environmental Impact Report (EIR) for the Gilroy Data Center Project

Meeting Date: January 8, 2024

From: Jimmy Forbis, City Administrator

Department: Community Development

Submitted By: Sharon Goei, Community Development Director

Prepared By: Monica Sendejas, Management Analyst

STRATEGIC PLAN GOALS

Not Applicable

RECOMMENDATION

Approve a First Amendment to the Agreement with Circlepoint, Inc. in the amount of \$32,252.05 for the preparation of an Environmental Impact Report (EIR) for the Gilroy Data Center Project for a total project cost of \$207,252.05 and authorize the City Administrator to execute the contract amendment and associated documents.

EXECUTIVE SUMMARY

The applicant for the Gilroy Data Center project, Amazon Web Services (AWS), requested and will pay for additional tasks that the EIR consultant, Circlepoint, Inc., must perform to be able to complete the preparation of an EIR for the project. Staff recommends that Council approve a First Amendment to the Agreement with Circlepoint, Inc. in the amount of \$32,252.05, for a total project cost of \$207,252.05, and authorize the City Administrator to execute the contract amendment and associated documents.

BACKGROUND

Amazon Web Services submitted an application to construct and operate a data center on an industrial-zoned vacant property located on Camino Arroyo near the Gilroy

Outlets. The 50-acre Gilroy Data Center project will consist of the following components to be constructed in two phases:

- Two data center buildings and one security building totaling approximately 438,500 square feet;
- Backup electricity generating facilities to provide electricity to critical data center operations in the event of a loss of utility power;
- Two battery energy storage systems;
- A new substation/switchyard and a double circuit transmission upgrade;
- A new recycled water pipeline;
- Ancillary utility infrastructure for connection to existing stormwater and potable water pipelines;
- Security fencing;
- General site grading, stormwater, and landscaping.

As a new development on vacant land of this scale, an Environmental Impact Report (EIR) must be prepared for the project. Following a Request for Proposals (RFP) process, the City Council awarded a contract to Circlepoint, Inc. ("Consultant") on June 6, 2022, in the amount of \$175,000 (base budget of \$158,988 and a contingency budget of \$16,012). The contract was executed on June 27, 2022.

ANALYSIS

During the development of the administrative draft of the EIR, several technical reports were identified by City staff and the Consultant for additional review following the peer review of these reports as identified in the scope of work for the EIR contract. Upon sharing this information and requesting additional analysis from the applicant, Amazon requested a number of meetings to address and question the methodology and outcomes of the new technical analysis, which differed from the approach by Amazon's technical team. While the cost of the contract is increasing, the cost for both the EIR consultant's and staff's time will be borne by the applicant/developer, Amazon Web Services. The following outlines the additional tasks that were requested by the applicant and will be paid for by the applicant:

- Attend nine (9) additional meetings and prepare an agenda and slides for the scoping meeting presentation with additional meeting(s) anticipated.
- Conduct two additional reviews and coordinate the required revisions for each version of the Air Quality Impact Assessment (AQIA).
- Coordinate with Hexagon Transportation Consultants, Inc. to walk the City through their peer review of the original transportation analysis provided by the applicant and to ultimately prepare a new assessment to support the EIR. Circlepoint, Inc. will review and incorporate a new memorandum prepared by Hexagon Transportation Consultants, Inc., into the EIR.

The above-mentioned tasks are required for Circlepoint, Inc. to be able to complete the preparation of an Environmental Impact Report (EIR) for the Gilroy Data Center

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Project.

The tasks described above exceed the original contract and contingency budget. It is recommended that the City Council approve the First Amendment to the Agreement with Circlepoint, Inc. in the amount of \$32,252.05 (paid by the applicant) for preparation of an EIR for the Gilroy Data Center Project for a total project cost of \$207,252.05 and authorize the City Administrator to execute the contract amendment and associated documents.

ALTERNATIVES

The City Council may choose not to approve the amendment to the contract. If not approved, Circlepoint, Inc. would not be able to complete the EIR for the Gilroy Data Center Project adequately. Staff does not recommend this action.

FISCAL IMPACT/FUNDING SOURCE

Staff does not anticipate any net costs to the City as this is an applicant-paid project.

Attachments:

1. Draft Circlepoint Agreement for Services AWS 2022 – First Amendment
2. Signed Circlepoint Agreement for Services AWS 2022