



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, APPROVING PROPOSED FEES FOR USE OF ELECTRIC VEHICLE CHARGING STATIONS LOCATED ADJACENT TO CITY HALL

MEETING DATE: October 16, 2018

RECOMMENDATION:

Adopt a resolution establishing fees as follows:

Free-of-charge for the first two hours and \$2.00 per hour thereafter for public use of the new Level 2 Electric Vehicle (EV) charging stations located adjacent to City Hall.

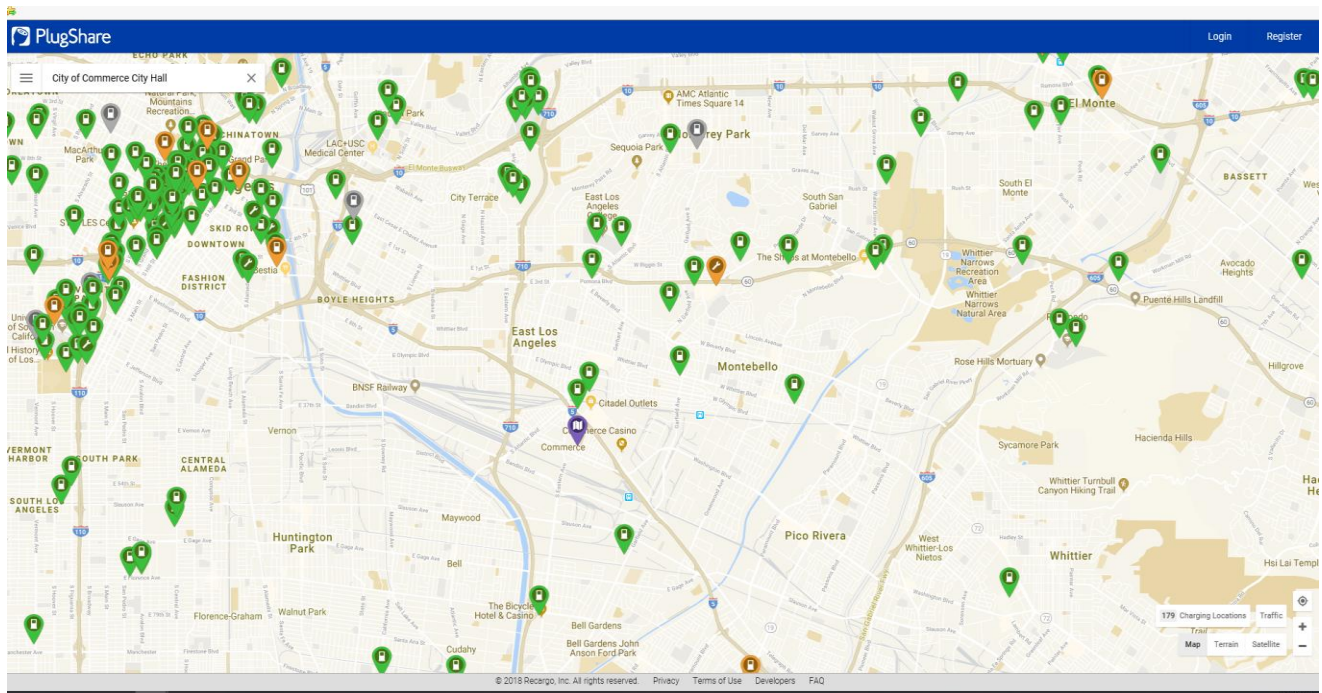
BACKGROUND:

As part of the “United States v. Volkswagen Group” diesel emissions settlement, Volkswagen subsidiary Electrify America has committed to invest \$2 billion dollars in grant funding over the next ten (10) years in zero emission vehicle infrastructure and awareness. The settlement grant award and subsequent agreement between Electrify America and EV Connect includes ten (10) years of software, hardware, maintenance and on-going management services.

The City of Commerce met the eligibility requirements and received 100% grant funding for three (3) new dual-port Level 2 EV charging stations and two (2) single-port Level 2 charging stations, which includes installation, training, system platform maintenance, and software expenses. On March 20, 2018, City Council gave staff approval to proceed with the EV Charging Station project and directed staff to return with recommendations regarding fees for public use.

EV CHARGING STATIONS AROUND COMMERCE

Based on the current EV Connect charging station network (see attached map), there are three (3) EV charging stations located in the City of Commerce (Carl’s Jr., Los Angeles County Department of Public Health, and Electrical Training Institute).



To better understand the market and capture a true sample of average EV charging station fees, staff expanded the search to a twenty-mile radius from City Hall. The findings are as follows: There are 179 charging stations within a twenty-mile radius, 35 of which, or 20%, are free of charge and the remaining 144 stations, or 80%, charge an average of \$1 - \$2.50 per hour. Please note that most of the entities that do not charge a fee are in retail and use the free EV charging as a marketing tool to attract new customers to patronize their business.

ANALYSIS:

Electric utility fees associated with use of EV charging stations are difficult to estimate because they vary depending on the Southern California Edison (SCE) rate schedule, time of day, day of the week, and season (summer or winter) in which charging occurs. Electric utility fees include both energy charges for the electricity consumed (\$ per kWh) and demand charges (\$ per kW). Staff completed a thorough analysis of the City's electricity bills (See Attached SCE Usage Analysis Report) over the past twelve-month period. Staff determined the proposed fees assume an average energy charge of \$0.13 per kWh for 305 days of the year and an average energy charge of \$0.15 per kWh for the remaining days. Finally, calculations for the proposed charging fees assume that each EV charging port is used for an average of two two-hour charging sessions per day. Therefore, the free-of-charge for the first two hours and \$2.00 per hour thereafter, will give users an incentive to patronize our stations, unplug, and move their vehicles when done charging (resulting in average charging sessions of two hours).

ALTERNATIVE ACTIONS CONSIDERED:

A variety of fee structures were analyzed:

- Flat Rate: A one-time price, regardless of the time the vehicle is charging or connected to the station or energy provided.
- Time Based: A set price per hour, accounted by connected or charge time.
- Power Based: A set price per kWh.
- Progressive: A price set at one level, then adjusted to a different level after a configurable period-of-time (e.g., \$1.50/hour for the first two hours, then \$3.00/hour afterward).

The proposed time-based fee (\$/hour), rather than an energy-based fee (\$/kWh), for charging station use was selected to encourage turnover of EV charging stations. With an energy-based fee, users that are done charging their vehicles have no financial incentive to unplug and move, because their fees stop when the electricity flow ceases, even if the vehicle remains plugged, thus preventing access to the EV charging port by other potential users. Consideration was also given to having a lower nighttime fee, reflecting lower electrical demand and rates. However, none of these alternatives appear to reduce expected expenditures effectively.

FISCAL IMPACT:

The City's grant covers 100% of the installation cost, training, system platform maintenance, and software expenses incurred during the term of the Agreement with Electrify America. The agreement between the City and Electrify America expires December 31, 2026. Upon expiration of the agreement, the City shall bear all responsibility for the equipment, operations and maintenance.

Establishing session fees allows the City to recover electricity expenses associated with the public use of the Level 2 EV charging stations. The cost estimate for the City to provide electricity to the EV charging stations is \$22 per month, per port (approximately \$2,112 annually). The proposed session fees will cover on-going electricity costs based on usage and public demand. Staff recommends that the revenue from the EV charging stations be placed into an enterprise account; whereas, surplus funds can be used to replace and/or upgrade EV equipment as needed, after the term of the Agreement expires. Staff will periodically complete data analysis reviews to ensure that the recommended fee structure achieves and remains a self-sustaining program.

RELATIONSHIP TO STRATEGIC GOALS:

The issue before the Council is consistent with the City's "Green Zone Action Plan," which focuses on reducing emissions throughout the community and integrates economic growth, resulting in a positive impact on the quality of life and the City's financial sustainability.

Prepared by:	Claude McFerguson, Director of Transportation
Reviewed by:	Vilko Domic, Director of Finance
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Edgar P. Cisneros, City Administrator

Attachment: SCE Usage Analysis Report