Agenda Item C.1
DISCUSSION/ACTION ITEM
Meeting Date: June 6, 2023

TO: Mayor and Councilmembers

FROM: Peter Imhof, Planning and Environmental Review Director

CONTACT: Dana Murray, Sustainability Manager
Angeline Foshay, Sustainability Management Assistant
Stephanie Holmes, CivicSpark Fellow

SUBJECT: Establish City Hall Electric Vehicle Charger Fees

RECOMMENDATION:

The Green Committee and staff recommend that EV charger rates be set by kWh used, with a time of use (TOU) fee structure (higher rates during peak hours, 4:00-9:00 PM) and either discounted rates or free charging for City staff. Staff recommends an off-peak price of 25 cents per kWh (9 pm – 4 pm), and a peak price of 40 cents per kWh (4 pm - 9 pm) for the public EV chargers. Should Council decide to charge City staff a discounted rate for EV charging, staff recommends 15 cents per kWh, as most charging would occur during off-peak hours.

BACKGROUND:

Investing in the development and installation of Electric Vehicle (EV) charging infrastructure is identified in the City's budget priorities and Strategic Plan as a means of supporting environmental vitality and supporting the City's transition to a clean energy future. Additionally, 'Electrical Vehicle Readiness Planning' is a top priority in the City's adopted Planning & Environmental Review Department Annual Work Program for FY 22/23. The City Council additionally adopted an Electric Vehicle Charging Station Permit Streamlining Ordinance in April 2020.

In September 2020, Governor Newsom issued an executive order requiring sales of all new passenger vehicles to be zero-emission by 2035 and additional measures to eliminate harmful emissions from the transportation sector. Transportation accounts for just over half of the greenhouse gas (GHG) emissions in Santa Barbara County. One of the key strategies to reducing emissions and meeting the ambitious climate goals of the State is encouraging the use of EVs and expanding EV charging infrastructure. The executive order directs the California Air Resources Board (CARB), California Energy Commission (CEC), California Public Utilities Commission, other State agencies, and local agencies to accelerate deployment of affordable fueling and charging options for

zero-emission vehicles (ZEVs) in ways that serve all communities, and specifically in low-income and disadvantaged communities.

To help achieve EV goals and in acknowledgement of the existing gaps in local EV charging infrastructure, Sustainability staff pursued various funding opportunities to offset the costs of installing EV charging stations at City facilities, including the Southern California Edison (SCE) Charge Ready Program. At the December 6, 2022, City Council meeting, the City Council approved participation in the SCE Charge Ready Program. The City of Goleta is now a participant in SCE's Charge Ready Program for the Goleta City Hall site, which will provide 'make-ready' EV infrastructure and EV equipment rebate support for the installation of 17 Level 2 EV chargers at City Hall. In addition, staff applied for a grant from the Santa Barbara County Air Pollution Control District for the City Hall EV charger project and the City has been preliminarily awarded a $22,000 grant to further offset the costs of the EV chargers.

The City needs to determine what (if any) fees will be charged at the City Hall EV chargers. This item was discussed at the Energy and Green Issues Standing Committee meeting on January 23rd and was recommended to the full City Council for a decision. The Green Committee recommended a time of use (TOU) fee structure (higher rates during peak hours, 4:00-9:00 PM) and either discounted rates or free charging for City staff. In addition, the Committee suggested signage at the EV chargers, including a parking time limit (potentially four hours), with the possibility of an overstay charge if a vehicle remains plugged in beyond a set time period.

DISCUSSION:

As an EV charger owner, the City can set the pricing for use of the City Hall EV chargers. For the City Hall EV charger project, the EV vendor's software can collect fees from the public. The EV vendor is requesting information on how much the City intends to charge as energy fees at the chargers. Three categories of EV charger users are anticipated for the City Hall EV chargers. EV charger fees (if any) need to be decided for each of these categories. These include:

- Public - charging infrastructure for City Hall visitors and neighboring workers.
- Workplace/Employees - charging infrastructure intended for use by City Hall employees to charge their personal EVs.
- Municipal Fleet - charging infrastructure designated for City of Goleta fleet vehicles.

Many EV charger owners charge a fee for use of their charging infrastructure to recover costs or generate revenue. However, some jurisdictions do not charge fees at EV chargers in order to incentivize EVs and/or provide benefits to employees. Common EV pricing structures include: by kWh, per session, by length of time, or through a subscription. According to the California Air Resources Board, the EV charging industry is moving toward a fee structure based on kWh used, rather than by the time it takes to charge the car. EV drivers in California may expect to pay 30-40 cents per kWh to charge on Level 2. For example, at these rates, a Nissan LEAF with a 150-mile range

and 40-kWh battery would cost about $12.00 to fully charge (from empty to full) using a Level 2 charger.

According to the U.S. Department of Energy, while charging a fee for the use of EV charging infrastructure is becoming more common, more than 25% of public EV charging (including Level 1, Level 2, and DC fast chargers) is free to use.

At this time, there is not a statewide standard for EV charger fees. However, there are good examples of EV charger fees from other jurisdictions. Staff reached out to other California jurisdictions to find out how local governments manage fees at their public EV chargers. The Cities of Sacramento and Los Angeles currently provide free charging at City facilities to incentivize and support EVs. In many cases, cities charge rates per kWh determined by the cost of the energy, operations and maintenance, and software licensing. For example, Santa Barbara County charges a fixed average energy cost recovery to the public, similar to the City of Carpinteria, which has a fixed rate of 32 cents per kWh. Although the City of Carpinteria charges the public, it is developing an employee benefits program where municipal EV chargers are free to City employees. The City of Santa Barbara has a time of use (TOU) structure to their fees, and charges 20-35 cents per kWh depending on the time of day, and $1.50 for the first hour of charging. The Cities of Santa Monica, Santa Cruz, and Palo Alto and Alameda County charge similar per kWh rates. Santa Monica and Palo Alto also implement an overstay charge when a vehicle exceeds the posted time limit at their charging stations.

During this research, staff discovered Los Angeles County has a thoroughly researched method of determining optimal charging station user fees that could be applied to the City of Goleta's EV charging rate structure. L.A. County's Clean Transportation Team researched and analyzed data from L.A. County's EV charging station network to propose a fee that meets the needs of the community while recouping operational expenses. Their extensive research highlights the importance of implementing a user fee structure that incentivizes charging and best serves the community. The Clean Transportation Team developed a User Fee Calculator that can be adapted to other jurisdictions. Using the proposed rates for peak and off-peak charging TOU of $0.40 and $0.25, and total number of EV chargers for this project (17), the calculator is able to evaluate utilization, electricity cost, projected revenue, and operating profit/deficit. The calculator includes a 10-year projection that accounts for changes in the price of electricity and the number of EV chargers available. This allows staff to plan for future fee adjustments and to project revenue from the chargers. Any profit made from the EV chargers can be set aside for maintenance and operational costs, which are not covered by SCE Charge Ready.

If Council directs staff to proceed with the TOU structure and approve the rates of $0.40 and $0.25 per kWh for on-peak and off-peak times respectively, staff can provide estimations on the projected costs and recovery opportunities presented by the chargers, especially after they have been in operation for 6 months to one year. The amounts projected by the calculator give an idea of what we might expect costs and profits to be, but actual numbers will not be known until the chargers are operational and utilized.

If the Council directs staff to provide City employees a workplace benefit of free or reduced EV charging, PER staff will work with the Finance Department, City Attorney's Office, and Human Resources to develop the program. Such a program would strengthen EV infrastructure in the Goleta community and incentivize the City workforce and community to drive EVs. Free or subsidized charging for employees would make owning an EV more practical for staff and allow those who are already EV owners the opportunity to charge their vehicles more easily at work. The EV charging stations are important to overall zero emission infrastructure and will incentivize more community members to make the switch from gas-powered to electric vehicles. It is difficult to estimate how much it would cost the City to offer discounted or free EV charging at City Hall for staff until the EV chargers are in operation and data is collected on how many staff use the chargers and how many kWh are utilized. However, staff could calculate those costs after six months or a year in operation and provide that fiscal information to Council. As a note, it is anticipated that staff would be utilizing the chargers during off-peak hours when energy is cheaper.

Staff recommends that the Council consider a fee structure for City-owned EV chargers for two types of user-groups: public/visitors and City employees, assuming that the City's municipal fleet would not be charged. The main recommendation considerations include whether to charge fees at all, if there should be a TOU differentiation for fees, and whether there should be a set time where the chargers would be free, then transitioned to charging a fee.

The City of Goleta's General Services Department has plans to electrify its fleet by purchasing electric vehicles as the current gas-powered cars retire. This plan would require reserved chargers to charge each new vehicle as they were purchased. It is assumed that City fleet vehicles will not be charged a fee at municipal chargers.

The Green Committee and staff recommend that the EV charger rates be set by kWh used, rather than by session or length of time, and that charging fees be set according to time of use (TOU), through the TOU structure utilized by electricity providers (Central Coast Community Energy and SCE). As various EVs and PHEVs charge at different speeds based on their design and battery capacity, this fee structure promotes an equitable cost structure for public users of the charging stations.

Based on the L.A. County model, and following the recommendation of the Green Committee, staff recommends an off-peak price of 25 cents per kWh (9 pm – 4 pm), and a peak price of 40 cents per kWh (4 pm - 9 pm) for the public EV chargers. These recommendations are predicted to increase EV charger utilization, while covering operation and maintenance costs (see fiscal impacts below). These rates are similar to those found in other jurisdictions.

The Green Committee and staff recommend that Council consider discounted or free EV charging for City staff to incentivize clean fuel vehicles for municipal employees. It is anticipated that staff use of the EV chargers would primarily be during off-peak energy hours (before 4 pm), so the cost of energy at the chargers would be at its lowest.

Should Council decide to charge City staff a fee to charge, the Green Committee recommends that it be at a discounted rate. Staff recommends that the rate be set at 15 cents per kWh.

ENVIRONMENTAL REVIEW:

Staff has assessed the environmental impact of the setting electric vehicle charging fees and has determined that the adoption of this Ordinance is exempt from review under the California Environmental Quality Act ("CEQA") (California Public Resources Code Sections 21000 et seq.), pursuant to State CEQA Regulation §15061(b)(3) (14 Cal. Code Reg. § 15061(b)(3)) covering activities with no possibility of having a significant effect on the environment.

GOLETA STRATEGIC PLAN:

City-Wide Strategy: Support Environmental Vitality

Strategic Goal: Promote renewable energy, energy conservation and local energy resiliency.

Objectives:

- Encourage renewable energy generation and use through installation of solar panels, battery energy storage, electric vehicle charging stations and similar measures, including at City-owned facilities and complete installation of solar panels and electric vehicle charging stations at City Hall.

FISCAL IMPACTS:

The fiscal impacts to the City vary dependent upon the option chosen for the electric vehicle charging fee structure. Should the City choose to allow electric vehicle charging for free at City Hall chargers, the City would pay for the full costs of the energy used during charging. This number is difficult to estimate, as it is dependent on how utilized the chargers are and how many kWh are consumed; however, using the L.A. County EV charger fee model, it is estimated that energy costs would be around $5,000 a year in the first year, going up to $15,000 a year by year 10.

The setting of an electric vehicle charging rate would help the City recoup the costs of energy for charging electric vehicles. A single use rate would provide a flat fee or rate for charging at all times and would offset the costs of electricity for charging vehicles. However, since electricity rates are based on a time-of-use (TOU) system, where certain hours of use cost more or less than others based on grid and electrical system capacity, structuring EV charging fees to match this TOU system would optimize the recovery of electricity costs. An elevated rate during peak electricity use hours (from 4:00 pm – 9:00 pm) would assist the City in facing increased electricity costs associated with energy use during those hours. Utilizing the L.A. County EV charger calculator, the estimated cost of energy for operating the chargers would be about $5,000 the first year, escalating to $15,000 per year by year 10. The proposed TOU revenue would

accumulate to around $6,500 per year the first year, resulting in about $1,500 profit (electricity cost only) for the first year. As mentioned above, any profit would then go towards offsetting future maintenance and operating costs, toward future replacement costs not covered by SCE Charge Ready, and toward offsetting future exemptions such as City fleet vehicles. If the user fees are not increased over years for inflation, the City would likely be paying less than $15,000 per year for energy consumed at EV chargers by year 10; however, the TOU fees could be adjusted every few years to capture updated energy costs, putting the energy cost to the City closer to zero.

ALTERNATIVES:

City Council has various alternatives for charging fees to different EV charger user groups.

Reviewed By:	**Legal Review By:**	**Approved By:**
Kristine Schmidt	Megan Garibaldi	Robert Nisbet
Assistant City Manager	City Attorney	City Manager

ATTACHMENT:

1. Staff Presentation

Attachment 1

Staff Presentation

ELECTRIC VEHICLE CHARGER USER FEES

Presentation to the Goleta City Council

June 6, 2023

Presentation by:

Dana Murray, Sustainability Manager

Stephanie Holmes, CivicSpark Fellow

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Background

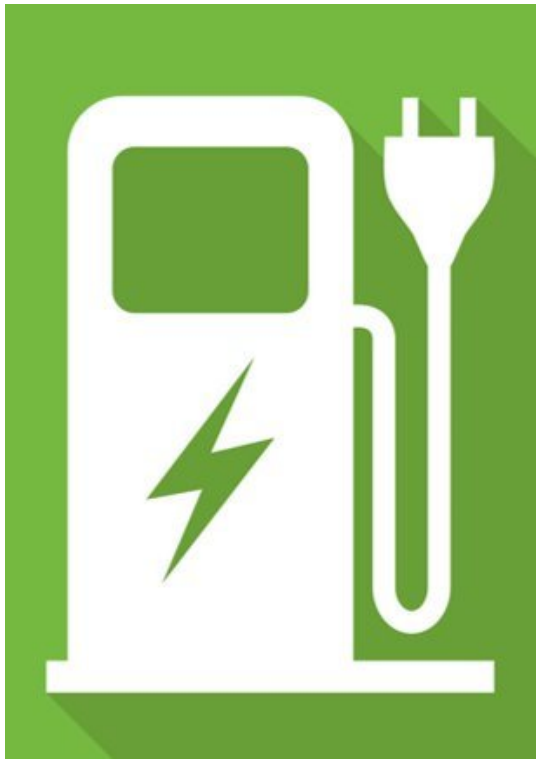
- Budget Priority & Strategic Plan: EV charging infrastructure
  - Environmental vitality
  - City's transition to clean energy future
- Annual Work Program Priority

- City needs to determine what (if any) charging fees will be charged at City Hall EV chargers

Background

- December 6, 2022 City Council meeting
  - City Council approved participation in SCE Charge Ready Program
  - Budget appropriation to purchase 17 EV chargers
- January 23, 2023 Green Committee recommends
  - Time of use (TOU) fee structure
  - Higher rates during peak hours (4:00-9:00 PM)
  - Discounted rates or free charging for employees
  - Parking time limit (potentially four hours)
    - Overstay charge beyond set period of time

EV User Fees



- City Hall EV Charger project's EV software can collect fees
- How much does the City intend to charge at EV chargers?
  - Public
  - City employees

Other Cities' EV charger fees

- Many fees determined by energy companies or to recoup costs:
  - Santa Barbara (in process of update)
    - $0.20 - $0.35 per Kilowatt Hour
  - Santa Monica
    - $0.30 per Kilowatt Hour
  - Santa Cruz
    - $0.35 per Kilowatt Hour
  - Alameda County
    - $0.15 per Kilowatt Hour
- Some CA cities provide free or discounted charging:
  - Sacramento
    - free EV charging at City-owned garages
  - Los Angeles
    - hundreds of free charging stations
  - West Hollywood
    - free 2-hour parking for EVs charging in municipal garages
  - Carpinteria (in process of update)
    - proposed free charging for City employees

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Green Committee Recommendations

- Green Committee recommends:
  - TOU fee structure based on kWh usage
  - Public use EV charger fees:
    - Off-peak price of 25 cents per kWh (9 pm – 4 pm)
    - Peak price of 40 cents per kWh (4 pm - 9 pm)
  - Employee use EV charger fees:
    - Full Council decision on discounted rate of 15 cents per kWh OR free employee benefit

L.A. County's Clean Transportation User Fee Analysis

- Method to determine optimal EV user fees
- Analyzed data from L.A. County's EV charger network
- Goal: EV fees that incentivize EVs in community while covering operational expenses
- Estimated cost of energy
  - ~$5,000 first year
  - ~$15,000 per year by year 10
- Estimated TOU revenue
  - Off-peak price 25 cents per kWh
  - Peak price 40 cents per kWh
  - ~$6,500 revenue first year
    - ~$1,500 after energy cost to cover maintenance
- Numbers dependent on usage, fees can be adjusted

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Recommendation:

- Set City Hall EV Charger Fees

- Public Charging:
  - TOU for EV charging rates
  - Off-peak price of 25 cents per kWh (9 pm – 4 pm)
  - Peak price of 40 cents per kWh (4 pm - 9 pm)

- Staff Charging:
  - Employee benefit, free EV charging, OR
  - Employee benefit, discounted EV charging rate at 15 cents per kWh