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Title: CONSIDER APPLICATION FOR FUNDING THROUGH THE LIGHT-DUTY ELECTRIC VEHICLE INFRASTRUCTURE PROGRAM OFFERED THROUGH THE VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST FOR CALIFORNIA

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Attachments: 1. Exhibit No. 1 - Sample-Letter-of-Commitment.pdf, 2. Exhibit No. 2 - Letter of Support.pdf

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, July 06, 2021

Consent

SUBJECT:

CONSIDER APPLICATION FOR FUNDING THROUGH THE LIGHT-DUTY ELECTRIC VEHICLE INFRASTRUCTURE PROGRAM OFFERED THROUGH THE VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST FOR CALIFORNIA

I. SUMMARY

The Light-Duty Electric Vehicle Infrastructure Program, a statewide program funding electric vehicle (EV) infrastructure, is currently open and has \$5 million in Volkswagen (VW) Environmental Mitigation Trust funding available for the purchase and installation of new charging stations and infrastructure (the "Trust Funding"). A minimum of 50% of the funds must be directed to disadvantaged and low-income communities along with an emphasis on expanding EV charging access state-wide and closing geographic gaps in coverage.

The City does not meet the minimum requirements to submit an application on its own, and must instead partner with an eligible applicant. The eligible applicant would be a contractor and, depending on the Trust Funding application/approval, would either install the Trust-Funded EV charging infrastructure itself or contract with another qualified firm to do so. The City would be considered a "Project Beneficiary," meaning the owner of the property on which the EV charging infrastructure would be installed pursuant to an award of Trust

Funding. City staff has identified three prospective applicants seeking to partner with the City.

A Letter of Commitment is required as part of the application process. A sample is attached as Exhibit No. 1 for reference and includes a statement of agreement to the placement of Trust-Funded EV chargers and agreement to comply with all requirements of the Trust Funding program. If the City Council approves the staff recommendation, staff and the City Attorney's office would prepare a letter for the City Manager's execution using the sample letter as a template, but the City's letter would include a statement that the commitment is contingent upon subsequent City Council approval of a written agreement with a program partner as referenced in recommendation items 1 and 2 of this report (the "Letter of Commitment").

The application is due on July 15th, 2021 by 5:00 PM. More details about the program, solicitation guidelines, and the grants management portal can be found by using this link: <https://www.californiavwtrust.org/ev-infrastructure/> .

Given the short amount of time before the application is due, staff is seeking City Council authorization to sign a letter of commitment, select a program Partner/eligible applicant, and take any other actions as necessary to submit an application for Trust Funding. (Recommendation No. 1).

Staff also seeks City Council direction to work with the partner/applicant to negotiate terms such as ownership of the EV charging equipment, maintenance, repair, replacement and warranty terms, networking, operations, pricing, electricity costs, Low Carbon Fuel Standard (LCFS) credits, DC Fast Charging Infrastructure (FCI) credits, revenue sharing, and other important deal points, which would be placed into a written agreement that would be subject to subsequent City Council approval following an award of Trust Funding (Recommendation No. 2).

Finally, staff believes that if the City Council provides a letter expressing its support of the proposed project/application and its enthusiasm for the benefits it would provide to the City, this would increase the City's chances of receiving an award of Trust Funding. A proposed letter of support is attached as Exhibit No. 2. The letter would be sent in connection with the Trust Funding application (Recommendation No. 3).

Per the solicitation timeline, applicants will be notified if they are selected for an award in September of 2021.

II. RECOMMENDATION

TAKE all of the following actions:

1. AUTHORIZE the City Manager to prepare, sign and transmit a Letter of Commitment following approval as to form by the City Attorney, select a program partner/eligible applicant, and take any other actions as necessary to submit an application with an eligible applicant for a 100% Trust-Funded EV charging station project, provided the

commitments contained in the Letter of Commitment and other application materials shall be contingent upon final City Council approval of a written agreement with the program partner/eligible applicant, as referenced in Recommendation No. 2.

2. DIRECT staff to work with the program partner/eligible applicant to negotiate terms such as ownership of the EV charging equipment, maintenance, repair, replacement and warranty terms, networking, operations, pricing, electricity costs, Low Carbon Fuel Standard (LCFS) credits, DC Fast Charging Infrastructure (FCI) credits, revenue sharing, and other deal points, to be set forth in a written agreement to be presented to City Council for its consideration and approval following an award of Trust Funding, if any; and

3. APPROVE the Letter of Support, and AUTHORIZE the Mayor to execute same following approval as to form by the City Attorney (Exhibit No. 2).

III. ALTERNATIVES

TAKE another action the City Council deems appropriate, consistent with the requirements of the law.

IV. BACKGROUND

Under contract to California Air Resources Board (CARB), the Bay Area Air Quality Management District is serving as administrator (“VW Administrator”) of the Trust funds for the award of Trust funding for the Light-Duty Zero-Emission Vehicle Infrastructure category, including up to \$5 million for electric vehicle charging station projects and \$5 million for hydrogen fueling station projects.

Project Beneficiary Requirements

As noted above, to obtain the benefit of Trust Funding, the City would have to partner with an eligible applicant and be considered a Project Beneficiary.

Project Beneficiaries can receive no-cost or discounted Trust-funded EV charging stations in return for agreeing to fulfill program requirements for the duration of the contract term (generally 3-5 years). Per the Trust Funding program guidance (available at the link provided above), requirements for Project Beneficiaries include the following:

- Sign an agreement with the program partner/contractor agreeing to all Program Requirements as outlined in this solicitation.

- Allow the program partner/contractor to have reasonable access to the property for installation, operation, and maintenance, and to usage data for reporting purposes.

- Allow access during regular business hours (see “Project Operation Requirements”).
- Allow the VW Administrator or its authorized representatives to inspect the charging stations and sites at any time during the Project Operational Period and cooperate with such inspections.
- Allow the VW Administrator and its authorized representatives to conduct performance and fiscal audits of the Project at any time during the contract term and cooperate with such audits making available all records relating to the Project performance and expenses incurred in the implementation of the Project.
- Agree to cooperate with the program partner/contractor to secure permits and other requirements.
- Be in compliance with all applicable Federal, State, and local regulations at the time of application and remain in good standing with applicable regulations throughout the contract term.
- Agree to complete a successor agreement with the program partner/contractor in case of sale or change of property ownership.
- Agree to repayment of Trust funds in the case of breach or Project Beneficiary’s failure to comply with Program Requirements.

Funding

The VW administrator seeks to award up to \$5 million in Trust funds to approximately 2-10 applicants through this solicitation. The maximum award to a single applicant is \$4 million and the minimum award is anticipated to be \$500,000. Trust funds, if awarded, would be received by the eligible applicant on a reimbursement-only basis, and would never be received or handled by the City or any City account.

The maximum amount of funding that can be applied for each charging site will vary depending on the ownership of the property where it will be located (i.e., owned by a government agency) and on whether stations will be accessible to the general public. Maximum funding amounts for each proposed station may not exceed the following:

- Up to 100 percent of eligible costs for publicly accessible charging stations at government-owned properties;
- Up to 80 percent for publicly accessible charging stations at privately owned properties; and
- Up to 60 percent for charging stations serving employees and visitors at workplaces and multi-dwelling units (serving both residents and guests).

City staff has developed a list of sites that fall within the 100 percent funding group, and per Recommendation No. 1, would only target those opportunities. The list has been

shared with the prospective applicants, and staff is working with them to determine the best strategy to secure funds. Projects are ranked based on the requested VW funds and the maximum charging capacity (kW) at each site, where a lower amount of funds requested coupled with a higher charging capacity will be ranked more highly.

At the time this report was written, staff has not yet made a determination about which prospective applicant to recommend partnering with, but if this approach is approved, staff would select the partner for purposes of submitting the Trust Funding application, and would then return to the City Council at a later date with a final agreement with the partner if funds are awarded.

Alternative EV Funding Opportunities

The City Council has expressed a desire to bring more EV charging equipment into the City. There are funding programs that are currently open and others that will open later this month, year, and next year. This report focuses on the VW Environmental Mitigation Trust funds. Later this month, the Southern California Edison (SCE) Charge Ready program (<https://www.sce.com/business/electric-cars/Charge-Ready>) will begin accepting applications and other programs are anticipated to open later in 2021 and early 2022. Guidelines and requirements vary from one program to the next. For example, the SCE Charge Ready program installs all the expensive infrastructure at no cost to the City, but may not fund the super-fast chargers during the initial funding round. However they have indicated that they expect the CPUC to allow funding those types of chargers in 2022. On the other hand, the VW trust funds will fund both the regular, fast, and super-fast chargers now. Staff is thinking strategically on how best to take advantage of multiple programs to bring in high-quality charging infrastructure that the community will want to use and any revenue that can be gained. The VW trust funds can be a program that the City of Carson uses to meet part of the City's EV needs.

V. FISCAL IMPACT

Staff would seek 100 percent funding through the program to cover the design, construction, maintenance, operations, and networking costs during the grant/network reporting period(s), which appear to be between 3-5 years depending on the charger type. The energy costs would be the City's responsibility; however, staff would work with the applicant to negotiate revenue sharing provisions in the subsequent agreement that would be presented to the City Council following Trust Fund approval, to ensure that revenues were first used to reimburse the City for its higher electricity bills and any on-going maintenance, networking, and operational costs that weren't covered through the grant.

VI. EXHIBITS

1. Sample Letter of Commitment. (Pg. 6)
2. Letter of Support. (Pg. 7-8)

Prepared by: Reata Kulcsar, Sustainability Administrator - Utilities; and Eliza Jane Whitman, PE, LEED AP, ENV SP, Director of Public Works