



Legislation Text

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Report to Mayor and City Council

Tuesday, June 07, 2022

Consent

SUBJECT:

CONSIDER AWARD OF A CONTRACT SERVICES AND LICENSE AGREEMENT WITH CSG EV, LLC FOR ELECTRIC VEHICLE CHARGING EQUIPMENT AND SERVICES IN CONJUNCTION WITH CITY'S PARTICIPATION IN SOUTHERN CALIFORNIA EDISON'S CHARGE READY PROGRAM.

I. SUMMARY

On May 3, 2022, the City Council approved City's participation in Southern California Edison's (SCE) Charge Ready Program to receive free electrical infrastructure for 128 level -2 charging ports at eleven City sites. Under the program, SCE will perform infrastructure work on the utility side and on the customer side of the meter at no cost to the City (i.e., electrical design, permitting, construction and installation of electrical equipment like transformers, switchgear, meters, cabinets and underground conduits, and conductors). A requirement of the program is that the City procure, install, and maintain EV chargers for a 10-year term; however, SCE will provide a rebate to help offset the cost to procure and install EV chargers.

The City released a Request for Proposals (RFP) No. 21-039 on October 7, 2021 for Electric Vehicle Charging Station Solutions and received 17 proposals. The proposals were checked for responsiveness, evaluated, and ranked. The top four proposals were invited to present and participate in interviews.

The top ranked vendor was identified as CSG EV LLC, a wholly owned subsidiary of Carbon Solutions Group (hereinafter, CSG EV LLC shall be referred to as Carbon Solutions Group) who will partner with ChargePoint for chargers and networking and Baker Electric, a C-10 electrical contractor that is Electric Vehicle Infrastructure Training Program (EVITP) certified, to purchase, install, insure, operate, and maintain the EV chargers for a period of 10 years at no cost to the City.

Carbon Solutions Group's proposal ranked high among the internal and external review committee for many reasons. Their team was experienced, the proposed deal was straightforward, they offered a no-cost solution for the duration of the contract term that includes a comprehensive maintenance and warranty package. Their offer includes a

monthly license fee of \$25.00 - \$50.00 per month for each installed station which they will pay to the City annually. This is estimated to be \$38,400.00 annually. The City will also receive additional compensation if EV charging utilization is above a certain threshold. They also have a vehicle lease program that City may be able to take advantage of.

Carbon Solutions Group can offer this no-out-of-pocket-cost solution to the City because there are multiple incentives including tax credits, accelerated depreciation and carbon credits that they can monetize. The City will also designate them as the recipient of the SCE incentive valued at \$310,300.00 after the EV charging stations are installed and energized. The City will also assign the SCE Charge Ready Charging and Rebate Participation Agreement to them after the EV chargers are installed and energized.

The team that Carbon Solutions Group has assembled is knowledgeable and experienced in this space and the internal and external review panel is confident that they will be able to deliver as proposed.

Staff requests that the City Council approve the Contract Services and License Agreement with Carbon Solution Group EV, LLC for electric vehicle charging equipment and services (Exhibit No. 1).

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE and AUTHORIZE the Mayor to execute a Contract Services and License Agreement with CSG EV LLC, following approval as to form by the City Attorney.
2. APPROVE and AUTHORIZE the City Manager to execute the necessary documents and forms to participate in the Southern California Level 2 Incentive Project.

1.

III. ALTERNATIVES

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

IV. BACKGROUND

On October 7, 2021, the City issued RFP No. 21-039 via PlanetBids, the City's on-line bidding site, and notices were published on the City's website and advertised in the local

paper, Our Weekly. Proposals were due on November 18, 2021 and the City received 17 proposals as shown in the Bid Register (Exhibit No. 2). The proposals were checked for responsiveness, evaluated, and ranked by an internal City review committee. The proposals were evaluated based on the criteria specified in the RFP including Charge Ready Program compliance, qualifications, experience, project understanding, proposed products, warranty, and cost. Of the 17 proposals, 9 were deemed responsive and 4 were invited to present and participate in interviews.

The review committee consisted of City staff from the Public Works Department and Information Technology (IT) division and external subject matter experts that specialize in electrical and environmental engineering.

The four teams that were interviewed did a good job presenting their products and solutions to the City. A cost analysis was also conducted to compare the costs and benefits to the City for the top four proposals. The final ranking results are shown below in table 1.

Table 1. Interview Ranking

Vendor	Ranking
Carbon Solutions Group / ChargePoint	1
Green Wealth Energy/Blink Charging	2
Zeco Systems / Greenlots / BTC Power	3
Casco Contractors/ Noodoe	4

Carbon Solutions Group was the lowest out-of-pocket cost solution and was recommended unanimously by the review committee, a Notice of Intent to Award was issued by the Purchasing Division (Exhibit No. 3). Carbon Solutions Group and the team that they assembled was selected because they could meet the Charge Ready Program compliance requirements, they are qualified and experienced in the EV charging space and can manage the Low Carbon Fuel Standard credits, they have a very good understanding of the project and the City's needs, the proposed ChargePoint charger and network is a leader in the space and already has a strong user base. They also offered the best warranty and maintenance package and will be using an EVITP certified contractor for the initial install and on-going maintenance work.

ChargePoint and EV Charging Technology - The ChargePoint CT 4011-GW1 EV charger is proposed for the 20 single-port chargers and the ChargePoint CT4021-GW1 EV charger is proposed for the 54 dual-port chargers (128 ports) that are planned at the eleven City-owned sites. These are medium power charging units delivering about 25 miles of range per hour. Each station will be equipped with one or two standard SAE J-1772 Level 2 charging connectors, each supplying up to 7.2kW (208/240 VAC at 30A). The stations are UL listed meeting national safety standards and are energy star certified to conserve power when not charging. See the brochure for more information (Exhibit No. 4).

Level 2 charging is important and will serve as the backbone for everyday charging in Carson. The sites are strategically located throughout the City and provide a convenient place for the public to charge for a fee. EV drivers living near or visiting a City-owned site can plug-in and start a charge for one or more hours. It is anticipated that these EV chargers will encourage EV adoptions by increasing visibility of EVs and charging options.

Network, Security and Privacy - ChargePoint is an SCE approved product vendor whose services will be engaged through a contract with Carbon Solutions Group as its subcontractor to provide port-level networked communication capabilities through cellular communications to manage the EV chargers, enable EV driver pricing and payment, usage reporting, and smart charging. ChargePoint has one of the strongest networks of charging stations and EV drivers in California and the United States. They support an open, standards-based, and secure charging system to enable innovation and protect sensitive information. They will also be required to provide SCE with usage and other related data associated with the charging equipment and its use. The required information must be electronically transmitted to SCE monthly in the form and format prescribed by SCE. Aggregated data (not attributable to any specific participant's site) will be made publicly available as part of SCE's reporting to the CPUC and various industry stakeholders and may also be used to identify load management opportunities and enhance potential vehicle -to-grid integration opportunities for future utility initiatives.

Baker Electric - The City adopted Resolution No. 20-158 - Electric Vehicle Infrastructure Training Program (EVITP) requirements on October 20, 2020 and the RFP included a requirement that the EV Charging installer be EVITP certified. Baker Electric, which will be Carbon Solutions Group's subcontractor, is EVITP certified and holds the following contractor's licenses: C10 -Electrical, C46 - Solar, B-General Building, C7 Low Voltage Systems, and A- General Engineering. They are also registered with the Department of Industrial Relations (DIR) and have the experience to complete the required work in a satisfactory manner.

Revenue Sharing - the City will share in the revenue generated from the new electric vehicle charging infrastructure. The City will receive:

- A 55% share of all advertising revenue generated from project infrastructure; and
- Monthly License Fees (The City will receive \$50.00 per month for each installed CT4021-GW1 station for dual port chargers and \$25 per month for each installed CT 4011-GW1 station for single port chargers); and
- Carbon Solutions Group will own and manage the LCFS credits during the agreement term (forfeit after), however, they will provide the City an annual utilization bonus based on the following formula:
 - The City will receive \$100 per percentage point of annual utilization above a 5% threshold
 - Actual average annual utilization is defined as kWh dispensed per year divided by the product of annual average kW load multiplied by 8,760 hours

per year.

- Utilization Bonus example - For a Level 2 charging port with 20% average annual utilization and 5% threshold, the annual utilization bonus corresponding to that station is \$1,500.00.

Price Setting - ChargePoint's software contains advanced and flexible pricing configuration tool for station operators to collect fees and influence charging behavior. Pricing to drivers for EV charging services can be configured to be the same for all drivers or with pricing rules that vary for different groups of drivers.

Pricing rules may be set up using any of the following options:

- A fixed rate for the session. The driver pays a set fee for the entire session.
- An hourly rate. The driver pays per hour or per minute, like parking meters.
- An energy rate. The driver pays for the energy consumed on a per kWh basis.
- Length-of-Stay escalating pricing. One price is charged during the first X hours and another price is charged for every hour afterwards.
- Charge-Complete escalating pricing. One price is charged until the vehicle reaches full charge, then another price is charged afterwards with an optional grace period.
- Time-of-Day pricing. One price is charged during peak hours and another during off-peak hours that may vary by day of week, weekdays, or weekends.
- A minimum and/or a maximum fee per session.
- A combination of the above. For example, a minimum fee PLUS an hourly rate or an hourly parking rate PLUS per kWh pricing.
- Driver groups. Station owners may set unique policies for different classifications of drivers (e.g., students, faculty & staff vs. visitors) using the options above.
- Scheduled Pricing. All the above options may be set by time of day and day of week.

Carbon Solutions will work with City staff to set dynamic pricing. Charging rates and utilization have an inverse relationship. When charging rates are low, utilization is high and there is a strong desire from Carbon Solutions Group to drive utilization because they can capture more LCFS credits. The higher the utilization, more shared revenue is expected for the City.

User Fees - All drivers payment processing, funds transfer, and collections will be handled automatically in accordance with the Pricing Schedules detailed in Exhibit C-3 of the

Agreement, which incorporates a Blended Rate. The Blended Rate is calculated by dividing the total amount of Carbon Solutions Group's operating costs including, but not limited to, administrative, network, maintenance as well as fixed and variable costs associated with electricity delivered through the charging station by the total kilowatt-hours consumed during the billing statement. City fleet and special pricing will be discounted by 20%.

EV Driver Payment Options - ChargePoint offers a variety of payment options to ensure EV Drivers can have the flexibility to pay the way they want. EV drivers will be able to use multiple point-of-sale methods including:

- Credit Card: Drivers may use a contactless credit card or call the toll-free number clearly displayed on every station 24/7 to authorize charging. EV drivers will be able to pay via a credit card without having a ChargePoint account or the mobile app.
- Apple Pay and Google Pay "Tap to Pay": ChargePoint stations are compatible with Apple and Android phones using NFC technology with Google Pay and Apple Pay, allowing drivers to pay by tapping their phones at the station as if they were using a contactless credit card. No membership or registration required.
- ChargePoint Account and RFID Card: New drivers can open an account online and sign up to receive a free ChargePoint card. The driver's ChargePoint account is synched to the driver's credit card, PayPal, Google Pay, or Apple Pay as a funding source
- ChargePoint Mobile App: EV drivers can start and stop charging with just one tap in the mobile ChargePoint app. Like the ChargePoint RFID card, this app is synched to the driver's ChargePoint account.
- Smartphone and Smartwatch "Tap to Charge": ChargePoint drivers can use the NFC capabilities of their Android or Apple smartphone or smartwatch and tap at the station in lieu of using an RFID card. This feature ties the session to the driver account, enabling all features of the mobile application and activity tracking.
- Roaming Between Networks: ChargePoint registered drivers can utilize the ChargePoint app to initiate a charging session on any implemented roaming partner charging network, and conversely can utilize a roaming network's account to activate a station on the ChargePoint Network. ChargePoint is a founding member of effort to develop roaming agreements between all major charging networks to help charging seamless for all EV drivers.

Cost Proposal, Ownership, Electricity Costs, and Reimbursement - After the EV charging equipment is installed and energized, the SCE Charge Ready Agreements will be assigned to Carbon Solutions Group. They will own and operate the charging stations on behalf of the City at no cost (\$0.00) for the duration of the ten-year agreement term. Carbon Solutions group will be responsible for all costs associated with the design, permitting, equipment and installation of the stations, and will pay all operating costs for the term of the agreement to include ChargePoint Assure warranty, ChargePoint network fees, and all utility costs. The City will remain on the SCE service accounts, however, Carbon solutions Group will reimburse the City for all electricity costs except for locations that are

identified as workplace charging.

Low Carbon Fuel Standard (LCFS) - The California Air Resources Board identified the Low Carbon Fuel Standard (LCFS) as one of many early actions to reduce California's greenhouse gas emissions that cause climate change. The LCFS is designed to decrease the carbon intensity of California's transportation fuel pool and provide an increasing range of low-carbon and renewable alternatives, which reduce petroleum dependency and achieve air quality benefits. As EV chargers deliver a low-carbon fuel, owners of Level 2 and DC fast chargers are eligible to apply for the generation of LCFS credits based on the amount of fuel (electricity) dispensed. The value of the LCFS credits for any one EV charging site will vary greatly depending on many factors, including but not limited to, the number of EV chargers in operation, the type of EV chargers installed, the amount of fuel dispensed, the value of the credit when sold, etc. This revenue can then be used to offset the expenses associated with operating and maintaining EV charging equipment.

The LCFS credits will be assigned to Carbon Solutions Group during the agreement term in exchange for this no cost project. They will, however, provide the City with shared revenue in other forms as described earlier.

Warranty, Maintenance, Repair, Vandalism - Carbon Solutions will ensure that Baker Electric will warrant all labor, parts, repairs related to vandalism, accidents and other issues, operation of the chargers, and maintenance, unless City approves use of contractor other than Baker Electric. Replacement stations and parts will be stored in a warehouse that is located within 20 miles of the City. Carbon Solutions will address and resolve any issue under warranty within 48 hours of written notice from City, except where resolution of the issue requires a part that is not within Carbon Solutions' possession in which event Carbon Solutions must order the needed part within 48 hours of City's written notice with proof of such order to be provided to City upon City's request. However, in the event of any emergency such as the existence of exposed wires, either Baker Electric or City may turn the switch off at the breaker within 24 hours.

End of Term and Buyout Option - Carbon Solutions Group will own the equipment during the 10 year term of the agreement and upon expiration of such term the City can either (a) extend the term for five additional one-year terms, or (b) purchase the stations from consultant for 100% of the residual MSRP value of each station, minus rebates, prorated based on a ten-year, straight-line depreciation from purchase date of each station, plus installation cost, in accordance with the Buyout Schedules attached to the Agreement as Exhibit C-1. Once the contract or extended contract expires, unless City elects to purchase the stations, Carbon Solutions will remove the stations.

Early Termination Buyout Option - In the event of termination without cause prior to expiration of the Term by City or termination by Consultant as a result of City breach, at City's sole election, City may purchase the charging stations by paying Consultant 130% of the residual MSRP value of each station prorated based on a ten-year, straight-line depreciation from purchase date of each station, plus installation cost, minus rebates, in accordance with the "Termination Buyout Schedules" attached to the Agreement as Exhibit C-2. In the event of termination by City as a result of Consultant breach, again at City's sole election, City may purchase the charging stations by paying Consultant 100% of the residual MSRP value of each station prorated based on a ten-year, straight-line depreciation from purchase date of each station, plus installation cost, minus rebates, in

accordance with Exhibit C-2 of the Agreement.

Demand Response - a requirement of the SCE Charge Ready program is that the participant must enroll in at least one qualifying demand response (DR) program. DR programs encourage a reduction of electricity use during certain time periods, typically during on-peak hours or when demand for electricity is high, and/or can provide incentives to use electricity during periods of excess generation or when demand for electricity is lower.

Fleet Lease Options - Carbon Solutions Group is also offering to help advance the City's fleet-electrification objectives by applying the expected revenue-share payments towards the lease rates for new EV vehicles (i.e., Chevrolet Bolts, Nissan Leaf, Ford F-150, etc.). They can take advantage of tax incentives that are not available to public agencies. If the City Council is interested in this option, staff can work with Carbon Solutions Group to negotiate lease rates and vehicle types.

Future Policy Considerations - The City Council should consider whether it wants to establish a policy on whether City-owned facilities such as parks should remain open overnight for EV charging and whether the City should develop a new code limiting EV charging spaces to EV vehicles that are actively charging.

Additionally, it should be noted that pricing for City fleet charging will be available to City at a 20% reduction to the retail fees incurred by Carbon Solutions Group that are detailed in Exhibit C-3 of the Agreement. If permissible by law the City Council should also consider whether it would like the 20% reduction in pricing to apply to City Council, City employees, and other groups of individuals designated by City Council.

Additional Incentives - Additional Incentives may be available through the California Electric Vehicle Infrastructure Project (CALeVIP). City-owned site would be eligible for incentives between \$3,500 to \$4,000 per port. Carbon Solutions will apply for the rebates to further drive down their initial cost to purchase and install the chargers and the City would need to execute a Site Verification Form and consent to the installation of EV charging station equipment at the Property (Exhibit No. 5).

This program is funded by the California Energy Commission and implemented by the Center for Sustainable Energy (CSE), the Southern California Level 2 Incentive Project promotes access to electric vehicle (EV) charging infrastructure by providing rebates for Level 2 (L2) Chargers. Eligible L2 rebates start with a base rebate amount of \$3,500/connector and additional funds are available for qualified sites: an additional \$2,000/connector for multi-unit dwelling sites and an additional \$500/connector for DAC. Final rebate amounts are determined by the total eligible project costs. City and Carbon Solutions will work cooperatively to obtain additional incentives for programs during the agreement term, and the parties will receive equal shares to said incentives or rebates that may become available.

V. FISCAL IMPACT

SCE will design and install the infrastructure work for the EV charging stations at no cost to the City.

The initial cost associated with the purchase and installation of the EV charging stations is estimated to be \$657,397.69. This cost, however, will be fully paid by Carbon Solutions Group in exchange for the Low Carbon Fuel Standard credits and the SCE rebate that is currently estimated to be \$310,300.00

There may also be an opportunity to receive rebates through the California Electric Vehicle Infrastructure Project (CALeVIP) of up to \$4,000 per port for the purchase and installation of electric vehicle charging infrastructure at publicly accessible sites. Carbon Solutions Group will apply for these additional rebates to help further pay down the initial capital cost.

City will also receive monies as follows: (a) Carbon Solutions will reimburse City 100% for electricity costs unless otherwise directed by City; (b) Carbon Solutions will provide City a flat fee of \$50.00 per month for each installed CT4021-GW1 station for dual port chargers and \$25 per month for each installed CT 4011-GW-1 station for single port chargers, for a total of \$324,000 for dual port chargers and \$60,000 for single port chargers (over the 10 year term); and (c) Carbon Solutions will provide City utilization bonuses in accordance with an agreed upon formula set out in the agreement. However, flexibility has been built into the Agreement to allow City to waive the fees in an effort to lower the pricing for charging vehicles.

VI. EXHIBITS

1. Contract Services and License Agreement. (pgs. 10-62)
2. Bid Register. (pgs. 63-64)
3. Notice of Intent to Award. (pg. 65)
4. ChargePoint Brochure. (pgs. 66-69)
5. Southern California Level 2 Site Verification Forms. (pgs. 70-71)

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