



## CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

**MEETING DATE:** August 19, 2024

**SUBJECT:** Updated Public Electric Vehicle Charging User Fees for City-Owned Electric Vehicle Charging Stations

**PREPARED BY:** Terra Sampson, Utility Conservation Analyst

**STRATEGIC INITIATIVE(S):**

Pursue Initiatives that Promote Environmental Stewardship  
Maintain and Improve Infrastructure and Facilities

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**RECOMMENDED ACTION(S):**

Adopt a Resolution updating public electric vehicle charging user fees for city-owned Electric Vehicle (EV) charging stations through June 30, 2027.

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**COMMUNITY ENGAGEMENT/OUTREACH:**

In October 2023, City Council adopted the Healdsburg Climate Mobilization Strategy (CMS), which included extensive community engagement and outreach activities. This item addresses multiple actions included in the CMS Implementation Plan.

On June 17, 2024, staff presented the City Council alternatives for City-owned public electric vehicle (EV) charging user fees. During this meeting the City Council provided direction for the structure of EV charger user fees.

**BACKGROUND:**

The City of Healdsburg adopted a CMS in support of State and Regional greenhouse gas (GHG) reduction goals. The CMS identifies key measures and actions that will be most impactful in reducing GHG emissions, are equitable, feasible, and community driven. The CMS includes an Implementation Plan, which presents the measures and actions to be implemented in the next 1-3 years. This item addresses the following actions from the CMS Implementation Plan:

- BE-1.4 Work with community groups, local organizations, and NCPA to ... include information on time of energy use as it factors into carbon intensity and how community members can capitalize on using electricity when it has the lowest carbon intensity (e.g., when to charge electric vehicles and when to run space heating and cooling). Work with industry experts to help with demand response planning, developing strategies to increase

flexibility of the grid, and for informing consumers of carbon intensity of the electricity they are using to promote behavior change.

- T-4.3 ... Continue to promote affordable EV charging rates at city-owned EV charging stations and adjust rates as necessary to cover program costs. Explore methods for charging different rates for different user groups or other programs to offset charging costs at public stations for low-income residents.
- T-4.6 ... Develop programs that incentivize residents and businesses to charge during times of abundant solar resources and avoid charging during peak hours and grid emergencies.

There are currently 12 public EV charging connectors available at Healdsburg City Hall and staff are actively working to install more public EV chargers at other City-owned parking lots, including the Maher parking lot at 228 Healdsburg Ave and the Senior Center parking lot at 311 East St. Staff have also submitted an application to the Federal Charging and Fueling Infrastructure grant program for additional chargers at the Community Center, Recreation Park, High School tennis courts, and West Plaza parking lot.

The public charging stations at City Hall currently provide discounted charging with fees set at \$0.55 per hour during the day and free at all other times (overnight and on weekends). While this has provided a great incentive and benefit for EV drivers, it also presents a few areas needing improvement. One of which is that Cap and Trade proceeds are currently covering over 80% of the electricity costs to support public EV charging, and as City-owned charging stations expand this level of incentive will be difficult to sustain. Additionally, the current fee structure provides very little motivation for EV drivers to avoid charging during peak energy demand periods (5pm to 8pm) or to move their vehicle when finished charging. These challenges are described in more detail later in this staff report.

To address these challenges, staff recommends adopting new user fee structures as outlined in the attached Resolution. The new user fee structure seeks to increasingly cover operational costs while remaining affordable for users, incentivize charging during periods of abundant clean energy, prompt EV drivers to move their vehicles when finished charging, and provide discounts for low-income CARE customers.

#### **DISCUSSION/ANALYSIS:**

The public EV chargers at City Hall have grown in their utilization in recent years, with 236,603 kWh (roughly equivalent annual energy usage of 40 homes) consumed in 2023 offsetting 267 MT CO<sub>2</sub>e greenhouse gas (GHG) emissions. Cap and Trade proceeds, which are allocated to Healdsburg by the State and must be used for the primary benefit of electric rate payers while reducing ghg emissions, provide funding for the public EV charging program. In 2023, electricity costs for the EV chargers were approximately \$43,000 and approximately \$1,000 was needed for replacement parts and materials. However, user fees collected only covered approximately \$7,000 of these operational expenses.

Updating user fees to increasingly cover operational costs will free up Cap and Trade funds to further expand public EV charging locations, or for other electric-centric projects of the adopted CMS Implementation Plan.

Staff and local EV drivers have noted challenges when EV drivers do not move their vehicle. Staff analyzed individual charging session data for 2022-2023 and found these key insights:

- Over all 19,354 successful charging sessions, the average charging session was 4 hours 43 minutes and 33% of the charging sessions were by a vehicle with a Healdsburg zip code.
- However, 47 charging sessions were longer than 24 hours and 25 of these charging sessions did not have any user fees (weekend parking). In other words, on average, once per month a vehicle parks for longer than 24 hours and pays nothing to do so.
- Additionally, 21% of all successful charging sessions start between 5:00-8:00pm during hours of high grid impact. This is largely due to the financial incentive of free charging after 5:00pm.
- Weekday sessions during daytime only (7am-5pm) on average used 13 kWh and paid \$1.50, an average of \$0.11 per kWh. Of these sessions, 20% parked for longer than 4 hours, but only 3% parked for longer than 6 hours.
- Weekday sessions during overnight had an average length of 9 hours and 57 minutes and on average used 46 kWh, with no associated user fees. Vehicles with the Healdsburg zip code made up 49% of these charging sessions.
- Weekend sessions lasting overnight had an average length of 12 hours and 47 minutes with 58% of parking sessions over 12 hours and on average vehicles staying plugged in 5 hours and 20 minutes after their vehicle was done charging.

To address the areas for improvement while still providing affordable and convenient public EV charging, staff recommend, and City Council provide direction, to adopt the proposed user fee schedule outlined below in Table 1. The proposed user fee schedule increasingly recovers electric costs with discounted hourly fees during the day and overnight over the next three years, no incentive during peak hours, and a session fee every four hours.

Table 1. Proposed Public EV Charging User Fees for City-Owned EV Chargers

<b>30-days after adoption</b>	<b>July 1, 2025</b>	<b>July 1, 2026</b>
~60% incentive during daytime and overnight	~40% incentive during daytime and overnight	~20% incentive during daytime and overnight
7:00am-5:00pm \$0.70 per hour	7:00am-5:00pm \$1.00 per hour	7:00am-5:00pm \$1.50 per hour
5:00pm-8:00pm \$1.70 per hour	5:00pm-8:00pm \$1.70 per hour	5:00pm-8:00pm \$1.80 per hour
8:00pm-7:00am \$0.40 per hour	8:00pm-7:00am \$0.60 per hour	8:00pm-7:00am \$0.80 per hour
\$0.50 session fee every 4 hours	\$0.50 session fee every 4 hours	\$0.50 session fee every 4 hours

The proposed user fee structure continues to provide an incentive for EV use and adoption, while

slowly beginning to recover the electric costs and help the program become financially sustainable in the long-term. It also conveys a disincentive for charging during high peak hours (5pm to 8pm). It is important to make charging available during these hours for those needing a charge while also providing a price signal to limit charging and avoid these times whenever possible. Additionally, the proposed structure keeps overnight charging affordable for residents who have no or limited access to EV charging infrastructure at home. Night and weekend charging fees encourage EV owners to move their vehicle as soon as they are able. Staff have added a session fee every 4 hours, per Council direction. Staff does not recommend increasing this to any higher than \$0.50 to keep overnight charging (typically due to lack of charging infrastructure access) available and affordable for residents that rely on public charging options.

The daytime hourly fees are based on average hourly electric consumption. The hourly fee overnight is based on average overnight consumption spread out over the 11 hours, recognizing that we do not expect, and it would not be reasonable, to have EV owners move their vehicle in the middle of the night. Again, overnight charging is primarily a function of not having access to EV charging stations at multi-family housing, dwellings that only have on-street parking (ADUs), or other similar situations.

As a cost comparison, charging at home would cost a resident \$0.29 per kWh, or \$1.95 per hour, on Healdsburg's Tier 2 residential rate. For PG&E customers, the estimated cost would increase to an average of \$0.45 per kWh, or \$3.03 per hour. As Healdsburg's GHG Inventory includes a percentage of commuting vehicle miles traveled to the city, it is important to consider promoting commuting with electric vehicles by Healdsburg's out-of-town workforce. Due to Healdsburg's lower energy costs, commuters to Healdsburg will still be incentivized to switch to electric-based transportation.

Whether charging at home or at the City chargers, electric fuel is expected to remain cheaper than gasoline. In 2023, California gasoline was \$4.88<sup>1</sup> per gallon, costing \$2,440 annually for the average gasoline vehicle. Charging at home in Healdsburg is estimated to cost at least 50% less than a gasoline vehicle (\$1,160 annually on the Tier 2 rate, or \$860 annually on the Off-Peak TOU rate). Even with the adjusted fees, staff estimates that Healdsburg's charging stations will continue to be cheaper than most at-home charging within Healdsburg and significantly cheaper than outside the City's service territory.

The proposed user fees are also in line with other nearby public charging fees. Examples of other fee structures include:

- Free, mostly to encourage increased business or customer benefit
- \$1 per hour plus \$2 session fee, or \$2 minimum and/or \$24 maximum
- \$0.37-\$2.50 per hour
- Additional \$10 per hour fees after 4 hours or after charging complete
- \$0.35-\$0.65 per kWh, mostly for fast chargers

The proposed user fees will increasingly recover the electric costs<sup>2</sup> to reduce the reliance on Cap

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<sup>1</sup> [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm\\_epm0\\_pte\\_sca\\_dpg&f=a](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emm_epm0_pte_sca_dpg&f=a)

<sup>2</sup> Electric costs include: the applicable electric rate, monthly customer charge for each electric account, surcharges, and green rate additional charge. ChargePoint also has a standard 10% fee on user payments.

& Trade proceeds that currently fund the chargers' electric usage. Cap & Trade proceeds will continue to cover other operational costs<sup>3</sup> and installation of additional EV chargers.

Under the State's Low Carbon Fuel Standard program, as a public utility, Healdsburg earns credits for both an assumed amount of residential EV charging and charging completed at the City's public EV charging stations. The City may sell these earned Low Carbon Fuel Standards credits to be used to benefit transportation electrification for low-income residents. These funds can be used to provide an additional discount for Healdsburg CARE electric customers wishing to charge at City-owned public charging stations.

To implement this discount, Healdsburg Electric CARE customers will be notified of this option to join a ChargePoint subgroup upon verification of their EV or Plug In Hybrid vehicle registration. Although creating the ChargePoint subgroup and administering discounted fees for a CARE subgroup creates additional administrative work, it is recommended to provide a discount to ensure public EV charging remains affordable and desirable for low-income residents, especially multi-family residents that largely depend on public charging options. Staff recommends a 50% discount applied to the entire rate structure as shown in Table 2 below. The simplicity of this structure will help streamline staff's annual State regulatory reporting of Cap & Trade and Low Carbon Fuel Standards fund expenditures.

Table 2. Healdsburg Electric CARE Customer Proposed User Fees

<b>30-days after adoption</b>	<b>July 1, 2025</b>	<b>July 1,2026</b>
<i>7:00am-5:00pm</i> \$0.35 per hour	<i>7:00am-5:00pm</i> \$0.50 per hour	<i>7:00am-5:00pm</i> \$0.75 per hour
<i>5:00pm-8:00pm</i> \$0.85 per hour	<i>5:00pm-8:00pm</i> \$0.85 per hour	<i>5:00pm-8:00pm</i> \$0.90 per hour
<i>8:00pm-7:00am</i> \$0.20 per hour	<i>8:00pm-7:00am</i> \$0.30 per hour	<i>8:00pm-7:00am</i> \$0.40 per hour
\$0.25 session fee every 4 hours	\$0.25 session fee every 4 hours	\$0.25 session fee every 4 hours

If approved by Council, Staff will implement the first update to fees thirty days following formal adoption of the Resolution. Subsequent updates will be made in line with the new fiscal years on July 1, 2025 and 2026.

Following formal adoption in 2024, staff will also increase communications to notify EV drivers and public charger users of the new fee structure. This will include standard communications, such as social media posts and inclusion in the City Manager's newsletter, as well as other methods to reach the target audience, such as emails to EV program participants and leveraging ChargePoint features.

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<sup>3</sup> Other operational costs include: ChargePoint user portal for managing the chargers, maintenance and parts, and staff time.

**ENVIRONMENTAL STEWARDSHIP:**

In 2023, the public EV charging program offset 267 MT CO<sub>2</sub>e GHG emissions. The CMS sets a goal of 30% EV adoption for passenger vehicles and 40% EV adoption for commercial vehicles by 2030, which would reduce GHG emissions by 7,636 and 2,000 MT CO<sub>2</sub>e respectively.

**ALTERNATIVES:**

The City Council may choose not to adopt the recommended resolution and provide direction to staff on an alternative user fee structure.

**FISCAL IMPACT:**

The proposed public EV charging user fees are intended to increase recovery of ongoing electric costs of the City-owned public EV chargers, which are currently funded in large part by Cap & Trade proceeds. The proposed user fee structure provides an incentive during the daytime and overnight hours of approximately 60% in FY24/24, 40% in FY25/26, and 20% in FY26/27. The proposed fee structure does not have an incentive during the high energy demand hours in the early evening and also includes an additional flat session fee every 4 hours. With all these factors incorporated, the proposed user fees are estimated to cover approximately 60% of energy costs in FY24/25, 75% in FY25/26, and 90% in FY26/27.

Actual operational costs and cost recovery will highly depend on EV charger usage, charging patterns, and additional charger installation. Staff will propose amendments to the fiscal year budgets as necessary to align with actual expenses and revenue.

Additionally, available Low Carbon Fuel Standard credits, which must be used for equity transportation electrification, will be sold to provide a separate low-income CARE discount on EV charging user fees.

**ENVIRONMENTAL ANALYSIS:**

The Public EV Charging Program is not subject to the provisions of the California Environmental Quality Act (CEQA) because the program is not a project, since it will not have a direct or reasonably foreseeable indirect impact on the environment.

**ATTACHMENT(S):**

Resolution

CITY OF HEALDSBURG

RESOLUTION NO. -2024

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG UPDATING PUBLIC ELECTRIC VEHICLE CHARGING USER FEES FOR CITY-OWNED ELECTRIC VEHICLE (EV) CHARGING STATIONS THROUGH JUNE 30, 2027

WHEREAS, the City of Healdsburg owns and operates a publicly owned electric utility; and

WHEREAS, in 2012 the State of California established a Cap-and-Trade program to limit carbon emissions within California; and

WHEREAS, California's Cap-and-Trade Program provides freely allocated allowances to Healdsburg Electric Utility, with the requirement that the value of allowances must be used to benefit electric ratepayers while reducing greenhouse gas emissions; and

WHEREAS, Healdsburg also participates in the State's Low Carbon Fuel Standard program and receives credits that must be used for equity transportation electrification; and

WHEREAS, the City of Healdsburg has adopted a Climate Mobilization Strategy (CMS) in support of State and Regional greenhouse gas (GHG) reduction goals; and

WHEREAS, the CMS Implementation Plan includes multiple actions for electric vehicle (EV) use, adoption, and load management; and

WHEREAS, the CMS also includes goals for 30-40% transportation electrification; and

WHEREAS, updated EV charger user fees will help increasingly recover electric costs and address other areas for improvement in the Public EV Charging Program; and

WHEREAS, offering a low-income discount on public EV charger user fees will help keep user fees affordable and provide access for low-income residents, especially multi-family residents that rely on public charging; and

WHEREAS, upon updating the EV charger user fees, City Staff will implement a ChargePoint subgroup for CARE customers; and

WHEREAS, the Proposed Public EV charging user fees comply with Article XIII-C of the California Constitution because they are charges imposed for a specific government service or product that are not imposed on those not receiving the service or product and do not exceed the City's reasonable costs of providing the service or product; and

WHEREAS, the Public EV Charging Program is not subject to the provisions of the California Environmental Quality Act (CEQA) because the Public EV Charging Program is not a project, since it will not have a direct or reasonably foreseeable indirect impact on the environment.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Healdsburg does hereby:

1. Find that the Public EV Charging Program is not subject to the provisions of the California Environmental Quality Act (CEQA) because the Public EV Charging Program is not a project, since it will not have a direct or reasonably foreseeable indirect impact on the environment.
2. Adopt the Public EV Charger User Fees and CARE EV Charger User Fees outlined in Exhibit A.
3. Direct staff to implement the FY24/25 fees thirty days following adoption of this Resolution and to implement subsequent updates in line with the new fiscal years on July 1, 2025 and 2026.

PASSED, APPROVED, AND ADOPTED this 19th day of August 2024 by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

ABSTAINING: Councilmembers:

SO ORDERED:

ATTEST:

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David Hagele, Mayor

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Raina Allan, City Clerk

Exhibit A

Table 1. Proposed Public EV Charging User Fees for City-Owned EV Chargers

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