



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 23-546

June 27, 2023

Introduced: 6/15/2023

Current Status: Agenda Ready

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Matter Type: General Agenda Item

- a) Authorize the Assistant County Administrative Officer or designee to implement the installation of Level 3 Electric Vehicle Fast Chargers at the County libraries in Castroville, Greenfield, and San Lucas; and
- b) Authorize the Assistant County Administrative Officer or designee to enter into and execute all documents as required to implement this project, subject to review and approval by the Office of the County Counsel as to form and legality.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a) Authorize the Assistant County Administrative Officer or designee to implement the installation of Level 3 Electric Vehicle Fast Chargers at the County libraries in Castroville, Greenfield, and San Lucas; and
- b) Authorize the Assistant County Administrative Officer or designee to enter into and execute all documents as required to implement this project, subject to review and approval by the Office of the County Counsel as to form and legality.

SUMMARY:

Staff is recommending the County move forward with a project to install one level 3 electric vehicle fast charger with 2 ports each at three County libraries (Castroville, Greenfield, and San Lucas) for a total project cost of \$791,949. Funding in the amount of \$568,239 has been acquired through a grant application to the California Energy Commission's Rural Electric Vehicle Charging Program. The application was done in partnership with FreeWire Technologies Inc. as the grant recipient with the County as a site-host.

On September 30, 2022, this Board's Budget Committee unanimously voted in favor of owning the chargers in order to support the County's Clean Fleet Purchasing Policy. The total cost to own the chargers is estimated at \$223,711. Ownership allows the County greater flexibility for charging County vehicles or offering residents reduced cost charging, and presents an opportunity for the County to practically work through the administrative realities of electric vehicle charger deployment. Additional benefits from the Inflation Reduction Act and Central Coast Community Energy's recently redesigned Light Duty Electrification Program turn the cost of the project to a net benefit between \$16,289 and \$46,289 by the end of the 2023 tax season.

The Capital Improvement Committee voted to advance this project to the Budget Committee to seek input on the decision to purchase the electric vehicle charging stations. County ownership of the charging stations is consistent with Board of Supervisor objectives as stated during the adoption of the Electric Vehicle Purchasing Policy on September 13, 2022. The County will incur annual costs for

maintenance and operations of the charger estimated at \$12,000, beginning in 2028 when the FreeWire Warranty expires. This cost is less than the estimated revenue from the charging stations that should have a positive cashflow of over \$56,000 annually. It is therefore possible to recoup maintenance costs from the revenue generated from the chargers.

DISCUSSION:

The California Energy Commission (CEC) issued a notice of funding opportunity for the Rural Electric Vehicle Charging Program on December 14, 2021. Sustainability Program staff partnered with FreeWire Technologies Inc. to participate in their application as a site-host to install their “Boost Charger”, which is a level 3 fast charger, in rural jurisdictions. Staff recognized this grant as an opportunity to increase rural access to electric vehicle charging stations (EVCS) and to increase public use of County libraries by investing in public amenities. In coordination with Monterey County Free Library staff, the Sustainability Program gathered application data to submit 3 eligible sites for the grant application: the Castroville Library, Greenfield Library, and San Lucas Library. On August 3, 2022, the County was notified that all three sites were awarded funding amounting to \$568,239.

The cost to the County could be zero if FreeWire Technologies owns the chargers; however, the Budget Committee recommended that the County pursue ownership for a cost of \$223,711. This direction is consistent with staff’s recommendation because of the ability to allow County vehicles to charge at lower costs, establish a program redirecting charging profits to support the electrification opportunities for local residents, and to support the charging needs of the County as we comply with the EV Fleet Procurement Policy that was adopted by the Board on September 13, 2022.

Furthermore, direct pay benefits from the Inflation Reduction Act (IRA) section 13404 credit 30C reduce the cost of the project to between \$103,711 and \$133,711; while the U.S. Department of the Treasury is still in the process of publishing guidance on the implementation of these benefits, staff estimate that payment from the federal government can be expected at the conclusion of the 2023 tax season. Sustainability Program staff successfully reserved funds for this project from Central Coast Community Energy’s (3CE) Member Agency Light Duty Electrification Program in the amount of \$20,000/site; this funding provides \$10,000 for purchasing the stations and \$10,000 for installation cost. However, 3CE has redesigned this program to better meet the needs of agencies installing Level 3 fast chargers like the Boost chargers. In the new program, the County can receive a total benefit of \$150,000 for the fiscal year with each project receiving up to \$100,000 of rebate funding. For this project consisting of 3 fast chargers, the County can receive the maximum rebate of \$150,000 from the program. After the IRA and 3CE incentives, the real cost of this project is estimated to be a net gain to the County between \$16,289 and \$46,289 depending on the amount of reimbursement provided by section 13404 of the Inflation Reduction Act. The Member Agency Light-Duty Electric Vehicle Program Receipt from the previous program iteration is attached to this staff report as an example; these reserved funds may still be used by the County for Level 2 EVCS installations.

If approved, the total project cost is \$791,949 that the County will need to fund, of that cost \$568,239 will be invoiced from the County to the grant recipient FreeWire technologies, who will pass invoices on to be reimbursed by the California Energy Commission. This leaves a non-reimbursable cost to the County of \$223,710 to cover installation and capital costs of equipment. Due to the 5-year warranty negotiated by staff, there are no operations or maintenance costs for the first 5 years of ownership. After year 5, annual maintenance costs are estimated to be

\$12,000 while annual revenue is projected to be over \$120,000. This information is summarized in the Example ROI model on page 7 of the FreeWire Monterey County Ownership Proposal September 30 Update attachment.

These Boost Chargers are Level 3 fast chargers and can charge most EVs to 80% battery in 40 minutes, which allows for library patrons to conveniently charge their EVs while visiting the library. FreeWire will convert parking spaces at each of the libraries into ADA accessible EVCS parking spots. Proposed locations of each EVCS are included in the FreeWire Monterey County Ownership Proposal September 30 Update attached to this report. The Capital Improvement Committee supported participation in this project and voted to advance the project to the Budget Committee to seek input on the decision to own the electric vehicle charging stations. County ownership of the charging stations is consistent with Board of Supervisor objectives as stated during the adoption of the Electric Vehicle Purchasing Policy on September 13, 2022.

Maintenance, materials, and labor costs for the chargers are covered by the negotiated 5-year warranty. After year 5, FreeWire Technologies estimates that maintenance to be about \$12,000/year. This cost is far less than the projected revenue for the chargers each year. This information is summarized in the Example ROI model on page 7 of the FreeWire Monterey County Ownership Proposal September 30 Update attachment. This maintenance cost reflects the high range of estimation to provide a conservative model for return on investment. The County can expect the chargers to malfunction at least once each year. However, most malfunctions can be solved by resetting the charger, which can easily be performed by County staff. The County has the 5-year warranty period to fully plan for the ownership and management of EV chargers. Sustainability Program staff is coordinating with Contracts Purchasing, Public Works, Facilities, and Parks, Health Department, and County Counsel to address this need. While not required during the warranty period, FreeWire Technologies has agreed to train Facilities staff on the maintenance needs of the chargers.

If the County elects for FreeWire Technologies to own the chargers, they will be the party responsible for all associated operations and maintenance costs. If the County chooses to own the chargers, Sustainability Program staff will continue to work with the Treasurer-Tax Collector's Office to enable the collection of payments from the chargers.

Staff worked with County Counsel and FreeWire Technologies Inc. to ensure that this project is compatible with Standard County terms and conditions, as can be seen in the Signed FreeWire Standard Agreement attachment. However, staff was unable to reach an agreement between the payment processing company EVConnect and the Treasurer-Tax Collector's Office concerning the period of remittance of funds. This is because the Treasurer-Tax Collector is responsible for ensuring that funds are remitted to the County with in 7 days and EVConnect was unable to meet this narrow turnaround window. Therefore, staff is recommending the Board move forward with this project now to purchase the equipment within grant and practical timelines while continuing to pursue payment collection and service agreements that are amenable to County stakeholders. If necessary, staff will return to the Board to consider any non-standard agreement or discrepancy with Treasurer-Tax Collector policies. If the Board does not vote to move forward with this portion of the project to purchase the equipment, the County will be forced to purchase the newer model of chargers due to

manufacturing shifts with FreeWire Technologies Inc., which would result in an increased project cost of an estimated \$21,000.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office and Monterey County Free Libraries support this project. Public Works Parks and Facilities staff expressed interest in this as an opportunity for training on EVCS maintenance. This grant application was prepared by FreeWire Technologies. The Capital Improvements Committee voted in support of this project. The Budget Committee voted unanimously on September 30, 2022, to support County ownership of these charging stations. Additionally, Sustainability Program staff is leading a working group to plan for the Countywide rollout of EVCS, develop standard EVCS service agreement terms, and manage the collection of funds from EVCS; this working group has members from Contracts Purchasing, County Counsel, Public Works, Parks, and Facilities, and the Health Department.

The Treasurer Tax Collector's Office has worked with the Sustainability Program to ensure that the financial provisions of this project are acceptable to the County. These negotiations are ongoing, and staff are working to comply with Treasurer-Tax Collector's guidance by seeking a different payment processing provider with the support of FreeWire Technologies.

FINANCING:

This grant has been awarded to FreeWire Technologies Inc. by the California Energy Commission. The County is a site-host on the award and must submit all invoices to FreeWire Technologies Inc. as a passthrough entity, as such no grant funds will be directly awarded to the County before project funds are expensed.

The County may choose to own these chargers for an estimated total cost of \$223,711; this estimate includes equipment, maintenance, installation, and a 5-year warranty for the chargers. The Board approved funding in the amount of \$385,000 for this purpose as part of the adopted budget for FY 2023-24 which will cover these costs. The action recommended in this report allow the County to move forward with this project. A separate report will be brought to the Board in July to address the budgetary implications of the project which are fully funded with grant revenue and the County funding mentioned above.

In addition to the grant funds referenced above, the Inflation Reduction Act allows the County to benefit from "Direct Pay" rules of the tax credits. While FreeWire Technologies Inc. is working to quantify this benefit for County ownership, they currently estimate that the County will receive between \$30,000 and \$40,000 per Boost charger, or between \$90,000 and \$120,000 cumulatively using tax credit 30C of section 13404 of the Inflation Reduction Act. Practically, this reduces the estimated total cost for owning the chargers to between \$95,393 and \$125,393. These monies will be reimbursed to the County by the federal government at the conclusion of the 2023 tax season. While the U.S. Department of Treasury is still releasing guidance on how to claim these benefits, Sustainability Program staff is monitoring this closely.

Also, sustainability program staff successfully reserved funds for this project from Central Coast Community Energy's (3CE) Member Agency Light Duty Electrification Program in the amount of \$20,000/site; this fundings provides \$10,000 for purchasing the stations and \$10,000 for installation

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cost. However, 3CE has redesigned this program to better meet the needs of agencies installing Level 3 fast chargers like the Boost chargers. In the new program, the County can receive a total benefit of \$150,000 for the fiscal year with each project receiving up to \$100,000 of rebate funding. For this project consisting of 3 fast chargers, the County can receive the maximum rebate of \$150,000 from the program. After the IRA and 3CE incentives, the real cost of this project is estimated to be a net gain of between \$16,289 and \$46,289. This is due to the current abundance of funding dedicated towards helping local jurisdictions undertake projects to prepare for the climate transition, by fully leveraging these incentives staff expects for total reimbursement to exceed the County's portion of costs for this grant. The 3CE incentives will be available within one quarter of project implementation and the IRA funds should be reimbursed by the end of the 2023 tax season. The Member Agency Light-Duty Electric Vehicle Program Receipt from the previous iteration is attached to this staff report as an example; these reserved funds may still be used by the County for Level 2 EVCS installations.

BOARD OF SUPERVISORS STRATEGIC

INITIATIVES:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Nicholas E. Chiulos, Assistant County Administrative Officer x5145

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Attachments:

- FreeWire Draft Site-Host Agreement
- FreeWire Monterey County Ownership Proposal September 30 UPDATE
- FreeWire Specific Quote
- Member Agency Light-Duty Electric Vehicle Program Receipt
- Signed FreeWire Standard Agreement