



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: October 2, 2023

Approved

Date

10/11/23

SUBJECT: AMENDMENT TO THE AGREEMENT WITH CENTER FOR SUSTAINABLE ENERGY FOR THE CALIFORNIA ELECTRIC VEHICLE INFRASTRUCTURE PROJECT

RECOMMENDATION

Adopt a resolution authorizing the Directory of Community Energy or designee to execute the Second Amendment to the Services Agreement between the City of San José and the Center for Sustainable Energy for the California Electric Vehicle Infrastructure Project, extending the term through September 30, 2025.

SUMMARY AND OUTCOME

The California Electric Vehicle Infrastructure Project (CALeVIP) is a \$14 million rebate program for the installation of electric vehicle chargers at workplaces, apartments, condominiums, and public places co-funded by the California Energy Commission and San José Clean Energy. The program implementer, the Center for Sustainable Energy, closed the program to new applications in San José on June 30, 2023. The Center for Sustainable Energy is allowing applicants 15 months to complete installations and all documents for final payment from projects need to be submitted by April 30, 2025, to allow the final closeout to conclude by September 30, 2025. The Center for Sustainable Energy will return to the City of San José any unspent City grant funds committed at the time of the original agreement and provide a final invoice for the close-out work and report. Unused funds that are returned to the City will be directed toward advancing future electrification goals.

The agreement currently in place with the Center for Sustainable Energy is set to expire on December 31, 2023. The Community Energy Department is seeking a resolution extending the agreement from December 31, 2023 through September 30, 2025, to allow continued work between the Center for Sustainable Energy and the City of San José.

BACKGROUND

On October 22, 2019, San José City Council adopted a resolution approving the implementation of CALeVIP in San José. City Council also authorized the Director of Community Energy to negotiate and execute an agreement with the Center for Sustainable Energy to administer San José Clean Energy funds as part of the implementation of CALeVIP in an amount not to exceed \$4,000,000 through December 31, 2023.

On April 20, 2023, the Center for Sustainable Energy informed the Community Energy Department of the closeout process for CALeVIP. Final close out for the program is expected to conclude by September 30, 2025, after the current pipeline of projects are installed or expire and incentive payments are made.

ANALYSIS

CALeVIP is a \$14 million rebate program for the installation of electric vehicle chargers at workplaces, apartments, condominiums, and public places co-funded by the California Energy Commission and San José Clean Energy. The program provides rebates for Level 2 and Direct Current Fast Chargers (fast chargers) with an emphasis on sites located in low-income and communities of concern. In December 2020, the Center for Sustainable Energy launched the application for projects to reserve funding. All funding was reserved within six minutes. As of August 2023, 140 Level 2 and 24 fast chargers have been installed, totaling \$590,000 and \$760,000 in incentive payments, respectively. Both the number and pace of installations are below expectations due to several factors, including suboptimal program design, long permitting timelines, the COVID-19 pandemic, and equipment shortages.

One lesson learned is that structuring rebate reservations as first come, first served may not be optimal for programs involving the installation of costly infrastructure. The electrical and permitting aspects of installing electric vehicle chargers can be complicated, especially for property managers of smaller scale properties. As some applicants moved through the planning and permitting phases, they chose to cancel their applications, opening funds up for applicants on the waitlist. The program might have been more successful if applicants were required to demonstrate commitment or progress on the project to reserve funds, such as by submitting site designs or a permit application. Focusing on maximizing the number of applicants that complete projects through technical assistance and pairing this with additional electric vehicle incentive programs is also important. Peninsula Clean Energy saw increased engagement from developers that were offered comprehensive technical assistance and saw the number of chargers installed per project grow in some cases, which it attributed to the complimentary support programs offered. Finally, staff interviews of program participants revealed that acquiring a permit to install chargers at multifamily and commercial properties in San José can take five to six months.

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On April 20, 2023, the Center for Sustainable Energy informed the Community Energy Department of the program close-out process. The close-out process closed the program to new applications in San José on June 30, 2023. San José Clean Energy and the Center for Sustainable Energy continued to market the program until the program closeout process began on June 30, 2023. This included email outreach from the Center for Sustainable Energy to all current applicants and those enrolled in its mailing list, as well as social media reminders. San José Clean Energy also sent out emails to all commercial accounts that could benefit from the program. The Center for Sustainable Energy is allowing applicants to complete installations until September 30, 2024, but may grant extensions due to delays outside of the installer's control. The Center for Sustainable Energy has communicated that all documents for final payment from projects would need to be submitted by April 30, 2025, to allow the final close-out to commence and conclude by September 30, 2025. The Center for Sustainable Energy will return to the City of San José any unspent City grant funds committed at the time of the original agreement and provide a final invoice for the close-out work and report. Unused funds that are returned to the City will be directed toward advancing future electrification goals. As of August 1, 2023, \$3.3 million of the nearly \$10 million State funds and approximately \$450,000 of the City's nearly \$4 million remained unclaimed. The rest of the funding will be paid out pending completion of the respective projects.

Staff recommends amending the service agreement with the Center for Sustainable Energy, extending the agreement from December 31, 2023 through September 30, 2025, to allow continued work between the Center for Sustainable Energy and the City of San José as well as to avoid additional amendments should the timeline for closeout be extended.

EVALUATION AND FOLLOW-UP

No further follow-up is expected.

COST SUMMARY/IMPLICATIONS

Funding of \$3.0 million for CALeVIP is budgeted in 2023-2024 in Community Energy Department's non-personal/equipment allocation in the San José Clean Energy Fund (Fund 501). The extension of this agreement through September 2025 will not increase program costs.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 24, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

LORI MITCHELL
Director, Community Energy

For questions, please contact Kate Ziemba, Senior Environmental Program Manager, at kate.ziemba@sanjoseca.gov.