

Agenda Report

March 11, 2019

TO: Honorable Mayor and City Council

FROM: Water and Power Department

THROUGH: Municipal Services Committee (February 26, 2019)

SUBJECT: AUTHORIZE AN AGREEMENT WITH TESLA, INC., DBA TESLA MOTORS, INC., FOR THE INSTALLATION OF TWENTY-FOUR TESLA CHARGING STATIONS IN THE CITY-OWNED MARENGO PARKING GARAGE LOCATED AT 155 E. GREEN STREET, PASADENA, CA

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA"), pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities) and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstance;
2. Authorize the City Manager, or his designee, to execute the Agreement (all documents and instruments), without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services with Tesla Motors, Inc. ("Tesla"), for a five-year term with an option for two five-year extensions, for the installation of charging stations located in the Marengo parking garage, 155 East Green Street, Pasadena, CA; and,
3. It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The City of Pasadena is promoting electric vehicles and associated charging infrastructure to reduce greenhouse gas and other air emissions consistent with the City's Climate Action Plan. One of the most advanced electric vehicle charger technologies, known as Direct Current Fast Charger ("DCFC"), can charge an electric vehicle typically 80% in 20 - 30 minutes. Fast charging has high demand but the availability of such chargers is scarce. The City of Pasadena has only one DCFC located at the Del Mar Parking Garage that is available to all electric vehicle ("EV") drivers. The Del Mar DCFC installed in December 2015 is one of the highest used charging stations in the City.

The proposed Agreement between the City of Pasadena and Tesla will add twenty-four Tesla EV fast charging stations in the Civic Center area for charging Tesla vehicles. In addition, Tesla will install electric infrastructure at their expense to enable Pasadena Water and Power ("PWP") to install up to twenty DCFC EV charging stations for non-Tesla vehicles, creating what would be the largest fast EV charging site in the western United States.

The proposed "Marengo Charging Plaza" will be installed on the top level of the Marengo parking garage, a multi-level parking structure consisting of 715 parking spaces serving both patrons of businesses located in the Paseo Colorado shopping mall and surrounding areas, and visitors of the Pasadena Convention Center. The garage is connected to the Paseo Colorado mall through a pedestrian overpass bridge. The proposed Marengo Charging Plaza will enhance EV charging infrastructure in Pasadena and act as a catalyst for increased visits to businesses located in Old Pasadena and Paseo Colorado as marketed through the Tesla vehicle owner digital platform.

The parking spaces that will be used for the Marengo Charging Plaza are not assigned to any tenants, often underutilized, and considered non-prime parking spots, as they are located on the top level of the garage. These spaces were strategically selected at this location to avoid monopolizing prime parking spaces predominantly utilized by the businesses located adjacent to the charging plaza. EV drivers using the Marengo Charging Plaza will be subject to prevailing parking fees in addition to any fees for use of the EV chargers.

Initial project planning between City of Pasadena and representatives from Tesla's Team began in early 2018 to discuss the possibility of installing Tesla charging stations in Old Pasadena. As part of PWP's due diligence process, staff determined the project's viability by reviewing all City-owned garages and available power infrastructure in the area. After the initial assessment review period and multiple meetings with the Tesla Team, it was determined that the Marengo parking structure would be the optimal location for installation of the charging stations based on several factors including Tesla's site selection criteria.

Under the proposed agreement, Tesla will be responsible for all costs of electric service upgrades, equipment procurement, installation, maintenance and electricity use associated with the Tesla charging stations. Due to Tesla's electrical equipment requirements, three existing spaces could potentially be lost. The Tesla charging stations will be separately metered, and Tesla will be responsible for the associated electric bills. As consideration for use of the parking spaces part of the agreement, Tesla has agreed to pay for the electrical infrastructure improvements needed to supply PWP's planned EV charging stations in addition to its own. No other compensation will be provided to Pasadena for the access and use of the spaces.

The recommended agreement is in the City's best interest because it will attract Tesla and other electric vehicle drivers to Pasadena who would likely visit local businesses while their cars are charged, motivate others to buy electric vehicles and also increase electricity sales. In addition, Tesla will pay for all of the electrical infrastructure

improvements to the garage that would be necessary to install additional City-owned EV charging stations, saving the City an estimated \$140,000 in capital improvements.

COUNCIL POLICY CONSIDERATION:

The proposed action supports the City Council Strategic Planning Goals, Pasadena's Climate Action Plan ("CAP"), the Urban Environmental Accords, and the General Plan, in reducing greenhouse gas ("GHG") emissions by expanding the use of EVs and related infrastructure. It supports expanding sustainable mobility and land use, and the City's commitment to a more sustainable community. It further supports Governor Brown's goal of installing 250,000 charging stations in the state by 2025 and his Executive Order to help accelerate the market to 5 million zero-emission vehicles on California's roads by 2030.

ENVIRONMENTAL ANALYSIS:

The recommended action is exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities). Class 1 exempts from environmental review "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use." The proposed project consists of a minor alteration of an existing parking facility to add electric vehicle charging capabilities. The proposed project would not increase the number of parking spaces and, therefore, would result in negligible, if any, expansion of use. There are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances.

FISCAL IMPACT:

There is no direct fiscal impact as a result of this action and it will not have any indirect or support cost requirement. Under the proposed agreement, Tesla will be responsible for all costs associated with electric service upgrades, equipment procurement, installation, maintenance, operation, and electricity use associated with the Tesla charging stations. PWP estimates \$500,000 to \$750,000 in additional electric revenue from Tesla over the five-year term of the agreement.

Parking fee revenues from EV drivers that otherwise would not have used the garage will more than compensate for the potential loss of three parking spaces at the top level of the garage. Furthermore, the EV charging stations are expected to enhance the asset value of the garage and increase economic opportunities for surrounding businesses.

As consideration for use of the parking spaces, Tesla has agreed to pay for the electrical infrastructure improvements needed to supply PWP's planned EV charging stations in addition to its own, saving the City an estimated \$140,000 in capital investment funds that would otherwise be required for PWP to install EV charging infrastructure.

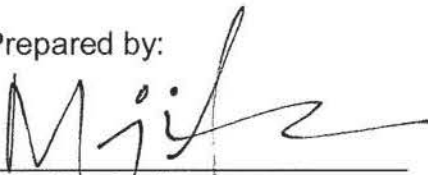
The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,



GURCHARAN S. BAWA
General Manager
Water and Power Department

Prepared by:



Mauricio Mejia
Electrification Program Manager
Water and Power Department

Concurred by



FREDERICK C. DOCK
Director
Department of Transportation

Approved by:



STEVE MERMELL
City Manager