



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 26, 2017

FROM: PUBLIC UTILITIES WARD: 1

SUBJECT: SUPERCHARGER AGREEMENT WITH TESLA, INC., WHICH WILL DO BUSINESS IN CALIFORNIA AS TESLA, INC., FOR THE INSTALLATION OF TWELVE TESLA SUPERCHARGERS IN THE MISSION SQUARE PARKING GARAGE LOCATED AT 3750 UNIVERSITY AVENUE, INITIAL TERM OF FIVE YEARS WITH TWO OPTIONAL FIVE YEAR EXTENSIONS

ISSUE:

Approve the Supercharger Agreement with Tesla, Inc., which will do business in California as Tesla, Inc. for a five-year term with two optional five-year extensions, for installation of twelve Tesla Supercharger Stations in the Mission Square parking garage located at 3750 University Avenue.

RECOMMENDATION:

That the City Council:

1. Approve the Supercharger Agreement with Tesla, Inc., which will do business in California as Tesla, Inc., for a five-year term with two optional five-year extensions, for installation of twelve Tesla Supercharger Stations in the Mission Square parking garage located at 3750 University Avenue; and
2. Authorize the City Manager, or his designee, to execute the Supercharger Agreement with Tesla, Inc., including making minor and non-substantive changes and to sign the two optional five-year extensions.

BOARD RECOMMENDATION:

On August 28, 2017, the Board of Public Utilities, with all eight members present, unanimously approved the recommendation to City Council to approve the Supercharger Agreement with Tesla, Inc., for a five-year term with an option for two (2) five-year extensions, for installation of twelve Tesla Supercharger Stations in the Mission Square parking garage located at 3750 University Avenue and for the City Manager, or his designee, to execute the Supercharger Agreement including the optional two five-year extensions.

BACKGROUND:

The City of Riverside currently owns and operates one level 3 fast charger located at City Hall that is available to all EV owners. The proposed Supercharger Agreement between Riverside Public Utilities (RPU) and Tesla will provide twelve additional Electric Vehicle (EV) charging stations in Downtown Riverside for the exclusive use of Tesla vehicle owners. This project will enhance EV charging infrastructure in Riverside and act as a catalyst for increased visits to downtown as marketed through the Tesla vehicle owner digital platform.

The proposed Tesla Supercharger Station will be located on the 3rd level of the Mission Square office building parking garage along the 9th Street side of the structure (see attached site map). These parking spaces are currently not assigned to any tenants, are underutilized and considered non-prime parking spots. Tesla strategically places their Superchargers in these locations to avoid monopolizing prime parking stalls predominantly utilized by the businesses located adjacent to the Supercharger locations.

Initial project planning between RPU and representatives from Tesla Motor's Supercharger Team began in April of 2017 to discuss the possibility of installing Tesla Supercharger Stations in Downtown Riverside. As part of RPU's due diligence process, staff determined the project's viability by reviewing all City owned assets in downtown. After the asset review period and multiple meetings with the Tesla Supercharger Team, it was determined that the Mission Square parking structure would be the optimal location for installation of the twelve Supercharger Stations based on Tesla's site criteria.

RPU Customer Engineering and Tesla engineers met in May and June of 2017 to determine power requirements, point of service location, transformer requirements, and location of equipment installation. The City of Riverside Planning Department provided input on the installation of the Supercharger's infrastructure and the location within the Mission Square parking garage.

The Mission Square property consists of approximately 127,533 square feet of rentable office and retail space in a six-story building, plus a basement level and a 490 parking space structure situated on approximately 2.5 acres of land.

DISCUSSION:

The Tesla Supercharger Project benefits RPU and the City of Riverside by increasing Electric Vehicle Supply Equipment (EVSE) availability, enhancing strategic technology within Utility 2.0, as well as providing economic opportunity and load growth.



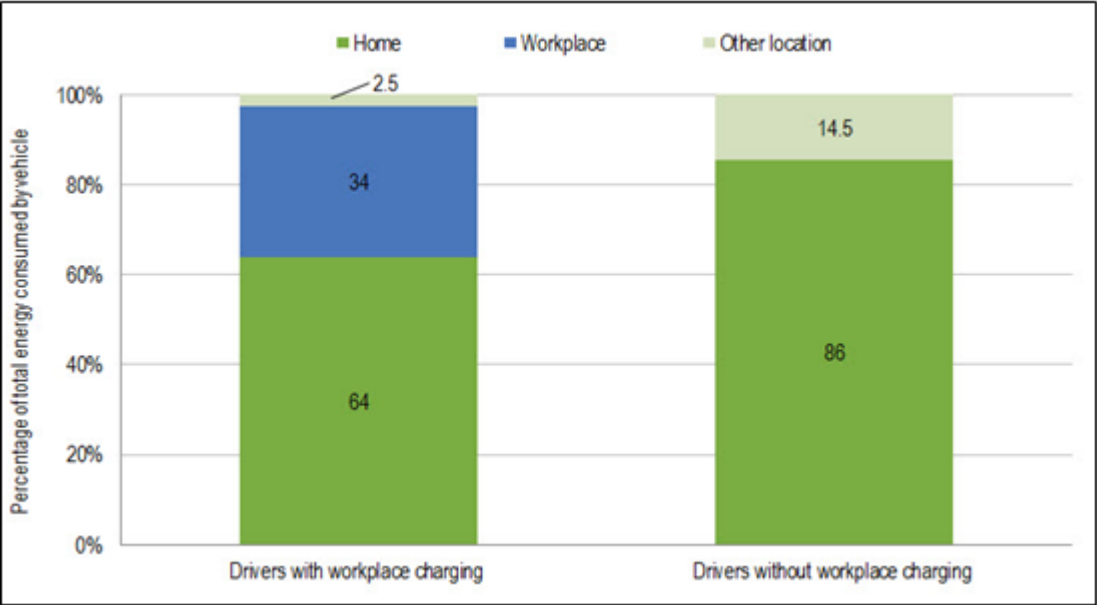
Electric Vehicle Charging:

According to a 2012 projection prepared for Southern California Council of Governments by the UCLA Luskin Center for Innovation, the number of electric vehicles predicted to reside in Riverside by 2022 is estimated to range from 5,600 to 9,900. RPU’s role will be to provide electric rates, interconnection policies, and energy management technologies to support the necessary charging infrastructure for electric vehicles.

Charging stations are typically located at one of three locations: residential, workplace, or public. In order to increase EVSE accessibility, show support for transportation electrification, and to increase base load growth in Riverside, RPU is partnering with Tesla, a leader in the electric vehicle sector, to install twelve Tesla Superchargers in Downtown Riverside. Tesla proposes to install these twelve Tesla Superchargers in two phases of 6 chargers while reserving the right to construct the remaining charging stations within a ten-day notice.

One objective that this project will accomplish is workplace EV charging. According to E-Source, a members-only organization for utility technical assistance and research, the deployment of EVSE has shown increased utilization in workplace charging environments where such EV infrastructure is installed.

See table below for charging behaviors:



E-Source; data from Idaho National Laboratory

Tesla took into account the increased utilization of workplace charging behavior identified in the E-source research for the site selection of the Superchargers. Downtown residents, business owners and office employees who are Tesla owners living or working in the downtown area can utilize this facility as a convenient location to charge their vehicles. The Mission Square Offices, surrounding existing commercial buildings, new mixed-use projects currently under construction, and future planned developments in downtown were important factors also considered by Tesla in siting this facility.

Utility 2.0 Benefit:

As identified in RPU’s Strategic Technology Plan prepared by Leidos Engineering, implementing new technologies such as rooftop solar panels, battery energy storage, and electric vehicles are

vital to RPU's ability to increase customer engagement and overall customer satisfaction.

The Tesla Supercharger installation is an example of RPU's willingness to look towards the future needs of its customers and to fully embrace the new technologies identified in the Utility 2.0 and RPU's adopted Strategic Technology Plan. The location of this Supercharger Station is one of many EV charging stations that will be identified as an EV charging facility asset in RPU's proposed EV Master Plan which is currently being developed by RPU staff to guide the utility in meeting future customer needs for EV infrastructure. In the near future, RPU intends to increase the EV charging infrastructure at Mission Square beyond the Tesla Supercharger project. In addition, RPU will return to the Board of Public Utilities for consideration of an EV charger incentive program that will provide rebates to residents and businesses planning to install EV chargers at their businesses or residences.

Load Growth and Economic Benefits:

The Tesla Supercharger Station will provide load growth for RPU. At full build-out, the station will have a maximum load of approximately 700 kW. The projected electric revenues from vehicle charging is expected to reach nearly \$200,000 during the first five-year term of the Tesla agreement. This partnership further supports RPU's efforts to implement the Utility 2.0 and the Strategic Technology Plan.

As part of the overall agreement, RPU is entering into a no-cost lease with Tesla for the identified spaces in the Mission Square parking garage. Per the agreement, Tesla will absorb the total cost associated with the installation of the Tesla Supercharger Station Project, which includes the design, electric infrastructure improvements, construction and the monthly electric costs incurred by the charge sessions of the Tesla vehicles. In addition, Tesla EV owners will be required to pay for parking currently priced at \$2.00 per every 30 minutes. Typical dwell time at a Tesla Supercharger Station is approximately 40 minutes and would result in the Tesla customer paying a parking fee of approximately \$2.70 during this period.

The Tesla Supercharger Project is expected to increase visits to the Mission Square parking garage which in turn, will enhance the Downtown Riverside's exposure to Tesla owners who will visit shops and restaurants while their vehicles charge. The Tesla owners will also have the opportunity to patronize retail establishments in the Mission Square Office Building enhancing the revenues of the Mission Square tenants. In addition to the positive economic impact, a Tesla Supercharger Station brings to Riverside brand association with an internationally recognized technology company. This facility will result in an amenity that will enhance Mission Square as a real estate asset making it more attractive to both current and future tenants.

Furthermore, a listing for RPU and the Mission Square parking garage will be placed on the Tesla.com web page as a part of the Tesla Digital Platform. It will also be listed in Tesla's trip planner along with popular destinations in Downtown Riverside such as the Mission Inn Hotel, Riverside Convention Center and Fox Performing Arts Center. Finally, all Tesla owners in Southern California will be notified via email that new Supercharger Station is now available in Downtown Riverside.

Sustainability Benefits:

The California Zero Emissions Vehicle (ZEV) Action Plan set a goal of reaching 1.5 million zero emission vehicles on California's roadways by 2025. This project also satisfies initiatives within the City's Economic Prosperity Action Plan and Climate Action Plan (EPAP/CAP) by encouraging alternative fuel vehicles. Additionally, the project satisfies Goal 15 of Riverside Green Action Plan in reducing mobile sources of pollution by 5% by 2020.

Donated chargers:

Tesla has agreed to donate three (3) level 2 Tesla chargers to RPU for use in the Mission Square parking garage. These chargers will be under the control of RPU and outside of the Tesla Supercharger lease agreement. Tesla will not be responsible for billing or maintenance of these donated chargers. In concept, the Tesla donated chargers may be installed to serve current Tesla owners in the building as an enhancement to their current parking agreement. The enhanced parking agreement would cover the cost of installing the charger, energy usage, and ongoing maintenance.

Agreement Terms:

Staff has reviewed the proposed Supercharger Agreement and recommends approval. The basic deal points of the proposed agreement are summarized below:

- 1) Term: Five-year term to commence upon full execution by both Tesla and RPU upon City Council approval.
- 2) Premises: Approximately 28 parking stalls will be utilized on the 3rd floor Mission Square parking garage deck for installation of twelve superchargers and required equipment at 3750 University Avenue.
- 3) Maintenance: Tesla will be responsible for maintenance costs of superchargers, charging infrastructure and parking stalls for the duration of the Lease and in the two (2) five-year options to extend, if exercised by Tesla and the City of Riverside.
- 4) Option to Extend: Tesla, Inc. shall have two options to extend the agreement for two (2) additional five-year terms provided Tesla is not in default of the agreement.
- 5) Infrastructure Improvements: Tesla accepts the Premises in an “as-is” condition. Tesla will be responsible for installing any infrastructure improvements it deems necessary for installation and operation of the superchargers at Tesla’s sole cost and expense.
- 6) Electric Utility Service: Tesla, Inc. will be the customer of record for the electric service required for the Superchargers and be responsible for paying the electric service costs, infrastructure, and billing.

FISCAL IMPACT:

The electric revenue over the five-year term of the agreement will generate an estimated \$150,000 to \$250,000 in revenue to RPU. In addition, Mission Square parking garage revenues will increase by approximately \$1,500 to \$3,000 as Tesla owners pay for parking while charging vehicles. The higher end of the range will occur over time as station utilization ramps up. There will be no costs to RPU pertaining to the implementation of this project.

Prepared by: Girish Balachandran, Public Utilities General Manager
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Supercharger Agreement
2. Site Map
3. Presentation
4. August 28, 2017 Board of Public Utilities Minutes