



## Agenda Item Summary

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### **Submitted By**

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### **Reviewed By**

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### **Agenda Item Title**

**A First Reading of an Ordinance Amending Chapter 15 (“Motor Vehicles and Traffic”), Article 3 (“Parking Meters, Parking Permits, and Municipal Attendant Parking Lots”) of the Oak Park Village Code to Establish a \$0.25 per Kilowatt-Hour (kWh) User Fee for Electric Vehicle Charging Stations Owned and Operated by the Village of Oak Park Pursuant to the Village Board’s Direction at Its May 14, 2024 Meeting**

### **Overview**

Pursuant to the Village Board’s direction at its May 14, 2024 meeting, staff prepared an Ordinance to establish a user fee of \$0.25/kWh for the Village’s publicly accessible electric vehicle (EV) charging stations. As part of future budget discussions, staff intends to analyze and evaluate potential revisions to this fee structure and potential revenue sharing options with the Sustainability Fund to help finance initiatives outlined in the Village’s Climate Action Plan, *Climate Ready Oak Park*.

### **Recommendation**

This is a first reading only. Pending any additional direction provided by the Village Board, a second reading and adoption of the Ordinance is tentatively scheduled for the July 16, 2024 Village Board meeting.

### **Background**

More than 25% of Oak Park’s greenhouse gas emissions are due to conventional cars and trucks, making this the second largest driver of climate change in the Village. As part of the *Climate Ready Oak Park* (CROP) plan adopted in 2022, the Village strives to reduce greenhouse gas (GHG) emissions by 60% by 2030 and 100% by 2050, becoming a net-zero, or carbon-neutral, community. While several short- and long-term actions can be taken towards the interim 2030 and the net-zero 2050 goals, one such action, as outlined in Goal TS02, is increasing access to EV charging infrastructure, particularly for residents without private parking.

As the Village’s public EV charging station network grows, fixed and variable costs will undoubtedly increase. Fixed costs include cellular connectivity/software, hardware, and planned maintenance. Variable costs include electric utility charges as well as repair and replacement costs not covered by planned maintenance or manufacturer’s warranties. A September 26, 2023 staff memo to the Village President and Board of Trustees provides detailed historical information and data regarding the Village’s EV charging stations network.

A fee for use of the Village’s EV charging stations would ensure the long-term financial viability of the Village’s charging station network and provide a sustainable path forward in expanding access to charging station

infrastructure, particularly for residents without access to private parking facilities.

There is currently no user fee for any of the 26 publicly-accessible Village-owned and operated electric vehicle charging stations. Users can simply download and begin a charging session using the free ChargePoint mobile application. The user is, however, responsible for the associated fee for parking in the surface lot or parking structure, if applicable.

Figure A outlines the annual expenses associated with the operation of the Village’s EV charging station infrastructure. It should be noted, Village staff time associated with the administration of the EV charging station network is not included in these expenses.

**Figure A. Annual Financial Forecast**

<b>Village of Oak Park Public EV Charging Network Annual Financial Forecast</b>	
Commercial Cloud Software Fee	(\$8,554.00)
Warranty Coverage Fee	(\$6,240.00)
Electric Utility Cost**	(\$31,686.01)
<b>Total Annual Expenses</b>	<b>(\$46,480.01)</b>

\*\*Assumes a \$0.13/kWh cost with a 5% increase in utilization compared to 2023

On average, charging sessions at the Village’s stations in 2023 were 2.5 hours in duration and used 11.59 kWh of energy. Excluding any applicable fees for parking the vehicle in a surface parking lot or parking structure, there was no fee for use of the charging stations. Staff researched other public entities that own and operate publicly-accessible charging stations. Figure B outlines the findings of this research, including an estimate of the fee that would be charged using the Village’s average charging session of 2.5 hours in duration using 11.59 kWh of energy.

**Figure B. Fee for Public EV Charging Stations in Nearby Communities**

<b>Fees for Public EV Charging Stations in Nearby Communities</b>			
Entity	Electricity User Fee	Additional User Fee	Estimated Fee**
River Forest	n/a	\$10 per hour for use of the station <u>for more than 2 hours</u> , up to \$30	\$10.00
Winnetka	\$0.20 - \$0.40 / kWh	n/a	\$2.32 - \$4.64
Skokie	\$0.10 / kWh	\$3 / hr after 2 hours	\$4.16
Glencoe	Market rate (currently set at \$0.25 / kWh)	n/a	\$2.90
Park District of Oak Park	\$0.25 / kWh	n/a	\$2.90
Lake Forest	n/a	\$1 / hr (max fee of \$8)	\$2.50
Des Plaines	n/a	\$0.50 / hr	\$1.25
Oak Park	n/a	n/a	\$0.00
Evanston	n/a	n/a	\$0.00

\*\*Assumes a 2.5 hour session using 11.59 kWh of energy at a cost of \$0.13 / kWh

All of the Village’s publicly-accessible EV charging stations are dual-plug with powershare capabilities. This means that if two vehicles are plugged into the station simultaneously, the energy output per plug decreases. Due to the powershare capability of the Village’s charging stations, staff recommends that a user fee be assessed on energy output (kWh) as opposed to charging session duration.

The ChargePoint software will allow the Village to seamlessly administer a user fee, with revenue subsequently remitted to the Village monthly. It should be noted that ChargePoint charges a 10% processing fee on all transactions. This charge will be added to the customer’s charging session transaction.

Figure C outlines the revenue implications of a \$0.25/kWh user fee, which was staff’s recommendation discussed at the May 14, 2024 Village Board meeting. Using 2023 utilization data, the average charging session would cost a driver \$2.90 plus a 10% processing charge (\$0.29) for a total of \$3.19.

**Figure C. Annual Financial Forecast**

<b>Village of Oak Park Public EV Charging Network Annual Financial Forecast</b>	
<b>User Fee: \$0.25 / kWh (Staff's Recommendation)</b>	
Fee Revenue ( <b>\$0.25/kWh</b> )*	\$60,934.64
Sub-Total Annual Revenue	\$60,934.64
Commercial Cloud Software Fee	(\$8,554.00)
Warranty Coverage Fee	(\$6,240.00)
Electric Utility Cost**	(\$31,686.01)
Total Annual Expenses	(\$46,480.01)
Net Surplus (Deficit)	\$14,454.63

\*Assumes 5% increase in utilization compared to 2023  
\*\*Assumes a \$0.13/kWh cost with a 5% increase in utilization compared to 2023

Several alternatives were presented to and discussed by the Village Board at its May 14, 2024 meeting. Each of these alternatives is detailed further in the “Alternatives” section of this agenda item commentary.

Based upon utilization patterns after the fee is imposed, staff will conduct further analysis of potential revisions to the user fee for Board consideration. Revisions to the fee structure may include but are not limited to:

- Charging a “market rate” per kWh; and/or
- Assessing a surcharge for dwelling after the electric vehicle is fully charged

In addition to seeking direction on the potential establishment of a user fee, Village staff also sought Village

Board direction as to which Fund the revenue from a proposed EV charging station user fee would be remitted. The Village Board directed staff to dedicate the revenue to the Parking Fund and continue attributing operation and maintenance costs for EV charging station infrastructure and its expansion to the Parking Fund.

The Village's Parking Fund is an enterprise fund. Enterprise funds are distinguished from other Village Funds as they are often run similarly to a business. These are funded by user fees rather than taxes or other revenue sources typically assessed to the public for general Village operations. Effective January 1, 2023, the Village implemented numerous revisions to its daily parking fees at parking structures, including its pay-by-plate fee and its quarterly parking permit fee. These revisions resulted from a comprehensive review of parking fees undertaken by the Village Board during the Fiscal Year 2023 budget process. These fee revisions have resulted in improved revenue for the Parking Fund, however, the fund continues to experience a structural deficit due to continued capital improvement expenses and debt service obligations. It should be noted that the Fiscal Year 2023 anticipated year-end surplus is due to cost savings on capital projects, deferral of capital projects, and most notably, the lost revenue transfer of \$1,628,896.00 from the Village's American Rescue Plan Act (ARPA) Fund.

### **Fiscal Impact**

Pending the Village Board's direction and the tentatively scheduled second reading and adoption of the proposed Ordinance, the user fee could go into effect as early as August 1, 2024. If established August 1, 2024, the estimated revenue impact for FY24 is \$25,389.43. This is the target implementation date, but may be postponed in order to give adequate time to communicate this change to the community.

### **DEI Impact**

After implementation of the user fee, staff will continue to closely monitor EV charging station utilization to determine the fee's impact. Regardless of the impact on utilization, staff will continue to communicate to the community any and all consumer rebates offered for the purchase of electric vehicles and/or electric vehicle charging stations. These rebates can alleviate some of the financial barriers that exist for low- and moderate-income individuals seeking to transition to alternative fuel vehicles.

As the Village Board is aware, the Village is working with the Urban Efficiency Group and the Cross Community Climate Collaborative (C4). C4 is a project of co-lead organizations Seven Generations Ahead, the Urban Efficiency Group, and the Villages of Broadview, River Forest, and Oak Park. The collaborative is designed to bring Black, Indigenous, and people of color and non-minority communities across income lines to share ideas, secure resources, and drive large-scale projects within and across communities that achieve greenhouse gas (GHG) emissions reductions, equity, and sustainability goals. The Urban Efficiency Group supports the Village's interest in establishing a user fee given that any net revenue could be used towards expanding electric vehicle infrastructure.

While cost continues to be a barrier to purchasing an electric vehicle, there are several factors that have and will continue to lessen this barrier to purchase. A new incentive established through the 2022 Inflation Reduction Act provides a tax credit of up to \$7,500 when purchasing a new, qualified plug-in EV or fuel cell electric vehicle (FCV) from 2023 to 2032. Additionally, based on a 2024 report by the Urban Efficiency Group, some automakers project the upfront costs of EVs will continue to decrease, reaching purchase price parity with conventional vehicles around 2025 to 2030.

## Alternatives

### ***Alternative 1: Establish a \$0.15/kWh User Fee***

#### Advantages:

- The projected revenue would recoup an estimated 79% of the Village's operation and maintenance costs associated with EV charging infrastructure

#### Disadvantages:

- The projected revenue does not fully recoup operation and maintenance costs associated with EV charging infrastructure
- The projected revenue does not provide a dedicated funding source for transportation-related actions outlined in Climate Ready Oak Park, including the expansion of publicly accessible EV charging stations

### ***Alternative 2: Establish a \$0.10/kWh User Fee***

#### Advantages:

- The projected revenue would recoup an estimated 52% of the Village's operation and maintenance costs associated with EV charging infrastructure

#### Disadvantages:

- The projected revenue does not fully recoup operation and maintenance costs associated with EV charging infrastructure
- The projected revenue does not provide a dedicated funding source for transportation-related actions outlined in Climate Ready Oak Park, including the expansion of publicly accessible EV charging stations

## Previous Board Action

On May 14, 2024, the Village Board directed staff to prepare an Ordinance imposing a user fee of \$0.25/kWh for use of the Village's publicly-accessible electric vehicle charging stations. The Village Board also gave direction to dedicate user fee revenue to the Parking Enterprise Fund and continue attributing operation and maintenance costs for EV charging infrastructure and its expansion to the Parking Fund.

## Citizen Advisory Commission Action

N/A

## Anticipated Future Actions/Commitments

A second reading and adoption of the proposed Ordinance is tentatively scheduled for the July 16, 2024 Village Board meeting. After the imposition of the fee, staff intends to evaluate utilization trends and explore revisions to the fee structure as well as potential profit sharing with the Sustainability Fund.

If the user fee is established, staff will utilize several communication channels to inform residents and other users of the EV charging stations about the newly-established fee. In addition to the Village's traditional communication channels, including the Village Manager's Weekly Report, the Village webpage, and social media pages, staff will utilize the ChargePoint software to send notifications to users of the stations.

## Intergovernmental Cooperation Opportunities

N/A