



CITY OF IOWA CITY COUNCIL ACTION REPORT

August 1, 2023

Ordinance Amending Title 3, Finances, Taxation and Fees, Chapter 4, Schedule of Fees, Rates, Charges, Bonds, Fines and Penalties, Section 8, Parking to add a new fee for electric vehicle charging. (First Consideration)

Prepared By:	Jennifer Schwickerath, Assistant City Attorney
Reviewed By:	Redmond Jones II, Deputy City Manager Darian Nagle-Gamm, Director of Transportation Services
Fiscal Impact:	It is anticipated that the proposed fee would allow the City to break-even. If no fee is imposed and the amount of electric charging remains the same, the estimated loss is \$10,568.00 per year.
Staff Recommendation:	Approval
Commission Recommendations:	N/A
Attachments:	Ordinance

Executive Summary:

Staff recommends the City establish a \$0.16/kWh fee for use of public EV charging stations in public parking facilities, to recover the state excise tax, ChargePoint 10% transaction fees, electricity, and ChargePoint cloud plan fees.

Background / Analysis:

The City of Iowa City has been offering electric vehicle charging to the public in municipally owned parking facilities starting with the Harrison Street Ramp in April 2017. Electric Vehicle Supply Equipment (EVSE) was installed in Capitol Street Ramp, Dubuque Street Ramp, and Chauncey Swan Parking Ramp in November of 2018. EVSE was then added to Court Street Transportation Center in December 2019 and the Tower Place Parking Ramp in July 2020. Once these installations were complete, two electric vehicles (EVs) could charge simultaneously in each of the six downtown parking facilities. This amenity has been offered at no additional charge, to date. Parking sessions in spaces designated for EV use are limited to four hours to promote vehicle turnover. ChargePoint is the platform that facilitates charging sessions. Customers must download the ChargePoint smartphone app. The ChargePoint app is used to initiate a charging session. ChargePoint users are required to tie a credit card to their app.

The State of Iowa passed HF 767 in 2019 to recover road use fees that are normally collected by legacy fuel taxes. Battery electric vehicles (BEVs) do not use any gasoline and plug-in hybrid vehicles (PHEVs) use far less gasoline than a conventional vehicle. HF 767, which phased in additional annual registration fees for BEVs and PHEVs starting in January 2020, also included an excise tax of \$0.026 per kilowatt hour for electric vehicle charging at

non-residential locations beginning July 1, 2023. This excise tax will apply to Iowa City's public charging stations.

The City has four expenses associated with the dispensing of electric fuel at publicly accessible parking spaces: electricity, ChargePoint Plan fees, maintenance costs (which has been negligible) and the state excise tax on electric fuel. If the City chooses to collect a charging fee to recover costs through the ChargePoint platform, another expense will be added – a fee amounting to 10% of each transaction.

Staff evaluated calendar year 2022 utilization and expenses related to the provision of charging equipment for community use. An analysis indicates that a fee of \$0.16/kWh would be required to break-even, covering all taxes and expenses as shown below.

• Estimated annual EVSE expenses:	\$11,768 (includes 10% per transaction fee)
• Estimated annual revenue:	\$12,000
• Net revenue:	\$233
• Proposed per kWh fee:	\$0.16/kWh

Staff recommends the City establish a \$0.16/kWh fee, to recover the state excise tax, ChargePoint 10% transaction fees, electricity, and ChargePoint cloud plan fees. Doing so would collect a total of about \$12,000 over the course of a year, which would cover estimated expenses based on CY 2022 utilization. Under this scenario a typical BEV driver would pay approximately \$4.00 per 4-hour charging session, and a PHEV driver would pay approximately \$1.00 in addition to hourly parking or permit fees.

The fee will ensure that expenses related to the dispensing of electric fuel are recovered, that the charging equipment remains available to the maximum number of drivers. Assessing fees to customers on a per kWh basis is the most transparent and equitable fee structure considering that BEVs and PHEVs have different power needs and charge their batteries at different rates. Staff recommends pursuing idle fee charges in the future if compliance with the 4-hour parking prohibition becomes problematic.

A caveat - While the City has seen tremendous growth in the utilization of public EV chargers, it is reasonable to assume that once fees are implemented, demand may decrease for drivers with EV charging capacity at home. After a fee is established, we may observe that a greater proportion of those using public EV charging in the future are renters or those who without access to a garage. Staff will continue to monitor the utilization of charging equipment and expenses and will periodically reevaluate the fee structure.