

MEMORANDUM

March 22, 2018

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Leslie Katz
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Request Authorization to Issue a Request for Qualifications to identify Qualified Developers/Operators of Electric Vehicle Charging Infrastructure and to Negotiate Lease Terms With Qualified Entities to Construct and Operate Electric Vehicle Charging Stations at Seawall Lot 314, Piers 30/32, Pier 54, and/or Pier 70 Building 109

DIRECTOR'S RECOMMENDATION: Approve attached resolution

EXECUTIVE SUMMARY

On September 22, 2017 the Port Commission authorized staff to issue a Request for Information (RFI) to better understand market opportunity and the viability of Port properties for use as electric vehicle (EV) Charging Stations. Based upon the strong industry interest in the RFI, staff now proposes a qualifications and negotiation process to identify and enter agreements with firms that are qualified to develop, lease and operate EV Charging Stations at one or more of the following Port properties:

- Seawall Lot 314
- Pier 30/32
- Pier 54
- Pier 70, Building 109

Staff proposes to issue a Request for Qualifications (RFQ) to create a pool of qualified candidates capable of developing and operating EV Charging Stations at one or more of the locations listed above. Staff also proposes to negotiate with the qualified candidates with the goal of recommending to the Port Commission one or more qualified firms for a lease. Should staff determine that there is competitive interest at one or more of the proposed sites, staff will consider whether a Request for Proposals (RFP) is warranted, and if so, staff will seek authorization from the Port Commission to issue an RFP for such sites.

THIS PRINT COVERS CALENDAR ITEM NO. 11A

PORT'S STRATEGIC PLAN OBJECTIVE

The expansion of infrastructure to support the charging of electric vehicles, implements the following goals of the Port's Strategic Plan:

Sustainability: Limit climate change and employ strong environmental stewardship principles through implementation of Port-wide practices that protect the environment and promote ecological balance.

Resiliency: Lead the City's efforts in addressing threats from earthquakes and flood risks through research and infrastructure improvements to the Seawall and Port property.

BACKGROUND

San Francisco Department of the Environment (SF Environment) produced the San Francisco Climate Action Plan to establish city-wide goals to reduce greenhouse gas (GHG) emissions of 25% below 1990 levels by 2017, and 40% below 1990 levels by 2025. SF Environment is pursuing policies to support the development of zero emission vehicles, with heavy emphasis on electric vehicles supported by a nearly 100% renewable energy grid system. The Port of San Francisco's Strategic Plan of 2016-2021 (Strategic Plan) includes an explicit sustainability objective that is designed to meet the City's climate goals.

In support of this strategy the Port participated in a pilot study sponsored by Charge Across Town and Envision Solar. The Port now has EV solar charging stations installed at Seawall Lot 330. Port staff has been engaged with ferry and tour operators on the waterfront to support the use of a hybrid or an all-electric vessel as well as vessels that run on alternative fuels such as hydrogen. In August 2017, the Port co-hosted a renewable diesel workshop with the Mayor's Office and SF Environment to promote the use of renewable diesel among the ferry operators and water taxis. In October 2017 the Port joined other City departments in the reconvening of the City's EV Working Group to promote use of electric vehicles and the infrastructure to support them. A primary goal of this Working Group is to expand publicly accessible EV Charging Infrastructure.

REQUEST FOR INFORMATION

On September 22, 2017 the Port Commission authorized staff to issue a Request for Information (RFI) to better understand market opportunity and the viability of Port properties for this use. On October 16, 2017, the Port issued an RFI with responses due November 8, 2017. The RFI sought information about three major areas related to EV Charging Infrastructure: General Market Conditions, Charger & Infrastructure Technical Specifications, & Port-Specific Installation Potential. Port staff identified five possible sites as shown in Exhibit A. They were:

- Seawall Lot 314
- Pier 27
- Pier 30/32
- Pier 54
- Pier 70, Building 109

The RFI responses varied widely, with no two respondents providing the same general market or technical specifications. The most basic responses contained general information about consumer usage trends in the EV industry as well as regional data on EV charging operations. This information included the types of charging technology currently available, the technical specifications for their company's branded equipment, and statistics about the respondent's current operations. Nearly all responses contained, at a minimum, broad overviews of current electric vehicle industry trends and addressed Port-specific installation challenges. The more detailed responses included breakdowns of the space and utility requirements for Port-specific charger installations as well as basic financial considerations.

Respondents clearly identified two Port-specific challenges. One is the Port's unique physical infrastructure (piers, wharves, and seawall lots). All respondents identified the challenges of estimating costs for running linear infrastructure on a pier structure instead of conventional trenching as a challenge. The second is that of identifying the electric service provider. In the City & County of San Francisco, there are two electric service utility providers: The San Francisco Public Utilities Commission (SFPUC) and Pacific Gas & Electric (PG&E). Under City Ordinance No. 247-14, electric service at the Port of San Francisco must be supplied by the SFPUC unless a determination is made by SFPUC that such service is not feasible. Any EV Charging Station developed on Port property would be required to work with these entities to make any connection to the main electrical grid as well as make the proper arrangement to meter and pay for subsequent electric service.

Additionally, all of the respondents identified Pier 27 unfavorably. The Pier 27 parking lot is located within the ground-transportation area (GTA) of the James R. Herman Cruise Terminal. While no general parking is allowed on cruise ship days, the lot is leased to a parking concessionaire on an interim basis for use during non-cruise days. Despite this being a very visible and easily accessible location, the restrictions during cruise days severely limit the time that an EV installation in this location could operate. Each respondent identified the challenge of working within the cruise calendar as a prohibiting factor for this location. As such, Port staff has determined not to pursue this location unless circumstances change.

All of the eight respondents provided information about equipment, installation and vendor services for EV Charging Stations. Tesla, Electrify America, & EVGo provided additional information about their experience as operators of EV Charging Stations. Each of these expressed a willingness to do so on Port property and included a potential business model.

Four distinct business models emerged from the various responses to the RFI: Pay-Per-Charge, Fleet Support, Subscription Basis, and EV Community Support. Each respondent's equipment is capable of being programmed to support any of these business models. The three respondents interested in operating the EV Charging Stations each identified a different business model for their operations.

COMMUNITY OUTREACH

Port staff presented the results of the RFI to the Central Waterfront Advisory Group (CWAG) on February 5th, 2018 and to the Northeast Waterfront Advisory Group (NEWAG) on February 20, 2018. The presentations focused on those locations within each advisory

group's jurisdiction: Pier 30-32, Pier 54, and Pier 70 Bldg. 109 for CWAG and Pier 27 and Seawall Lot 314 for NEWAG. Committee members from both groups were supportive, though curious about the financial impact to the Port as well as the impact on the neighborhood, including how the system would connect to the main electric grid. When shown that there is currently a lack of existing EV Charging Infrastructure in the area, members expressed enthusiasm for expanding service into the area.

Based upon the strong industry interest in this RFI and community support, staff proposes a qualification and negotiation process to identify firms that are qualified to develop and operate EV Charging Stations on Port property.

REQUEST FOR QUALIFICATIONS

Staff now proposes to identify qualified developers and operators (Operators) of electric passenger vehicle (EV) charging infrastructure for four Port locations:

- Seawall Lot 314
- Pier 30/32
- Pier 54
- Pier 70 (building 109, designated as parking in the Pier 70 development plan)

Staff recommends an RFQ as the initial vehicle to navigate the complexities and uncertainties inherent in the upgrading of Port infrastructure to accommodate these emerging technologies and business models. The Port has limited experience with EV technology, which is complex, varied, and rapidly changing. Some vehicles use proprietary technology, others use non-proprietary technology. Some vehicles can use Level-3 fast charging technology that can charge a vehicle in less than one hour, while others use the slower Level-2 charging technology that requires as much as eight hours to fully charge a vehicle. Most Port locations will come with some constraints. To accommodate fast EV chargers, most Port sites will require new primary electric service to be installed by the Operator at the Operator's cost, which can range from \$200,000 to more than \$500,000. When new primary service is needed, SFPUC will need to make a determination whether it is feasible for the SFPUC to provide the service, which can have significant cost implications. Finally, based on the responses to the RFI, staff understands that business models to operate an EV Charging Station vary widely. In light of these variables, staff has determined that an RFQ is the preferred approach as it will offer sufficient flexibility to identify a pool of qualified potential Operators.

To identify these Operators staff proposes to issue an RFQ as detailed below. Based on the responses to the RFI, staff believes that a potential pool of qualified firms might have sufficiently diverse locational preferences that there will not be competition for some or, perhaps, any of the sites. If this is the case, staff believes that it may be possible to directly negotiate lease terms based on the RFQ alone. Staff, therefore, proposes to negotiate with the qualified firms with the goal of recommending to the Port Commission one or more firms for a lease with the Port. On the other hand, if staff determines that there is competitive interest at one or more of the proposed sites, staff will consider whether a targeted Request for Proposals (RFP) between the qualified firms is warranted, and if so, staff will seek authorization from the Port Commission to issue an RFP for such sites.

QUALIFICATION CRITERIA

To qualify for the pool, a submitter will need to demonstrate qualifications across a range of areas. This would include electrical engineering design and construction, as well as the ongoing operation and maintenance of an EV Charging Station. Based on this and the range of entities that responded to the RFI, staff anticipates that interested parties might benefit from submitting as a team so that qualification criteria may be satisfied if they are met by at least one team member. Therefore, staff will require submitters to identify all team members with their submittal. Staff will also encourage submitters to consider the value of including Local Business Enterprises firms (LBEs) as team members. Staff proposes that potential Operators be qualified based on the following criteria: Staff will review the submittals and determine whether a team is qualified.

- Experience installing Level-3 Fast-Charging technology a minimum of three times;
- Experience installing Level-2 charging technology a minimum of three times;
- Experience installing non-proprietary technology a minimum of three times;
- One year of experience operating an EV Charging Station;
- Demonstrate financial capacity and willingness to fully finance installation of EV Charging Infrastructure and associated electrical infrastructure upgrades necessary to support the stations; and the long-term operation and maintenance of the equipment and site, based on the Port's initial analysis of needed investment and long-term operating costs.

KEY BUSINESS TERMS

As the next step, staff will explore the locational preferences and business model of each qualified team. If all qualified teams can be accommodated at the available site or sites, staff believes that it may be possible to directly negotiate lease terms based on the following key business terms.

Term: Minimum of three (3) years, though a term of ten (10) years or more is expected in order for an Operator to amortize its investment.

Premises: One or more of the following sites:

- Seawall Lot 314
- Pier 30/32
- Pier 54
- Pier 70 (Building 109)

Use: Development and ongoing operation of an Electric Vehicle Charging Station that is fully accessible to the public.

Base Rent: Base rent will be the current Port Commission-approved rate per square foot.

Participation Rent: Port will negotiate participation rent with the Operator pursuant to the operator's business model based on fair market value

Capital Investment: The Operator will be fully responsible for the cost of all infrastructure and improvements to develop and operate the station over the term of the lease.

Required Services: Development and operation of an Electric Vehicle Charging Station, Level-3 charging technology is required and Level-2 charging technology optional; Non-proprietary charging is required; proprietary is charging optional.

Form of Lease and Standard Terms and Conditions: The Operator will be required to sign the Port's standard form lease, including As Is, indemnity, insurance, hazardous materials, financial guarantees, Operations Plan, maintenance and repair, etc. provisions and current City requirements including payment of prevailing wages and local hiring for tenant improvements.

NEXT STEPS

If authorized by the Port Commission, staff anticipates a three-week open period for the RFQ. Responses to the RFQ will not trigger any commitment from either the Port or the respondents. After evaluating submittals to the RFQ, staff will initiate negotiations with the Qualified Operators with the goal of recommending to the Port Commission one or more firms for a lease with the Port. Depending on the terms of any lease approved by the Port Commission, lease approval by the Board of Supervisors may also be required. If staff determines that there is competitive interest at one or more of the proposed sites, staff will consider whether a Request for Proposals (RFP) is warranted, and if so, staff will seek authorization from the Port Commission to issue an RFP for such sites.

RECOMMENDATION

Port staff recommends that the Port Commission approve the attached Resolution.

Prepared by: Richard Berman, Environmental Manager
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For: Brad Benson, Deputy Director
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**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 18-24**

- WHEREAS, the City and County of San Francisco is meeting the challenge of climate change with leading policies, programs, and partnerships; and
- WHEREAS, the Port of San Francisco 2016-2021 Strategic Plan includes a sustainability strategy that articulates a commitment to the City's climate goals; and
- WHEREAS, a core component of both San Francisco's and the Port's climate change approach relies on the promotion of electric vehicles (EVs) to displace transportation sector emissions; and
- WHEREAS, the market for electric vehicles is limited by the lack of publicly available Level-3 fast charging technology; and
- WHEREAS, the Port issued a Request for Information (RFI) and determined that the following Port locations have the potential to support Level-3 EV Charging Stations: Seawall Lot 314, Piers 30/32, Pier 54 and Pier 70; and
- WHEREAS, Port staff presented the results of the RFI process to the Central Waterfront Advisory Group and the Northeast Waterfront Advisory Group; and
- WHEREAS, there is strong industry interest and community support for expanding publicly available EV Charging Stations at the Port; and
- WHEREAS, staff proposes to issue a Request for Qualifications (RFQ) to create a pool of qualified candidates capable of developing and operating EV Charging Stations at one or more of the Port locations listed above and, absent evidence that there is competition among the qualified teams for any Port site or sites, to negotiate with the qualified candidates with the goal of recommending to the Port Commission one or more qualified firms for a lease; and
- WHEREAS, should staff determine that there is competitive interest at one or more of the proposed sites, staff will consider whether a Request for Proposals (RFP) is warranted, and if so, staff will seek authorization from the Port Commission to issue an RFP for such sites, now therefore be it
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to issue a Request for Qualifications (RFQ) from potential developers and operators of EV Charging Sites with the minimum qualifications described in the Memorandum of March 22, 2018 and to determine which teams are qualified; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to determine whether all qualified teams can be accommodated at the available site or sites, and if so, to negotiate lease terms with the qualified teams based on the key business terms as described in the Memorandum of March 22, 2018 and to return to the Port Commission to recommend approval of a lease with one or more qualified firms; and be it further

RESOLVED, that the RFQ would not obligate the Port to any further actions, and the Port cannot approve any lease until after environmental review has been completed in compliance with the California Environmental Quality Act.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 27, 2018.

Secretary