



Request for City Council Committee Action from the Department of Public Works & Department of Regulatory Services

Date: September 27, 2010

To: Council Member Elizabeth Glidden, Chair – Regulatory Services,
Energy and the Environment Committee

Council Member Sandra Colvin Roy, Chair – Transportation &
Public Works Committee

Referral to: Council Member Betsy Hodges, Chair – Ways & Means/Budget
Committee

Subject: Transportation electrification agreement with Xcel Energy

Recommendation: Authorize Proper City Departments to enter into attached
agreement with Xcel Energy and accept \$20,000 from Xcel
Energy for the purchase of one (1) all-electric Ford Transit
Connect.

Previous Directives: None

Department Information

Prepared by: Daniel Huff (673-5863), John Scharffbillig (673-5775)

Approved by:

Rocco Forté, Director of Emergency Preparedness & Regulatory Services

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters in Committee: Daniel Huff, John Scharffbillig

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Civil Rights Approval Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

Supporting Information

In April, 2009 the City partnered with Xcel Energy and Minnesota Pollution Control Agency in forming a local coalition committed to making electric vehicles a reality in Minnesota. This coalition partnered with Ford Motor Company (Ford) in a grant application to the US Department of Energy (DOE). This partnership ended when Ford and the DOE failed to reach a funding agreement.

The Minnesota-based coalition has continued to work towards its goal of bringing electric vehicles to the Metro Area. Members of the coalition include: City of Minneapolis, City of St. Paul, Hennepin County, Ramsey County, Metropolitan Airports Commission, State of MN Department of Administration, Pollution Control Agency, Department of Natural Resources, and the Office of Energy Security, Xcel Energy, American Lung Association of MN, Fresh Energy, and HourCar. Efforts have focused on purchasing electric vehicles for fleet use and the deployment of public charging stations.

Xcel Energy, through its Chairman's Fund, will provide \$20,000 cost-share towards the City purchase of an all-electric Ford Transit Connect. The City agrees to install one (1) electric charging station for the City-owned vehicle and a one (1) electric charging station available for public use.

The Department of Public Works and the Department of Regulatory Services are requesting authorization to enter into this agreement with Xcel Energy. Table 1 outlines the estimated eight-year cost difference between a gasoline Ford Transit Connect and the all-electric Ford Transit Connect purchased under this agreement. Communications and outreach efforts as part of this agreement may include graphics on the electric Ford Transit Connect including logos of the coalition partners.

Table 1

Vehicle	Gasoline Transit Connect	Electric Transit Connect
Vehicle price	\$22,000	\$65,000
Xcel grant	\$0	(\$20,000)
Tax Credit ¹	\$0	(\$7,500)
8-year fuel costs ²	\$15,000	\$2,496
Transit Connect Charging Station	\$0	\$3,000
10% Salvage Value	(\$2,200)	(\$6,500)
8-year vehicle cost	\$39,200	\$36,705
Cost difference compared to Base contract vehicle	\$0	(\$2,495)

¹ Assumes tax credit is taken by dealer and passed onto City in the form of price reduction.

² Gasoline Transit Connect estimated at 23 mpg, electric Transit Connect estimated at 2.9m/kWh. Cost estimate based upon \$3 per gallon gasoline and \$0.065 per kWh. Estimated travel at 15,000 miles per year.



July 14, 2010

Mr. Daniel Huff

Manager Green Buildings

City of Minneapolis

Re: Xcel Energy Chairman's Fund Grant

Dear Mr. Huff:

Xcel Energy Inc. ("Xcel Energy"), through its Chairman's Fund, is pleased to provide financial support for the electric vehicle demonstration project (the "Project"). We see the Project as opportunity to display innovative transportation technology and stimulate the regional electric-drive market. Through the Project we also hope to analyze electric vehicle driver behavior (including charging decisions), to study the impact of electric vehicles on the environment and the electric grid and to determine potential fuel cost savings. The Project will involve the purchase and use of Ford Motor Company/Azure Motors designed electric vehicles in the greater Twin Cities area through various vehicle fleets including the fleet of the City of Minneapolis (the "City").

The parties look forward to participating on this Project pursuant to the following terms:

FUNDING

- Xcel Energy agrees to provide the City with a \$20,000 grant for the purchase of one all-electric Transit Connect from Azure Motors (the "Vehicle").
- The parties expect Vehicle delivery in the second quarter of 2011.
- The City agrees to submit all Azure Motors and/or dealer invoices and related Vehicle purchase documentation to Xcel Energy no later than October 31, 2011 in order to receive the grant.
- The City will be responsible for all Vehicle-related costs that exceed the above-noted Xcel Energy grant.
- Xcel Energy's funding commitment expires on December 31, 2011, unless otherwise terminated pursuant to this Agreement.

PROJECT MONITORING AND ADDITIONAL CONTRIBUTIONS

- The City will appoint a contact to oversee both the Vehicle purchase and deployment and the Project data collection effort. This contact will coordinate the Project activities with Xcel Energy.

- The City will commit to install public charging infrastructure as follows:
- The City will install one controlled access charging station (for City use) and one Level II public charging station.
- The City will install the Level II public charging station in a City-owned parking ramp in proximity to the Energy Innovation Corridor (downtown Minneapolis).
- The City will install both charging stations by June 30, 2012.
- The parties will work collaboratively, to the extent feasible and allowed by law, to develop a process for permitting and installing private and public charging infrastructure in order to advance the deployment of electric vehicles.

PUBLICITY

- The parties agree to work together to develop and implement a media strategy for the Project.
- The parties will jointly credit all contributing parties as developers and sponsors of the Project in all relevant printed materials and publicity, to the extent feasible and allowed by law, using mutually acceptable language.
- No party will use the name or logo of the other party in any advertising or publicity campaign without receiving prior written approval from the other party.

OTHER STIPULATIONS

- Xcel Energy's sole responsibility to the City in this Agreement is to provide a grant after the City has purchased the Vehicle, and has provided Xcel Energy with invoices and related purchase documentation.
- The City will verify the analytical data collected on Vehicle usage and driver behavior (the "Data"); however, subsequently, Xcel Energy will use and apply the Data at its own risk.
- Xcel Energy expressly understands and agrees that the Data is subject to the provisions of Minnesota Statutes Chapter 13 and that any use or purported ownership of the Data shall be nonexclusive.
- Minnesota law will govern this Agreement. In the event of a dispute under this Agreement, the parties irrevocably submit to the exclusive jurisdiction of the courts of the State of Minnesota.
- In no event will any party to this Agreement be liable to another party to this Agreement for any consequential, special punitive, incidental or other indirect damages of any kind whatsoever.
- Xcel Energy's total liability to the City for any claims will be limited to the amount of the funding grant approved herein.
- The City's total liability for any claims will be subject to statutory and common law immunities or limitations on liability, including, but not limited to Minnesota Statutes Chapter 466.
- Either party may terminate this Agreement upon two weeks written notice.

Sincerely,

Northern States Power Company Minnesota

d/b/a Xcel Energy

By: _____

Name:

Its: Vice President

Date: _____

APPROVED AND AGREED TO:

City of Minneapolis

By: _____ Date:

Department Head

Countersigned

By: _____ Date:

Finance Department

Approved as to Form

By: _____ Date:

Assistant City Attorney