

TOWN COUNCIL ACTION REPORT

May 2, 2013

Resolution Authorizing the Execution of a Letter of Intent with Tesla Motors, Inc. for the Installation of Electric Vehicle Charging Stations in Uptown Station

PREPARED BY: Mercy Davison, Town Planner

REVIEWED BY: Mark R. Peterson, City Manager
Steven D. Mahrt, Corporation Counsel
Wayne Aldrich, Uptown Development Director

BUDGET IMPACT: N/A

STAFF RECOMMENDATION: Approval

ATTACHMENTS: Proposed Resolution, Proposed Letter of Intent

BACKGROUND

The Bloomington-Normal Electric Vehicle Task Force formed in 2010 to study the reemergence of electric vehicle technology. The group formally announced the EVTown initiative in 2011 with the goal of promoting the adoption of EV technology in the community. One of the early EVTown recommendations was to provide public EV charging infrastructure throughout Normal and Bloomington.

In 2011-12 the Town of Normal utilized federal Energy Efficiency and Conservation Block Grant funds to purchase 48 "Level 2" charging stations and 1 "Quick Charge" station. These stations have been installed on public and private properties across the community, providing free public EV charging to EV drivers.

Tesla Motors, Inc. recently introduced two new fully electric vehicles to the market. These models have a large battery pack that permits the car to travel up to 300 miles on one charge. In order to charge these batteries in a short amount of time, Tesla designed and now manufactures its own "Supercharger." Many have been installed on the east and west coasts. Tesla has pledged to its customers that it will build a charging station network across the country. Tesla recently became aware of EVTown and inquired about installing several "Supercharger" stations in Uptown Normal, as it is an ideal charging location along the route from Chicago to St. Louis.

Although these Tesla vehicles can be charged with the Level 2 charging stations, they are not compatible with the Eaton-manufactured Level 3 Quick Charger already installed in Uptown Station.

DISCUSSION/ANALYSIS

Tesla Motors, Inc. has proposed the attached Letter of Intent in order to move forward with the potential installation of Superchargers in Uptown Station. The LOI includes the following key provisions:

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1. Tesla may use up to ten (10) parking stalls within the Uptown Station parking deck with Town consent as to specific location.
2. Two (2) charging stalls shall serve as dedicated Tesla charging stalls, four (4) shall serve as general parking with the exception of overnight parking, and four (4) shall serve as unrestricted general parking. Tesla could convert stalls to dedicated Tesla stalls based on actual usage.
3. With Town consent as to location and construction plans, Tesla will install and maintain the Superchargers at its own cost.
4. Tesla will be responsible for operational costs, including the payment of electricity used by Tesla drivers.
5. Tesla drivers will pay regular parking deck fees.
6. The agreement term is five (5) years with two (2), five (5) year options to extend.

Based on initial study, it appears that the best location for the charging stations is the third floor of the Uptown Station parking deck. Tesla may choose not to install all ten stations at once. Installation is not anticipated to be disruptive to normal parking deck activities.

The Town has invested a significant amount of time and energy supporting the EVTown initiative. The effort has continued to gain national attention, as evidenced in part by the request by Tesla. Providing charging infrastructure for Tesla drivers is akin to the Level 3 quick charging offered to drivers of other EVs. In addition, it is reasonable to assume that Tesla drivers will avail themselves of goods and services located in the Uptown area while waiting for their cars to charge.

Furthermore, only two parking spaces in the deck will be fully dedicated to Tesla users. Tesla would only expand beyond two spaces if Tesla driver demand required it.

For these reasons, Town staff recommends that the Town Council authorize the execution of the proposed Letter of Intent with Tesla Motors, Inc. If approved, Town staff will work with Tesla to draft a binding ground lease.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE EXECUTION OF A LETTER OF INTENT WITH TESLA MOTORS, INC.

WHEREAS, the Town of Normal is a home rule unit of local government with authority to legislate in matters concerning its local government and affairs; and

WHEREAS, Tesla Motors, Inc. has introduced two new fully electric vehicles to the market with a large battery pack that permits the vehicle to travel up to 300 miles on one charge; and

WHEREAS, Tesla Motors, Inc. has designed and manufactures its own “Superchargers”; and

WHEREAS, Tesla Motors, Inc. has proposed a Letter of Intent in order to move forward with the installation of Superchargers for said vehicles in the Uptown Station; and

WHEREAS, it is in the best interests of the health, safety and welfare of the citizens of Normal to enter into a Letter of Intent with Tesla Motors, Inc. for the purpose of memorializing the terms to be included in a yet to be drafted Contract between the Town of Normal and Tesla Motors, Inc.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES AS FOLLOWS:

SECTION ONE: That the President be and he is hereby authorized and directed to execute a Letter of Intent on behalf of the Town of Normal with Tesla Motors, Inc. expressing the Town’s understanding as of this date of the terms to be included in a Contract between the Town of Normal and Tesla Motors, Inc. A copy of said Letter of Intent is marked Exhibit A attached hereto and incorporated herein by reference.

ADOPTED this ____ day of _____, 2013.

APPROVED:

President of the Board of Trustees of the Town of Normal, Illinois

ATTEST:

Town Clerk
(seal)

- 1) **Tenant:** Tesla Motors, Inc.
- 2) **Landlord:** Town of Normal
- 3) **Property Address:** Uptown Station, 11 Uptown Circle
- 4) **Delivery Date:** May 1, 2013
- 5) **Premises:** Up to ten (10) parking stalls with Town consent as to number and location. Approximately 200-400 s.f. of median area for charging equipment. (Tenant does not seek nor require “prime” parking, but rather a safe and secure location that is near to existing power infrastructure and within easy walking distance to amenities and facilities.)
- 6) **Parking Allowance:** Two (2) charging stalls shall serve as dedicated Tesla charging stalls (“Dedicated Stalls”), four (4) charging stalls shall be available for general parking with a restriction on overnight parking (“Enabled Stalls”), and four (4) charging stalls shall be available for general parking without restriction (“Unrestricted Stalls”). Tenant shall have the option to convert Enabled Stalls into Dedicated Stalls, and to convert Unrestricted Stalls to Enabled Stalls based on actual usage, according to the terms of the Agreement and approval of the Town.
- 7) **Term:** Five (5) years. Two (2), five (5) year options to extend.
- 8) **Landlord Construction:** None
- 9) **Tenant Construction:** Prior to commencement of the Term, Tenant shall install a vehicle charging Station pursuant to a Site Plan approved by Landlord. The Site Plan shall delineate the installation of (i) “Permanent Improvements”, which may include an upgraded power supply (transformer), concrete pads, conduit and wiring; and (ii) “Tenant Fixtures”, which may include vehicle chargers, charge posts, a battery system, switchgear, and signage. All installation costs shall be borne by Tenant.
- 10) **Ownership upon Termination.** Permanent Improvements shall become property of the Landlord at termination, provided that termination does not result from Landlord’s breach of contract. Tenant Fixtures shall remain Tenant property and will be removed upon termination, and the site will be left safe and tidy.
- 11) **Operational Costs:** Tenant shall be responsible for operational costs associated with the vehicle charging Station. Unless another arrangement is mutually agreed, Tenant shall install a dedicated meter to ensure utility fees are directed to a separate Tenant account.
- 12) **Use of Premises:** Tenant shall use the premises solely for agreed Activities. Activities may include charging electric vehicles, and/or operating an energy storage system.
- 13) **Liability:** Risk and liability shall rest with Tenant, unless damage arises from gross negligence or misconduct of the Landlord. Tesla shall name Landlord as an additional insured under its relevant insurance policies.
- 14) **Parking Fees:** Customers using the charging facilities shall pay Landlord the general parking fees.
- 15) **Customer Payment:** Tenant alone retains the right to collect payment in exchange for vehicle charging services. For the avoidance of doubt, Landlord may not accept or request payment for Tesla Supercharging services.
- 16) **Service and Maintenance:** Tenant shall be responsible for maintaining the Station. Landlord shall, in good faith, make reasonable efforts to exhibit good stewardship of the Premises, given the Landlord will often be on-site and Tenant personnel rarely so.
- 17) **Quiet Enjoyment and Non-impairment:** Landlord will refrain from impairing, or allowing other parties to impair the use of the Station. If non-Tesla motorists repeatedly park in the Dedicated Stalls, thereby impairing use of the Station, or if motorists repeatedly park in the Enabled stalls for greater than the permitted duration, then parties shall together determine and implement an appropriate and effective strategy for preventing such impairment.
- 18) **Marketing Events and Public Relations:** The Agreement shall consider marketing events and public relations activities.

19) **Conditions Precedent:** Diligence confirming technical and economic feasibility of the proposed installation.

This letter is not a legally binding contract. Even if this letter is deemed to contain all essential elements of a contract, neither Landlord nor Tenant shall have any obligation to the other until there is a fully negotiated, executed and delivered Agreement. Until such time as a definite Agreement is negotiated, executed and delivered by both parties, each party shall have the right to terminate negotiations for any reason and for no reason whatsoever, and any and all expenses incurred by either party shall be at its own risk.

Greg Callman
On behalf of Tesla Motors (Tenant)

Acknowledge and accepted by:

Name: _____

Organization: _____

Title: _____