

Electric Vehicle Charging Station Lease

Tuesday, 12 July 2022

Council

Strategic Alignment - Environmental Leadership

Public

Program Contact:

Mike Philippou, Associate
Director Strategic Property &
Commercial

Approving Officer:

Tom McCready, Director City
Services

EXECUTIVE SUMMARY

At a Special Council Meeting on 15 August 2017, Council approved a lease to the State Government to facilitate the establishment of super-fast electric vehicle charging stations on the former bus station land at 85-107 Franklin Street, Adelaide.

The lease included an authorisation and permit pursuant to Sections 221 and 222 of the *Local Government Act 1999 (SA)* for a small portion of Bowen Street in the lease area. State Government licenced the area to Tesla Pty Ltd.

This report requests consideration from the Council to amend the arrangement to enter into a direct lease with Tesla Pty Ltd for their charging station under the same terms and conditions as the existing arrangement with State Government for a term of five years.

RECOMMENDATION

THAT COUNCIL

1. Approves leasing the portion of the electric vehicle charging station land on the former bus station at 85-107 Franklin Street, Adelaide currently leased to the Government of South Australia, to Tesla Pty Ltd or nominated entity.
 2. Authorises the Chief Executive Officer to finalise lease negotiations between the Corporation of City of Adelaide and Tesla Pty Ltd and execute a lease agreement and associated documentation.
 3. Authorises the Chief Executive Officer to sign and affix as necessary the Common Seal with the signature of the Lord Mayor to all legal documentation to give effect to the above-mentioned decisions.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<p>Strategic Alignment – Environmental Leadership</p> <p>4.4 Support our community to transition to a low carbon economy through education, incentives and appropriate infrastructure</p> <p>4.6 Implement the Carbon Neutral Strategy for the city and achieve carbon neutral certification for our operations</p> <p>The City of Adelaide has a strategic goal of becoming the most liveable city in the world and we have a shared ambition with the community to become a carbon neutral city. The accelerated uptake of electric vehicles, combined with increasing supply of renewable electricity, is an important component of the transition to a carbon neutral city. Providing the infrastructure to support electric vehicles provides mobility and options for visitors and residents.</p>
Policy	<p>The Carbon Neutral Strategy 2015-2025 promotes the aspiration to be the world's first carbon neutral city.</p> <p>Council priorities include:</p> <ol style="list-style-type: none"> 1. Create and foster opportunities for partnerships and businesses to grow and prosper from the low carbon economy. 2. Create a supportive environment for early adoption of great ideas and technologies. 3. Facilitate knowledge sharing and network development to enhance community awareness and adoption of opportunities and outcomes.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Risk will be managed as part of lease agreement.
Opportunities	Partnering with other organisations strategically place City of Adelaide at the hub of South Australia's electric vehicle charging network.
22/23 Budget Allocation	Rental income has been included in the 21/22 Budget and remains unchanged.
Proposed 23/24 Budget Allocation	Rental income has been included in the 22/23 Budget and remains unchanged.
Life of Project, Service, Initiative or (Expectancy of) Asset	Electric vehicle charging stations are expected to have an economic life of not less than ten (10) years.
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Ongoing maintenance and operating cost for Tesla charging stations, such as electricity, network charges, maintenance and repairs will be the responsibility of Tesla.

DISCUSSION

1. Council approved at its meeting of 15 August 2017 to grant a lease to the State Government to facilitate the establishment of an electric vehicle (EV) charging station on the former bus station land at 85-107 Franklin Street, Adelaide.
2. The electric vehicle charging station was constructed during August and September 2017 comprising four 125kW Tesla superchargers and three ≤50kW universal superchargers for the City of Adelaide.
3. The leased area included a small portion of Bowen Street for the accommodation of half a charging bay and access area. An authorisation and permit pursuant to Sections 221 and 222 of the *Local Government Act 1999 (SA)* over this portion of Bowen Street formed part of the lease arrangement.
4. We have entered into a lease with the State Government for a period of 5 years from August 2017, with one Right of renewal for another five-year period.
5. The lease made provision for a sublease arrangement enabling the State Government to licence the area to Tesla Pty Ltd (Tesla).
6. As the site is popular and well used Tesla is desirous to have another 5-year term. They have stated in their request: *'the Franklin Street Supercharger is the largest and most popular charging station in Adelaide – providing 100s of EV charging sessions each week. With recent fuel price increases and renewed passion from Australians for renewables, it has become an integral asset to South Australians looking to move away from fossil fuels.'*
7. Tesla has announced plans to open the Supercharger network to all EV makes and models, increasing the utility of the site and service provided. Rapid Charging stations (Supercharger) require a large financial investment and a significant time investment with electrical upgrades generally required.
8. If the lease to Tesla is not renewed there may be an undersupply of EV charging in Adelaide, hampering EV uptake and tourism with Tesla Superchargers connecting Adelaide through to Melbourne, Sydney, and Brisbane via an interstate network.
9. Currently, the City of Adelaide provides a charging network of 40 chargers, mostly 22kW in size, with two 50 kW 'super-fast' chargers at Franklin Street. These are intended as destination chargers, where the vehicle owner requires a few hours parking for a full battery, and will spend that time on work, shopping or entertainment.
10. The State of Electric Vehicles Report 2022 states that the national trend has seen a tripling of electric vehicle sales between 2020 and 2021, to well over 20,000. Since Teslas make up 60% of all sales, we expect the current Tesla chargers are supplying a significant portion of the electric vehicle owners in the local area.
11. The Tesla chargers are up to 120kW capacity, providing a 'rapid' charge, or a full battery in around 20 minutes for most makes and models. If these are made available to non-Tesla vehicles, it will help fill a market demand for the rapid charge option in the Adelaide CBD, which has already been raised by customers.
12. The State Government has requested Council's consideration to enter a direct leasing arrangement with Tesla as they see no further value in being a party to the lease arrangement.
13. The current lease agreement has a redevelopment clause that preserves the redevelopment potential of the former Adelaide Bus Station site.
14. Council approved at its meeting of 27 January 2022 the Expression of Interest (EOI) for the bus station site with the following outcome:
 - 14.1. The former Bus Station site will be released to the open market via an EOI process for sale and redevelopment in mid-2022 to enable a significant city shaping opportunity within the Market District.
15. The EOI will seek interest from strategic developers to unlock the site for a high-quality mixed-use development. It is anticipated that there will be long lead times ahead of any redevelopment of the former Bus Station site which includes the lease area for the electric vehicle charging stations. It is noted also that there may be the potential for interested parties to consider the retention of the charging station to support environmental sustainability.

16. Tesla is aware of the EOI and that the new lease will also contain a redevelopment clause as the continuation of the EV charging facility cannot be guaranteed.

ATTACHMENTS

Nil

- END OF REPORT -