



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 05/19/2026

ITEM NO: 12

DATE: May 19, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Authorize the Town Manager to Execute an Agreement with Tesla, Inc. to Continue Operation of Charging Stations for a Period of 10 Years with One Five-year Renewal Period in the Town of Los Gatos Northside Parking Lot for the Payment to the Town of \$8,616 Per Month, Subject to Five Percent Annual Escalation**

RECOMMENDATION: Authorize the Town Manager to execute an agreement with Tesla, Inc. to continue receiving Town revenues (4118011-45333) for Tesla's operation of 20 charging stalls using 26 parking spaces in the Town of Los Gatos Northside Parking Lot for a ten-year period with one five-year renewal period at the rate of \$8,616 per month, subject to five percent annual escalation.

FISCAL IMPACT:

The proposed agreement generates \$8,616 per month (\$103,392 annually) in revenue to the Town, representing an increase from the prior agreement rate of \$8,000 per month (\$96,000 annually) in the amount of \$7,392 in year one. The agreement includes a 5% annual escalation, resulting in increasing revenue over the term. Rent payment is contingent on completion of Tesla vendor onboarding documentation. Staff will confirm completion of all required onboarding documentation before the Effective Date to prevent accrual without payment. Revenues will be deposited to account 4118011 45333 and assigned within the General Fund Appropriations Reserve for future downtown parking and infrastructure improvements. Council approval will be required before assigned reserve funds may be appropriated for expenditure.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Administrative Services Director

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SUBJECT: Tesla Charging Agreement

DATE: May 19, 2026

STRATEGIC PRIORITY:

This item supports the 2025 to 2027 Additional Priority to promote sustainability practices and protect and conserve the natural environment for present and future generations under the Community Character core goal. The item also relates to the Quality Public Infrastructure core goal because the agreement concerns downtown parking assets, and to the Fiscal Stability core goal because it generates ongoing Town revenue.

BACKGROUND:

In 2018, the Town entered into an agreement with Tesla, Inc. (Attachment 2) to allow construction and operation of Tesla charging stations in the Northside lot. The initial agreement granted Tesla access to 18 parking spaces, up to five additional feet of parking width for compliance with the Americans with Disabilities Act, and up to 400 square feet of landscape space for equipment. The 18 parking spaces included space for 12 Tesla chargers, four parking spaces with chargers for use by any electric vehicle, and two spaces for ADA compliant charging stations. This agreement was granted with no revenue to the Town of Los Gatos. This item was authorized by the Town Council on December 19, 2017.

At its meeting of February 2, 2021, Town Council approved the First Amendment to the charging station agreement (Attachment 2), increasing the number of parking spaces allocated to 26, with 20 parking spaces for Tesla Level 3 chargers, four parking spaces for all EV use chargers, and two spaces for charger cabinets and ancillary equipment. This amendment set a payment of \$8,000 per month from Tesla to the Town of Los Gatos, with the revenues allocated to the "Future Downtown Parking Fund to Collect Parking Revenue for Infrastructure Improvements in Downtown."

Two additional Tesla-branded all electric vehicle chargers are located at the south end of the Northside Lot near the Highway 9 entrance. These chargers were installed by Tesla as a community benefit during the original installations in 2018, but they are not part of this agreement.

DISCUSSION:

The First Amendment authorized the chargers for a five year term beginning on an updated Commencement Date. Staff has identified June 16, 2021 as the updated Commencement Date. Under the First Amendment, the initial term expires five years from the last day of the month in which that Commencement Date occurred, which is June 30, 2026.

Staff and Tesla began discussions in November 2025 to determine the next steps for the continued use of this area for charging infrastructure. As a result of those discussions, the proposed agreement was developed (Attachment 1). The proposed agreement is for a 10-year

period, with one five-year automatic renewal period. The monthly payment is increased to \$8,616, escalating 5% per year through the term of the agreement.

The proposed 10 year term provides long term operational stability for both the Town and Tesla while ensuring continued access to charging infrastructure for residents and visitors. The proposed agreement includes one five year renewal term that automatically goes into effect unless Tesla provides notice of non-renewal at least 30 days before expiration of the then current term. The Town may terminate the agreement during the term by providing the required 18 months' notice and paying the termination fee described in Attachment 1. The updated monthly payment and annual escalation provide increasing revenue over time for the use of public parking assets. The proposed agreement does not expand the physical footprint or number of charging stations beyond what was authorized in 2021.

CONCLUSION:

This proposed action will allow Tesla to retain the charging stations in the Northside Lot for public use. These chargers are widely used by Tesla and non-Tesla electric vehicle drivers alike, providing an important community amenity.

COORDINATION:

This staff report was coordinated with the Town Attorney.

ENVIRONMENTAL ASSESSMENT:

This action is categorically exempt pursuant to CEQA Guidelines Section 15301 (Existing Facilities), because it authorizes continued operation, leasing, maintenance, and minor alteration of existing charging infrastructure within the existing approved premises and does not authorize expansion of the existing physical footprint or expansion of use beyond the existing charging station use. Any future physical expansion or materially different use would require separate Town review and any required environmental review.

Attachments:

1. Supercharger Agreement – 2026
2. First Amendment and Original Charging Station Agreement