



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/02/2021

ITEM NO: 7

DATE: January 25, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Approve a First Amendment to a Parking Agreement with Tesla, Inc. for the Installation of Eight Additional Charging Stations in the North Parking Lot, Resetting the Term, Establishing Lease Payments to the Town of \$8,000 per Month, and Approve a Revenue Budget Adjustment in the Amount of \$48,000 to Reserve the Lease Proceeds in the General Fund Appropriated Reserve that will be Transferred to the Future Downtown Parking Fund to Collect Parking Revenue for Infrastructure Improvements in Downtown

RECOMMENDATION:

Approve a first amendment (Attachment 1) to a Charging Station Agreement with Tesla, Inc. (Attachment 2) for the installation of eight additional charging stations in the North Parking Lot, resetting the term, establishing lease payments to the Town of \$8,000 per month, and approve a revenue budget adjustment in the amount of \$48,000 to reserve the lease proceeds in the General Fund Appropriated Reserve that will be transferred to the future Downtown Parking Fund to collect parking revenue for infrastructure improvements in downtown.

BACKGROUND:

On December 19, 2017, the Town Council approved an agreement with Tesla, Inc. for the installation of electric vehicle charging stations in the North Parking Lot. This agreement resulted in the installation of 12 quick charge spots for Tesla vehicles and four level two charging spots for non-Tesla users with no fee for charging. The contract established the term as five years with a five-year option for renewal.

During construction, Tesla installed the underground infrastructure for a future addition of another eight charging stations. In early 2020, Tesla approached Town staff on the opportunity for implementing that expansion. Staff told Tesla that it was open to the expanded use, and

PREPARED BY: Matt Morley
Director of Parks and Public Works

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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BACKGROUND (continued):

that the expansion would require a lease agreement at market rate. Some negotiations on the rate occurred and Tesla determined that they were not interested at that time.

Tesla reached out again to Town staff later in the year having changed their position and offering to accept the market rate Town staff had identified.

DISCUSSION:

The addition of charging stations in the North Parking Lot provides a number of benefits to the Town. Electric vehicles aid in greenhouse gas (GHG) emission reductions. The Tesla stations complement the Town's 14 Chargepoint stations and the recent installation of Charge America stations installed at the Bank of America parking lot on North Santa Cruz Ave. Combined, these demonstrate the Town's commitment to GHG emission reductions. Additionally, the convenience of the charging stations is expected to draw drivers to the downtown, providing increased opportunity for shopping and dining.

The proposed amendment would reset the term of the agreement, restarting the first five-year period, while retaining the five-year option to renew. This is beneficial to the Town for the significant revenue the project is expected to bring in.

The agreement would commit Tesla to payments of \$8,000 per month to the Town. Staff recommends holding the revenue in a newly established Downtown Parking Fund where use of the funds is restricted to downtown parking improvements. Any future parking revenue could also contribute to this fund.

CONCLUSION:

Staff recommends approval of the amendment to the agreement with Tesla, Inc. and the establishment of a Downtown Parking Fund for parking revenue.

COORDINATION:

This item has been coordinated with the Police and Finance Departments.

FISCAL IMPACT:

Approval of the recommendation would establish a new revenue source for the Town of \$96,000 annually and would establish a Downtown Parking Fund for the revenue to fund future downtown infrastructure improvements.

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ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. First Amendment to a Charging Station Agreement with Tesla, Inc.
2. Charging Station Agreement