



**TOWN OF LOS GATOS
FINANCE COMMISSION AGENDA
APRIL 14, 2025
110 EAST MAIN STREET
TOWN COUNCIL CHAMBERS
5:30 PM**

*Linda Reiners, Chair
Ashby Monk, Vice Chair
Adam Fischer, Commissioner
Phil Koen, Commissioner
Joseph Rodgers, Commissioner
Matthew Hudes, Mayor
Rob Moore, Vice Mayor*

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). Members of the public may provide public comments for agenda items in-person or virtually through the Zoom Webinar by following the instructions listed below.

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:

Zoom Webinar (Online): Join from a PC, Mac, iPad, iPhone or Android device. Please click this

URL to join: [https://losgatosca-](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

[gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1](https://losgatosca.gov.zoom.us/j/83324739120?pwd=ROVSrj37YUwahyFb4dlq2e3DLEo4W0.1)

Passcode: 136033 You can also type in 833 2473 9120 in the “Join a Meeting” page on the Zoom website at and use passcode 136033.

When the Mayor announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand.

Telephone: Please dial (877) 3361839 for US Toll-free or (636) 651-0008 for US

Toll. (Conference code: 686100)

If you are participating by calling in, press #2 on your telephone keypad to raise your hand.

In-Person: Please complete a “speaker’s card” located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

NOTES: (1) Comments will be limited to three (3) minutes or less at the Chair’s discretion.

(2) If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line “Public Comment Item #___” (insert the item number relevant to your comment). All comments received will become part of the record.

(3) Deadlines to submit written comments are:

- 11:00 a.m. the Thursday before the Commission meeting for inclusion in the agenda packet.
- 11:00 a.m. the Friday before the Commission meeting for inclusion in an addendum.
- 11:00 a.m. on the day of the Commission meeting for inclusion in a desk item.

(4) Persons wishing to make a visual presentation on an item listed under Other Business, must submit the presentation electronically to Clerk@losgatosca.gov no later than 3:00 p.m. on the day of the Commission meeting.

CALL MEETING TO ORDER

ROLL CALL

APPROVE REMOTE PARTICIPATION *(This item is listed on the agenda in the event there is an emergency circumstance requiring a Commissioner to participate remotely under AB 2449 (Government Code 54953)).*

CONSENT ITEMS *(Items appearing on the Consent are considered routine Town business and may be approved by one motion. Members of the public may provide input on any Consent Item(s) when the Chair asks for public comment on the Consent Items.)*

1. Approve the Minutes of the March 10, 2025, Finance Commission Regular Meeting.
2. Receive the Monthly Financial and Investment Report for February 2025

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Commission on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Finance Commission. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

3. Review and Provide Recommendations on the Scopes of Services for a Fiscal Impact Analysis for Proposed and Planned Growth and Fiscal Condition Analysis and Five-Year Projection

ADJOURNMENT

ADA NOTICE In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104].

NOTE: The ADA access ramp to the Town Council Chambers is under construction and will be inaccessible through June 2025. Persons who require the use of that ramp to attend meetings are requested to contact the Clerk's Office at least two (2) business days prior to the meeting date.

Materials related to an item on this agenda submitted to the Commission after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on Town's website at www.losgatosca.gov. Commission agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.



**TOWN OF LOS GATOS
FINANCE COMMISSION
MINUTES**

MEETING DATE: 4/14/2025

ITEM NO: 1

Item 1.

**Minutes of the Finance Commission Regular Meeting
March 10, 2025**

The Finance Commission of the Town of Los Gatos conducted a regular meeting in person and utilizing teleconferencing means on Monday, March 10, 2025, at 5:30 p.m.

THE MEETING WAS CALLED TO ORDER AT 5:30 P.M.

ROLL CALL

Present: Chair Linda Reiners, Vice Chair Ashby Monk, Commissioner Adam Fischer, Commissioner Phil Koen, Commissioner Joe Rodgers, Mayor Matthew Hudes, and Vice Mayor Rob Moore

Town Staff Present: Town Manager, Chris Constantin; Finance Director, Gitta Ungvari; Town Clerk, Wendy Wood; and Finance and Accounting Manager, Eric Lemon.

CONSENT ITEMS

1. Approve the Minutes of the February 10, 2025, Finance Commission Regular Meeting
2. Receive the Monthly Financial and Investment Report for January 2025
3. Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending December 31, 2024 and the Performance Report as of January 31, 2025.
4. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending December 31, 2024, and Performance as of January 31, 2025
5. Receive FY 2023-24 Federal Single Audit Report
6. Recommend that the Town Council Receive the Independent Accountants' Report on Agreed-Upon Procedures on Measure G Revenues and Expenditures for the Period July 1, 2023 to June 30, 2024

Commissioner Koen requested to pull item 4.

There was no public comment.

MOTION: Motion by Vice Chair Monk to approve the consent items with the exception of item four. **Seconded** by Commissioner Rodgers.

VOTE: Motion passed unanimously.

PAGE 2 OF 4

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of March 10, 2025

DATE: April 8, 2025

VERBAL COMMUNICATIONS

There was no public comment.

OTHER BUSINESS

7. Review and Recommend to the Town Council Changes to the Town's Investment Policy

The Chair opened the item for discussion.

The Commission discussed the item and asked questions.

Staff addressed the Commissioners' questions.

There was no public comment.

MOTION: Motion by **Vice Chair Monk** to recommend adding a requirement to the investment policy, under the heading of Portfolio Maturities and Liquidity, for an ALM study to be performed on a bi-annual basis [every two years]. **Seconded by Commissioner Koen.**

VOTE: Motion passed unanimously.

MOTION: Motion by **Commissioner Koen** to accept the policy with the staff changes and noting the proposed adjustment plan [in the previous motion]. **Seconded by Vice Chair Monk.**

VOTE: Motion passed unanimously.

8. Review and Recommend to the Town Council Changes to the Town's General Fund Reserve Policy

The Chair opened the item for discussion.

The Commission discussed the item and asked questions.

Staff addressed the Commissioners' questions.

There was no public comment.

PAGE 3 OF 4

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of March 10, 2025

DATE: April 8, 2025

MOTION: Motion by **Chair Reiners** to accept the two staff recommendations and to ask that staff come back with consideration of other changes that were discussed.

Seconded by Commissioner Koen.

VOTE: Motion passed unanimously.

9. Discussion of Topics for Budget and Financial Statement Discussion

The Town Manager, Chris Constantin, presented the item.

The Commission discussed the item and asked questions.

Staff addressed the Commissioners' questions.

There was no public comment.

There was no action taken on this item.

PULLED CONSENT ITEMS

4. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending December 31, 2024, and Performance as of January 31, 2025

Commissioner Keon opened the item for discussion.

The Commission discussed the item and asked questions.

Staff addressed the Commissioners' questions.

There was no public comment.

MOTION: Motion by **Chair Reiners** to receive the CEPPT report. **Seconded by Vice Chair Monk.**

VOTE: Motion passed unanimously.

ADJOURNMENT:

The meeting adjourned at 7:22 p.m.

PAGE 4 OF 4

Item 1.

SUBJECT: Draft Minutes of the Finance Commission Regular Meeting of March 10, 2025

DATE: April 8, 2025

This is to certify that the foregoing is a true
and correct copy of the minutes of the
March 10, 2025, special meeting as approved by the
Finance Commission.

Eric Lemon, Finance and Accounting Manager



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 04/14/2025

ITEM NO: 2

Item 2.

DATE: April 8, 2025
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Receive the Monthly Financial and Investment Report for February 2025

RECOMMENDATION:

Receive the monthly Financial and Investment Report for February 2025.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role. Attachment 1 contains the February 2025 monthly Financial and Investment Report which fulfills this requirement.

The February 2025 Monthly Financial and Investment Report will be presented to the Town Council at its April 15, 2025, regular meeting.

DISCUSSION:

The February 2025 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month to balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation based on the information available. This is demonstrated by the attached February 28, 2025, fund balance report.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

SUBJECT: Monthly Financial and Investment Report for February 2025

DATE: April 8, 2025

In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The February 28, 2025, estimated fund balances differ from the January 31, 2024, estimated fund balances due to the normal day-to-day activity where revenue and expenditure activity in one month have a larger shift in one month from the other.

Please note that the amount in the Fund Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the Fund Balance.

As illustrated in the summary below, Total Cash is adjusted by adding Total Assets less the amount of Total Liabilities to arrive at the Ending Fund Balance – which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - February 28, 2025		
Total Cash	\$	69,759,388
Plus: Assets	\$	14,591,690
Less: Liabilities	\$	(26,907,928)
Estimated Fund Balance	\$	57,443,150

As of February 28, 2025, the Town's financial position (Cash Plus Other Assets \$84.35M, Liabilities \$26.91M, and Fund Equity \$57.44) remains strong and the Town has sufficient funds to meet the cash demands for the next six months.

As of February 28, 2025, the Town's weighted portfolio yield for investments under management was 4.44% which was 11 basis points above the Local Agency Investment Fund (LAIF) yield of 4.33% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 237 days versus the Town's longer WAM of 647 days. The Town assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on investments under management of 4.44% at the close of February was flat when compared to the January 31, 2024, investment report.

Since February 2024, LAIF yields climbed from 412 basis points (4.12%) to 433 basis points (4.33%) through the end of February 2025. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

PAGE 3 OF 3

SUBJECT: Monthly Financial and Investment Report for February 2025

DATE: April 8, 2025

After the rate change back in July of 2023, the Federal Open Market Committee (FOMC) did not change rates again until their September 18, 2024, meeting when they approved a 1/2 percentage basis point decrease from 5.5% to 5.0%. Furthermore, on November 7, 2024, the Federal Reserve voted to approve an additional 1/4 basis point decrease from 5.0% to 4.75%. The most recent change was at their December 2024 meeting when the Federal Reserve voted to approve another 1/4 basis point decrease from 4.75% to 4.50%. These changes support the Federal Open Market Committee's goal to support maximum employment and bring year-to-year inflation to its targeted level of 2%.

The labor market remained solid. Payrolls rose by 143,000 and the unemployment rate eased from 4.1% to 4% even as the participation rate rose reflecting 2.2 million extra workers. However, jobless claims were higher than expected, increasing from 220,000 to 242,000 at the end of the month.

The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and are also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Receive the Monthly Financial and Investment Report for February 2025.

Attachments:

1. Financial and Investment Report (February 2025)

Town of Los Gatos
Summary Investment Information
February 28, 2025

Weighted Average YTM Portfolio Yield on Investments under Management

4.44%

Weighted Average Maturity (days)

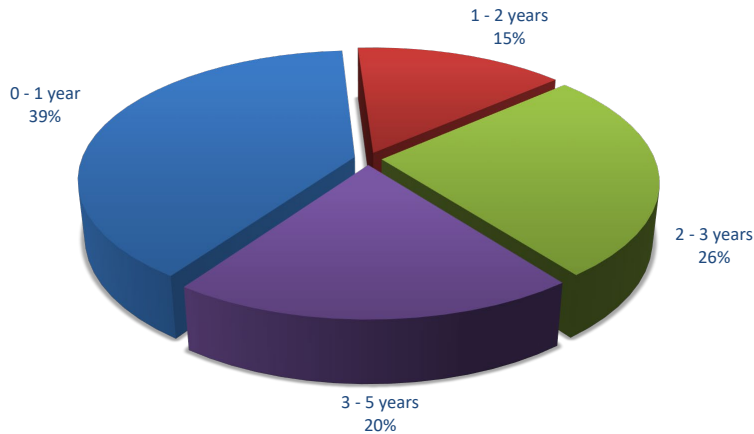
647

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	\$69,759,388	\$71,009,516	\$71,152,030
Managed Investments	\$50,879,811		
Local Agency Investment Fund	\$12,012,090		
Reconciled Demand Deposit Balances	\$6,867,487		
Portfolio Allocation & Treasurer's Cash Balances	<u>\$69,759,388</u>		

Benchmarks/ References:

Town's Average Yield	4.44%	4.44%	4.32%
LAIF Yield for month	4.33%	4.37%	4.12%
3 mo. Treasury	4.29%	4.28%	5.39%
6 mo. Treasury	4.27%	4.30%	5.32%
2 yr. Treasury	3.99%	4.20%	4.62%
5 yr. Treasury	4.02%	4.33%	4.25%
10 Yr. Treasury	4.21%	4.54%	4.25%

Portfolio Maturity Profile



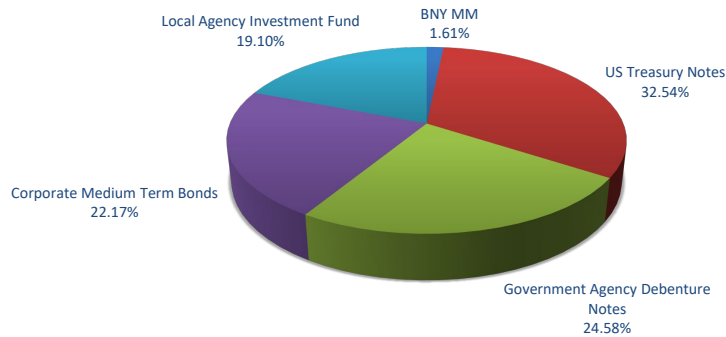
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
February 28, 2025

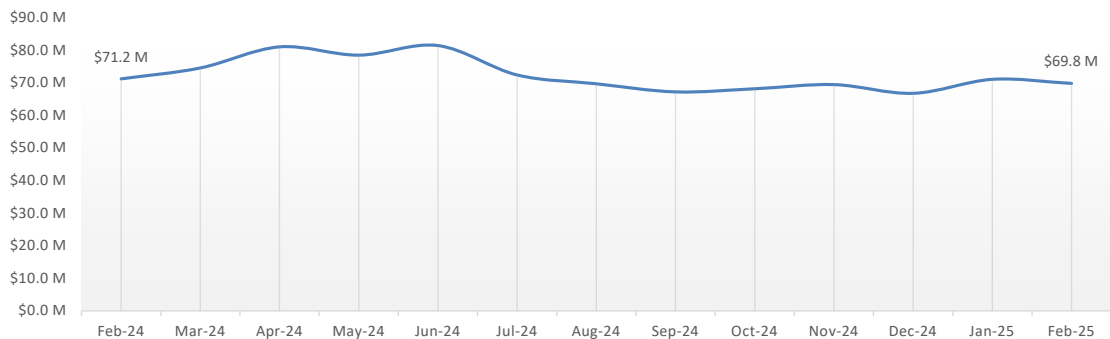
	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	\$ 71,009,516.20	\$ 81,368,409.88
Receipts	4,036,153.00	45,965,961.18
Disbursements	(5,286,281.17)	(57,574,983.03)
Cash & Investment Balances - End of Month/Period	<u>\$69,759,388.03</u>	<u>\$69,759,388.03</u>

Portfolio Allocation	Amount	% of Portfolio	Max. % or \$ Allowed per State Law or Policy
BNY MM	\$1,009,587.24	1.61%	20% of Town Portfolio
US Treasury Notes	\$20,469,190.11	32.54%	No Max. on US Treasuries
Government Agency Debenture Notes	\$15,460,732.81	24.58%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	\$13,940,300.50	22.17%	30% of Town Portfolio
Local Agency Investment Fund	\$12,012,090.08	19.10%	\$75 M per State Law
Subtotal - Investments	62,891,900.74	100.00%	
Reconciled Demand Deposit Balances	<u>6,867,487.29</u>		
Total Portfolio Allocation & Treasurer's Cash Balances	<u>\$69,759,388.03</u>		

Portfolio Investment Allocation



Treasurer's Fund Balances



Town of Los Gatos
Non-Treasury Restricted Fund Balances
February 28, 2025

	Beginning Balance	February 2025 Deposits Realized Gain/Adj.	February 2025 Interest/ Earnings	February 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	\$ 701,968.09	\$ -	\$ 2,305.00	\$ 15,717.09	\$ 688,556.00	Note 1
Cert. of Participation 2010 Ser Lease Payment Fund	93,766.19	-	46.60	93,762.50	50.29	Note 2
Cert. of Participation 2002 Ser A Lease Payment Fund	98,935.12	15,717.09	100.98	98,875.00	15,878.19	Note 1
Cert. of Participation 2010 Ser Reserve Fund	1,429,145.04	-	5,171.41	-	1,434,316.45	Note 2
Total Restricted Funds:	<u>\$ 2,323,814.44</u>	<u>\$ 15,717.09</u>	<u>\$ 7,623.99</u>	<u>\$ 208,354.59</u>	<u>\$ 2,138,800.93</u>	
CEPPT IRS Section 115 Trust	2,281,414.83	-	35,385.79	-	\$ 2,316,800.62	Note 3
Grand Total COP's and CEPPT Trust	<u>\$ 4,605,229.27</u>	<u>\$ 15,717.09</u>	<u>\$ 43,009.78</u>	<u>\$ 208,354.59</u>	<u>\$ 4,455,601.55</u>	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: The three original funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Note 2: The 2010 COP Funds are all for the Library construction, reserves to guarantee lease payments, and a lease payment fund for the life of the COP issue. The COI fund was closed in September 2010.

Note 3: The CEPPT IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other post employment benefits.

Town of Los Gatos
Statement of Interest Earned
February 28, 2025

July 2024	\$	247,221.75
August 2024	\$	212,684.25
September 2024	\$	265,151.31
October 2024	\$	234,237.63
November 2024	\$	227,312.31
December 2024	\$	239,396.54
January 2025	\$	234,030.33
February 2025	\$	213,671.29
March 2025	\$	-
April 2025	\$	-
May 2025	\$	-
June 2025	\$	-
	\$	<u>1,873,705.41</u>

**Town of Los Gatos
Investment Schedule
February 28, 2025**

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,259,986.00	31,395.00		6/21/2027	4.19%	\$ 65,137.22	\$ 81,871.88	\$ 35,653.88	843
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	987,370.00	(4,590.00)		1/1/2026	3.04%	\$ 64,750.00	\$ 61,696.52	\$ 21,540.60	307
US Treasury	912828ZW3	US Treasury Note	0.25%	8/9/2022	350,000.00	322,096.88	(27,903.12)	345,464.00	23,367.12		6/30/2025	3.16%	\$ 2,092.39	\$ 19,915.08	\$ 7,003.42	122
FFCB	3133ENSV8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	236,165.20	(3,009.00)		1/11/2027	3.76%	\$ 19,307.75	\$ 12,979.52	\$ 5,950.99	682
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	771,848.00	59,282.82		3/31/2026	4.14%	\$ 12,000.00	\$ 54,221.52	\$ 20,619.45	396
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60	899,802.00	(1,137.60)		9/30/2025	4.14%	\$ 76,500.00	\$ 66,415.88	\$ 25,256.74	214
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	492,865.00	18,205.00		3/15/2026	4.70%	\$ 35,644.44	\$ 41,217.45	\$ 15,504.40	380
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)	1,177,560.00	74,607.60		8/25/2025	3.04%	\$ 12,187.50	\$ 71,445.55	\$ 23,117.53	178
US Treasury	912828ZL7	US Treasury Note	0.38%	4/12/2022	1,700,000.00	1,583,927.57	(116,072.43)	1,689,307.00	105,379.43		4/30/2025	2.72%	\$ 16,254.49	\$ 98,544.63	\$ 29,563.39	61
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,238,081.00	77,521.60		12/21/2026	4.15%	\$ 33,447.92	\$ 80,116.59	\$ 33,682.24	661
FHLB	3130APIH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	966,440.00	59,430.00		10/28/2026	4.17%	\$ 18,354.17	\$ 50,234.10	\$ 23,031.86	607
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,697,144.00	(9,588.00)		1/6/2028	3.91%	\$ 129,955.56	\$ 92,733.76	\$ 44,358.86	1042
Freddie Mac	3137EAE33	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)	733,852.50	44,820.00		9/23/2025	3.97%	\$ 3,921.87	\$ 32,931.11	\$ 18,784.65	207
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	604,362.00	(4,494.00)		1/12/2028	4.34%	\$ 47,078.33	\$ 29,982.05	\$ 17,513.55	1048
US Treasury	91282CE44	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,455,945.00	39,318.88		3/31/2027	4.09%	\$ 49,077.87	\$ 62,956.31	\$ 39,530.71	761
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,097,081.00	16,522.41		12/15/2025	4.40%	\$ 124,852.46	\$ 94,733.28	\$ 61,120.50	290
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	507,355.00	2,700.00		2/1/2028	4.37%	\$ 26,002.79	\$ 21,195.52	\$ 14,632.13	1068
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)	487,645.00	32,488.00		11/7/2025	4.63%	\$ 3,284.72	\$ 21,047.01	\$ 14,529.61	252
FFCB	3133EPOC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	503,135.00	1,177.50		7/17/2026	4.48%	\$ 34,687.50	\$ 21,487.97	\$ 14,961.54	504
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	600,834.00	4,614.00		8/23/2027	4.29%	\$ 39,806.25	\$ 24,754.94	\$ 17,089.35	906
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	967,270.00	45,780.00		12/23/2027	5.23%	\$ 48,479.17	\$ 46,970.90	\$ 33,471.93	1028
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.00	(9,339.40)	1,304,368.00	13,707.40		10/31/2027	4.31%	\$ 67,031.25	\$ 51,232.08	\$ 37,162.38	975
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,643,072.00	25,904.00		11/10/2027	5.16%	\$ 105,366.67	\$ 70,599.88	\$ 55,341.20	985
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,260,756.00	22,548.86		8/15/2028	4.76%	\$ 90,211.96	\$ 38,717.94	\$ 12,641.94	1264
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	985,860.00	38,290.00		11/24/2025	5.24%	\$ 38,633.33	\$ 37,712.66	\$ 35,520.06	269
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,009,190.00	14,852.00		9/1/2026	4.96%	\$ 41,958.33	\$ 35,367.82	\$ 32,928.66	550
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.00	(49,960.94)	983,950.00	33,910.94		6/30/2027	4.73%	\$ 39,211.96	\$ 32,499.52	\$ 30,610.02	852
US Treasury	91282CEW7	US Treasury Note	2.75%	10/13/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,266,694.00	52,357.61		4/30/2027	4.82%	\$ 35,750.00	\$ 40,101.59	\$ 40,101.59	791
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,930.90	(51,099.61)	663,909.75	40,009.36		7/31/2025	4.92%	\$ 2,040.59	\$ 19,725.12	\$ 21,022.83	153
US Treasury	91282CGU9	US Treasury Note	3.88%	11/30/2023	1,000,000.00	985,515.62	(16,484.38)	999,600.00	14,084.38		3/31/2025	5.17%	\$ 32,291.67	\$ 29,822.81	\$ 34,023.21	31
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	823,392.00	24,744.45		6/30/2028	3.99%	\$ 11,555.71	\$ 17,690.14	\$ 22,389.09	1218
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	870,804.00	25,128.00		9/24/2026	4.22%	\$ 12,796.88	\$ 19,224.14	\$ 24,330.55	573
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	971,600.00	11,245.09		7/31/2027	3.95%	\$ 29,667.12	\$ 19,025.75	\$ 25,684.76	883
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,779,408.00	4,222.28		5/31/2028	3.97%	\$ 56,692.63	\$ 32,061.96	\$ 47,218.53	1188
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,405,684.00	9,156.00		7/25/2027	4.93%	\$ 66,782.10	\$ 28,319.94	\$ 45,878.31	877
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	998,160.00	8,960.00		7/22/2027	4.89%	\$ 43,837.67	\$ 19,440.46	\$ 32,356.38	874
Treasury	91282CBH0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,168,572.75	16,609.83		5/15/2026	4.56%	\$ 30,892.17	\$ 18,568.45	\$ 35,251.04	441
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,007,160.00	4,100.00		3/13/2026	4.72%	\$ 27,354.17	\$ 16,052.33	\$ 31,457.39	378
FFCB	3133EP5U8	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,702,499.00	14,518.00		3/20/2029	4.28%	\$ 33,504.17	\$ 18,681.03	\$ 48,292.46	1481
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,163,532.00	39,699.86		11/15/2028	4.69%	\$ 20,295.34	\$ 9,066.06	\$ 36,115.63	1356
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,013,530.00	14,400.00		1/26/2029	4.87%	\$ 37,856.94	\$ 6,135.64	\$ 32,412.17	1428
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,690.00	1,790.00	1,016,950.00	15,160.00		4/15/2029	4.86%	\$ 20,144.44	\$ 5,862.95	\$ 32,379.46	1507
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,188,420.00	33,790.98		12/31/2028	4.68%	\$ 26,208.79	\$ 4,511.24	\$ 36,541.08	1402
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,003,450.00	7,810.00		1/9/2026	5.25%	\$ 26,537.50	\$ 430.16	\$ 34,843.35	315
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,160,511.00	9,545.00		6/12/2026	4.82%	\$ 19,310.42	-	\$ 36,688.71	469
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,260,837.50	(2,225.00)		7/6/2029	4.60%	\$ 28,725.62	-	\$ 31,199.11	1589
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,013,177.00	2,453.00		10/8/2027	3.56%	\$ 641.67	-	\$ 17,459.19	952
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,092,652.00	4,507.69	7,494.51	9/30/2029	4.12%	\$ (7,494.51)	-	\$ 10,745.31	1675
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	514,534.40	6,281.19	3,661.25	12/14/2029	4.35%	\$ (3,661.25)	-	\$ 966.69	1750

Subtotal					\$ 51,491,000.00	\$ 49,870,223.42	\$ (1,620,776.58)	\$ 50,991,785.10	\$ 1,121,561.68	\$ 11,155.76			\$ 1,796,965.74	\$ 1,662,602.59	\$ 1,424,554.41	
BNY MM	Money Market					1,009,587.24		1,009,587.24	0.00			0.00%				1
LAIF	State Investment Pool					12,017,549.08		12,007,549.33	(4,540.75)			4.33%			396,391.61	1
						62,891,900.74		\$64,008,921.67	\$1,117,020.93	\$11,155.76			\$ 1,796,965.74	\$ 1,662,602.59	\$ 1,820,946.02	

Matured Assets																		
FNMA	3135G0V75	Gov. Agency Debenture	1.75%	10/17/2019	1,100,000.00	1,105,833.30	5,833.30				7/2/2024	1.63%	\$	90,956.25	\$	84,780.33	\$	98.70
Honeywell Int'l.	438516BW5	Corporate Bond	2.30%	11/20/2019	1,000,000.00	1,014,660.00	14,660.00				8/15/2024	1.64%	\$	108,483.33	\$	91,844.87	\$	2,508.83
FFCB	3133EKQA7	Gov. Agency Debenture	2.08%	10/21/2019	1,000,000.00	1,019,780.00	19,780.00				9/10/2024	1.66%	\$	101,631.11	\$	78,691.92	\$	3,305.61
US Treasury	912828YV6	US Treasury Note	1.50%	11/15/2023	700,000.00	673,667.97	(26,332.03)				11/30/2024	5.26%	\$	10,930.33	\$	22,316.65	\$	14,975.65
Freddie Mac	3137EAEPO	Gov. Agency Debenture	1.50%	10/13/2023	1,000,000.00	951,540.00	(48,460.00)				2/12/2025	5.32%	\$	19,958.33	\$	36,644.18	\$	31,870.61

Town of Los Gatos
Investment Transaction Detail
February 28, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
2/4/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	2/4/2025	2/4/2025	1,088.46	0.000%		100.00	-	-	1,088.46
2/6/2025	17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	BOND INTEREST	2/6/2025	2/6/2025	1,250,000.00	4.838%	8/6/2029	-	-	30,237.50	30,237.50
2/12/2025	3130ATUT2	FEDERAL HOME LOAN BANK 4.5% 14DEC2029	PURCHASE	2/10/2025	2/12/2025	505,000.00	4.500%	12/14/2029	100.64	508,253.21	3,661.25	511,914.46
2/12/2025	3137EAEP0	FREDDIE MAC 1.5% 12FEB2025	REDEMPTION	2/12/2025	2/12/2025	1,000,000.00	1.500%	2/12/2025	100.00	1,000,000.00	-	1,000,000.00
2/12/2025	3137EAEP0	FREDDIE MAC 1.5% 12FEB2025	BOND INTEREST	2/12/2025	2/12/2025	1,000,000.00	1.500%	2/12/2025	-	-	7,500.00	7,500.00
2/18/2025	912810FE3	USA TREASURY 5.5% 15AUG2028	BOND INTEREST	2/15/2025	2/15/2025	1,200,000.00	5.500%	8/15/2028	-	-	33,000.00	33,000.00
2/24/2025	3133EPBM6	FEDERAL FARM CREDIT BANK 4.125% 23AUG2027	BOND INTEREST	2/23/2025	2/23/2025	600,000.00	4.125%	8/23/2027	-	-	12,375.00	12,375.00
2/24/2025	713448DF2	PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	BOND INTEREST	2/24/2025	2/24/2025	1,000,000.00	2.850%	2/24/2026	-	-	14,250.00	14,250.00
2/25/2025	3135G05X7	FANNIE MAE 0.375% 25AUG2025	BOND INTEREST	2/25/2025	2/25/2025	1,200,000.00	0.375%	8/25/2025	-	-	2,250.00	2,250.00
2/26/2025	17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	BOND INTEREST	2/26/2025	2/26/2025	1,000,000.00	4.850%	2/26/2029	-	-	24,250.00	24,250.00

Town of Los Gatos								
Insight ESG Ratings as of February 28, 2025								
Security Description	Maturity Date	Par/Shares	S&P Rating	Moody Rating	Insight ESG Rating	Environment	Social	Governance
AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	\$ 1,000,000	A-	A3	3	3	3	3
PEPSICO INC 2.85% 24FEB2026 (CALLABLE 24NOV25)	2/24/2026	\$ 1,000,000	A+	A1	2	2	3	3
HOME DEPOT INC. 3% 01APR2026 (CALLABLE 01JAN2026)	46113	\$ 1,000,000	A	A2	3	3	3	3
JPMORGAN CHASE & CO 3.2 15JUN2026 (CALLABLE 15MAR26)	46188	\$ 500,000	A	A1	3	2	3	4
APPLE INC. 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	\$ 1,300,000	AA+	Aaa	5	1	4	5
TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	\$ 1,600,000	A+	A1	3	2	3	4
AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	\$ 600,000	A-	A3	3	3	3	3
PNC BANK NA 3.25% 22JAN2028 (CALLABLE 01 FEB28)	1/22/2028	\$ 1,000,000	A	A2	3	2	3	3
COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	\$ 500,000	A+	Aa3	3	2	3	3
US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	\$ 1,000,000	A	A3	4	3	4	4
JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL28)	7/25/2028	\$ 1,400,000	A	A1	3	2	3	4
CISCO INC. 4.85% 26FEB2029 (CALLABLE 26JAN2029)	2/26/2029	\$ 1,000,000	AA-	A1	3	1	4	3
HOME DEPOT INC. 4.9% 15APR2029 (CALLABLE 15MAR2029)	47223	\$ 1,000,000	A	A2	3	3	3	3
CITIBANK 4.838% 06AUG2029 (CALLABLE 06JUL2029)	8/6/2029	\$ 1,250,000	A+	Aa3	3	1	3	3
Total/Average		\$ 14,150,000			3.1	2.1	3.2	3.4

*ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry.

Fund Schedule

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - January	February 2025				Estimated Fund Balance 2/28/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
111	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	2,188,659	-	-	-	-	-	2,188,659
	Land Held for Resale	344,338	-	-	-	-	-	344,338
	Committed Fund Balances:							
	Budget Stabilization	6,736,781	-	-	-	-	-	6,736,781
	Catastrophic	6,736,781	-	-	-	-	-	6,736,781
	Pension/OPEB	300,000	-	-	-	-	-	300,000
	Measure G District Sales Tax	590,581	-	-	-	-	-	590,581
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	8,651,059	-	-	-	-	-	8,651,059
	Carryover Encumbrances	85,861	-	-	-	-	-	85,861
	Compensated Absences	1,555,478	-	-	-	-	-	1,555,478
	ERAF Risk Reserve	1,430,054	-	-	-	-	-	1,430,054
	Market Fluctuations	1,712,246	-	-	-	-	-	1,712,246
	Council Priorities - Economic Recovery	20,684	-	-	-	-	-	20,684
	Unassigned Fund Balances:							
	Other Unassigned Fund Balance Reserve (Pre YE distribution)	-	43,994	3,475,582	(3,250,075)	-	-	269,501
	General Fund Total	31,062,075	43,994	3,475,582	(3,250,075)	-	-	31,331,576

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Fund Schedule

Item 2.

Fund Number	Fund Description	Prior Year Carryforward 7/1/2024*	Increase/ (Decrease) July - January	February 2025				Estimated Fund Balance 2/28/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	754,134	(82,271)	13,641	(15,709)	-	-	669,795
231-236	Landscape & Lighting Districts	182,625	4,680	-	(209)	-	-	187,096
251	Los Gatos Theatre	171,035	125,412	58,647	(976)	-	-	354,118
711-716	Library Trusts	556,849	38,711	-	(1,617)	-	-	593,943
	Special Revenue Total	1,831,296	86,532	72,288	(18,511)	-	-	1,971,605
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	20,253,300	(1,958,318)	73,486	(765,237)	-	-	17,603,231
412	Community Center Development	866,281	-	-	-	-	-	866,281
421	Grant Funded Projects	(2,563,503)	(167,344)	191,205	(775,899)	-	-	(3,315,541)
461-463	Storm Basin Projects	3,531,248	(111,877)	5,174	(89,642)	-	-	3,334,903
471	Traffic Mitigation Projects	509,491	-	-	-	-	-	509,491
472	Utility Undergrounding Projects	3,584,251	11,594	-	-	-	-	3,595,845
481	Gas Tax Projects	1,928,167	(719,777)	154,644	-	-	-	1,363,034
	Capital Projects Total	28,109,235	(2,945,722)	424,509	(1,630,778)	-	-	23,957,244
	INTERNAL SERVICE FUNDS							
611	Town General Liability	177,876	(695,333)	-	(654)	-	-	(518,111)
612	Workers Compensation	586,246	(61,138)	12,285	(9,334)	-	-	528,059
621	Information Technology	2,523,347	(235,655)	5,425	(21,185)	-	-	2,271,932
631	Vehicle & Equipment Replacement	3,286,552	162,729	-	(91,168)	-	-	3,358,113
633	Facility Maintenance	960,526	38,581	2,282	(117,974)	-	-	883,415
	Internal Service Funds Total	7,534,547	(790,816)	19,992	(240,315)	-	-	6,523,408
	Trust/Agency							
942	RDA Successor Agency	(4,632,040)	(1,708,525)	-	(118)	-	-	(6,340,683)
	Trust/Agency Fund Total	(4,632,040)	(1,708,525)	-	(118)	-	-	(6,340,683)
	Total Town	63,905,113	(5,314,537)	3,992,371	(5,139,797)	-	-	57,443,150

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance \$473,848.98
 111-23521 BMP Housing deposit account balance \$4,039,055.78



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 04/14/2025

ITEM NO: 3

Item 3.

DATE: April 8, 2025
TO: Finance Commission
FROM: Chris Constantin, Town Manager
SUBJECT: Review and Provide Recommendations on the Scopes of Services for a Fiscal Impact Analysis for Proposed and Planned Growth and Fiscal Condition Analysis and Five-Year Projection

RECOMMENDATION:

Staff recommends that the Finance Commission review and provide recommendations on the Scopes of Services for a Fiscal Impact Analysis for proposed and planned growth and Fiscal Condition Analysis and Five-Year Projection.

DISCUSSION:

The Finance Commission's adopted work plan includes reviewing the scope of the Fiscal Impact Analysis for proposed and planned growth. In addition, the Town is developing a scope for long-range financial forecasting services. Staff recommends that the Finance Commission review the scopes of both proposal requests and provide feedback. Based on the discussion and the feedback, staff might recommend combining the two scopes and request a proposal for individual services or providing services for both items.

Draft Scope of Services for the Fiscal Impact Analysis for proposed Planned Growth:

The Town is seeking a Consultant to prepare a comprehensive fiscal impact analysis, including scenario sensitivity analysis, with risks and opportunities, which will evaluate the potential fiscal impact of proposed and planned growth (Attachment 1).

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Town Attorney, Assistant Town Manager, and Community Development Director

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

Typical services would include, but are not limited to:

- Initial meeting with staff;
- Review and analysis of various taxes, fees, and other town revenues and expenditures of general government activities, public safety protection, community development, and other recurring Town expenditures;
- Analysis of revenues created by existing development patterns in the Town and impact of the current and future development patterns on the fiscal sustainability of the Town;
- Proposal scope, products (documents), and schedule;
- Attendance at public meetings to present proposals as required;
- Preparation of administrative draft documents;
- Preparation of draft documents for public review;
- Review of draft documents, including review by applicable committees, and attendance at public meetings as required;
- Preparation of final documents for adoption; and
- Recommendations for next steps.

Draft Scope of Services for Fiscal Condition Analysis and Five-Year Projection:

Project Overview: The Town (population ~33,400) seeks a qualified consultant to assess its current and future health fiscal health, develop a realistic five-year financial forecast, and identify recommendations for short, medium, and long-term response to attain fiscal sustainability. In this evaluation, the analysis should include but is not limited to, a focus on deferred infrastructure liabilities, pension and other post-employment benefit liabilities, personnel costs, reserves, expenditures, and revenue impacts. The consultant will follow industry best practices throughout the engagement.

1. Fiscal Condition Analysis

- **Financial Health Assessment:** Review the Town's recent financial history (e.g. last 5–10 years) and key **financial indicators** to evaluate current fiscal health. While our General Fund and Internal Service Funds are the primary focus, the assessment should include other funds that materially impact the Town's financial sustainability. Examine trends in revenues, expenditures, fund balances, and use of reserves. Use widely accepted indicators of municipal fiscal health where appropriate— such as, but not limited to liquidity ratios, debt burden, reserve levels, revenue diversification, and pension funding status – to provide a baseline analysis.
- **Identification of Major Fiscal Risks:** Identify and quantify the Town's major financial risks and liabilities. This includes calculating **deferred infrastructure maintenance** backlogs (unfunded repairs/upgrades to roads, facilities, etc.) and assessing their long-term budget impact. Analyze the Town's pension obligations and retiree health (OPEB) liabilities using actuarial reports, projecting future contribution requirements

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

(recognizing that pension costs are projected to rise for almost all California local governments). Evaluate **personnel costs** (salaries, benefits, pensions) as a driver of expenditures, especially in the context of labor agreements and inflation. Highlight any structural imbalances or cost growth that outpaces revenue growth (e.g. identifying areas of structural deficit risk). Note any other significant obligations (e.g. debt service, etc.) that could affect the Town's long-term solvency.

- **Revenue and Expenditure Trends:** Evaluate all major revenue streams (property tax, sales tax, user fees, permits, state subventions, etc.) for their historical growth patterns, volatility, and any emerging trends. Identify any over-reliance on economically sensitive revenues and discuss vulnerabilities (for instance, if a large portion of the budget comes from sales tax or tourism-based taxes that could dip in a downturn). Analyze expenditure trends by department and category (personnel, operations, capital outlay, etc.), identifying areas of rapid growth or where costs consistently exceed inflation. Determine whether recurring expenditures are aligned with recurring revenues, diagnosing any structural gaps. Highlight opportunities for improvement – such as potential revenue enhancements (economic development, updated fee structures, grants) or cost containment measures (streamlining services, preventative maintenance to reduce long-term costs). The analysis should clearly identify looming problems (e.g. revenue sources at risk or deferred costs coming due) as well as any positive trends or fiscal strengths the Town can build upon. **Findings will be benchmarked** against relevant comparables or industry standards to put the Town's condition in context.

2. Five-Year Fiscal Projection

- **Multi-Scenario Forecast:** Develop a five-year financial projection for the Town's major funds (with an emphasis on the General Fund) under three scenarios:
 - **Best-Case:** An optimistic scenario with favorable conditions (e.g. robust economic growth, increasing revenues, and modest expenditure growth).
 - **Worst-Case:** A cautious scenario assuming fiscal stress (e.g. an economic downturn reducing revenues, higher cost inflation, or new unfunded mandates increasing expenses).
 - **Most Likely (Baseline):** A scenario reflecting the expected trend based on current policies and the economic outlook.

Clearly document the assumptions for each scenario (such as annual growth rates for each revenue source, staffing and salary projections, pension contribution rate changes, capital improvement plans, etc.). The forecast model should quantify the projected surplus or deficit each year under each scenario. In line with best practices, present a **range of outcomes** with these different scenarios to illustrate uncertainty as well as compare to the Town's current forecast. This will help the Town understand how sensitive its finances are to various factors.

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

Include charts or tables that compare the scenarios (for example, fund balance over time in each case).

- **Assumption Analysis – Economic, Policy, and Operational Factors:** Analyze the key factors driving the forecast and how changes in those factors would affect the Town’s finances:
 - **Economic Factors:** Consider local and regional economic projections (population growth, development trends, inflation, employment rates) and their impact on revenues (e.g. sales tax and property tax growth or decline) and expenses (e.g. labor costs, construction costs for capital projects). For the worst-case scenario, model a potential recession early in the five-year period (with revenue declines and heightened demand for certain services), and for the best-case, assume sustained economic expansion.
 - **Policy/Legislative Factors:** Incorporate any known or anticipated changes in policies that affect revenues or costs. This might include state legislation (or voter initiatives) altering revenue formulas or imposing new requirements on cities. For example, consider changes to California tax law, pension reform measures, mandates on service levels, or shifts in state funding. Also account for local policy decisions under consideration (such as new revenue measures or changes in service levels) that would impact the Town’s finances.
 - **Operational Factors:** Reflect internal Town initiatives or events that will impact finances. This could include the opening of new facilities, significant one-time expenditures (equipment purchases, infrastructure projects), upcoming labor contract negotiations, or efficiency measures. Identify any cost drivers that the Town anticipates (e.g. rising health insurance premiums, needed technology upgrades) and ensure those are built into the baseline projection. Conversely, include any planned cost-saving initiatives or departmental reorganizations expected to yield savings.

The consultant should explain how each of these factors is handled in the forecast and may use **sensitivity analysis** to show the impact of variations (e.g. what if revenue grows 1% slower than expected, or pension investment returns underperform). All assumptions should be reasonable and based on evidence (historical data or external forecasts) to maintain credibility.

- **Incorporation of Potential Funding and External Conditions:** Identify and integrate potential new funding sources or mitigations into the forecast scenarios. For instance, if the Town is considering a tax measure or fee increase, model its financial impact in the appropriate scenario. Include expected grants or state/federal funding (for example, infrastructure grants or allocations from state legislation) and denote which are one-time versus recurring. Similarly, address the Town’s strategy for tackling deferred

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

infrastructure liabilities within the forecast – e.g. does the best-case scenario assume new capital funding to reduce the maintenance backlog, and does the worst-case prolong the backlog? Consider **macroeconomic conditions** such as inflation and interest rates: inflation can affect both revenues (e.g. sales tax growth) and expenditures (contract costs), while interest rates influence the cost of debt and the Town's investment earnings. The forecast should also be stress-tested for extraordinary events (for example, natural disasters or public health emergencies) to the extent feasible, at least in narrative form, describing how reserves or emergency funds would be utilized. By examining these factors, the projection will illustrate not just a single expected outcome but the **financial resilience** of the Town under various circumstances.

- **Forecast Methodology and Transparency:** Utilize a robust forecasting approach that combines quantitative analysis with the Town's institutional knowledge. Techniques may include trend extrapolation, econometric projections for elastic revenues, and **scenario planning** tools. The consultant should clearly document the methodology and model structure. The resulting projection model (e.g. Excel or similar) will be provided to the Town, with notes explaining all assumptions so that Town staff can update it in the future. Emphasize transparency by providing a detailed list of assumptions and aligning the forecast with the Town's accounting structure (using the same fund and department categories as the budget). The methodology should adhere to GFOA's recommendations for long-term financial planning, ensuring the forecast is a useful tool for decision-making – for example, clearly stating assumptions and linking the forecast to the Town's financial policies (like reserve targets and maintaining structural balance). Periodically review draft projections with the Town's project team to validate assumptions against local insights before finalizing the numbers.

3. Stakeholder Engagement

- **Departmental Interviews and Data Gathering:** The consultant will conduct interviews with staff from all Town departments to gather insights and granular data. These interviews will solicit information on each department's budget pressures, service demands, and any planned initiatives or unmet needs. Departments can provide context on **deferred maintenance** issues, personnel needs, and revenue opportunities specific to their operations. Engaging department heads and key staff in this way will enrich the analysis – for example, identifying upcoming capital replacements or potential efficiency improvements that might not be evident from financial reports alone. (This approach aligns with GFOA best practices, which recommend leveraging the expertise of internal staff to inform financial forecasts.) The consultant should prepare a standard set of questions or a survey template to ensure consistency in data collection across departments, covering topics such as service level changes, infrastructure conditions, anticipated grants, and cost-saving ideas or concerns.

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

- **Collaboration with Finance Team:** Work closely with the Town's Finance Department throughout the project. The finance staff will serve as liaisons for providing documents (budgets, audited financial statements, capital improvement plans, debt schedules, pension actuarial reports, etc.) and clarifying any existing projections or assumptions. Regular check-in meetings should be held to discuss preliminary findings and ensure all data is interpreted correctly. This collaboration helps align the consultant's work with the Town's budgeting practices and ensures that recent developments (e.g. mid-year budget adjustments or revenue shortfalls) are factored in. The finance team's institutional knowledge will also assist in reviewing forecast assumptions (for example, vetting revenue growth rates or planned staffing changes). The consultant may also coordinate with other key stakeholders as needed – such as the Town Manager's office for overall strategic direction or external advisors (e.g. auditors, financial advisors) for specialized insights.
- **Stakeholder Communication and Feedback:** Maintain open communication channels for stakeholders to provide input and feedback. After completing the departmental interviews and initial analysis, the consultant should debrief Town leadership on preliminary findings to verify accuracy and gain insights before report writing. This may involve presenting a draft outline or initial data trends to the Town Manager and finance director, ensuring there is agreement on the key issues and assumptions. The consultant should be receptive to feedback and ready to investigate any additional areas of concern raised by staff or officials. Engaging stakeholders at this stage helps build buy-in for the final recommendations and ensures that no critical local knowledge is overlooked. Finally, before finalizing the report, the consultant might hold a workshop with department heads or the finance committee to walk through the draft findings and ensure clarity. This iterative engagement process will result in a more robust and accepted final product.

4. Deliverables

- **Comprehensive Report:** The consultant will produce a detailed report documenting all findings, analysis, and projections. The report will include:
 - **Executive Summary:** A concise overview of the Town's financial condition, key trends, and high-priority recommendations.
 - **Current and Future Fiscal Condition:** A detailed assessment of the Town's present financial health (fund balances, recent revenue/expenditure trends, and major liabilities such as pensions and deferred maintenance), supplemented by charts and comparative benchmarks.

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

- **Five-Year Financial Forecast:** A presentation of the financial projections for each scenario (best-case, worst-case, baseline), including the assumptions used and year-by-year tables for revenues, expenditures, and fund balances. Visual aids (graphs, tables) will illustrate the differences between scenarios and highlight when fiscal targets (like reserve levels) might not be met.
- **Analysis of Results:** Discussion of what the forecasted outcomes mean for the Town's fiscal sustainability. Identify any years where deficits are projected, the drivers of those gaps, and the Town's capacity to manage them (e.g. use of reserves). This section will connect the forecast back to the risks identified in the fiscal analysis (showing how issues like pension costs or infrastructure needs influence the outlook).
- **Recommendations:** Specific actionable recommendations for Town policy or management. These may include steps to close projected budget gaps, strategies to fund or mitigate liabilities (such as setting aside reserves for pension or infrastructure costs), potential new revenue measures, and improvements to financial policies/procedures. Recommendations will reference supporting analysis and adhere to California legal constraints (e.g. Proposition 218 requirements for revenue measures).
- **Appendices:** Supporting materials, such as detailed financial model outputs, summaries of stakeholder input, a list of data sources and assumptions (economic indicators, growth rates, etc.), and any benchmarking data. The appendices provide transparency and allow Town officials to delve into technical details as needed.
- **Presentations to Town Council and Finance Committee:** The consultant will present the key findings and recommendations in at least two forums: a Town Council meeting (in public session) and a meeting of the Town's Finance Committee (or Budget/Audit Committee). The presentations will distill the report into a slide deck with clear visuals, highlighting trends, risks, and proposed solutions. The consultant will explain the assumptions behind the projections and provide context for the scenarios. They should be prepared to answer questions and discuss alternatives with officials. The goal is to facilitate understanding among policymakers and support informed decision-making. All presentation materials (PowerPoint slides, charts, etc.) will be provided to the Town for its use and records.
- **Financial Model and Dashboard Tools:** Provide the Town with the financial projection model and any analytical dashboards developed. The model (e.g. in Excel) should be user-friendly, with clearly documented assumptions and the ability for staff to update key inputs to run new scenarios. If an interactive visualization or dashboard is created to

SUBJECT: Scope of services of Fiscal Impact Analysis and Fiscal Condition Analysis and Five-Year Projection

track fiscal indicators, that should also be delivered (for example, a tool to monitor fund balance, debt, and pension metrics over time). The consultant will conduct a brief training session for relevant Town staff on how to use and maintain these tools, ensuring the Town can continue to utilize the model for annual budget updates and long-term planning.

- **Adherence to Standards:** Ensure all work products conform to best practices. The analysis and reports will be prepared in accordance with GAAP and Government Finance Officers Association (GFOA) best practices. Financial terminology and classifications will align with California municipal reporting conventions (e.g. those used by the State Controller's Office). All assumptions and methodologies should be clearly explained to meet transparency expectations and facilitate external review.
- **Quality and Transparency:** The consultant is expected to deliver high-quality, unbiased analysis. Before finalizing deliverables, conduct internal quality reviews and review draft findings with Town management to verify accuracy. The final report and presentations should be error-checked, clearly written, and suitable for public release. All data sources and calculations must be documented (either in the report body or appendices), allowing a third party to understand how conclusions were reached. By providing thorough documentation and following best practices, the consultant's work will be credible and actionable for the Town.

ATTACHMENTS:

1. Draft Request for Proposal for Fiscal Impact Analysis



Town of Los Gatos

REQUEST FOR PROPOSALS

FISCAL IMPACT ANALYSIS SERVICES

Date Issued: XXXXXX

Proposal Submittal Deadline:
Day of week, Date by time p.m.

Issued By: Town of Los Gatos
Community Development Department
110 E. Main Street
Los Gatos, CA 95030
www.losgatosca.gov

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DRAFT

Date

TABLE OF CONTENTS
FISCAL IMPACT ANALYSIS CONSULTANT SERVICES

Contents

A. Purpose	3
B. Overview.....	3
C. Minimum Qualifications.....	4
D. General Provisions and Requirements	5
E. Scope of Services	6
F. Proposal Format and Submittal Requirements	6
Submitting the Proposal:	6
Addenda	9
G. Evaluation Process	9
Proposal Evaluation Criteria	10
Oral Interview (if necessary)	11
H. Additional Information.....	12
I. Attachments	13

Attachments are as follows:

- ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT (FOR SUBMITTAL)
- ATTACHMENT 2 - REFERENCES (FOR SUBMITTAL)
- ATTACHMENT 3 - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S
COMPENSATION INSURANCE ACKNOWLEDGMENT CERTIFICATE (FOR
SUBMITTAL)
- ATTACHMENT 4 - STANDARD CONSULTANT SERVICES AGREEMENT

Date

Schedule of Activities: The Town reserves the right to amend the schedule below as necessary.

<u>Activity</u>	<u>Anticipated Dates</u>
RFP release	XXXXXX
Deadline for Questions Submitted By	XXXXXX
Proposal Submission Deadline (5:00 p.m.)	XXXXXX
Proposal Evaluation	XXXXXX
Consultant Interviews/Presentations (if necessary)	XXXXXX
Contract Negotiations and Execution	XXXXXX

Town's Contact: For all questions related to the RFP, email the Town's Contact listed below:

Joel Paulson, Community Development Director

Alexa Nolder, Administrative Technician

Town of Los Gatos

Town Manager's Office

110 E. Main Street

Los Gatos, CA 95030

408-354-6874

Planning@losgatosca.gov

FISCAL IMPACT ANALYSIS SERVICES

Proposals Due: Day of week, Date, by time p.m.

Proposers may view and download this RFP electronically from the Town's website at www.losgatosca.gov/rfp. The Proposers are responsible for checking the Town's website for any updates and addenda related to this RFP. For any questions or assistance, please reach out to the Town's contact: Planning@losgatosca.gov.

A. Purpose

The Town of Los Gatos (Town) is seeking proposals from qualified professional consultants (Proposers) to provide Fiscal Impact Analysis services. Proposers may either be individuals or firms.

B. Overview

The Town of Los Gatos is nestled at the base of the Sierra Azules, and is located approximately 60 miles south of San Francisco, in the southwestern portion of Santa Clara County where the Santa Clara Valley meets the lower slopes of the Santa Cruz Mountains. This beautiful setting is home to approximately 30,000 people, a diverse economy, and excellent schools.

Over 3,000 businesses serve the residents and act as a destination point for visitors who are attracted to its restaurants, hotels, and variety of shops within a pedestrian oriented downtown setting. The Town is also an inclusive community with the full mix of ages, family sizes, and incomes. Los Gatos has many parks and greenbelt areas, as well as a vibrant downtown area, with Downtown Los Gatos listed on the National Register of Historic Places.

The Town is seeking a Proposer to prepare a comprehensive fiscal impact analysis, including scenario sensitivity analysis, with risks and opportunities, which will evaluate the potential fiscal impact of proposed and planned growth.

To determine future development's overall fiscal impact, this fiscal analysis will focus on the estimated recurring revenue produced from future development compared to the increased demands placed upon the Town's recurring operational budget.

Date

A fiscal impact analysis will provide support to decision makers, local government staff, and community stakeholders to identify and quantify benefits and costs to a local community. Specific benefits of fiscal impact analysis include:

- Identifying projected changes to local services and revenues;
- Helping to define achievable levels of service;
- Projecting capital facility needs;
- Clarifying development policy impacts;
- Calculating revenues and helps in the development of revenue strategies;
- Encouraging “what if” questions; and
- Promoting public education of the connection between land use and fiscal conditions.

At the August 5, 2024, Finance Commission meeting, the Finance Commission expressed interest in recommending to the Town Council that it engage a professional consulting firm to prepare a comprehensive fiscal impact analysis, including scenario sensitivity analysis, with risks and opportunities, which will evaluate the potential fiscal impact of planned growth (including the recently filed SB 330/Builder’s Remedy proposals).

On November 19, 2024, The Town Council discussed the recommendation of the Finance Commission and directed staff to solicit proposals for the development of a fiscal impact analysis given the scope of the Housing Element, Sente Bill (SB) 330, and Builder’s Remedy applications.

C. Minimum Qualifications

The Town is seeking proposals from Proposers with the following minimum qualifications with work experience **within the greater San Francisco Bay Area**:

1. All persons or firms must demonstrate the following experience. If a firm applies, all key personnel must be identified, and each must meet the qualifications set forth in this RFP.
2. Proposers must demonstrate hands-on experience creating a fiscal impact analysis for local government.
3. Proposers should have strong communication skills and the ability to communicate effectively with diverse populations.
4. Proposers need to demonstrate that they have no connection to the Town and its staff that may have an impact upon performance of services.
5. All proposers need to provide at least three references.

Date

The selected proposers should have the following knowledge and experience:

- Town revenue structure;
- Town services provided;
- Town expenditures;
- Capacity of existing infrastructure;
- Demographic and market characteristics of new growth;
- Visualization of data to illustrate the impacts of new growth;
- Provide timely responses to the Town;
- Ability to provide insurance and indemnities to the Town. Professional liability insurance is also required. The terms and conditions of the agreement will be negotiated at the appropriate time; and
- Experience working with subcontracted consultants where appropriate.

Furthermore, Proposers shall also comply with the following provisions:

1. Each Proposer is responsible for determining and complying with all applicable Town business licensing requirements.
2. Each Proposer is responsible for determining and complying with all applicable professional licensing requirements.

D. General Provisions and Requirements

1. Questions related to the contract administration matters should be directed to the Town's Contact at Planning@logatosca.gov.
2. The Proposer shall maintain any key personnel throughout the entire duration of services; and therefore, the Proposer shall conduct their business in a professional manner to schedule and support their personnel to provide the scope of services in a timely and professional manner. The Town must approve of any key personnel changes in advance through personnel qualifications review and oral interviews with Town staff.
3. The Proposer shall verify that all information submitted to the Town is up to the Proposer's professional standards and satisfaction. Note and report any discrepancies observed in the course of professional activities covered by the services.
4. Deliverables will be submitted in electronic format (PDF) and in native document formats such as Word, Excel, etc. unless otherwise specified.

Date

E. Scope of Services

The Town is seeking a Proposer to prepare a comprehensive fiscal impact analysis, including scenario sensitivity analysis, with risks and opportunities, which will evaluate the potential fiscal impact of planned growth.

Typical services would include, but are not limited to:

- Initial meeting with staff;
- Review and analysis of various taxes, fees, and other town revenues and expenditures of general government activities, public safety protection, community development, and other recurring Town expenditures;
- Analysis of revenues created by existing development patterns in the Town and impact of the current and future development patterns on the fiscal sustainability of the Town;
- Proposal scope, products (documents), and schedule;
- Attendance at public meetings to present proposals as required;
- Preparation of administrative draft documents;
- Preparation of draft documents for public review;
- Review of draft documents, including review by applicable committees, and attendance at public meetings as required;
- Preparation of final documents for adoption; and
- Recommendations for next steps.

F. Proposal Format and Submittal Requirements

Submitting the Proposal:

The proposal must be received by the Town no later than Day of week, Date by Time p.m. PST. The Town requires that all proposals be submitted electronically via email or file sharing sites. The proposal shall be clearly marked for “**Town of Los Gatos – Fiscal Impact Analysis Proposal**” and emailed to:

Joel Paulson, Community Development Director

Alexa Nolder, Administrative Technician

Town of Los Gatos – Community Development Department

Planning@losgatosca.gov

Date

Each Proposer is responsible for confirming the Town's receipt of the proposal. The Town email system has file size limitations; therefore, receipt confirmation is critical. Receipt of a proposal by any other Town office will not constitute "delivery" as required by this proposal. Each Proposer assumes full responsibility for timely delivery of its proposal. Any proposals received after the time and date specified above will be considered nonresponsive and will be returned to the proposer. No Proposer may submit more than one proposal for this work.

Each proposal must include the following information:

Cover Letter (Maximum 2 pages) – Cover letter giving an overview of the Proposer's general expertise, experience, and ability to perform the scope of services described in this RFP. Include a statement of your general philosophy to undertaking the work. The cover letter shall be signed by an authorized representative of the firm. **Attachment 4** is the Town's contract template for the Consultant Services Agreement. In the cover letter, state that the Town's contract template is acceptable to the Proposer or list any exceptions or change requests to the contract provisions.

Certification Forms – Complete and sign the following certification forms:

Attachment 1 - Conflict of Interest Statement

Attachment 3 - Statement regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgment Certificate

Review of Scope of Services (Maximum 3 pages) – Proposers must comment on their ability to realistically provide the services listed in the Proposed Scope of Services as outlined. Provide comments and suggest modifications, changes, and/or additions as appropriate. Indicate your approach to the project and what specialized skills, services, or unique insights you or your team would bring to the project. Proposals should include how action items would be identified to accomplish the goals and objectives. Describe how and when data and materials will be delivered to the Town.

Experience and Expertise – Discuss prior related experience satisfying Minimum Qualifications and what would make you or your firm qualified for fiscal impact analysis services. Emphasize projects of similar scope and magnitude. Any prior expertise in the implementation mechanisms should be explained. Describe experience in development of fiscal impact analysis reports.

Date

Qualifications of Key Personnel – Identify a project manager and key individuals on the consultant team and their resumes highlighting relevant qualifications and experiences. State projects that they were assigned to and their specific roles and responsibilities. Provide a statement regarding the team or firm’s commitment to keep the same personnel throughout this engagement with the Town.

Timeline – Provide a timeline for each element of the proposal that is both rigorous and realistic. Timeline should include how the project will be managed and scheduled and potential ways to phase this work aligned to the approach.

Samples – Provide one to three examples of fiscal impact analysis reports completed for local government.

Disclosure of Litigation/Discipline – If you or firm has ever been disciplined or censured by any regulatory body, disclose the principal facts. If, within the last five years, you or your firm has ever been involved in litigation or other legal proceedings relating to the provision of services, provide an explanation and indicate the current status or disposition of the proceedings.

References (complete **Attachment 2**) – A minimum of three (3) current references from past projects (of similar scope) should be provided. All references must contain relevant projects completed within the past five (5) years. Provide the following information for each reference:

Firm, Owner, or Agency Name
Address, Telephone Number
Email Address
Project Description
List of Services Provided

Insurance Coverage – If applicable, identify carriers, types, and limits of insurance carried. If selected by the Town, the Consultant shall maintain minimum coverage requirements for commercial general liability, automobile liability, professional liability, and workers’ compensation as specified in the Consultant Services Agreement unless waived by the Town Attorney. The Consultant may achieve the required limits and coverage through a combination of primary and excess or umbrella liability insurance provided such policies result in the same or greater coverage as the coverages required by Town, and in no event shall any excess or umbrella liability insurance provide

Date

narrower coverage than the primary policy. If selected by the Town, the Consultant shall cause the insurance policies required herein to include the Town, and their respective officials, officers, employees, and volunteers as additional insureds for claims caused in whole or in part by the Consultant's negligent acts or omissions. The Consultant shall provide certificates of insurance to the Town that evidence compliance with the above.

Preliminary Fee Schedule – Submit a Preliminary Fee Schedule for services provided by the Proposer. The Preliminary Fee Schedule shall be inclusive of all potential work and labor including, but not limited to, the Consultant's costs for site visits and travel expenses. Each element of the proposal should be itemized and include a time frame, specific personnel to complete, and the cost associated with the item. The Town reserves the right to select from the menu of ideas presented in the proposal.

Addenda

If any revisions to this RFP become necessary, the Town shall provide responses and clarifications to questions via addenda. The last day for issuance of an addendum is **Day of week, Date**. A Proposer shall submit any questions or requests for clarification to the Town's Contact by **Day of week, Date**.

Addenda to this RFP, if issued, will be posted on the Town's website at www.losgatosca.gov/rfp. All proposers shall verify that the Town has issued any addenda for this Project prior to submitting the proposal and ensure that all requirements of addenda are included.

G. Evaluation Process

The evaluation of proposals shall be within the sole judgment and discretion of the Town. All contacts during the evaluation phase shall be through the Town's Contact only. Proposers shall neither contact nor lobby evaluators during the evaluation process. Attempts by the Proposer to contact any reviewers of the proposals with the exception of the Town's Contact may jeopardize the integrity of the evaluation and selection process and risk possible disqualification.

During the proposal evaluation process, written questions or requests for clarification may be submitted by the Town to a Proposer regarding its proposal or related matters. Failure to respond in a timely manner to any such questions or requests may be grounds for elimination of the Proposer from further consideration.

XXXXX and the committee will evaluate each proposal meeting the qualification requirements set forth in this RFP.

After the review of proposals, the highest-ranked Proposers may be invited for oral interviews as part of the selection process, if necessary. The Proposer will be notified of the time and date of oral interviews (likely over Zoom) and if any additional information may be required to be submitted.

The Town shall be the sole judge of the evaluation of all proposals. The Town's decision shall be final. The Town reserves the right to reject any and all proposals and waive any irregularity or minor defects in any proposal received.

Proposal Evaluation Criteria

The following criteria shall be used to evaluate the proposals:

- 1. Conflict of Interest Statement and Non-Collusion Declaration (Pass/Fail)**
 - a. Discloses any financial, business or other relationship with the Town or the Los Gatos that may have an impact upon performance of services.
 - b. Lists current clients who may have a financial interest in the outcome of this contract or contracts.
- 2. Completeness/Organization of the Proposal (15 points)**
 - a. Proposal that is current, accurate, and complete in accordance with the requirements of this RFP. The proposal format and organization shall follow the requirements herein. Proposals that do not include the content requirements identified within this RFP and subsequent addenda and do not address items listed shall be considered incomplete.
- 3. Organization and Approach (20 points)**
 - a. Familiarity of the desired services and demonstrates understanding of objectives.
 - b. Similar experience in the development of fiscal impact analysis reports for local government.

Date

4. Qualifications & Experiences (20 points)

- a. Meets Minimum Qualifications.
- b. Identifies relevant experience, specific qualifications, and technical expertise.
- c. Demonstrates history of success in developing fiscal impact analysis reports for other clients.

5. Proposer Accessibility (15 points)

- a. A statement addressing ability to fulfill required responsibilities.

6. References (10 points)

- a. Provide references with the names of at least three (3) agencies the Proposer has previously consulted for in the past five (5) years.

In addition, the Town will consider any requested changes to the Town's standard contract template and may not be able to accommodate requested changes.

Oral Interview (if necessary)

If necessary, the top-ranking Proposer(s) may be invited to participate in Oral Interviews for a consultant presentation and Q&A session. A Proposer will be notified of the time and date for oral interviews (likely over Zoom) and if any additional information may be required to be submitted.

Following the Town's determination of the best qualified Proposer for this work, scope of services and final terms will be negotiated, and the Consultant and the Town will execute the Town's standard Consultant Services Agreement (**Attachment 4**).

The proposed schedule is as follows:

<u>Activity</u>	<u>Anticipated Dates</u>
RFP release	XXXXX
Deadline for Submitting Questions	XXXXX
Proposal Submission Deadline (5:00 pm)	XXXXX
Proposal Evaluation	XXXXX
Consultant Interviews/Presentations (if necessary)	XXXXX
Contract Negotiations and Execution	XXXXX

H. Additional Information

1. **Reservation of Rights.** The Town reserves the right to accept or reject any or all proposals, or to alter the selection process if warranted, to postpone the selection process for its own convenience at any time, and to waive any defects in the RFP. The Town also reserves the right to accept or reject any individual subconsultant that a candidate proposes to use. This RFP and the interview process shall in no way be deemed to create a binding contract or agreement of any kind between the Town and the Proposers. The Town's standard form of consultant agreement will form the basis of the contract between the parties.
2. **Proposer's Costs.** Each Proposer responding to this RFP acknowledges and agrees that the preparation of all materials for submittal to the Town and all presentations, related costs, and travel expenses, including but not limited to vehicle miles, vehicle rentals, flights, transit fares, and meals, are at the Proposer's sole expense. The Town shall not, under any circumstances, be responsible for any cost or expense incurred by the Proposer. In addition, each Proposer acknowledges and agrees that all documentation and/or materials submitted with the RFP shall remain the property of the Town.
3. **Communicating with Town.** If you have any questions regarding this RFP, please communicate with the Town's Contact:

Joel Paulson, Community Development Director
Alexa Nolder, Administrative Technician
Town of Los Gatos
Community Development Department
110 E Main Street, Los Gatos CA 95030
Planning@losgatosca.gov

The Town's sole point of contact for this RFP shall be the Town's Contact who shall administer the RFP process. All communications shall be submitted in writing and shall specifically reference this RFP (identify in the subject line). Only answers issued by Addendum will be binding. Oral and other interpretations or clarifications will be without legal effect. No contact with other Town staff, Town council members, or any other public official concerning the Project during the RFP process is allowed. A violation of this provision may result in the disqualification of the consultant.

4. **Public Record.** All responses to this RFP become property of the Town and will be kept confidential, subject to the requirements of the California Public Record Act, until a recommendation for award of a contract has been announced. Submittals are subject to public inspection and disclosure under the California Public Records Act. (Cal. Govt.

Date

Code sections 6250 *et seq*). Unless the information is exempt from disclosure by law, the content of any proposal, request for explanation, or any other written communication between the Town and any Proposer, and between Town employees or consultants, regarding the procurement, shall be available to the public. In any event, the Town shall have no liability to Proposer for making disclosures required by the California Public Records Act or other law, court order, legal proceeding discovery request, investigative demand, subpoena, or order from a regulatory body having jurisdiction over either of the parties. Nothing contained herein shall be construed as requiring or obligating the Town to withhold information in violation of the California Public Records Act or other laws.

5. **Equal Opportunity.** The Town hereby notifies all Proposers that it will affirmatively insure that in any contract entered into pursuant to this procurement, minority business enterprises will be afforded full opportunity to submit proposals in response to this RFP and will not be discriminated against on the grounds of race, creed, color, national origin, ancestry, sexual orientation, political affiliations or beliefs, sex, age, physical disability, medical condition, marital status, pregnancy, or other protected characteristic as set forth hereunder.
6. **Governing Law.** The laws of the State of California shall govern the interpretation and enforcement of the contract. Legal action may be instituted only in the Superior Court of the County of Santa Clara, State of California, or in the Federal District Court in the Northern District of California.
7. **Adherence to All Local, State, and Federal Laws and Requirements.** The Proposer shall adhere to all applicable federal, state, and local laws, ordinances, statutes, rules and regulations, and rulings or directives of any agencies having jurisdiction relevant in any way to the Proposer's scope of work.

I. Attachments

The following attachments are incorporated into the Request for Qualifications:

- ATTACHMENT 1 – CONFLICT OF INTEREST STATEMENT (FOR SUBMITTAL)
- ATTACHMENT 2 – REFERENCES (FOR SUBMITTAL)
- ATTACHMENT 3 – STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S
COMPENSATION INSURANCE ACKNOWLEDGMENT CERTIFICATE (FOR
SUBMITTAL)
- ATTACHMENT 4 – SAMPLE CONSULTANT SERVICES AGREEMENT (INFORMATION)

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

FISCAL IMPACT ANALYSIS SERVICES

The undersigned declares:

I/We _____ (Insert Name) have the following financial, business, or other relationship with Town of Los Gatos that may have an impact upon the outcome of the contract. If none, please specify that no other relationships may have an impact on this contract or Project.

I/We _____ (Insert Name) have the following current clients who may have a financial interest in the outcome of this contract. If none, please specify that no other clients may have a financial interest with an impact on this contract or Project.

Pursuant to Government Code section 1090 and any other laws, rules and regulations that may apply, the Proposer covenants that neither it, its subcontractors nor employees presently have an interest, and shall not acquire any interest, direct or indirect, financial or otherwise that would conflict in any manner or degree with contract awarded from this RFP. Proposer certifies that to the best of its knowledge, no one who has or will have any financial interest in the contract awarded from this RFP is an officer or employee of the Town. Through its submittal of a proposal, Proposer acknowledges that it is familiar with Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California and will immediately notify the Town if it becomes aware of any facts concerning the contract to be awarded that constitute a violation of said provisions.

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same

work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on _____
[date], at _____[city], _____[state].

Proposer Name (Person, Firm, Corp.) Title of Authorized Representative

Address Name of Authorized Representative

City, State, Zip

(Date) (Signed)

ATTACHMENT 2 - REFERENCES

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

FISCAL IMPACT ANALYSIS SERVICES

List three (3) references for work of a similar nature to the Services performed within the last five (5) years. Use additional sheets as necessary.

1.

_____	_____
Name of Agency	Agency Address
_____	_____
Contact Name	Contact Title
_____	_____
Contact Telephone	Contact Email Address
_____	_____
Contract Period	Contract Amount
_____	_____

Description of services performed including costs.

2.

_____	_____
Name of Agency	Agency Address
_____	_____
Contact Name	Contact Title
_____	_____
Contact Telephone	Contact Email Address
_____	_____
Contract Period	Contract Amount
_____	_____

Description of services performed including costs.

3.

_____	_____
Name of Agency	Agency Address
_____	_____
Contact Name	Contact Title
_____	_____
Contact Telephone	Contact Email Address
_____	_____
Contract Period	Contract Amount

Description of services performed including costs.

I hereby certify that the Proposer performed the work listed above.

Signature of Proposer

Name

Date

DRAFT

**ATTACHMENT 3 - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION
INSURANCE ACKNOWLEDGMENT CERTIFICATE**

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

FISCAL IMPACT ANALYSIS SERVICES

PROPOSER HEREBY CERTIFIES that the Proposer has reviewed and understands the insurance coverage requirements specified in the RFP. Should the Proposer be awarded a contract for Services, Proposer further certifies that the Proposer can meet the specified requirements for insurance, including insurance coverage of any subcontractors, and agrees to name the Town as additional insured for the Services specified.

By certifying this form, the Proposer also understands the Worker's Compensation insurance requirement per the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code, which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Name & Title of Authorized Representative

Date of Signing

ATTACHMENT 4 – SAMPLE CONSULTANT SERVICES AGREEMENT

[ATTACHED BEHIND THIS PAGE]

DRAFT

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on _____(DATE) by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and _____ NAME OF COMPANY, ("Consultant"), whose address is _____ ADDRESS OF COMPANY. This Agreement is made with reference to the following facts.

I. RECITALS

- 1.1 The Town desire to engage Consultant to provide XXXXXXXXX.
- 1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

II. AGREEMENTS

- 2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on (DATE), which is hereby incorporated by reference and attached as Exhibit A.
- 2.2 Term and Time of Performance. This contract will remain in effect from _____ to _____. Consultant shall perform the services described in this agreement as follows: XXXXXXXX.
- 2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.
- 2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.
- 2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services

pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

2.6 Compensation. Compensation for Consultant's professional services **shall not exceed \$XXXX**, inclusive of all costs. Payment shall be based upon Town approval of each task.

2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:

Town of Los Gatos

Attn: Accounts Payable

P.O. Box 655

Los Gatos, CA 95031-0655

2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.

2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to

testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

- 2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.
- 2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

- 3.1 Minimum Scope of Insurance:
- i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars (\$2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.
 - ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.

- iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than \$1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its elected and appointed officials, employees, and agents, are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the automobile or professional liability insurance required for professional errors and omissions.
- ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents. Any insurance or self-insurances maintained by the Town, its elected and appointed officials, employees, and agents, shall be excess of the Consultant's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its elected and appointed officials, employees, and agents.
- iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

- 3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town, its elected and appointed officials, employees, and agents, from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing the work described in this contract.

IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Governing Law and Venue. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.
- 4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.
- 4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.
- 4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street
Los Gatos, CA 95030

CONSULTANT NAME
Attn:
ADDRESS

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to Town.

- 4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.
- 4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

IN WITNESS WHEREOF, the Town and Consultant have executed this Agreement.

Town of Los Gatos by:

Consultant, by:

Chris Constantin, Town Manager

Recommended by:

XXXXXXX

Printed Name and Title

Approved as to Form:

Gabrielle Whelan, Town Attorney