



**TOWN OF LOS GATOS
COUNCIL MEETING AGENDA
OCTOBER 06, 2026
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
7:00 PM**

*Rob Moore, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Rob Rennie, Council Member*

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). You may watch the Council meeting without providing public comment on Comcast cable channel 15 or at www.LosGatosCA.gov/TownYouTube. Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

Council Member Matthew Hudes will be participating via teleconference pursuant to Government Code Section 54953(b)(3) from a location at 3150 Paradise Rd, Las Vegas, NV 89109. The teleconference location shall be accessible to the public and the agenda will be posted at the teleconference location 72 hours before the meeting.

To watch and participate via Zoom, please go to:

<https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpJxYoK.1>

Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CONSENT ITEMS *(Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may remove an item from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions located at the end of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

- 1. Approve the Minutes of the September 15, 2026, Special Town Council Meeting: Study Session.**

RECOMMENDATION: Approve the Minutes of the September 15, 2026, Special Town Council Meeting: Study Session.

- 2. Approve the Minutes of the September 15, 2026, Town Council Meeting**

RECOMMENDATION: Approve the Minutes of the September 15, 2026, Town Council Meeting

3. Consent to Relieve Denali Tree Services of its Bid Due to a Bidder's Mistake, Award the Project to Community Tree Service LLC, and Find the Project Categorically Exempt (CEQA Section 15304).

RECOMMENDATION: Consent to relieve Denali Tree Services of its bid pursuant to Public Contract Code Sections 5101 and 5103; approve the award of the project to the next lowest responsive and responsible bidder, Community Tree Service LLC; authorize the Town Manager to execute a public works contract with Community Tree Service LLC in the amount of \$700,344, with authority to approve construction change orders in an amount not to exceed \$70,034 (10% contingency); and find the project categorically exempt under Section 15304, Minor Alterations to Land of the California Environmental Quality Act.

4. Authorize the Town Manager to Execute the First Amendment to an Agreement for Professional Services with Dudek for Environmental Monitoring and Support Services Related to Roadside Vegetation Management Increasing Compensation by \$24,915, for a Total Amount Not to Exceed \$404,057.

RECOMMENDATION: Authorize the Town Manager to execute a first amendment to an agreement for Professional Services with Dudek for environmental monitoring and support services related to roadside vegetation management increasing compensation by \$24,915 for a total amount not to exceed \$404,057.

5. Approve and Ratify the Accounts Payable Check Registers and Payroll Report.

RECOMMENDATION: Approve the Accounts Payable Check Registers dated September 11, 2026, and September 18, 2026, and ratify and approve the Payroll Report dated September 18, 2026.

6. Approve the Finance Commission's Updated 2026 Work Plan.

RECOMMENDATION: Approve the Finance Commission's Updated 2026 Work Plan.

7. Adopt a Resolution Amending the Town of Los Gatos Purchasing Policy (Policy 4-06) and Repeal the Previous Policy.

RECOMMENDATION: Adopt a resolution amending the Town of Los Gatos Purchasing Policy (Policy 4-06), repeal Resolution 1997-25 and all previous editions of the Town Purchasing Policy.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Town Council. The law generally prohibits the Town Council from discussing or taking action on such items. However, the Council may instruct staff accordingly. Town resources may not be used to facilitate audio or visual presentations. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not 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 Mayor.)*

OTHER BUSINESS *(Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

8. Receive the July 2026 Expenditure and Revenue Reports and Approve the Monthly and Quarterly Reporting Formats

RECOMMENDATION: Receive the July 2026 Expenditure and Revenue Reports and approve the Monthly Reporting format and Quarterly Reporting Format.

COUNCIL MATTERS *(Members of the public who wish to speak on matters listed under Council Matters may do so under Verbal Communications.)*

a. Discussion of Potential Amendments to Council Policy 2-04 and Board, Committee, and Commission Policy 2-19 Regarding Disclosure of Personal, Professional, and Business Relationships in Pending Matters.

RECOMMENDATION: Discuss whether Council Policy 2-04 and Board, Committee, and Commission Policy 2-19 should be considered for future amendment to address disclosure on the record, before a decision, of personal, professional, and business relationships with persons having an interest in the matter. No policy amendments are before the Council for action at this meeting.

MANAGER MATTERS

ATTORNEY MATTERS AND CLOSED SESSION REPORT

ADJOURNMENT *(Council policy is to adjourn no later than eleven p.m. unless a majority of Council votes for an extension of time.)*

ADA NOTICE - In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

NOTICE REGARDING SUPPLEMENTAL MATERIALS - Materials related to an item on this agenda submitted to the Town Council 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 the Town's website at www.losgatosca.gov. Town Council agendas and related materials can be viewed online at <https://losgatos-ca.municodemeetings.com/>.

HOW TO PARTICIPATE

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.

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

Zoom Webinar (Online): To participate from a PC, Mac, iPad, iPhone or Android device.

Please use this URL to join: [https://losgatosca-](https://losgatosca.gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpjxYoK.1)

[gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpjxYoK.1](https://losgatosca.gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqldSSWpjxYoK.1)

Passcode: **577971**. You can also type in **867 3036 3468** in the "Join a Meeting" page on the Zoom website at www.zoom.us and use passcode **577971**. When the Mayor announces the item for which you wish to speak, click the "raise hand" feature in Zoom.

Telephone: To participate by phone please dial 1 (408) 961-3927 or 1 (855) 758-1310 for US Toll-free and use Meeting ID: **867 3036 3468**. When the Mayor announces the item for which you wish to speak, press *9 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 submit it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Mayor's discretion. 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).

Deadlines to submit written comments are:

- 3:00 p.m. the Thursday before the Council meeting for inclusion in the agenda packet.
- 3:00 p.m. the Friday and Monday before the Council meeting for inclusion in an addendum.
- 11:00 a.m. the day of the Council meeting for inclusion in a desk item.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO: 1

ITEM NO. 1.

**DRAFT
Minutes of the Special Town Council Meeting: : Study Session
Tuesday, September 15, 2026**

The Town Council of the Town of Los Gatos conducted a special meeting in person and via teleconference.

MEETING CALLED TO ORDER AT 5:02 P.M.

ROLL CALL

Present: Mayor Rob Moore, Vice Mayor Maria Ristow, Council Member Mary Badame, Council Member Rob Rennie, Council Member Matthew Hudes.

Absent: None.

Council Members Badame and Hudes left the Council Chambers.

PUBLIC HEARINGS

1. Study Session Regarding State Route 17 Corridor Congestion Relief Project.

Nicolle Burnham, Parks and Public Works Director, introduced the representative from Valley Transportation Authority (VTA).

Chris Lillie, (VTA) representative gave a presentation on the State Route 17 Corridor Congestion Relief project.

The Council asked preliminary questions.

Mayor Moore opened public comment.

The following individuals spoke on this item:

1. Member of the Public
2. Rob Stump
3. Richard Kananen
4. Randi Chen
5. Tony Alercon
6. Lee Fagot
7. Jordan Moldow
8. Yamamoto

Mayor Moore closed public comment.

SUBJECT: Draft Minutes of the Special Town Council Meeting of September 15, 2026

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Council asked additional questions.

ADJOURNMENT

The meeting adjourned at 6:51 p.m.

Respectfully Submitted:

Keara Johnson, Deputy Town Clerk



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/6/2026

ITEM NO: 2

ITEM NO. 2.

**DRAFT
Minutes of the Town Council Meeting
Tuesday, September 15, 2026**

The Town Council of the Town of Los Gatos conducted a regular meeting in person and via teleconference.

MEETING CALLED TO ORDER AT 7:05 P.M.

ROLL CALL

Present: Mayor Rob Moore, Vice Mayor Ristow, Council Member Mary Badame, Council Member Rennie, Council Member Matthew Hudes

Absent: None.

PLEDGE OF ALLEGIANCE

Vice Mayor Ristow led the Pledge of Allegiance. The audience was invited to participate.

PRESENTATIONS

Mayor Moore presented Johnathan Knowles, Teri Hope, and Heritage Pub and Chop House with certificates of recognition. Suicide Prevention Proclamation, Los Gatos High School Wellness Center

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve the Minutes of the September 1, 2026, Closed Session Town Council Meeting.
2. Approve the Minutes of the September 1, 2026, Town Council Meeting.
3. Receive the Monthly Financial and Investment Report for July 2026 and Corrected Investment Report for June 2026.
4. Authorize the Town Manager to Execute a Second Amendment to the Agreement for Services for Janitorial Services with Frank and Grossman Landscape Contractors, Inc. Increasing Fiscal 2026-27 Compensation by \$5,860.35 to Reflect a 3% Consumer Price Index (CPI) Increase and to Add CPI Increases to Future Years.
5. Approve a First Amendment to the Agreement for Heating Ventilation and Air Conditioning Maintenance and Repair Services with Air Systems Inc. to Increase Fiscal Year 2025-26 Compensation by \$4,122 for a Total Year Two Compensation of \$108,442.
6. Authorize the Town Manager to Execute an Agreement for Professional Services with Ghirardelli Associates, Inc., Effective upon Execution and through June 30, 2031, to Support the Parks and Public Works Department Land Development Application Reviews and Inspections in an Amount Not to Exceed \$1,000,000.
7. Authorize the Town Manager to Execute an Agreement for Professional Services with Haley & Aldrich, Inc., Effective Upon Execution and through June 30, 2031, to Support the Parks

SUBJECT: Draft Minutes of the Town Council Meeting of September 15, 2026

DATE: October 6, 2026

and Public Works Department Land Development Application Reviews and Inspections in an Amount Not to Exceed \$1,000,000.

8. Authorize the Town Manager to Execute an Amendment to the Agreement for Consultant Services with CSG Consultants, Inc. to Extend the Term and Increase the Not-To-Exceed Amount.
9. Adopt a Resolution Rescinding Resolution 2024-046 and Amending the Appendices to the Town Conflict of Interest Code Section 2.30.610. **RESOLUTION 2026-055**
10. Approve and Ratify the Accounts Payable Check Registers and Payroll Report.
11. Authorize the Town Manager to Execute a Fifth Amendment to the Agreement for Consultant Services with AMS Electric LLC (dba Prime Electric LLC) for the Library Battery Power Supply Project.

Mayor Moore opened public comment.

The following individual spoke on the consent items:

1. Member of the Public (Items 1, 2, 4, 5, 6, 7, 8)

Mayor Moore closed public comment.

(Video time: 00:23:20)

MOTION: Motion by Council Member Badame to approve consent items one through eleven. **Seconded by Vice Mayor Ristow**

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

Mayor Moore opened public comment.

The following individuals spoke during verbal communications:

1. Shawndell Cosgrove
2. Patrick Kearns
3. Sharon Childs
4. Johanes Swenberg
5. Gus Who
6. Kjirste Morrell
7. Austin
8. Joe Enz
9. Dustin Wilson
10. Leanne
11. KH
12. KBT
13. Tim M

SUBJECT: Draft Minutes of the Town Council Meeting of September 15, 2026

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Mayor Moore closed public comment.

OTHER BUSINESS

1. Receive and Accept the Saratoga Police Services Transition Study and Independent Cost Review; Approve the Proposed Regional Law Enforcement Services Partnership Framework, Financial Basis, and Agreement in Substantial Form; and Authorize the Town Manager to Continue Discussions with the City of Saratoga and Return to the Town Council for Final Consideration if Requested by Saratoga.

Jamie Field, Chief of Police, Kristina Alfaro, Administrative Services Director, and Chris Constantin, Town Manager, presented the staff report.

The Council asked preliminary questions.

Mayor Moore called a recess at 9:13 p.m.

Mayor Moore reconvened the meeting at 9:28 p.m.

Mayor Moore opened public comment.

The following individuals spoke on this item:

1. Louisa Horwath
2. Jonathan Knowles
3. Sophia Lozano
4. Guy Shaham
5. Gavin Massa
6. Lucas Nash
7. Austin
8. Josh Williams
9. Liam McCanny
10. Charles Tuckfield
11. Heidi Owens
12. Member of the Public
13. Tim M
14. KBT
15. Andrew Siegler
16. Nova Jayaraj

Mayor Moore closed public comment.

Council discussed the item further.

SUBJECT: Draft Minutes of the Town Council Meeting of September 15, 2026

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(Video time: 02:59:35)

MOTION: **Motion by Council Member Badame** to receive and accept the Meliora Public Safety Consulting Transition Study for Police Services in the City of Saratoga and the independent review of the Police Services Cost Model performed by Matrix Consulting Group; approve the proposed regional law enforcement services partnership framework and the financial basis, including an initial annual base rate of \$9,392,000 for ongoing services and an estimated annual startup cost recovery installment of \$337,000, for an annualized total of \$9,729,000 before applicable simple interest and other authorized charges; adopt a resolution receiving and accepting the Saratoga police services transition study and independent cost review; approving the proposed regional law enforcement services partnership framework and FY 2027 through 2028 contract financial basis; approving the agreement for law enforcement services in substantial form; and authorizing continued discussions with the City of Saratoga regarding a potential regional law enforcement services partnership; authorize the Town Manager, in consultation with the Chief of Police and Town Attorney, to continue discussions and negotiations with the City of Saratoga regarding the proposed regional law enforcement services partnership and agreement, and to return to the Town Council for consideration of final approval and authorization to execute the agreement if and when Saratoga, following its public review and consideration process, requests that Los Gatos proceed with final consideration. **Seconded by Council Member Hudes. RESOLUTION 2026-056**

VOTE: **Motion passed unanimously.**

COUNCIL MATTERS

- Council Member Rennie had nothing to report.
- Council Member Hudes stated he attended the 9/11 Memorial; participated in the Cities Association meeting; attended the Oktoberfest; and participated in the Finance Commission.
- Vice Mayor Ristow attended the Joint Cities Association and Silicon Valley Clean Energy meeting; met with our Government Pacific Gas and Electric (PG&E) representative, Los Gatos High School Sustainability Policy Club; attended a Silicon Valley Clean Energy Board of Directors meeting, Valley Transportation Authority (VTA) Policy Advisory Committee meeting; the 9/11 Memorial; Los Gatos High School 9/11 Memorial; met with Java Juice Robotics Team; and attended the Finance Commission.
- Council Member Badame stated she participated in the West Valley Storm Water Authority Board meeting, West Valley Solid Waste Management Authority Board meeting, attended Oktoberfest, and attended the Finance Commission.

Council Member Badame made a request to agendize consideration of an amendment to Code of Conduct Policy 2-04 with the conforming change to Policy 2-19 requiring disclosure on the record before the decision of personal, professional, and business relationships with those who have an interest in the matter. Council Member Hudes supported the request.

SUBJECT: Draft Minutes of the Town Council Meeting of September 15, 2026

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Town Manager Constantin stated that, since two Council Members requested an item be agendaized, it would return to the Council under Council Matters with a brief staff report, and Council could then vote by majority to give direction.

- Mayor Moore attended the first Youth Commission meeting, Cities Association Board meeting, chaired the Cities Association Legislative Action Committee meeting, attended the Monthly Mayors Meeting with Supervisor Abe Koba, 9/11 Keepers of the Flame Memorial, 9/11 Los Gatos High School football game, KCAT Oktoberfest; tabled the Farmers Market; attended Lions Club Date night, attended a West Valley Sanitation District meeting and met with a variety of residents.

MANAGER MATTERS

Chris Constantin, Town Manager

- Stated that the Egress Study has been provided by the West Valley Muslim Association (WVMA) and, after it has been reviewed by the Fire Department and deemed sufficient, a Public Hearing will be scheduled.

ATTORNEY MATTERS AND CLOSED SESSION REPORT

Alex Geise, Consultant Attorney

- Stated that he had nothing to report.

ADJOURNMENT

The meeting adjourned at 10:24 p.m.

Respectfully Submitted:

Keara Johnson, Deputy Town Clerk



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO. 3.

ITEM NO: 3

DATE: October 6, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Consent to Relieve Denali Tree Services of its Bid Due to a Bidder's Mistake, Award the Project to Community Tree Service LLC, and Find the Project Categorically Exempt (CEQA Section 15304)**

RECOMMENDATION: Consent to relieve Denali Tree Services of its bid pursuant to Public Contract Code Sections 5101 and 5103; approve the award of the project to the next lowest responsive and responsible bidder, Community Tree Service LLC; authorize the Town Manager to execute a public works contract with Community Tree Service LLC in the amount of \$700,344, with authority to approve construction change orders in an amount not to exceed \$70,034 (10% contingency); and find the project categorically exempt under Section 15304, Minor Alterations to Land of the California Environmental Quality Act.

FISCAL IMPACT:

All proposed expenses in this report will be paid via existing funds in the adopted Capital Improvement Program budget for the Roadside Fire Fuel Reduction Project (4118115, 4218115; Legacy Project 0130), as adopted for Fiscal Year 2026-27. Sufficient appropriation is available for the combined contract and change order value of \$770,378, and no additional appropriation or budget adjustment is required.

Eligible contract costs are reimbursable at 50 percent through the USDA Forest Service grant (4218115-82303), with the remaining 50 percent funded by the Town's General Fund match (4118115-82303). The grant is reimbursement based; the Town will pay project costs and request reimbursement for the federal share.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

SUBJECT: Bid Award for Roadside Vegetation Management – USDA Grant

DATE: October 6, 2026

STRATEGIC PRIORITY:

This item addresses the Town Council Strategic Priority to further the Town’s emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk. This item also aligns with the Town’s Strategic Priorities’ Core Goal of Public Safety.

BACKGROUND:

On September 28, 2022, the Town of Los Gatos executed a grant agreement with the United States Department of Agriculture (USDA) United States Forest Service for a “Fuels Reduction Project.” The grant award was for \$750,000 with a required \$750,000 grant match. The USDA grant scope was similar to the scope for a grant received through the Federal Emergency Management Agency (FEMA) for similar work. Throughout 2023 and 2024, staff worked with both funding agencies to clarify the project scope and ensure there is no overlap in the work completed with federal funds. This clarification was successfully completed in late 2024.

The USDA grant had an expiration date of March 14, 2025. Staff submitted an extension request to the USDA on December 2, 2024. Due to staffing turnover and changes at the federal level, the extension request was not granted before the grant expiration date. Staff continued working with local Forest Service staff to secure the necessary grant extension. On May 6, 2026, a grant extension was issued by the Forest Service with an expiration date of March 14, 2027.

DISCUSSION:

The Roadside Vegetation Management-USDA Grant Project was advertised for bid on Friday, August 7, 2026. On September 8, 2026, bid packages were opened with five contractors submitting bids. A summary of bid results is presented in Table 1 with Denali Tree Service as the apparent low bidder based on their base bid total. A detailed bid summary is in Attachment 2.

SUBJECT: Bid Award for Roadside Vegetation Management – USDA Grant

DATE: October 6, 2026

Table 1. Summary of Bids Received

Contractor	Base Bid	Additive Alternate 1	Total
Denali Tree Service	\$370,730.50	\$535.00	\$371,265.50
Community Tree Service LLC	\$700,344.00	\$9,000.00	\$709,344.00
Anvil Builders Inc.	\$1,032,910.00	\$13,000.00	\$1,045,910.00
The Professional Tree Care Co.	\$1,058,500.00	\$17,500.00	\$1,076,000.00
New Image Landscape Co.	\$1,719,424.00	\$15,275.00	\$1,734,699.00

The apparent low bid was \$371,265.50 from Denali Tree Service.

On September 14, 2026 Denali Tree Service submitted a timely, written request to withdraw their bid due to a clerical error. Denali misplaced a decimal point in the cost they bid for tree removal, which resulted in a bid of \$535 per tree removal rather than the intended \$5,350. The California Public Contracting Code (Division 2, Part 1, Sections 5101 through 5103) allows a bidder to withdraw a bid if the bidder can demonstrate: (a) a mistake was made; (b) the bidder gave the Town written notice of the mistake within five working days after bid opening, specifying in detail how the mistake occurred; (c) that the mistake made the bid materially different than intended; and (d) that the mistake was made filling out the bid rather than an error in judgment, site inspection, or reading the plans or specifications. Staff have prepared a memo documenting the facts establishing the existence of each of these elements (Attachment 3). For these reasons, staff recommends relieving Denali Tree Service from its bid.

California Contract Code provides two options to move the project forward. The first is to reject all bids and rebid the project, and the second option is to award the contract to the next lowest responsible and responsive bidder. If the project is rebid, State law precludes Denali Tree Service from submitting a bid on the project. Staff does not recommend rebidding the project for the following reasons:

- Five bids were received demonstrating competitiveness of the project.
- Rebidding the project will impact the project schedule, impacting the ability to complete the work before the grant expiration in March 2027.
- Rebidding the project may result in higher bids due to recent price increases from inflation and fluctuating fuel prices.

For these reasons, staff recommends awarding the contract to the second lowest responsive bidder, Community Tree Service LLC for the base bid amount of \$700,344. Staff is not recommending awarding any costs under Alternate 1.

SUBJECT: Bid Award for Roadside Vegetation Management – USDA Grant

DATE: October 6, 2026

CONCLUSION:

Staff recommends the Town Council consent to relieve Denali Tree Services from its bid and authorize the Town Manager to execute a public works contract with Community Tree Service LLC for the Roadside Vegetation Management-USDA Grant Project.

COORDINATION:

This project was coordinated with the Finance Department and the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt under Section 15304, Minor Alterations to Land of the California Environmental Quality Act.

Attachments:

1. Construction Agreement
2. Bid Summary
3. Bid Withdrawal Memo

CONSTRUCTION CONTRACT

ITEM NO. 3.

Roadside Vegetation Management - USDA Grant

This public works contract ("Contract") is by and between Town of Los Gatos ("Town") and Community Tree Service, LLC ("Contractor"), for work on the Roadside Vegetation Management - USDA Grant, Project #8115 ("Project").

The parties agree as follows:

1. Award of Contract. In response to the Notice Inviting Bids, Contractor has submitted a Bid Proposal to perform the Work to construct the Project. The Town has authorized award of this Contract to Contractor for the amount set forth in Section 4, below. Town has elected to include the following Project alternate(s) in the Contract: No alternates.

2. Contract Documents. The Contract Documents incorporated into this Contract include and are comprised of all of the documents listed below. The definitions provided in Article 1 of the General Conditions apply to all of the Contract Documents, including this Contract.

2.1 Notice Inviting Bids;

2.2 Instructions to Bidders;

2.3 Addenda, if any;

2.4 Bid Proposal and attachments thereto;

2.5 Contract;

2.6 Payment and Performance Bonds;

2.7 General Conditions;

2.8 Special Conditions;

2.9 General Construction Requirements;

2.10 Change Orders, if any;

2.11 Notice of Potential Award;

2.12 Notice to Proceed; and

2.13 The following: All attachments to the Invitation for Bids including: Federal Form AD-1048; Scope; Sample Contract; Labor and Performance Bond Templates; USDA Agreement; USDA Terms; Federal Terms; 2023 CEQA; 2026 CEQA Update; Blueprint for a Clean Bay; and Stormwater Pollution Control Ordinance.

3. Contractor's Obligations. Contractor will perform all of the Work required for the Project, as specified in the Contract Documents. Contractor must provide, furnish, and supply all things necessary and incidental for the timely performance and completion of the Work, including all necessary labor, materials, supplies, tools, equipment, transportation, onsite facilities, and utilities, unless otherwise specified in the Contract Documents. Contractor must use its best efforts to diligently prosecute and complete the Work in a professional and expeditious manner and to meet or exceed the performance standards required by the Contract Documents.

4. Payment. As full and complete compensation for Contractor's timely performance and completion of the Work in strict accordance with the terms and conditions of the Contract Documents, Town will pay Contractor \$700,344.00 ("Contract Price") for all of Contractor's direct and indirect costs to perform the Work, including all labor, materials,

supplies, equipment, taxes, insurance, bonds and all overhead costs, in accordance with the payment provisions in the General Conditions.

ITEM NO. 3.

5. Time for Completion. Contractor will fully complete the Work for the Project, meeting all requirements for Final Completion, within 120 calendar days from the start date set forth in the Notice to Proceed ("Contract Time"). By signing below, Contractor expressly waives any claim for delayed early completion.

6. Liquidated Damages. As further specified in Section 5.4 of the General Conditions, if Contractor fails to complete the Work within the Contract Time, Town will assess liquidated damages in the amount of \$200 per day for each day of unexcused delay in achieving Final Completion, and such liquidated damages may be deducted from Town's payments due or to become due to Contractor under this Contract.

7. Labor Code Compliance.

7.1 General. This Contract is subject to all applicable requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code, including requirements pertaining to wages, working hours and workers' compensation insurance, as further specified in Article 9 of the General Conditions.

7.2 Prevailing Wages. This Project is subject to the prevailing wage requirements applicable to the locality in which the Work is to be performed for each craft, classification or type of worker needed to perform the Work, including employer payments for health and welfare, pension, vacation, apprenticeship and similar purposes. Copies of these prevailing rates are available online at <http://www.dir.ca.gov/DLSR>.

7.3 DIR Registration. Town may not enter into the Contract with a bidder without proof that the bidder and its Subcontractors are registered with the California Department of Industrial Relations to perform public work pursuant to Labor Code § 1725.5, subject to limited legal exceptions.

8. Workers' Compensation Certification. Pursuant to Labor Code § 1861, by signing this Contract, Contractor certifies as follows: "I am aware of the provisions of Labor Code § 3700 which require every employer to be insured against liability for workers' 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 on this Contract."

9. Conflicts of Interest. Contractor, its employees, Subcontractors, and agents may not have, maintain, or acquire a conflict of interest in relation to this Contract in violation of any Town ordinance or requirement, or in violation of any California law, including Government Code § 1090 et seq., or the Political Reform Act, as set forth in Government Code § 81000 et seq. and its accompanying regulations. Any violation of this Section constitutes a material breach of the Contract.

10. Independent Contractor. Contractor is an independent contractor under this Contract and will have control of the Work and the means and methods by which it is performed. Contractor and its Subcontractors are not employees of Town and are not entitled to participate in any health, retirement, or any other employee benefits from Town.

11. Notice. Any notice, billing, or payment required by or pursuant to the Contract Documents must be made in writing, signed, dated, and sent to the other party by personal delivery, U.S. Mail, a reliable overnight delivery service, or by email as a PDF file. Notice is deemed effective upon delivery, except that service by U.S. Mail is deemed effective on the second working day after deposit for delivery. Notice for each party must be given as follows:

Town:

Invoices:

Town of Los Gatos

Attn: Accounts Payable

P.O. Box 655

Notices:

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

Contractor:

Community Tree Service, LLC
416 Salinas Road, Watsonville, CA 95076

Attn: Vanessa Benitez Senior Contracts & Proposal Manager vbenitez@communitytree.com (831)-763-2391

12. General Provisions.

12.1 Assignment and Successors. Contractor may not assign its rights or obligations under this Contract, in part or in whole, without Town's written consent. This Contract is binding on Contractor's and Town's lawful heirs, successors and permitted assigns.

12.2 Third Party Beneficiaries. There are no intended third party beneficiaries to this Contract.

12.3 Governing Law and Venue. This Contract will be governed by California law and venue will be in the Santa Clara County Superior Court, and no other place. Contractor waives any right it may have pursuant to Code of Civil Procedure § 394, to file a motion to transfer any action arising from or relating to this Contract to a venue outside of Santa Clara County, California.

12.4 Amendment. No amendment or modification of this Contract will be binding unless it is in a writing duly authorized and signed by the parties to this Contract.

12.5 Integration. This Contract and the Contract Documents incorporated herein, including authorized amendments or Change Orders thereto, constitute the final, complete, and exclusive terms of the agreement between Town and Contractor.

12.6 Severability. If any provision of the Contract Documents is determined to be illegal, invalid, or unenforceable, in whole or in part, the remaining provisions of the Contract Documents will remain in full force and effect.

12.7 Iran Contracting Act. If the Contract Price exceeds \$1,000,000, Contractor certifies, by signing below, that it is not identified on a list created under the Iran Contracting Act, Public Contract Code § 2200 et seq. (the "Act"), as a person engaging in investment activities in Iran, as defined in the Act, or is otherwise expressly exempt under the Act.

12.8 Authorization. Each individual signing below warrants that he or she is authorized to do so by the party that he or she represents, and that this Contract is legally binding on that party. If Contractor is a corporation, signatures from two officers of the corporation are required pursuant to California Corporations Code § 313.

[Signatures are on the following page.]

ITEM NO. 3.

The parties agree to this Contract as witnessed by the signatures below:

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

COMMUNITY TREE SERVICES, LLC:

CONTRACTOR SIGNATORY'S SIGNATURE

Josh Teves

CONTRACTOR SIGNATORY'S FULL NAME

Chief Executive Officer

CONTRACTOR SIGNATORY'S TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

The execution date is the date on which the last party has signed.

#8115 Roadside Vegetation Management - USDA Grant
Bid Opening: Tuesday, September 8, 2026 at 11 am

Base Bid				Denali Tree Service		Community Tree Service, LLC		Anvil Builders Inc.		The Professional Tree Care Co.		New Image Landscape Co.	
Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
1	Roadside vegetation management - remove, chip and dispose of brush and live and dead trees	22.3	mile	\$15,785.00	\$352,005.50	\$17,280.00	\$385,344.00	\$26,700.00	\$595,410.00	\$20,000.00	\$446,000.00	\$53,130.00	\$1,184,799.00
2	Remove eucalyptus trees along project route	35	tree	\$535.00	\$18,725.00	\$9,000.00	\$315,000.00	\$12,500.00	\$437,500.00	\$17,500.00	\$612,500.00	\$15,275.00	\$534,625.00
Base Bid Total					\$370,730.50		\$700,344.00		\$1,032,910.00		\$1,058,500.00		\$1,719,424.00

Add Alternates				Denali Tree Service		Community Tree Service, LLC		Anvil Builders Inc.		The Professional Tree Care Co.		New Image Landscape Company	
Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
Alt-1	remove eucalyptus trees along project route in excess of 35	1	tree	\$535.00	\$535.00	\$9,000.00	\$9,000.00	\$13,000.00	\$13,000.00	\$17,500.00	\$17,500.00	\$15,275.00	\$15,275.00
Additive Alternate 1 Total					\$535.00		\$9,000.00		\$13,000.00		\$17,500.00		\$15,275.00

	Total				\$371,265.50		\$709,344.00		\$1,045,910.00		\$1,076,000.00		\$1,734,699.00
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TOWN OF LOS GATOS

PARKS & PUBLIC WORKS DEPARTMENT

41 MILES AVENUE
LOS GATOS, CA. 95030
PHONE: (408) 399-7530 | FAX: (408) 399-5763

Date: October 6, 2026

To: Reymundo Santibanes
Denali Tree Services

From: Nicolle Burnham
Director of Parks and Public Works

Subject: Bid Withdrawal Request
Roadside Vegetation Management – USDA Grant
CIP Project 8115 (Legacy Project Number 0130)

The Town of Los Gatos is in receipt of your letter dated September 14, 2026 (attached) regarding a request for relief from the Roadside Vegetation Management Project – USDA Grant contract due to a clerical error in the bid proposal. Specifically, the removal of eucalyptus trees was bid at a unit price of \$535.00 whereas the correct amount should have been \$5,350.00. With 35 trees in the bid, this error creates a \$168,525 under-bidding of this item.

Per California Public Contracting Code Section 5101, the Town consents to relieve Denali Tree Service of their bidding obligation. The Town received notification that a mistake was made within five (5) working days after the bid opening. The Town recognizes that the error made the bid result materially different than what Denali intended and the mistake was made in filling out the bid and was not the result of an error in judgement, site inspection or reading the plans or specifications.

Attachment 3



P.O. Box 1256, Los Gatos, CA 95031 | denalitreesevice.com | CS.L1112985

I just want to let you know that while bidding for the roadside vegetation I made a mistake in entering the numbers for the Eucalyptus price. The price entered was \$535. It was supposed to be \$5350. I want to apologize for this mistake and any delay this may have caused. We will make sure to verify everything before sending it from now on.

Thanks

Rey Santibanes

(408) 701-7363

A handwritten signature in black ink, appearing to be 'Rey Santibanes', with a long horizontal stroke extending to the right.

9-14-26



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO. 4.

ITEM NO: 4

DATE: October 6, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Authorize the Town Manager to Execute the First Amendment to an Agreement for Professional Services with Dudek for Environmental Monitoring and Support Services Related to Roadside Vegetation Management Increasing Compensation by \$24,915, for a Total Amount Not to Exceed \$404,057**

RECOMMENDATION: Authorize the Town Manager to execute a first amendment to an agreement for Professional Services with Dudek for environmental monitoring and support services related to roadside vegetation management increasing compensation by \$24,915 for a total amount not to exceed \$404,057.

FISCAL IMPACT:

The proposed amendment increases the original contract by \$24,915, for a total contract not-to-exceed amount of \$404,057. All proposed expenses in this report will be paid via existing funds in the adopted Capital Improvement Program budget for the Roadside Fire Fuel Reduction Project (4118115, 4218115; Legacy Project 0130), as adopted for Fiscal Year 2026-27. Sufficient appropriation is available for the contract and change order value of \$404,057, plus costs associated with permit application fees of \$20,339, and no additional appropriation or budget adjustment is required.

STRATEGIC PRIORITY:

This item addresses the Town Council Strategic Priority to further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk. This item also aligns with the Town's Strategic Priorities' Core Goal of Public Safety.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

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

PAGE 2 OF 3

SUBJECT: Authorize and Agreement for Professional Services with Dudek for Roadside Vegetation Management

DATE: October 6, 2026

BACKGROUND:

On September 28, 2022, the Town of Los Gatos executed a grant agreement with the United States Department of Agriculture (USDA) United States Forest Service for a “Fuels Reduction Project.” The grant award was for \$750,000 with a required \$750,000 grant match.

The grant scope was similar to the scope for a grant received through the Federal Emergency Management Agency (FEMA) for similar work. Throughout 2023 and 2024, staff worked with both funding agencies to clarify the project scope and ensure there is no overlap in the work completed with federal funds. This clarification was successfully completed in late 2024.

The USDA grant had an expiration date of March 14, 2025. Staff submitted an extension request to the USDA on December 2, 2024. Due to staffing turnover and changes, the extension request was not granted before the grant expiration date. Staff continued working with local Forest Service staff to secure the necessary grant extension. On May 6, 2026, a grant extension was issued by the Forest Service.

On May 4, 2026, staff issued a Request for Qualifications for Environmental Monitoring and Support of work to be performed under the USDA grant funding. Dudek was deemed the most qualified proposer and on August 18, 2026 the Town Council authorized execution of an agreement for professional services with that firm (Attachment 2). The Agreement for Professional Services with Dudek provides for all services related to environmental and grant compliance for the project.

DISCUSSION:

In August 2026, the Town received notification that certain areas of the roadside vegetation management work will require authorization from the CDFW. Specifically, there are watercourses along sections of Shannon Road, Kennedy Road and Hicks Road and, although no work is proposed directly within the watercourses, vegetation management near the waterways will require authorization from CDFW.

CDFW staff is requesting that the Town secure a Standard Lake and Streambed Alteration Agreement (LSAA) to allow work along these roadways to be completed in Fall 2026. The LSAA can be secured within 90 days if the application is complete and accurate but is for specific one-time activities and so will only provide authorization to complete the work that is in the USDA grant scope of work along Hicks, Shannon and Kennedy Roads.

Recognizing that the Town has interest in performing vegetation management along roadways in future years and throughout the Wildland Urban Interface Area staff is also recommending that the Town pursue a Routine Maintenance Agreement (RMA) with CDFW. The RMA will identify all roadside vegetation management activities along watercourses in the WUI and provide a 10-year authorization to perform the maintenance work. The RMA authorization

SUBJECT: Authorize and Agreement for Professional Services with Dudek for Roadside Vegetation Management

DATE: October 6, 2026

takes longer to secure with no specific timeframes for CDFW action. Due to the uncertainty of the review schedule staff did not want to rely on the RMA for the work planned for fall 2026.

The first amendment to the agreement with Dudek provides the necessary change in scope and increase in total compensation to facilitate both permit applications and associated coordination. In addition to the funding needed for consultant services, the required permitting will necessitate payment of approximately \$20,339 in permitting fees to be paid by the Town.

CONCLUSION:

This Town Council action will support progress in delivering roadside vegetation management for wildfire mitigation by allowing the necessary permits to be secured to complete work near waterways.

COORDINATION:

This staff report was coordinated with the Town Attorney, the Administrative Services Director, and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorical Exempt (Section 15304, minor alterations to land). A Notice of Exemption has been filed.

Attachments:

1. First Amendment to Agreement for Professional Services - Dudek
2. Original Agreement - Dudek

AMENDMENT TO AGREEMENT

ITEM NO. 4.

This FIRST AMENDMENT TO AGREEMENT amends that certain agreement titled Environmental Monitoring Services for USDA Roadside Vegetation Management Risk Reduction dated September 4, 2026, made by and between the Town of Los Gatos, ("Town,") and Dudek ("Contractor"), a Corporation and whose address is 687 S. Coast Highway 101, Suite 110, Encinitas, CA 92024.

RECITALS

- A. Town and Contractor entered into an Agreement for Services on September 4, 2026 ("Agreement").
- B. The parties desire to amend the Agreement in order to add additional services for environmental permitting and increase compensation.

AMENDMENT

- A. Section II.A Scope of Services is amended to include: Contractor shall provide the additional services described in the Scope of Services for Environmental Permitting, which is hereby incorporated by reference and attached as Exhibit B.
- B. Section II.F Compensation is replaced and will read: Compensation for Consultant's professional services **shall not exceed \$404,057.00** at the rates set forth in Exhibit A of the Agreement and Exhibit B of the First Amendment, which are attached and incorporated by reference. Payment shall be based on Town approval of each Task.
- C. All other terms and conditions of the Agreement remain in full force and effect.

Attachments:

B - Scope of Services for Environmental Permitting

TOWN OF LOS GATOS

CONTRACTOR: Dudek

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

SIGNATURE

Joseph Monaco

CONTRACTOR SIGNATORY'S FULL NAME

President and CEO

CONTRACTOR SIGNATORY'S TITLE

DATE SIGNED

The execution date is the date on which the last party has signed.

Exhibits List

B - Scope of Services for Environmental Permitting

Exhibit B

Scope of Services for Environmental Permitting

September 04, 2026

Nicolle Burnham
Town of Los Gatos
41 Miles Avenue
Los Gatos, California 95030

Subject: Proposal to Provide Environmental Permitting Services for the Town of Los Gatos Roadside Vegetation Management Project, Santa Clara County, CA

Dear Nicolle:

Dudek is pleased to present this proposal to provide environmental permitting services associated with the Town of Los Gatos (Town) Roadside Vegetation Management Project (project). Dudek understands that the Town would like to treat riparian vegetation adjacent to high-priority wildfire risk roadways (Shannon Road, Kennedy Road, and Hicks Road) as part of the Roadside Vegetation Management Project in 2026 and early 2027 without delays associated with CDFW permit processing and approval. The Town would also like to perform vegetation management within riparian areas along roadsides located within the Town's Wildland Urban Interface (WUI), and conduct vegetation maintenance along Shannon Road, Kennedy Road, and Hicks Road on an annual basis.

To satisfy the Town's objectives, Dudek recommends pursuing a Standard LSAA (Standard Agreement) to cover fuel treatment efforts along Shannon Road, Kennedy Road, and Hicks Road within the 2026-2027 timeframe in conjunction with the parallel-track pursuit of a Routine Maintenance LSAA (Routine Maintenance Agreement [RMA]) to address additional roadside fuels work and maintenance activities within the WUI in future years.

This proposal is based on Dudek's conversations with the Town and the California Department of Fish and Wildlife (CDFW) in regards to conducting vegetation management activities in riparian areas within the project area, and the CDFW Lake and Streambed Alteration Agreement (LSAA) Permitting Options Summary document provided to the Town on August 20, 2026.

The following scope of work is presented to assist the Town with developing applications and obtaining necessary CDFW authorizations (Standard and RMA) for the project.

Scope of Services

TASK 1 SECTION 1602 STANDARD LAKE AND STREAMBED ALTERATION AGREEMENT FOR PRIORITY ROADWAYS

Dudek will prepare an application package for a CDFW Section 1602 Standard Agreement to cover vegetation removal/management work in riparian areas along the three high priority roadways (Shannon Road, Kennedy

TO: NICOLLE BURNHAM

SUBJECT: PROPOSAL TO PROVIDE CDFW LSAA PERMITTING SERVICES FOR THE TOWN OF LOS GATOS ROADSIDE VEGETATION MANAGEMENT PROJECT, SANTA CLARA COUNTY, CA

Road, and Hicks Road) in Los Gatos. For this task and Task 2, Dudek will work closely with the Town to establish shared user accounts on CDFW's Environmental Permit Information Management System (EPIMS) online permitting portal to support the most current application submittal and processing procedures.

Dudek will prepare and submit the Standard Agreement notification and supporting documentation through EPIMS. The notification will include the following items:

- A completed notification form;
- A description of the high-priority road locations and proposed work;
- A description of the project's temporary impacts to riparian vegetation;
- A copy of the Dudek's updated analysis to the Biological Resources Report drafted by SWCA in 2020¹;
- A copy of all mapped riparian vegetation areas (to be performed through a desktop analysis and reconnaissance-level field visits by Dudek biologists);
- Project maps and summary tables of the temporary impact areas;
- A discussion of the approvals and certifications being obtained from other federal, state, and local agencies, if applicable;
- Summary of Avoidances and Minimization Measures (AMMs) from the Town's Roadside Vegetation Management plan;
- Representative photo pages of riparian work areas;
- A copy of the CEQA document (with the Notice of Determination and CDFW filing fee receipt); and
- CDFW application filing/processing fee using the latest fee schedule

The draft Standard Agreement application package will be provided to the Town for review prior to online submission. For Standard Agreements, CDFW has 30 days following receipt of the application to deem an application complete or request additional information. Following CDFW's determination that the application is complete, there is an additional 60-day period for CDFW to issue the agreement.

Task 1 Assumptions

- This task includes one round of consolidated comments from the Town based on review of the draft application package by the Town.
- This task assumes CDFW will deem the application complete within 30 days of submittal to CDFW.
- Additional rounds of comments, review, or information requests, beyond what is included in this task, will require a contract augment.
- The Town will provide the required application filing/processing fee with coordination provided by Dudek for the notification.
 - Dudek will coordinate closely with the Town in the determination of the application fees that are required to accompany the EPIMS notification filing. As described in CDFW's notification instructions, project fees are based on and calculated by the cost of each individual "project" proposed and the type of notification that's being requested.

Task 1 Deliverables

¹ Dudek will perform this task as part of the Roadside Vegetation Removal Implementation Project (USDA Phase II), in which Dudek already provided a scope and cost estimate for updating the SWCA 2020 Biological Resources Report.

TO: NICOLLE BURNHAM

SUBJECT: PROPOSAL TO PROVIDE CDFW LSAA PERMITTING SERVICES FOR THE TOWN OF LOS GATOS ROADSIDE VEGETATION MANAGEMENT PROJECT, SANTA CLARA COUNTY, CA

- An electronic copy of the draft Standard Agreement application package
- An electronic copy of the final Standard Agreement application package that is submitted to EPIMS

Cost for Task 1. **AUTHORIZED** \$15,540.00

TASK 2 SECTION 1602 ROUTINE MAINTENANCE AGREEMENT FOR ALL ROADWAYS WITHIN THE WUI

Dudek will prepare an application package for a CDFW Section 1602 RMA to address anticipated impacts to riparian areas within the Town's WUI resulting from future vegetation management and maintenance activities. Dudek will prepare and submit the RMA notification and project components through EPIMS. The notification will include the following items:

- A completed notification form (all EPIMS notification fields), including the anticipated permit term;
- A description of the WUI road locations and proposed work, including annual ongoing maintenance activities;
- A description of project temporary impacts to riparian vegetation within the WUI;
- A copy of the Dudek's updated analysis to the Biological Resources Report drafted by SWCA in 2020²;
- A copy of all mapped riparian vegetation areas (to be performed through a desktop analysis and reconnaissance-level field visits by Dudek biologists);
- Project maps and summary tables of all temporary impact areas within the WUI;
- A discussion of the approvals and certifications being obtained from other federal, state, and local agencies, if applicable;
- Prior Notifications, Orders, and Permits (applicable if Standard Agreement from Task 1 is obtained first);
- Summary of Avoidances and Minimization Measures (AMMs) from the Town's roadside vegetation management plan;
- Representative photo pages of riparian work areas;
- A copy of the CEQA document (with the Notice of Determination and CDFW filing fee receipt); and,
- CDFW application filing/processing fee using the latest fee schedule

The draft RMA application package will be provided to the Town for review prior to online submission. RMAs with a 10-year term do not have a defined timeframe for CDFW review and approval.

Task 2 Assumptions

- This task includes one round of consolidated comments from the Town based on review of the draft application package by the Town.
- Additional rounds of comments, review, or information requests, beyond what is included in this task, will require a contract augment.

² Dudek will perform this task as part of the Roadside Vegetation Removal Implementation Project (USDA Phase II), in which Dudek already provided a scope and cost estimate for updating the SWCA 2020 Biological Resources Report.

TO: NICOLLE BURNHAM

SUBJECT: PROPOSAL TO PROVIDE CDFW LSAA PERMITTING SERVICES FOR THE TOWN OF LOS GATOS ROADSIDE VEGETATION MANAGEMENT PROJECT, SANTA CLARA COUNTY, CA

- The Town will provide the required application filing/processing fee with coordination provided by Dudek for the notification.
 - Dudek will coordinate closely with the Town in the determination of the application fees that are required to accompany the EPIMS notification filing. As described in CDFW's notification instructions, project fees are based on and calculated by the cost of each individual "project" proposed and the type of notification that's being requested.
- We are assuming existing conditions of riparian resources to be impacted by the project can be characterized as low quality by the regulatory agencies and that impacts can be minimized to a degree such that no or limited compensatory mitigation will be required via the RMA.

Task 2 Deliverables

- An electronic copy of the draft RMA application package
- An electronic copy of the final RMA application package that is submitted to EPIMS

Standalone Cost for Task 2³ Not Authorized \$24,915.00

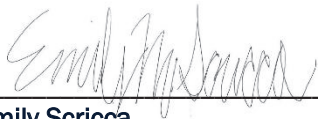
Cost for Task 2⁴ Authorized \$9,375.00

Cost Estimate and Terms Authorization is for Task 1 and Task 2 for combined \$24,915

Dudek proposes to conduct the above-described tasks on an hourly plus expenses basis up to a not-to-exceed budget of \$24,915. No work beyond the not-to-exceed amount or outside of the proposed services described above will be performed without written authorization from the Town of Los Gatos. All labor hours will be billed according to Dudek's 2026 Standard Schedule of Charges, a copy of which is attached and hereby incorporated by reference.

We appreciate the opportunity to provide this proposal to support the Town of Los Gatos on this important project. Please contact me at 484.354.3983 or escricca@dudek.com if you have any questions or require additional information.

Sincerely,



Emily Scricca
Senior Biologist/Project Manager

Att.: Dudek 2026 Standard Schedule of Charges
CC: Sean O'Brien, Dudek

³ Cost of preparing the Routine Maintenance Agreement materials and application package without preparing a Standard Agreement
⁴ Cost of preparing the Routine Maintenance Agreement for all of the roads in the Town's WUI following the preparation of a Standard Agreement for high priority roads as described in Task 1

Attachment

Dudek 2026 Standard Schedule of Charges

Engineering Services

Project Director.....	\$350.00/hr
Principal Engineer III.....	\$330.00/hr
Principal Engineer II.....	\$310.00/hr
Principal Engineer I.....	\$300.00/hr
Program Manager.....	\$285.00/hr
Senior Project Manager.....	\$285.00/hr
Project Manager.....	\$275.00/hr
Senior Engineer III.....	\$270.00/hr
Senior Engineer II.....	\$260.00/hr
Senior Engineer I.....	\$250.00/hr
Project Engineer IV/Technician IV.....	\$240.00/hr
Project Engineer III/Technician III.....	\$230.00/hr
Project Engineer II/Technician II.....	\$215.00/hr
Project Engineer I/Technician I.....	\$200.00/hr
3D Production Manager.....	\$225.00/hr
Senior Designer II.....	\$220.00/hr
Senior Designer I.....	\$210.00/hr
Designer.....	\$195.00/hr
Assistant Designer.....	\$190.00/hr
CADD Operator III.....	\$210.00/hr
CADD Operator II.....	\$205.00/hr
CADD Operator I.....	\$165.00/hr
CADD Drafter.....	\$185.00/hr
CADD Technician.....	\$135.00/hr
Project Coordinator II.....	\$165.00/hr
Project Coordinator I.....	\$135.00/hr
Engineering Assistant.....	\$130.00/hr

Environmental Services

Senior Project Director.....	\$375.00/hr
Project Director.....	\$350.00/hr
Senior Specialist V.....	\$290.00/hr
Senior Specialist IV.....	\$275.00/hr
Senior Specialist III.....	\$260.00/hr
Senior Specialist II.....	\$245.00/hr
Senior Specialist I.....	\$230.00/hr
Specialist V.....	\$220.00/hr
Specialist IV.....	\$205.00/hr
Specialist III.....	\$195.00/hr
Specialist II.....	\$185.00/hr
Specialist I.....	\$175.00/hr
Analyst V.....	\$165.00/hr
Analyst IV.....	\$155.00/hr
Analyst III.....	\$145.00/hr
Analyst II.....	\$135.00/hr
Analyst I.....	\$115.00/hr
Technician IV.....	\$105.00/hr
Technician III.....	\$95.00/hr
Technician II.....	\$85.00/hr
Technician I.....	\$75.00/hr
Project Coordinator II.....	\$165.00/hr
Project Coordinator I.....	\$135.00/hr

Mapping and Surveying Services

UAS Pilot.....	\$180.00/hr
Survey Lead.....	\$310.00/hr
Survey Manager.....	\$270.00/hr
Survey Crew Chief.....	\$205.00/hr
Survey Rod Person.....	\$155.00/hr
Survey Mapping Technician.....	\$145.00/hr

Construction Management Services

Principal Manager.....	\$225.00/hr
Senior Construction Manager.....	\$195.00/hr
Senior Project Manager.....	\$190.00/hr
Construction Manager.....	\$190.00/hr
Project Manager/Construction Management.....	\$180.00/hr
Resident Engineer.....	\$175.00/hr
Construction Engineer.....	\$180.00/hr
On-site Owner's Representative.....	\$165.00/hr
Prevailing Wage Inspector.....	\$165.00/hr
Construction Inspector.....	\$155.00/hr
Administrator/Labor Compliance.....	\$130.00/hr

Hydrogeology/HazWaste Services

Project Director.....	\$350.00/hr
Principal Hydrogeologist/Engineer III.....	\$330.00/hr
Principal Hydrogeologist/Engineer II.....	\$320.00/hr
Principal Hydrogeologist/Engineer I.....	\$310.00/hr
Senior Hydrogeologist V/Engineer V.....	\$285.00/hr
Senior Hydrogeologist IV/Engineer IV.....	\$275.00/hr
Senior Hydrogeologist III/Engineer III.....	\$265.00/hr
Senior Hydrogeologist II/Engineer II.....	\$255.00/hr
Senior Hydrogeologist I/Engineer I.....	\$245.00/hr
Project Hydrogeologist V/Engineer V.....	\$235.00/hr
Project Hydrogeologist IV/Engineer IV.....	\$225.00/hr
Project Hydrogeologist III/Engineer III.....	\$215.00/hr
Project Hydrogeologist II/Engineer II.....	\$205.00/hr
Project Hydrogeologist I/Engineer I.....	\$195.00/hr
Hydrogeologist/Engineering Assistant.....	\$150.00/hr
HazMat Field Technician.....	\$140.00/hr

District Management & Operations

District General Manager.....	\$225.00/hr
District Engineer.....	\$230.00/hr
Operations Manager.....	\$170.00/hr
District Secretary/Accountant.....	\$155.00/hr
Collections System Manager.....	\$155.00/hr
Grade V Operator.....	\$145.00/hr
Grade IV Operator.....	\$130.00/hr
Grade III Operator.....	\$120.00/hr
Grade II Operator.....	\$100.00/hr
Grade I Operator.....	\$95.00/hr
Operator in Training.....	\$85.00/hr
Collection Maintenance Worker.....	\$90.00/hr

Project Delivery Services

Technology Specialist II.....	\$245.00/hr
Technology Specialist I.....	\$190.00/hr
GIS Analyst V.....	\$220.00/hr
GIS Analyst IV.....	\$200.00/hr
GIS Analyst III.....	\$185.00/hr
GIS Analyst II.....	\$145.00/hr
GIS Analyst I.....	\$130.00/hr
Creative Services IV.....	\$190.00/hr
Creative Services III.....	\$165.00/hr
Creative Services II.....	\$150.00/hr
Creative Services I.....	\$135.00/hr
Technical Editor IV.....	\$190.00/hr
Technical Editor III.....	\$165.00/hr
Technical Editor II.....	\$155.00/hr
Technical Editor I.....	\$135.00/hr
Publications Specialist IV.....	\$140.00/hr
Publications Specialist III.....	\$130.00/hr
Publications Specialist II.....	\$120.00/hr
Publications Specialist I.....	\$110.00/hr
Clerical Administration.....	\$100.00/hr

Expert Witness – Court appearances, depositions, and interrogatories as expert witness will be billed at 2.00 times normal rates.

Emergency and Holidays – Minimum charge of two hours will be billed at 1.75 times the normal rate.

Material and Outside Services – Subcontractors, rental of special equipment, special reproductions and blueprinting, outside data processing and computer services, etc., are charged at 1.15 times the direct cost.

Travel Expenses – Mileage at current IRS allowable rates. Per diem where overnight stay is involved is charged at cost.

Invoices, Late Charges – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within 30 days from the date of the invoice. Client agrees to pay interest at a 10% annual rate for amounts unpaid greater than 30 days after the date of the invoice.

Annual Increases – Unless identified otherwise, these standard rates will increase in line with the CPI-U for the nearest urban area per the Department of Labor Statistics to where the work is being completed) or by 3% annually, whichever is higher.

Prevailing Wage – The rates listed above assume prevailing wage rates do not apply. If this assumption is incorrect Dudek reserves the right to adjust its rates accordingly.

AGREEMENT FOR PROFESSIONAL SERVICES

ITEM NO. 4.

Environmental Monitoring Services for USDA Roadside Vegetation Management Risk Reduction**PREAMBLE**

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Dudek ("Consultant"), a Corporation whose address is 687 S. Coast Highway 101, Suite 110, Encinitas, CA 92024. This Agreement is made with reference to the following facts.

I. RECITALS

- A. Town selected Consultant following a Requestion for Qualification process, and negotiated a scope and fee with Consultant as the highest ranked proposer.
- B. Town desires to engage Consultant to provide consulting service in support of roadside vegetation management work funded through a grant from the United States Department of Agriculture.
- C. Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- D. 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 the Consultant.

II. AGREEMENT

- A. Scope of Services. Consultant shall provide services as described in the Scope of Services, which is hereby incorporated by reference and attached as Exhibit A.
- B. Term. The term of this Agreement shall be from upon execution to Thursday, September 30, 2027.
- C. 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 the Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license as required in Chapter 14 of the Code of the Town of Los Gatos.
- D. Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.
- E. 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 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 the 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.

- F. Compensation: Compensation for Consultant's professional services **shall not exceed \$379,142.00** at the rates set forth in Exhibit A which is attached and incorporated by reference. Payment shall be based upon Town approval of each task.
- G. 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 per task as defined in Exhibit A, 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
Email (preferred): AP@losgatosca.gov
- H. 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 offices during business hours upon written request of the Town.
- I. 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.
- J. 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.
- K. 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.

- L. Non-Discrimination. 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

A. Minimum Scope of Insurance:

1. 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.
2. 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.
3. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Service Provider agrees that all certificates and endorsements are to be received and approved by the Town before work commences.
4. 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.

B. General Liability:

1. 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.
2. 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 officers, officials, employees or agents shall be excess of the Consultant's insurance and shall not contribute with it.
3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or agents.

4. 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.
- C. 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.
- D. 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. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars (\$1,000,000) per accident for bodily injury or disease.
- E. Indemnification. The Consultant shall indemnify 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 work which may be occasioned by any act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant. Consultant shall defend the Town against any such claims.

IV. GENERAL TERMS

- A. 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.
- B. Governing Law. 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.
- C. Mediation. Should any dispute arise out of this Agreement, any party may request that it be submitted to mediation. The parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the mediating parties. In the absence of an agreement, the parties shall each submit one name from mediators listed by either the American Arbitration Association, the California State Board of Mediation and Conciliation, or other agreed-upon service. The mediator shall be selected by a blind draw. The cost of mediation shall be borne equally by the parties. Neither party shall be deemed the prevailing party. No party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall last until agreement is reached by the parties but not more than 60 days, unless the maximum time is extended by the parties.
- D. 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.

- E. 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.
- F. 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

Dudek
687 S. Coast Highway 101, Suite 110, Encinitas, CA 92024

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

- G. 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.
- H. 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.
- I. Federal Contract. Consultant agrees to comply with Federal funding requirements associated with this agreement, including: .
- a. Grant Agreement between the Town of Los Gatos and the United States Department of Agriculture (Exhibit B);
 - b. USDA Forest Service Federal Financial Assistance General Terms and Conditions effective 2/14/2026 (Exhibit C);
 - c. USDA General Terms and Conditions for Federal Awards Effective December 31, 2025 (Exhibit D); and
 - d. 2 CFR 200 Subparts A through 4 and 2 CFR Part 400.

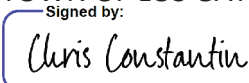
Attachments:

ITEM NO. 4.

- A - Scope and Fee
- B - Grant Agreement
- C - USDA Forest Service Financial Terms
- D - USDA General Terms

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

TOWN OF LOS GATOS:

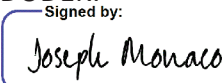
Signed by:

03E5E4869B5C461...
SIGNATURE

Chris Constantin
FULL NAME

Town Manager
TITLE

9/4/2026
DATE SIGNED

DUDEK:

Signed by:

224428F5133245C...
SIGNATURE

Joseph Monaco
ENTER CONSULTANT SIGNATORY'S NAME

President and CEO
ENTER CONSULTANT SIGNATORY'S TITLE

9/4/2026
DATE SIGNED

Approved as to form:

Signed by:

8B06C94157044BE...
SIGNATURE

Alex Geise on Behalf of Gabrielle whelan
FULL NAME

Town Attorney
TITLE

9/4/2026
DATE SIGNED

The execution date is the date on which the last party has signed.

Exhibits List

A - Scope and Fee

B - Grant Agreement

C - USDA Forest Service Financial Terms

D - USDA General Terms

Exhibit A

Scope and Fee

**USDA Roadside Vegetation Management
Summary of Consultant Fees - Dudek**

Task Number	Proposed Fee (Hourly, Not to Exceed)	
1 - Technical Assistance	\$ 12,850.00	
2 - ROE Support	\$ 9,000.00	
2 - Outreach Support (Optional)	\$ -	Not Authorized
3 -GIS Web Application and Data Management	\$ 53,500.00	
4 -Biological Resources	\$ 91,680.00	
5 - Cultural Resources and Tribal Cultural Resources	\$ 67,712.00	
6 - Field Management and Oversight	\$ 110,000.00	
7 - Forestry and Arboriculture	\$ 24,000.00	
8 - Erosion and Sediment Control Services	\$ -	Not Authorized
9 - Resource Agency Consultation (Optional)	\$ 10,400.00	
Total NTE Fee Incusive of Expenses	\$ 379,142.00	

July 30, 2026

Nicolle Burnham
Town of Los Gatos
41 Miles Avenue
Los Gatos, California 95030

Subject: Proposal to Provide Environmental Monitoring and Support Services for USDA Roadside Vegetation Management Risk Reduction for the Town of Los Gatos (Town Project No. 812-0130, USDA Project No. 22-DG-11052012-13)

Dear Nicolle:

Dudek is pleased to present this proposal to provide environmental consulting services to assist the Town of Los Gatos (Town) with Phase 2 (Implementation) related tasks for the above-referenced project. This proposal is based on Dudek's Statement of Qualifications submitted to the Town on June 3, 2026; Dudek's kickoff meeting with the Town on June 29, 2026; U.S. Department of Agriculture (USDA) grant funding requirements; California Environmental Quality Act (CEQA) compliance documents; and other information provided to Dudek by the Town.

Dudek is proposing to conduct the following tasks to support the Town's efforts to satisfy USDA grant requirements for Phase 2 of the Roadside Vegetation Management Risk Reduction Project.

Scope of Services

TASK 1 TECHNICAL ASSISTANCE

This task addresses technical assistance to support the project, including providing project status reviews; information gathering; participating in conference calls and project meetings; providing technical guidance to the project team on environmental issues and requirements; responding to requests for information, clarifications and/or additional analyses; and providing follow-up coordination regarding technical issues. Dudek anticipates participating in weekly project coordination meetings; weekly or biweekly meetings with USDA; weekly construction trailer meetings; and any additional stakeholder meetings as required.

This task also includes time for project management, including contract compliance and management tasks; monitoring of budget expenditure; staffing; and schedule tracking. Dudek's project manager, Emily Scricca, will prepare a concise but accurate description of services to accompany each monthly invoice and to provide supporting materials for the Town's monthly reporting deliverables to USDA. Specific project management deliverables will include the following:

- **Schedule Tracker**
- **Budget Tracker**

TO: NICOLLE BURNHAM
SUBJECT: PROPOSAL TO PROVIDE ENVIRONMENTAL MONITORING AND SUPPORT SERVICES FOR USDA ROADSIDE
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- **Monthly Progress Report**
- **Project Meeting Agendas/Notes**

Technical assistance will also include the preparation of a Health and Safety Plan (HASP) and Job Hazard Analysis (JHA) for all fieldwork conducted by Dudek as required by the Occupational Safety and Health Act (OSHA) General Duty Clause (29 U.S.C. Section 654, 5(a)(1)) and 29 Code of Federal Regulations (CFR) 1910.120. Dudek will conduct as-needed auditing of daily safety forms and HASP signatures to ensure compliance with the OSHA General Duty Clause (29 U.S.C. Section 654, 5(a)(1)), 29 CFR 1910.120, and internal safety programs.

Assumptions

- HASP/JHA and daily safety forms will only apply to the scope of work being performed by Dudek employees. Other contractors on site will be responsible for their own JHA/HASP and any other necessary safety documents.

Cost for Task 1.....\$12,850

TASK 2 RIGHT OF ENTRY SUPPORT AND DATABASE MANAGEMENT /OUTREACH

Task 2.1 Right of Entry Support

Dudek will coordinate with the Town to develop and maintain the right of entry (ROE) permissions database, including managing, sorting, and providing ROE status updates to the geographic information system (GIS) team for updates to the vegetation management web map. Dudek will continue to update the database as treatments proceed and as in-person ROE permissions are received. Dudek will also collect resident comments, enter them into the ROE database, forward questions to the Town, and use recurring questions and community feedback to help develop a Frequently Asked Questions (FAQ) page for the Town’s website.

Task 2.2 Outreach Support and Services (Optional)

NOT AUTHORIZED - AUGUST 2026

As an optional service, Dudek can provide additional support for public meeting coordination, community outreach, and public communications at the Town’s request. This support may include assisting with meeting logistics, preparing outreach materials, responding to community inquiries in coordination with Town staff, and documenting public comments or questions received during the outreach process.

Assumptions

- Dudek will compile existing completed ROE documents and completed ROE documents received during the project, including in-person ROE permissions received as vegetation management treatments proceed.
- Dudek will provide ongoing ROE database updates for approved, not approved, and no-response parcels based on ROE information provided to Dudek by the Town, residents, or field staff.
- Dudek is not responsible for following up on ROE documents that were returned incomplete or ROE notices that were unable to be delivered.

Deliverables

- Results of ROE responses to be incorporated into project-specific vegetation management maps (Task 7)

TO: NICOLLE BURNHAM
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Cost for Task 2.1.....\$9,000

Cost for Optional Task 2.2.....\$2,710

TASK 3 GIS WEB APP/DATA MANAGEMENT

Dudek will develop and configure shareable GIS-based project tracking tools within Dudek’s Esri Portal environment to support field data collection, project coordination, and public-facing project status updates. This work will include creating an Esri Field Maps application and associated web maps for use by the Town, subcontractors, and field crews to collect, review, and update project-related information. The tools will be configured to track parcel permission/approval status, work progress, biological and cultural resources survey results, and additional project data provided by forestry or other project teams. Dudek will configure the necessary hosted feature layers, web maps, symbology, pop-ups, editing settings, user access, and sharing permissions needed to support internal project workflows and controlled access by Town staff and subcontractors.

Dudek will also develop a desktop web mapping application within the Esri Portal to allow the Town, subcontractors, and, where appropriate, the public to view project progress, status information, work areas, and other relevant project developments. Dudek GIS specialists will participate in weekly project coordination meetings to review progress, address data or application needs, and incorporate requested updates. Throughout Phase 2 of the Roadside Hazardous Vegetation Management Project, Dudek will prepare PDF map exhibits for Town review, project coordination, public communication, and other project-related needs, including maps showing project status, work areas, completed activities, planned work, survey information, or other relevant information requested by the Town or project team.

Cost for Task 3.....\$53,500

TASK 4 BIOLOGICAL RESOURCES

Dudek will provide biological resources support during all phases of project implementation to avoid potential project-related impacts to sensitive natural resources and to ensure project compliance with project-specific environmental documents. We anticipate the following tasks will be required to support the project:

Task 4.1 Database Searches and Literature Review

Dudek will conduct a literature review to identify special-status species or sensitive habitats known to occur in the project vicinity as an update to the biological studies conducted for the CEQA Exemption Analysis and Vegetation Management Plan for the Town of Los Gatos documents prepared by SWCA Environmental Consultants in 2020. Specifically, Dudek biologists will search the California Department of Fish and Wildlife (CDFW) California Natural Diversity Database, the U.S. Fish and Wildlife Service (USFWS) Information for Planning and Consultation (IPaC) online planning tool, and the California Native Plant Society (CNPS) Online Inventory of Rare and Endangered Plants of California. Dudek will also review relevant biological reports that may be available from other projects or studies in the vicinity of the project. The results of the database searches and literature review will be evaluated relative to the location and extent of the project treatment areas to ensure special-status species and other sensitive resources that are known to occur (or that have some potential to occur) are addressed by the protective measures that have been identified for the project.

TO: NICOLLE BURNHAM

SUBJECT: PROPOSAL TO PROVIDE ENVIRONMENTAL MONITORING AND SUPPORT SERVICES FOR USDA ROADSIDE VEGETATION MANAGEMENT RISK REDUCTION FOR THE TOWN OF LOS GATOS

Task 4.2 Reconnaissance-Level Biological Field Assessment

Following the updated database searches and literature review, and prior to project implementation, Dudek biologists will conduct a general biological field assessment of the project treatment areas to review current site conditions; document existing natural communities on and in the vicinity of the project site; and assess the potential for special-status species and sensitive habitats to occur. During the field assessment, Dudek biologists will compile an inventory of plant and animal species detected by sight, calls, tracks, scat, or other sign, as well as habitat types present. The potential presence of special-status species will be determined based on an evaluation of the physical characteristics of the site (elevation, vegetation communities, soils, etc.); the type and quality of habitats present; and records from the vicinity of the project site. The reconnaissance-level field assessment will generate planning-level biological resources information that can be used to help guide project planning and scheduling and inform what target resources (special-status species and/or sensitive habitats) warrant additional focused pre-work surveys or specific protective measures.

The results of the reconnaissance-level biological field assessment will be compiled into a memorandum that will inform what portions of the project site support (or may support) sensitive biological resources that require protection during project implementation. The memorandum will specifically identify what resources: (1) warrant further focused pre-work surveys to determine presence/absence (e.g., special-status plants, nesting birds, roosting bats [Task 4.4 below]); (2) require some level of biological monitoring during project implementation (Task 4.5 below); and/or (3) trigger additional protection measures/best management practices (BMPs) to avoid and minimize impacts.

All data collected as part of Task 4.2 will be provided to the Town for use in project mapping, as described in Task 3.

Assumptions

- The Town will coordinate access to privately owned properties prior to the commencement of fieldwork, if necessary.
- Dudek will perform all work in accordance with the applicable local, state, and federal safety requirements. For fieldwork, this may include demobilizing and remobilizing teams due to dangerous weather conditions, the presence of dangerous individuals, or other environmental hazards.

Deliverables

- One draft and one final Biological Resources Memorandum, including one round of revisions on the draft report based on a set of consolidated comments from the Town

Task 4.3 Worker Environmental Awareness Training

Dudek biologists will prepare and present a Worker Environmental Awareness Training (WEAT) program. The training will include biological resource training; a review of the project's environmental compliance measures; a review of the legal basis for the protection of biological resources; and an overview of the biological resources that may be encountered during project implementation. A qualified biologist will attend all pre-construction meetings and project briefings to present the WEAT; review avoidance and minimization measures (AMMs); and provide methods for treatment and protocol for potential inadvertent discoveries. The WEAT materials will be provided as

TO: NICOLLE BURNHAM

SUBJECT: PROPOSAL TO PROVIDE ENVIRONMENTAL MONITORING AND SUPPORT SERVICES FOR USDA ROADSIDE VEGETATION MANAGEMENT RISK REDUCTION FOR THE TOWN OF LOS GATOS

a handout that can be referred to by construction personnel to refresh or otherwise receive self-administered biological resources training.

Assumptions

- Follow-up WEAT training for additional construction staff will be provided by the biological monitors, if on site, or the field management/project oversight staff as needed during project implementation.

Deliverables

- WEAT training handouts to be provided for all attendees during training sessions in English and in Spanish
- Completed signature roster of all staff and subcontractors who have received the WEAT program

Task 4.4 Pre-Work Biological Surveys

In accordance with Avoidance and Minimization Measure No. 3 of the CEQA Exemption Analysis and Vegetation Management Plan for the Town of Los Gatos (SWCA 2020), Dudek qualified biologists will conduct pre-work surveys for biological resources, including rare plants or locally important stands of plants, sensitive vegetation communities, aquatic resources, San Francisco dusky-footed woodrat nests, large trees with cavities that may support roosting bats, and any other special-status species, or their habitats, that may be present. The surveys will be conducted within a maximum 50-foot distance from the centerline of pavement on either side of the designated roadways by either one or two biologists depending on the terrain, density of vegetation, and overall level of effort required for the project treatment area. This approach will provide intensive-level surveys and ensure appropriate visual coverage of the project treatment areas. The surveys will be conducted on foot using binoculars and/or a spotting scope to observe potential nesting bird/roosting bat activity. All features within the project site will be thoroughly inspected for the presence of nesting birds, special-status amphibians, roosting bats, and San Francisco dusky-footed woodrat middens.

All resources identified will be mapped with global positioning system (GPS) coordinates and photographed. Dudek will flag any identified sensitive wildlife resources for avoidance with the appropriate buffers based on the recommendation by the qualified biologist. All data will be provided to the Town for use in project mapping, as described in Task 3.

Due to the ongoing nature of the project, Dudek qualified biologists will conduct pre-construction surveys of the treatment areas on a weekly basis as the project is implemented and advances. The biologists will work with the field management and project oversight team (described in Task 6 below) to determine the priority pre-construction survey areas based on the work plan for the week.

The results of the pre-construction surveys will be summarized in a final report for the Town, as described in Task 4.6 below.

Assumptions

- The Town will coordinate access to privately owned properties prior to the commencement of fieldwork, if necessary.

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- Dudek will perform all work in accordance with the applicable local, state, and federal safety requirements. For fieldwork, this may include demobilizing and remobilizing teams due to dangerous weather conditions, the presence of dangerous individuals, or other environmental hazards.

Deliverables

- Data for Field Maps Web Application
- Daily field summary reports (Survey 123 forms)

Task 4.5 Biological Resources Monitoring During Project Implementation

Dudek will provide qualified biologists to conduct the range of biological monitoring activities that may be needed during project implementation. Dudek biologists will support the Town throughout project implementation to confirm that AMMs and BMPs are applied to the project and implemented successfully. In areas where focused biological surveys may be deemed necessary, qualified biologists will conduct work area inspections prior to the commencement of work every day and remain on site during the duration of work activities to ensure impacts to sensitive species and resources are fully avoided. If any sensitive wildlife or resources are encountered during biological monitoring efforts, the Town will be notified immediately, and the biologist will allow the animal to leave the site on its own accord, and/or relocate the animal to suitable habitat as necessary. Dudek biologists will work with the Town and the vegetation removal contractor to ensure impacts to sensitive resources are fully avoided.

The biologists will document the results of all monitoring and work activities in daily field summary reports. Additional documentation beyond the field memorandums, such as field notes, photographs, and maps, will be maintained as part of the project record and will be summarized in the final Biological Resources Summary Report for the Town, as described in Task 4.6 below.

Assumptions

- The Town will coordinate access to privately owned properties prior to the commencement of fieldwork, if necessary.
- Dudek will perform all work in accordance with the applicable local, state, and federal safety requirements. For fieldwork, this may include demobilizing and remobilizing teams due to dangerous weather conditions, the presence of dangerous individuals, or other environmental hazards.

Deliverables

- Data from Field Maps Web Application
- Daily field summary reports (Survey 123 forms)

Task 4.6 Biological Resources Summary Report

At the completion of the project, Dudek will prepare a stand-alone Biological Resources Summary Report that will document the results of the database searches, reconnaissance-level field assessment, pre-work biological resources surveys, and biological monitoring conducted for the project (Tasks 4.1–4.5). The document will include an introduction, background, brief environmental context, methods, results, and summary of compliance with project AMMs and BMPs. Associated figures, project photos, and datasets will be included as part of the final Biological Resources Summary Report.

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Assumptions

- The Biological Resources Summary Report will not be sufficient for regulatory permitting or resource agency consultation, serving rather as a record of the studies conducted for the project and an evaluation of the project’s compliance with environmental documents.

Deliverables

- One draft and one final Biological Resources Summary Report, including one round of revisions to the draft report based on a set of consolidated comments from the Town

Cost for Task 4.....\$91,680

TASK 5 CULTURAL RESOURCES AND TRIBAL CULTURAL RESOURCES

Dudek will complete an archaeological resources inventory in conformance with local, CEQA, and USDA requirements. Dudek’s inventory will include a California Historical Resource Information Systems (CHRIS) records search, a Native American Heritage Commission (NAHC) Sacred Land Files search, a pedestrian survey, report preparation, preparation of a WEAT program, and archaeological monitoring. The goal is to build on any available technical information, as appropriate. It is anticipated that vegetation management practices will be in line with standard-exempt methods, allowing for minimal ground disturbance and avoiding impacts to cultural resources.

Task 5.1 Background Research

As the Vegetation Management Project (VMP) Phase I records search conducted for the project is over 5 years old and did not include the roadway portions of the VMP, Dudek will begin by conducting an updated CHRIS records search of the project site, including a 0.25-mile radius, at the Northwest Information Center (NWIC), which houses cultural resource records for Santa Clara County. The purpose of the records search is to identify any newly recorded cultural resources that may be located within the project site along the roadways. In addition to a review of previously prepared site records and reports, the records search will also potentially provide new or confirming information on historical maps of the area of potential effects (APE), ethnographies, the National Register of Historic Places, the California Register of Historical Resources, the California Historic Property Data File, the Built Environment Resources Directory, and the lists of California State Historical Landmarks, California Points of Historical Interest, and Archaeological Determinations of Eligibility.

Dudek will also initiate correspondence with NAHC to request a search of the Sacred Lands File for any known Native American resources identified within and adjacent to the project site. As part of the results of this search, NAHC will provide a Contact List of tribal individuals and organizations that may have additional information concerning resources in the vicinity.

Task 5.2 Initial Site Tour and Pedestrian Survey

Upon the completion of background research, Dudek archaeologists will conduct an initial archaeological field assessment of the project site to review current site conditions and identify areas of higher potential to contain cultural resources. This reconnaissance-level field assessment will assist in future planning of the project and the dedicated archaeological pedestrian survey by identifying what portions of the project site may need archaeological monitoring and the most efficient use of field staff during pedestrian survey.

TO: NICOLLE BURNHAM
SUBJECT: PROPOSAL TO PROVIDE ENVIRONMENTAL MONITORING AND SUPPORT SERVICES FOR USDA ROADSIDE
VEGETATION MANAGEMENT RISK REDUCTION FOR THE TOWN OF LOS GATOS

ITEM NO. 4.

After the initial assessment, Dudek will conduct a pedestrian survey of the entire project site for archaeological resources. It is assumed that a Native American monitor will not be required during the survey. If it is determined that a Native American monitor is required to be present during the pedestrian survey, Dudek will provide an augment to this scope of work and associated costs accordingly. The archaeological survey will consist of a pedestrian survey of open areas and areas adjacent to existing roads. Survey strategies will be adjusted with the intent of identifying areas of elevated sensitivity and informing vegetation management practices and completed through a combination of 100% coverage and reconnaissance-level visual inspections. A total of 5 days with two archaeologists is provided for this exercise.

Task 5.3 Worker Environmental Awareness Training

Dudek archaeologists will prepare and present a WEAT program. The training will include archaeological resource training; a review of the project’s environmental compliance measures; a review of the legal basis for the protection of archaeological resources; and an overview of the archaeological resources that may be encountered during project implementation. A qualified archaeologist will attend all necessary pre-construction meetings and project briefings to present the WEAT; review avoidance and mitigation measures; and provide methods for treatment and protocol for potential inadvertent discoveries. The WEAT materials will be provided as a handout that can be referred to by construction personnel to refresh or otherwise receive self-administered archaeological resources training.

Assumptions

- Dudek assumes NWIC records search fees will not exceed \$3,500. NWIC results may take up to 6 weeks to be received, and the search radius or requested materials may need to be adjusted based on the information available.
- Dudek assumes that all Native American coordination and/or consultation will be completed by the lead agencies, if applicable.
- Dudek assumes the pedestrian survey will not identify previously unknown archaeological resources requiring additional documentation, evaluation, artifact collection, or curation. If such resources are encountered, Dudek will work with the Town to amend the scope and budget as appropriate.
- Follow-up WEAT training for additional construction staff will be provided by the archaeological monitors, if on site, or the field management/project oversight staff as needed during project implementation.

Deliverables

- WEAT training handouts will be provided for all attendees during training sessions in English and in Spanish.
- Completed signature roster of all staff and subcontractors that have received WEAT program

Task 5.4 Cultural Resources Report

Dudek will prepare an Archaeological Survey Report that will include the ethnology, prehistory, and history of the region, and summarize the results of the NWIC records search, NAHC Sacred Lands File search, background research, and pedestrian survey. The report will also include a brief project description and any management recommendations pursuant to the applicable federal, state, and local regulations. The report will provide an assessment of the potential for the project site’s treatment areas to contain archaeological resources and the

TO: NICOLLE BURNHAM

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potential for the proposed project implementation to impact archaeological resources. The report will include recommendations for the vegetation management approach based on the potential for vegetation treatment activities to affect cultural resources. Where resources are present, Dudek recommendations will be in line with standard exempt methodologies (e.g., handwork only, rubber-wheeled vehicles, no ground disturbance). Dudek assumes no more than two drafts and one final version of the report will be required.

Deliverables

- One draft and one final Cultural Resources Report, including one round of revisions to the draft report based on a set of consolidated comments from the Town

Task 5.5 Archaeological Monitoring

Once areas of archaeological monitoring are determined through the above-described tasks, Dudek will provide an archaeological monitor under the direct supervision of the Lead Archaeologist to be present on site each day to monitor all ground-disturbing activities with the potential to result in a significant impact (adverse effect) to cultural resources. Daily logs will be prepared by monitors detailing daily activities. Logs will be submitted digitally as part of the final reporting, or as otherwise requested. The scope includes a daily-rate cost including mileage and per diem reimbursement for an archaeologist with a minimum BA in archaeology or a related field and relevant local experience. The scope also includes project coordination and site visits (up to 2 days) by the Lead Archaeologist to inspect potential discoveries.

If the Lead Archaeologist can demonstrate that the level of monitoring should be reduced or discontinued, the Lead Archaeologist, in consultation with the Town and reviewing lead agencies, may adjust the level of monitoring to circumstances as warranted.

Following the completion of construction, Dudek will prepare a cultural monitoring report documenting the overall monitoring activities. Dudek assumes that no archaeological resources will be discovered that require formal documentation and evaluation and that a letter report documenting monitoring activities will be sufficient. If non-significant artifacts are identified during the course of construction, this task assumes that these resources will be documented on site and that no collection or curation will be necessary as cultural materials discovered during the project construction are to be reburied on site in an identified “environmentally sensitive area.” Once complete, the report will be submitted to NWIC.

Assumptions

- Dudek assumes that monitoring staff will be informed at least 48 hours before (2 business days) the start of each week (Monday) and at the end of each workday regarding whether ground-disturbing activities that require construction monitoring will be occurring the next business day.
- No more than 15 days of monitoring by an archaeological monitor will be required. Should the monitoring schedule need to be adjusted, additional staff time will need to be authorized through a contract amendment to provide additional monitoring and coordination.
- Dudek assumes the Town will retain the services of Native American monitor (if required) with an appropriate Native American Tribe to monitor all ground-disturbing activities associated with project-related construction activities.
- If workdays are shorter than 10 hours, or fewer monitoring days are required, Dudek will bill the actual hours worked to a minimum of 4 hours.
- No weekend or night work will be required.

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- Dudek assumes a workday consists of 10 hours and work will occur Monday through Friday.
- No State Historic Preservation Officer (SHPO) review or substantial comments from the USDA will be provided.
- All vegetation treatment strategies will be generally in line with standard exempt approaches applied by the California Department of Forestry and Fire Protection (CAL FIRE), U.S. Forest Service, and other similar agencies.
- Dudek will plan to use local staff; however, some commuting may be required to ensure suitable staff are available. Dudek assumes that no more than 15 days of monitoring by an archaeological monitor (10-hour days [S011.1]) inclusive of drive time and a per diem of \$206.00/day. Should a longer drive be required, the per diem rate may be applied to supplement drive time instead. The daily monitoring rate for 2026 is \$1,830.00.

Deliverables

- One draft and one final Archaeological Monitoring Report, including one round of revisions to the draft report based on a set of consolidated comments from the Town

Cost for Task 5.....\$67,712

TASK 6 FIELD MANAGEMENT/PROJECT OVERSIGHT

Dudek will provide field management/project oversight support to supplement the Town’s Wildfire Mitigation Project management efforts throughout the duration of project implementation. Dudek responsibilities will include coordinating with selected vegetation removal contractor(s) to provide scope of work direction; ensuring that vegetation management activities are performed in accordance the Town’s Vegetation Management Plan; documenting and tracking work activities and progress; assisting with the planning and prioritization of work locations; and providing oversight/direction to all Dudek resource groups in order to maintain project objectives. Dudek’s field manager, Tyler Young, will serve as the primary day-to-day point of contact to address contractor questions; coordinate with the Town and Dudek’s environmental team; and respond to issues and concerns in the field as they arise. The objective of a Dudek-supplied field manager is to provide a daily field management presence during the work week and support the responsibilities of the Town’s Wildlife Mitigation Project management team. The frequency of on-site field management support will be determined based on specific project needs and may range from periodic site visits to full-day oversight, based on the project status and field conditions in various phases of work.

Assumptions

- The scope assumes field management responsibilities will be shared between Dudek’s field manager (Tyler Young) and the Town’s Wildfire Mitigation Project Manager. Based on prior communications with the Town, Tyler Young (Dudek) will support approximately 40 percent of the field management role, while the Town will provide the remaining 60 percent.
- Dudek field management support will be scheduled on an as-needed basis. The exact field management schedule for the upcoming work week will be determined during a weekly Thursday planning call with the Town and Dudek environmental team, during which the field management schedule and site coverage will be determined based on planned work activities for the subsequent week.
- For budgeting purposes, Dudek assumes approximately 20 hours/week will be required for field management support.

Cost for Task 6.....\$110,000

TO: NICOLLE BURNHAM
SUBJECT: PROPOSAL TO PROVIDE ENVIRONMENTAL MONITORING AND SUPPORT SERVICES FOR USDA ROADSIDE
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TASK 7 FORESTRY AND ARBORICULTURE

Dudek will provide forestry and arboriculture support to assist the Town with planning and implementing roadside vegetation management activities. Dudek’s Registered Professional Forester (RPF) and/or Certified Arborist will support the preparation of vegetation management planning documents; provide arboricultural expertise during implementation; and assist the Town with evaluating vegetation management activities and tree-related concerns.

Task 7.1 Roadside Vegetation Management Work Plan and Tree Maintenance Standards

Dudek will prepare a Roadside Vegetation Management Work Plan to guide vegetation management activities along priority roads identified by the Town. The work plan will be organized by individual roads or sections of roads and will incorporate available project data, ROE information, field observations, and input from the Town and project team. The work plan will identify recommended vegetation management approaches, sequencing considerations, access constraints, and implementation guidance to support contractor planning and field execution. As part of the work plan, Dudek will develop tree maintenance standards for the priority roads.

During implementation, Dudek’s RPF and/or Certified Arborist will provide technical support, including review of proposed work areas, recommendations regarding tree pruning or removal, participation in weekly project team meetings, periodic field site visits, and responses to contractor questions regarding the implementation of the approved work plan and tree maintenance standards.

Task 7.2 Property Owner Arborist Guidance

Dudek will provide as-needed arborist guidance to cooperating property owners during implementation. This support may include responding to tree-related questions routed through the Town or project team; explaining recommended vegetation management approaches; and helping address property-owner concerns related to pruning, tree retention, tree removal recommendations, or contractor implementation near private property.

Task 7.3 Vegetation Management Implementation Evaluation

Dudek will evaluate vegetation management work during implementation to support consistency with the Roadside Vegetation Management Work Plan, tree maintenance standards, and project objectives. Evaluation may include field review of completed or active work areas; documentation of implementation observations; identification of corrective actions or follow-up recommendations; and coordination with the Town and contractor regarding work quality, consistency, and upcoming field priorities.

Task 7.3 includes recurring meetings with Town Los Gatos staff and contractors to summarize work progress, the effectiveness of maintenance standards, and resident inquiries.

Assumptions

- Written treatment plans for private property owners will not be required.

Deliverables

- One draft and one final Roadside Vegetation Management Work Plan, including one round of revisions to the draft report based on a set of consolidated comments from the Town

Cost for Task 7.....\$24,000

TO: NICOLLE BURNHAM
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TASK 8 NOT AUTHORIZED AUGUST 2026

TASK 8 EROSION AND SEDIMENT CONTROL SERVICES

Dudek will provide technical support for erosion control and stormwater management support services, as needed, during the implementation of roadside vegetation management activities. Services will include evaluating post-work conditions to identify possible erosion-prone locations and providing recommendations for stabilization measures to minimize erosion and sediment transport during the rainy season. Town personnel and Dudek field manager (see Task 6) will work in conjunction to identify areas requiring stabilization following segments of completed work. Dudek erosion control professionals will be consulted as needed to recommend the appropriate erosion control measures and BMPs based on site conditions and anticipated weather conditions. The primary objective will be to minimize ground disturbance through proactive work planning, and erosion and sediment control recommendations will only be provided where unanticipated ground disturbance occurs or where ground disturbance cannot be avoided.

Assumptions

- Task 8 is intended to provide erosion control and stormwater management consultation recommendations on an as-needed basis and may not be required regularly during project implementation based on weather conditions.
- Work areas occurring within the wildland portions of the project with steeper slopes will have a higher potential for post-work stabilization, while work occurring in developed residential areas is expected to require few or no erosion measures.
- Dudek will provide erosion and sediment control consultation only. Any labor or materials associated with the installation of erosion control BMPs would be the responsibility of the Town's contractor.

Cost for Task 8..... \$3,500

TASK 9 RESOURCE AGENCY CONSULTATION (OPTIONAL)

Dudek will be available for resource agency consultation on the project if the need arises. Agencies that may require consultation on the project include, but are not limited to, CDFW, USFWS, the Regional Water Quality Control Board, and U.S. Army Corps of Engineers. Dudek will be available to coordinate with the resource agencies on behalf of the Town, participate in conference calls and teams meetings, coordinate agency site visits, and prepare project files and documentation that may be requested by the agencies.

Assumptions

- Dudek assumes that permit application preparation, permit processing support, and the development of supporting technical documentation are not included in this scope or budget. If such services are required, they will be addressed through a contract amendment.

Cost for Optional Task 9..... \$10,400

TASK 9 INCLUDED IN AGREEMENT AUGUST 2026

TO: NICOLLE BURNHAM
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VEGETATION MANAGEMENT RISK REDUCTION FOR THE TOWN OF LOS GATOS

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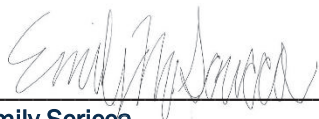
Cost Estimate and Terms

Dudek proposes to conduct the above-described tasks on an hourly plus expenses basis up to a not-to-exceed budget of ~~\$385,352~~. No work beyond the not-to-exceed amount or outside of the proposed services described above will be performed without written authorization from the Town of Los Gatos. All labor hours will be billed according to Dudek’s 2026 Standard Schedule of Charges, a copy of which is attached and hereby incorporated by reference.

We appreciate the opportunity to provide this proposal to support the Town of Los Gatos on this important project. Please contact me at 484.354.3983 or escricca@dudek.com if you have any questions or require additional information.

Sincerely,

Total Agreement Amount Authorized - \$379,142.00



Emily Scricca
Senior Biologist/Project Manager

Att.: Dudek 2026 Standard Schedule of Charges
CC: Sean O’Brien, Dudek

Attachment A

Dudek 2026 Standard Schedule of Charges

DUDEK 2026 Standard Schedule of Charges

ITEM NO. 4.

Engineering Services

Project Director.....	\$350.00/hr
Principal Engineer III.....	\$330.00/hr
Principal Engineer II.....	\$310.00/hr
Principal Engineer I.....	\$300.00/hr
Program Manager.....	\$285.00/hr
Senior Project Manager.....	\$285.00/hr
Project Manager.....	\$275.00/hr
Senior Engineer III.....	\$270.00/hr
Senior Engineer II.....	\$260.00/hr
Senior Engineer I.....	\$250.00/hr
Project Engineer IV/Technician IV.....	\$240.00/hr
Project Engineer III/Technician III.....	\$230.00/hr
Project Engineer II/Technician II.....	\$215.00/hr
Project Engineer I/Technician I.....	\$200.00/hr
3D Production Manager.....	\$225.00/hr
Senior Designer II.....	\$220.00/hr
Senior Designer I.....	\$210.00/hr
Designer.....	\$195.00/hr
Assistant Designer.....	\$190.00/hr
CADD Operator III.....	\$210.00/hr
CADD Operator II.....	\$205.00/hr
CADD Operator I.....	\$165.00/hr
CADD Drafter.....	\$185.00/hr
CADD Technician.....	\$135.00/hr
Project Coordinator II.....	\$165.00/hr
Project Coordinator I.....	\$135.00/hr
Engineering Assistant.....	\$130.00/hr

Environmental Services

Senior Project Director.....	\$375.00/hr
Project Director.....	\$350.00/hr
Senior Specialist V.....	\$290.00/hr
Senior Specialist IV.....	\$275.00/hr
Senior Specialist III.....	\$260.00/hr
Senior Specialist II.....	\$245.00/hr
Senior Specialist I.....	\$230.00/hr
Specialist V.....	\$220.00/hr
Specialist IV.....	\$205.00/hr
Specialist III.....	\$195.00/hr
Specialist II.....	\$185.00/hr
Specialist I.....	\$175.00/hr
Analyst V.....	\$165.00/hr
Analyst IV.....	\$155.00/hr
Analyst III.....	\$145.00/hr
Analyst II.....	\$135.00/hr
Analyst I.....	\$115.00/hr
Technician IV.....	\$105.00/hr
Technician III.....	\$95.00/hr
Technician II.....	\$85.00/hr
Technician I.....	\$75.00/hr
Project Coordinator II.....	\$165.00/hr
Project Coordinator I.....	\$135.00/hr

Mapping and Surveying Services

UAS Pilot.....	\$180.00/hr
Survey Lead.....	\$310.00/hr
Survey Manager.....	\$270.00/hr
Survey Crew Chief.....	\$205.00/hr
Survey Rod Person.....	\$155.00/hr
Survey Mapping Technician.....	\$145.00/hr

Construction Management Services

Principal Manager.....	\$225.00/hr
Senior Construction Manager.....	\$195.00/hr
Senior Project Manager.....	\$190.00/hr
Construction Manager.....	\$190.00/hr
Project Manager/Construction Management.....	\$180.00/hr
Resident Engineer.....	\$175.00/hr
Construction Engineer.....	\$180.00/hr
On-site Owner's Representative.....	\$165.00/hr
Prevailing Wage Inspector.....	\$165.00/hr
Construction Inspector.....	\$155.00/hr
Administrator/Labor Compliance.....	\$130.00/hr

Hydrogeology/HazWaste Services

Project Director.....	\$350.00/hr
Principal Hydrogeologist/Engineer III.....	\$330.00/hr
Principal Hydrogeologist/Engineer II.....	\$320.00/hr
Principal Hydrogeologist/Engineer I.....	\$310.00/hr
Senior Hydrogeologist V/Engineer V.....	\$285.00/hr
Senior Hydrogeologist IV/Engineer IV.....	\$275.00/hr
Senior Hydrogeologist III/Engineer III.....	\$265.00/hr
Senior Hydrogeologist II/Engineer II.....	\$255.00/hr
Senior Hydrogeologist I/Engineer I.....	\$245.00/hr
Project Hydrogeologist V/Engineer V.....	\$235.00/hr
Project Hydrogeologist IV/Engineer IV.....	\$225.00/hr
Project Hydrogeologist III/Engineer III.....	\$215.00/hr
Project Hydrogeologist II/Engineer II.....	\$205.00/hr
Project Hydrogeologist I/Engineer I.....	\$195.00/hr
Hydrogeologist/Engineering Assistant.....	\$150.00/hr
HazMat Field Technician.....	\$140.00/hr

District Management & Operations

District General Manager.....	\$225.00/hr
District Engineer.....	\$230.00/hr
Operations Manager.....	\$170.00/hr
District Secretary/Accountant.....	\$155.00/hr
Collections System Manager.....	\$155.00/hr
Grade V Operator.....	\$145.00/hr
Grade IV Operator.....	\$130.00/hr
Grade III Operator.....	\$120.00/hr
Grade II Operator.....	\$100.00/hr
Grade I Operator.....	\$95.00/hr
Operator in Training.....	\$85.00/hr
Collection Maintenance Worker.....	\$90.00/hr

Project Delivery Services

Technology Specialist II.....	\$245.00/hr
Technology Specialist I.....	\$190.00/hr
GIS Analyst V.....	\$220.00/hr
GIS Analyst IV.....	\$200.00/hr
GIS Analyst III.....	\$185.00/hr
GIS Analyst II.....	\$145.00/hr
GIS Analyst I.....	\$130.00/hr
Creative Services IV.....	\$190.00/hr
Creative Services III.....	\$165.00/hr
Creative Services II.....	\$150.00/hr
Creative Services I.....	\$135.00/hr
Technical Editor IV.....	\$190.00/hr
Technical Editor III.....	\$165.00/hr
Technical Editor II.....	\$155.00/hr
Technical Editor I.....	\$135.00/hr
Publications Specialist IV.....	\$140.00/hr
Publications Specialist III.....	\$130.00/hr
Publications Specialist II.....	\$120.00/hr
Publications Specialist I.....	\$110.00/hr
Clerical Administration.....	\$100.00/hr

Expert Witness – Court appearances, depositions, and interrogatories as expert witness will be billed at 2.00 times normal rates.

Emergency and Holidays – Minimum charge of two hours will be billed at 1.75 times the normal rate.

Material and Outside Services – Subcontractors, rental of special equipment, special reproductions and blueprinting, outside data processing and computer services, etc., are charged at 1.15 times the direct cost.

Travel Expenses – Mileage at current IRS allowable rates. Per diem where overnight stay is involved is charged at cost.

Invoices, Late Charges – All fees will be billed to Client monthly and shall be due and payable upon receipt. Invoices are delinquent if not paid within 30 days from the date of the invoice. Client agrees to pay interest at a 10% annual rate for amounts unpaid greater than 30 days after the date of the invoice.

Annual Increases – Unless identified otherwise, these standard rates will increase in line with the CPI-U for the nearest urban area per the Department of Labor Statistics to where the work is being completed) or by 3% annually, whichever is higher.

Prevailing Wage – The rates listed above assume prevailing wage rates do not apply. If this assumption is incorrect Dudek reserves the right to adjust its rates accordingly.

Exhibit B

Grant Agreement

**FEDERAL FINANCIAL ASSISTANCE
AWARD OF DOMESTIC GRANT 22-DG-11052012-134
Between The
LOS GATOS, TOWN OF
And The
USDA, FOREST SERVICE
PACIFIC SOUTHWEST REGION, FIRE AND AVIATION MANAGEMENT**

Project Title: Fuels Reduction Project

Upon execution of this document, an award to the Los Gatos, Town of, hereinafter referred to as "TLG," in the amount of \$750,000.00, is made under the authority of the Consolidated Appropriations Act of 2022, P.L. 117-103. The Federal Assistance Listing (formerly Catalog of Federal Domestic Assistance - CFDA) number and name are 10.723, Community Project Funding - Congressionally Designated Funding. TLG accepts this award for the purpose described in the application narrative. Your application for Federal financial assistance, dated August 22, 2022, and the attached Forest Service provisions, 'Forest Service Award Provisions,' are incorporated into this letter and made a part of this award.

This authority requires a match of 1:1, which your organization has agreed to provide as shown in the attached application, financial plan and narrative.

This is an award of Federal financial assistance. Prime and sub-recipients to this award are subject to the OMB guidance in subparts A through F of 2 CFR Part 200 as adopted and supplemented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found.

Electronic copies of the CFRs can be obtained at the following internet site: www.ecfr.gov. If you are unable to retrieve these regulations electronically, please contact your Grants and Agreements Office at 505-382-9982.

The following administrative provisions apply to this award:

- A. LEGAL AUTHORITY. TLG shall have the legal authority to enter into this award, and the institutional, managerial, and financial capability to ensure proper planning, management, and completion of the project, which includes funds sufficient to pay the non-Federal share of project costs, when applicable.
- B. PRINCIPAL CONTACTS. Individuals listed below are authorized to act in their respective areas for matters related to this award.



Caring for the Land and Serving People

Printed on Recycled Paper



Principal Cooperator Contacts:

Cooperator Program Contact	Cooperator Administrative Contact
Arn Andrews 110 East Main Street Los Gatos CA 95030 Telephone: 408.354.6836 Email: aandrews@losgatosca.gov	Arn Andrews 110 East Main Street Los Gatos CA 95030 Telephone: 408.354.6836 Email: aandrews@losgatosca.gov

Principal Forest Service Contacts:

Forest Service Program Manager Contact	Forest Service Administrative Contact
Barb Geringer 1323 Club Drive Vallejo, CA 94592 Telephone: 202-577-4827 E: barbara.geringer-frazier@usda.gov	Wendy Yun 1323 Club Drive Vallejo, CA 94592 Telephone: 707-562-8928 Email: wendy.yun@usda.gov

✓ C. **SYSTEM FOR AWARD MANAGEMENT REGISTRATION REQUIREMENT (SAM).** TLG shall maintain current information in the System for Award Management (SAM) until receipt of final payment. This requires review and update to the information at least annually after the initial registration, and more frequently if required by changes in information or award term(s). Additional information about registration procedures may be found at the SAM Internet site at www.sam.gov.

D. **ADVANCE & REIMBURSABLE PAYMENTS – FINANCIAL ASSISTANCE.** Advance and reimbursable payments are approved under this award. Only costs for those project activities approved in (1) the initial award, or (2) modifications thereto, are allowable. Requests for payment must be submitted on Standard Form 270 (SF-270), Request for Advance or Reimbursement, and must be submitted no more than monthly. In order to approve a Request for Advance Payment or Reimbursement, the Forest Service shall review such requests to ensure advances or payments for reimbursement are in compliance and otherwise consistent with OMB, USDA, and Forest Service regulations.

Advance payments must not exceed the minimum amount needed or no more than is needed for a 30-day period, whichever is less. If the Recipient receives an advance payment and subsequently requests an advance or reimbursement payment, then the request must clearly demonstrate that the previously advanced funds have been fully expended before the Forest Service can approve the request for payment. Any funds advanced, but not spent, upon expiration of this award must be returned to the Forest Service.

The Program Manager reserves the right to request additional information prior to approving a payment.

The invoice must be sent by one of three methods:	Send a copy to:
EMAIL (preferred): SM.FS.asc_ga@usda.gov	Barb Geringer:
FAX: 877-687-4894	barbara.geringer-frazier@usda.gov
POSTAL: Albuquerque Service Center Payments – Grants & Agreements 101B Sun Ave NE Albuquerque, NM 87109	

- E. INDIRECT COST RATES. TLG has elected to not assess indirect against this award.
- F. PRIOR WRITTEN APPROVAL. TLG shall obtain prior written approval pursuant to conditions set forth in 2 CFR 200.407.
- G. MODIFICATIONS. Modifications within the scope of this award must be made by mutual consent of the parties, by the issuance of a written modification signed and dated by all properly authorized signatory officials, prior to any changes being performed. Requests for modification should be made, in writing, at least 30 days prior to implementation of the requested change. The Forest Service is not obligated to fund any changes not properly approved in advance.
- H. PERIOD OF PERFORMANCE. This agreement is executed as of the date of the Forest Service signatory official signature. Pre-award costs are authorized as of 03/15/2022 pursuant to 2 CFR 200.458.

The end date, or expiration date is 03/14/2025. This instrument may be extended by a properly executed modification. *See Modification Provision above.*

Award Number: 22-DG-11052012-134

ITEM NO. 4.

- I. **AUTHORIZED REPRESENTATIVES.** By signature below, each party certifies that the individuals listed in this document as representatives of the individual parties are authorized to act in their respective areas for matters related to this award. In witness whereof the parties hereto have executed this award.


for. LAUREL PREVETTI, Town Manager
Los Gatos, Town of
9/23/22
Date

YOLANDA
SALDANA

Digitally signed by YOLANDA
SALDANA
Date: 2022.09.23 11:27:40 -07'00'

YOLANDA SALDANA, Deputy Director for
JAMIE GAMBOA, Director Fire & Aviation Management
U.S. Forest Service, Pacific Southwest Region

Date

The authority and the format of this award have been reviewed and approved for signature.


SARA COMAS
Forest Service Grants Management Specialist
9/21/2022
Date

ATTACHMENT A: FOREST SERVICE AWARD PROVISIONS

- A. COLLABORATIVE ARRANGEMENTS. Where permitted by terms of the award and Federal law, TLG a may enter into collaborative arrangements with other organizations to jointly carry out activities with Forest Service funds available under this award.
- B. FOREST SERVICE LIABILITY TO THE RECIPIENT. The United States shall not be liable to TLG for any costs, damages, claims, liabilities, and judgments that arise in connection with the performance of work under this award, including damage to any property owned by TLG or any third party.
- C. NOTICES. Any notice given by the Forest Service or TLG will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

To the Forest Service Program Manager, at the address specified in the award.

To TLG, at the address shown in the award or such other address designated within the award.

Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

- D. SUBAWARDS. Prior approval is required to issue subawards under this grant. The intent to subaward must be identified in the approved budget and scope of work and approved in the initial award or through subsequent modifications. Approval of each individual subaward is not required, however the cooperator must document that each sub-recipient does NOT have active exclusions in the System for Award Management (sam.gov).

The Cooperator must also ensure that they have evaluated each subrecipient's risk in accordance with 2 CFR 200.332 (b).

Any subrecipient under this award must be notified that they are subject to the OMB guidance in subparts A through F of 2 CFR Part 200, as adopted and supplemented by the USDA in 2 CFR Part 400. Any sub-award must follow the regulations found in 2 CFR 200.331 through .333.

All subawards \$30,000 or more must be reported at fsrs.gov in compliance with 2 CFR 170. See Attachment B for full text.

- E. FINANCIAL STATUS REPORTING. A Federal Financial Report, Standard Form SF-425 (and Federal Financial Report Attachment, SF-425A, if required for reporting multiple awards), must be submitted quarterly. These reports are due 30 days after the reporting period ending March 31, June 30, September 30 and December 31. The final SF-425 (and SF-425A, if applicable) must be submitted either with the final payment

request or no later than 120 days from the expiration date of the award. These forms may be found at <https://www.grants.gov/web/grants/forms.html>.

- F. PROGRAM PERFORMANCE REPORTS. The recipient shall perform all actions identified and funded in application/modification narratives within the performance period identified in award.

In accordance with 2 CFR 200.301, reports must relate financial data to performance accomplishments of the federal award.

TLG shall submit quarterly performance reports. These reports are due 30 days after the reporting period ending March 31, June 30, September 30 and December 31. The final performance report shall be submitted either with TLG's final payment request, or separately, but not later than 120 days from the expiration date of the award.

- G. NOTIFICATION. TLG shall immediately notify the Forest Service of developments that have a significant impact on the activities supported under this award. Also, notification must be given in case of problems, delays or adverse conditions that materially impair the ability to meet the objectives of the award. This notification must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
- H. CHANGES IN KEY PERSONNEL. Any revision to key personnel identified in this award requires notification of the Forest Service Program Manager by email or letter.
- I. USE OF FOREST SERVICE INSIGNIA. In order for TLG to use the Forest Service insignia on any published media, such as a Web page, printed publication, or audiovisual production, permission must be granted by the Forest Service's Office of Communications (Washington Office). A written request will be submitted by Forest Service, Program Manager, to the Office of Communications Assistant Director, Visual Information and Publishing Services prior to use of the insignia. The Forest Service Program Manager will notify TLG when permission is granted.
- J. FUNDING EQUIPMENT. Federal funding under this award is not available for reimbursement of TLG's purchase of equipment. Equipment is defined as having a fair market value of \$5,000 or more per unit and a useful life of over one year. Supplies are those items that are not equipment.
- K. PUBLIC NOTICES. It is Forest Service's policy to inform the public as fully as possible of its programs and activities. TLG is encouraged to give public notice of the receipt of this award and, from time to time, to announce progress and accomplishments.

TLG may call on Forest Service's Office of Communication for advice regarding public notices. TLG is requested to provide copies of notices or announcements to the Forest

Service Program Manager and to Forest Service's Office Communications as far in advance of release as possible.

L. DISPUTES.

1. Any dispute under this award shall be decided by the Signatory Official. The Signatory Official shall furnish TLG a written copy of the decision.
2. Decisions of the Signatory Official shall be final unless, within 30 days of receipt of the decision of the Signatory Official, TLG appeal(s) the decision to the Forest Service's Director Fire & Aviation Management. Any appeal made under this provision shall be in writing and addressed to the Director Fire & Aviation Management, Pacific Southwest Region, USDA, Forest Service, Vallejo, CA 94592. A copy of the appeal shall be concurrently furnished to the Signatory Official.
3. In order to facilitate review on the record by the Director Fire & Aviation Management, TLG shall be given an opportunity to submit written evidence in support of its appeal. No hearing will be provided.
4. A decision under this provision by the Director Fire & Aviation Management is final.
5. The final decision by the Director Fire & Aviation Management does not preclude TLG from pursuing remedies available under the law.

M. AWARD CLOSEOUT. TLG must submit, no later than 120 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award.

Any unobligated balance of cash advanced to TLG must be immediately refunded to the Forest Service, including any interest earned in accordance with 2 CFR 200.344(d).

If this award is closed without audit, the Forest Service reserves the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit which may be conducted later.

N. TERMINATION. This award may be terminated, in whole or part pursuant to 2 CFR 200.340.

O. DEBARMENT AND SUSPENSION. TLG shall immediately inform the Forest Service if they or any of their principals are presently excluded, debarred, or suspended from entering into covered transactions with the federal government according to the terms of 2 CFR Part 180. Additionally, should TLG or any of their principals receive a transmittal letter or other official federal notice of debarment or suspension, then they shall notify the Forest Service without undue delay. This applies whether the

exclusion, debarment, or suspension is voluntary or involuntary. The Recipient shall adhere to 2 CFR Part 180 Subpart C in regards to review of sub-recipients or contracts for debarment and suspension.

All subrecipients and contractors must complete the form AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion, Lower Tier Covered Transactions. Blank forms are available electronically. Completed forms must be kept on file with the primary recipient.

P. MEMBERS OF CONGRESS. Pursuant to 41 U.S.C. 22, no member of, or delegate to, Congress shall be admitted to any share or part of this award, or benefits that may arise therefrom, either directly or indirectly.

Q. TRAFFICKING IN PERSONS.

1. Provisions applicable to a Recipient that is a private entity.

a. You as the Recipient, your employees, Subrecipients under this award, and Subrecipients' employees may not:

- POLICY ?*
- (1) Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 - (2) Procure a commercial sex act during the period of time that the award is in effect; or
 - (3) Use forced labor in the performance of the award or subawards under the award.

b. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a Subrecipient that is a private entity:

- (1) Is determined to have violated a prohibition in paragraph a.1 of this award term; or
- (2) Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either:
 - i. Associated with performance under this award; or
 - ii. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement),".

2. Provision applicable to a Recipient other than a private entity. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity:

- a. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
- b. Has an employee who is determined by the agency official authorized to

terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either—

- (1) Associated with performance under this award; or
- (2) Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),”

3. Provisions applicable to any recipient.

- a. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
- b. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:

- (1) Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
- (2) Is in addition to all other remedies for noncompliance that are available to us under this award.

- c. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

4. Definitions. For purposes of this award term:

- a. “Employee” means either:
 - (1) An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
 - (2) Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
- b. “Forced labor” means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
- c. “Private entity”:
 - (1) Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
 - (2) Includes:
 - i. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
 - ii. A for-profit organization.
- d. “Severe forms of trafficking in persons,” “commercial sex act,” and “coercion” have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

R. DRUG-FREE WORKPLACE.

1. TLG agree(s) that it will publish a drug-free workplace statement and provide a copy to each employee who will be engaged in the performance of any project/program that receives federal funding. The statement must
 - a. Tell the employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in its workplace;
 - b. Specify the actions TLG will take against employees for violating that prohibition; and
 - c. Let each employee know that, as a condition of employment under any award, the employee:
 - (1) Shall abide by the terms of the statement, and
 - (2) Shall notify TLG in writing if they are convicted for a violation of a criminal drug statute occurring in the workplace, and shall do so no more than 5 calendar days after the conviction.
2. TLG agree(s) that it will establish an ongoing drug-free awareness program to inform employees about
 - a. The dangers of drug abuse in the workplace;
 - b. The established policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation and employee assistance programs; and
 - d. The penalties that you may impose upon them for drug abuse violations occurring in the workplace.
-  3. Without the Program Manager's expressed written approval, the policy statement and program must be in place as soon as possible, no later than the 30 days after the effective date of this instrument, or the completion date of this award, whichever occurs first.
4. TLG agrees to immediately notify the Program Manager if an employee is convicted of a drug violation in the workplace. The notification must be in writing, identify the employee's position title, the award number of each award on which the employee worked. The notification must be sent to the Program Manager within 10 calendar days after TLG learns of the conviction.
5. Within 30 calendar days of learning about an employee's conviction, TLG must either
 - a. Take appropriate personnel action against the employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973 (29 USC 794), as amended, or
 - b. Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for these purposes by a Federal, State or local health, law enforcement, or other appropriate agency.

S. PROHIBITION AGAINST USING FUNDS WITH ENTITIES THAT REQUIRE CERTAIN INTERNAL CONFIDENTIALITY AGREEMENTS.

1. The recipient may not require its employees, contractors, or subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting them from lawfully reporting that waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.
2. The recipient must notify its employees, contractors, or subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with paragraph (1) of this award provision are no longer in effect.
3. The prohibition in paragraph (1) of this award provision does not contravene requirements applicable to any other form issued by a Federal department or agency governing the nondisclosure of classified information.
4. If the Government determines that the recipient is not in compliance with this award provision, it;
 - a. Will prohibit the recipient's use of funds under this award in accordance with sections 743, 744 of Division E of the Consolidated Appropriations Act, 2016, (Pub. L. 114-113) or any successor provision of law; and
 - b. May pursue other remedies available for the recipient's material failure to comply with award terms and conditions.

T. ELIGIBLE WORKERS. TLG shall ensure that all employees complete the I-9 form to certify that they are eligible for lawful employment under the Immigration and Nationality Act (8 U.S.C. 1324(a)). TLG shall comply with regulations regarding certification and retention of the completed forms. These requirements also apply to any contract or supplemental instruments awarded under this award.

U. FREEDOM OF INFORMATION ACT (FOIA). Public access to award or agreement records must not be limited, except when such records must be kept confidential and would have been exempted from disclosure pursuant to Freedom of Information regulations (5 U.S.C. 552). Requests for research data are subject to 2 CFR 315(e).

Public access to culturally sensitive data and information of Federally-recognized Tribes may also be explicitly limited by P.L. 110-234, Title VIII Subtitle B §8106 (2009 Farm Bill).

V. TEXT MESSAGING WHILE DRIVING. In accordance with Executive Order (EO) 13513, "Federal Leadership on Reducing Text Messaging While Driving," any and all text messaging by Federal employees is banned: a) while driving a Government owned vehicle (GOV) or driving a privately owned vehicle (POV) while on official Government business; or b) using any electronic equipment supplied by the Government when driving any vehicle at any time. All Cooperators, their Employees, Volunteers, and Contractors are encouraged to adopt and enforce policies that ban text messaging when driving company owned, leased or rented vehicles, POVs or GOVs

when driving while on official Government business or when performing any work for or on behalf of the Government.

- W. PROMOTING FREE SPEECH AND RELIGIOUS FREEDOM. As a recipient of USDA financial assistance, you will comply with the following:
1. Do not discriminate against applicants for sub-grants on the basis of their religious character.
 2. 7 Code of Federal Regulations (CFR) part 16.3(a), Rights of Religious Organizations.
 3. Statutory and National policy requirements, including those prohibiting discrimination and those described in Executive Order 13798 promoting free speech and religious freedom, 2 CFR 200.300.
- X. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT. The cooperator (including subrecipients) is responsible for compliance with the prohibition on certain telecommunications and video surveillance services or equipment identified in 2 CFR 200.216. See Public Law 115-232, Section 889 for additional information.

In accordance with 2 CFR 200.216, the grantee (including subrecipients) is prohibited from obligating or expending loan or grant funds for covered telecommunications equipment or services to:

- (1) procure or obtain, extend or renew a contract to procure or obtain;
- (2) enter into a contract (or extend or renew a contract) to procure; or
- (3) obtain the equipment, services or systems.

ATTACHMENT B: 2 CFR PART 170**Appendix A to Part 170—Award Term****I. Reporting Subawards and Executive Compensation****a. Reporting of first-tier subawards.**

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).
2. *Where and when to report.*
 - i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

*Federal Funding
Accountability &
Transparency
Act
Subaward
Reporting
System*

b. Reporting total compensation of recipient executives for non-Federal entities.

1. *Applicability and what to report.* You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if—
 - i. The total Federal funding authorized to date under this Federal award equals or exceeds \$30,000 as defined in 2 CFR 170.320;
 - ii. in the preceding fiscal year, you received—
 - (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards), and
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and,
 - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
2. *Where and when to report.* You must report executive total compensation described in paragraph b.1. of this award term:
 - i. As part of your registration profile at <https://www.sam.gov>.
 - ii. By the end of the month following the month in which this award is made, and annually thereafter.

c. Reporting of Total Compensation of Subrecipient Executives.

1. *Applicability and what to report.* Unless you are exempt as provided in paragraph d. of this award term, for each first-tier non-Federal entity subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most

highly compensated executives for the subrecipient's preceding completed fiscal year, if—

- i. in the subrecipient's preceding fiscal year, the subrecipient received—
 - (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) and,
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and
 - ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
2. *Where and when to report.* You must report subrecipient executive total compensation described in paragraph c.1. of this award term:
- i. To the recipient.
 - ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (*i.e.*, between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

 d.

Exemptions.

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

- i. Subawards, and
 - ii. The total compensation of the five most highly compensated executives of any subrecipient.
- e. *Definitions.* For purposes of this award term:
1. Federal Agency means a Federal agency as defined at 5 U.S.C. 551(1) and further clarified by 5 U.S.C. 552(f).
 2. Non-Federal *entity* means all of the following, as defined in 2 CFR part 25:
 - i. A Governmental organization, which is a State, local government, or Indian tribe;
 - ii. A foreign public entity;
 - iii. A domestic or foreign nonprofit organization; and,
 - iv. A domestic or foreign for-profit organization
 3. *Executive* means officers, managing partners, or any other employees in management positions.
 4. *Subaward*:
 - i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR 200.331).
 - iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

5. *Subrecipient* means a non-Federal entity or Federal agency that:
 - i. Receives a subaward from you (the recipient) under this award; and
 - ii. Is accountable to you for the use of the Federal funds provided by the subaward.
6. *Total compensation* means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)).

END OF ATTACHMENT B: 2 CFR PART 170

ATTACHMENT C: WHISTLEBLOWER NOTICE

Whistleblowers perform an important service to USDA and the public when they come forward with what they reasonably believe to be evidence of wrongdoing. They should never be subject to reprisal for doing so. Federal law protects federal employees as well as personal services contractors and employees of Federal contractors, subcontractors, grantees, and subgrantees against reprisal for whistleblowing. USDA bears the responsibility to ensure that nothing in a non-disclosure agreement which a contractor, subcontractor, grantee, or subgrantee requires their employees to sign should be interpreted as limiting their ability to provide information to the Office of Inspector General (OIG).

X 41 U.S.C. § 4712 requires the head of each executive agency to ensure that its contractors inform their workers in writing of the rights and remedies under the statute.

Accordingly, it is illegal for a personal services contractor or an employee of a Federal contractor, subcontractor, grantee, or subgrantee to be discharged, demoted, or otherwise discriminated against for making a protected whistleblower disclosure. In this context, these categories of individuals are whistleblowers who disclose information that the individual reasonably believes is evidence of one of the following:

- Gross mismanagement of a Federal contract or grant;
- A gross waste of Federal funds;
- An abuse of authority relating to a Federal contract or grant;
- A substantial and specific danger to public health or safety; or
- A violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant.

To be protected under 41 U.S.C. § 4712, the disclosure must be made to one of the following:

- A Member of Congress, or a representative of a committee of Congress;
- The OIG;
- The Government Accountability Office (GAO);
- A Federal employee responsible for contract or grant oversight or management at USDA;
- An otherwise authorized official at USDA or other law enforcement agency;
- A court or grand jury; or
- A management official or other employee of the contractor, subcontractor, or grantee who has the responsibility to investigate, discover, or address misconduct.

Under 41 U.S.C. § 4712, personal services contractors as well as employees of contractors, subcontractors, grantees, or subgrantees may file a complaint with OIG, who will investigate the matter unless they determine that the complaint is frivolous, fails to allege a violation of the prohibition against whistleblower reprisal, or has been addressed in another proceeding. OIG's investigation is then presented to the head of the executive agency who evaluates the facts of the investigation and can order the contractor, subcontractor, grantee, or subgrantee

to take remedial action, such as reinstatement or back pay.

Federal Acquisition Regulation (FAR) Subpart 3.903, *Whistleblower Protections for Contractor Employees, Policy*, prohibits government contractors from retaliating against a contract worker for making a protected disclosure related to the contract. FAR Subpart 3.909-1 prohibits the Government from using funds for a contract with an entity that requires its employees or subcontractors to sign internal confidentiality statements prohibiting or restricting disclosures of fraud, waste, or abuse to designated persons. This prohibition does not contravene agreements pertaining to classified information. The regulation also requires contracting officers to insert FAR clause 52.203-17, *Contractor Employee Whistleblower Rights and Requirement to Inform Employees of Whistleblower Rights*, in all solicitations and contracts that exceed the Simplified Acquisition Threshold as defined in FAR Subpart 3.908. This clause requires notification to contractor employees that they are subject to the whistleblower rights and remedies referenced in 41 U.S.C. § 4712.

In order to make a complaint alleging any of the violations mentioned above, one should complete the OIG Hotline form located at: <https://www.usda.gov/oig/hotline>. For additional information, they may also visit the WPC's webpage at: <https://www.usda.gov/oig/wpc> or they may directly contact the WPC at OIGWPC@oig.usda.gov.

ITEM NO. 4.

APPLICATION

ITEM NO. 4.

OMB Number: 4040-0004

Expiration Date: 12/31/2022

Application for Federal Assistance SF-424

* 1. Type of Submission:

- ☐ Preapplication
☒ Application
☐ Changed/Corrected Application

* 2. Type of Application:

- ☒ New
☐ Continuation
☐ Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received:

07/08/2022

4. Applicant Identifier:

5a. Federal Entity Identifier:

FEIN 94-6001435

5b. Federal Award Identifier:

22-DG-11052012-134

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

* a. Legal Name:

Town of Los Gatos

* b. Employer/Taxpayer Identification Number (EIN/TIN):

94-6001435

* c. UEI:

MPQTKTQ7N4L4

d. Address:

* Street1:

110 E Main Street

Street2:

* City:

Los Gatos

County/Parish:

* State:

CA: California

Province:

* Country:

USA: UNITED STATES

* Zip / Postal Code:

95030-6981

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

* First Name:

Arn

Middle Name:

* Last Name:

Andrews

Suffix:

Title: Assistant Town Manager

Organizational Affiliation:

* Telephone Number:

408-354-6836

Fax Number:

* Email:

aandrews@losgatosca.gov

Application for Federal Assistance SF-424*** 9. Type of Applicant 1: Select Applicant Type:**

C: City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

US Forest Service

11. Catalog of Federal Domestic Assistance Number:

10.723

CFDA Title:

Community Project Funding - Congressionally Designated Funding

*** 12. Funding Opportunity Number:**

* Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Town of Los Gatos - Fuels Reduction Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424	
16. Congressional Districts Of: * a. Applicant: CA-18 * b. Program/Project:	
Attach an additional list of Program/Project Congressional Districts if needed. Add Attachment Delete Attachment View Attachment	
17. Proposed Project: * a. Start Date: 3/15/2022 * b. End Date: 03/14/2025	
18. Estimated Funding (\$):	
* a. Federal	750,000.00
* b. Applicant	
* c. State	
* d. Local	750,000.00
* e. Other	
* f. Program Income	
* g. TOTAL	1,500,000.00
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?	
☐ a. This application was made available to the State under the Executive Order 12372 Process for review on	
☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.	
☐ c. Program is not covered by E.O. 12372.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.) ☐ Yes ☒ No	
If "Yes", provide explanation and attach Add Attachment Delete Attachment View Attachment	
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001) ☒ ** I AGREE ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.	
Authorized Representative:	
Prefix:	* First Name: Laurel
Middle Name:	
* Last Name: Prevetti	
Suffix:	
* Title: Town Manager	
* Telephone Number: 408-354-6832	Fax Number:
* Email: lprevetti@losgatosca.GOV	
* Signature of Authorized Representative:	* Date Signed: 08/22/2022

OMB Number: 4040-0006
Expiration Date: 02/28/2025

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Roadside vegetation management in high fire severity zone		\$	\$	750,000.00	750,000.00	1,500,000.00
2.						
3.						
4.						
5. Totals		\$	\$	750,000.00	750,000.00	1,500,000.00

ITEM NO. 4.

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SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Roadside vegetation management in high fire severity zone	Match			
a. Personnel	\$ 37,559.12	\$	\$	\$	\$ 37,559.12
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual	712,440.88		750,000.00		1,462,440.88
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	750,000.00		750,000.00		1,500,000.00
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$ 750,000.00	\$	\$ 750,000.00	\$	\$ 1,500,000.00
7. Program Income	\$	\$	\$	\$	\$

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Roadside vegetation management in high fire severity zone	\$ 750,000.00	\$	\$	\$ 750,000.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$ 750,000.00	\$	\$	\$ 750,000.00

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 750,000.00	\$ 750,000.00	\$	\$	\$
14. Non-Federal	\$ 0.00	\$ 0.00			
15. TOTAL (sum of lines 13 and 14)	\$ 750,000.00	\$ 750,000.00	\$	\$	\$

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. Roadside vegetation management in high fire severity zone	\$ 750,000.00	\$ 375,000.00	\$ 375,000.00	\$ 0.00
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$ 750,000.00	\$ 375,000.00	\$ 375,000.00	\$ 0.00

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
23. Remarks: The Town intends to apply match in FY 23/24 and FY 24/25			

ITEM NO. 4.

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Town of Los Gatos – Fuels Reduction Project

Grant Project Narrative:

Needs Assessment -- Los Gatos is listed as a Community at Risk from wildfires on the Federal and the California Fire Alliance list of Communities at Risk in Santa Clara County. Wildfires occur in the vicinity of Los Gatos and present a significant danger to people and property within the Town.

The Los Gatos Wildland Urban Interface (WUI) planning area includes primarily Very High Fire Hazard Severity Zone areas on the southern side of Los Gatos. The areas shaded in red in Figure 1 illustrate the extent of WUI lands within the Town. Approximately a quarter of the Town's total residences and a third of total geography are located within the WUI. Of an estimated 2018 Town total of 13,299 residences, the WUI contains approximately 3,091. In addition, at an estimated 2.2 residents per household the WUI is home to approximately 6,800 residents among a Town total of 30,250.

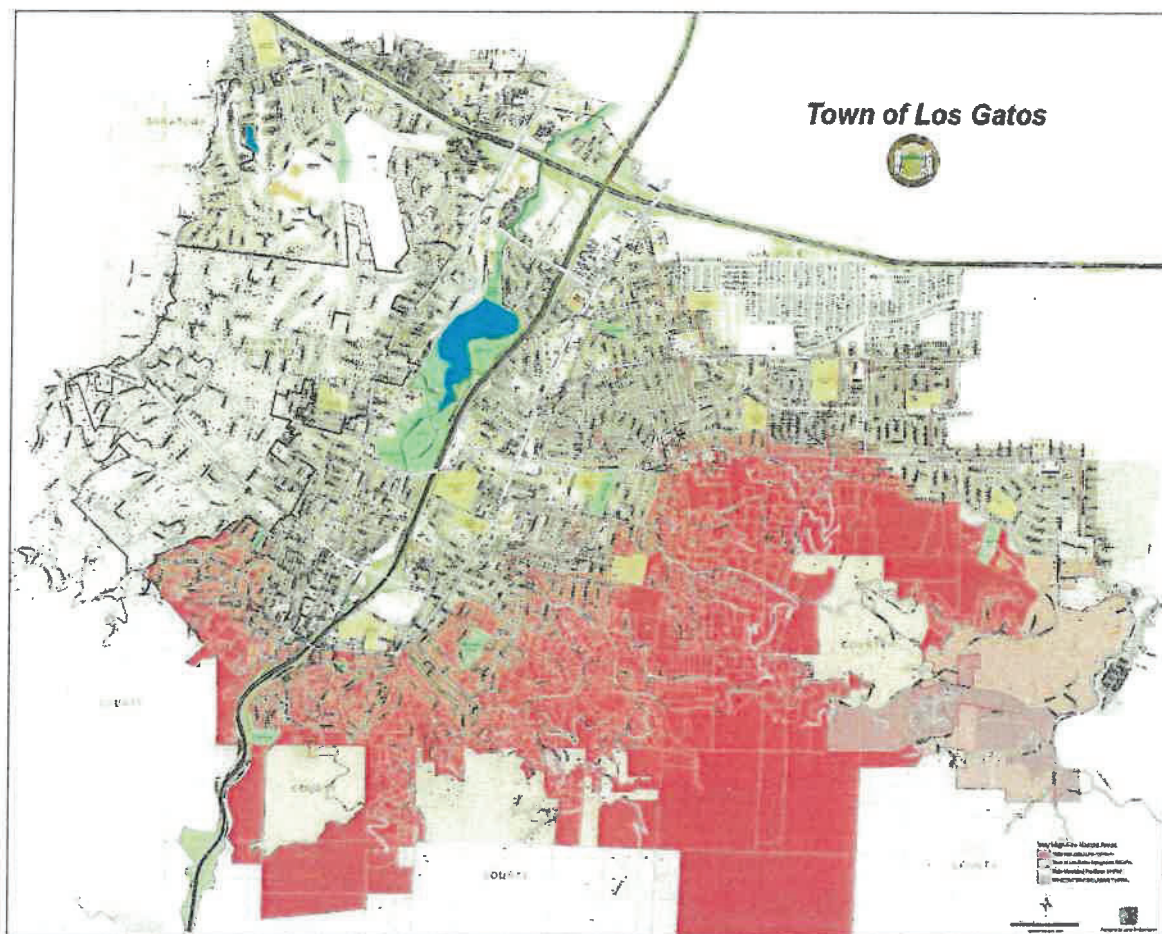


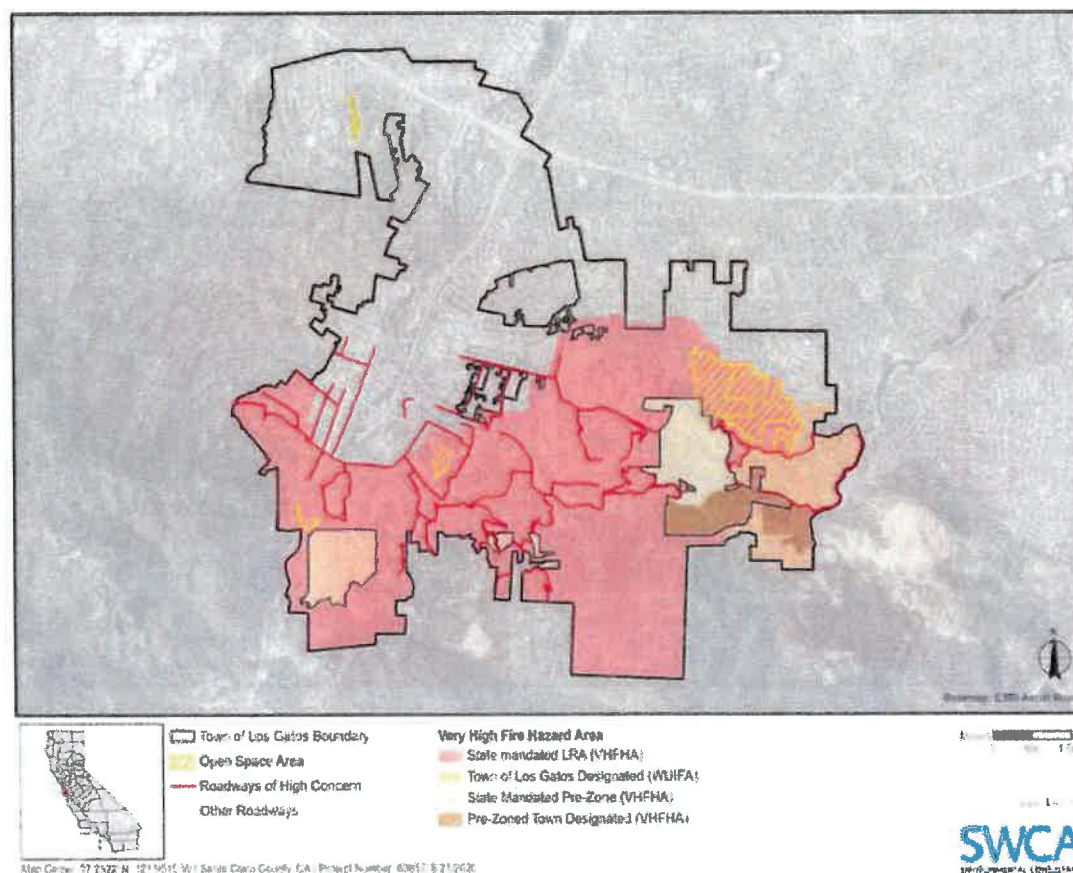
Figure 1

Stated Objectives -- The foothills above Los Gatos have steep, winding, and narrow roads that pose potential ingress and egress problems for emergency response and evacuations. Entrapment is also a concern due to minimal turnaround space and dead ends associated with many of the roadways. The surrounding vegetation is a mixture of dense conifer/oak woodland forests that encroach within a few

feet of the roadside pavement. These forests have accumulated dead and downed wood, invasive species along the roadsides, brush and other vegetation that has been exposed to drought stress, and ongoing mortality from sudden oak death. The potential for wildfire to spread from roadside vegetation to adjacent properties or vice-versa is very high; therefore, continued implementation of roadside vegetation management is necessary to protect the Town and critical power and water infrastructure. This project will also ensure that adequate evacuation routes exist within the Town for residents and emergency responders, and that roads are suitable for emergency response vehicle access in case of a wildfire.

As such, in 2019 the Town commissioned SWCA consultants to develop a roadway vegetation management plan for Los Gatos. The report examined 31.09 miles of Town-owned hillside roadways that are critical ingress/egress routes for residents and emergency responders in the event of wildfire and other emergencies.

Proposed Activities -- The Los Gatos Roadway Fuels Reduction Project (project) will remove hazardous vegetation and create defensible space around approximately 31.09 miles of Town-owned hillside roadways that have been identified by the Town and Town residents as roadways of high concern (Figure 2). These town-owned roadways include evacuation routes and other collector, neighborhood, and hillside collector roads that are located within the WUI and/or have been identified by the Town and Town residents as having inadequate access for emergency response during a wildfire. Of note are 19 miles of roadways of very high concern for safe evacuation of the hillsides.



Under the project, work will focus on roadside vegetation to achieve a clearance of 20 feet horizontally and 13 feet, 6 inches vertically above roadways, as well as clearance of non-fire-resistant vegetation within 10 feet of the roads.

Project/Program Timeline – To date the Town has completed two years of progress on the project. In Fiscal Year (FY) 2020/21 the Town Council allocated \$500,000 toward the project which achieved approximately 6.5 miles of fuel mitigation along priority roadways. In FY 2021/22 the Town Council allocated an additional \$500,000 toward the project which achieved approximately 4.5 miles of fuel mitigation along priority roadways. This third grant funded phase for FY 2022/23 would conclude the remaining 7.71 miles of Priority 1 and Priority 2 roadside vegetation management. The Town will provide match funding to the project in FY 2023/24 (\$375,000) and FY 2024/25 (\$375,000) to complete Priority 3 roadways.

Monitoring and Evaluation of Results – as illustrated below the project is tracked by mileage achieved during each phase for Priority 1 and Priority 2 roadways. Once completed the remaining Priority 3 roadways will be programmed.

Road Name	Priority Level	Mileage	Year Completed
Foster Road	1	1.03	2021
Kennedy Road	1	1.17	2022
Kennedy Road	1	1.00	2021
Shannon Road	1	2.61	2021
Arnerich Road	1	0.96	2022
Blackberry Hill Road	1	1.19	2021
Cleland Ave	1	0.21	
Fairview Ave	1	0.11	
Francis Oaks Way	1	0.68	
Hicks Road	1	0.97	2022
Kimble Ave	1	0.49	
Larga Vista Drive	1	0.44	
Manzanita Ave	1	0.27	
Oak Hill Way	1	0.49	
Paseo Carmelo	1	0.07	
Ravinia Way	1	0.09	
South Kennedy Road	1	0.50	2022
Santa Rosa Drive	1	0.45	2022
Twelve Oaks Road	1	0.68	
Wood Road	1	0.61	
Suview Drive	2	0.67	
Top of the Hill Court	2	0.49	
Top of the Hill Road	2	0.26	
Aztec Ridge Drive	2	0.15	
College Ave	2	0.42	
Cross Road	2	0.07	
Cypress Way	2	0.54	2021
Eugenia Way	2	0.20	2021
Johnson Ave	2	0.12	
Mireval Road	2	0.15	
Shady Lane	2	0.29	
Sky Lane	2	0.17	
Teresita Way	2	0.19	
Tourney Road	2	0.25	2021
Wooded View Drive	2	0.59	
Dittos Lane	2	0.25	2021
Status	Miles		
Completed 2021	7.07		
Completed 2022	4.05		
Pending Work	7.71		

Project Partners – For the FY 2020/21 and FY 2021/22 project phases the Town issued requests for proposals (RFPs) for vegetation management providers.

Federal Grant Budget – Similar to the previous project phases the Town will utilize contractual services for the performance of the grant. It is anticipated that of the total \$750,000 in federal grant funds \$712,440.88 (94.99%) will go directly toward roadside vegetation management and approximately \$37,559.12 (5.0%) will be apportioned for personnel project management.

05/17

Exhibit C

USDA Forest Service Financial Terms



USDA Forest Service
Federal Financial Assistance
Terms and Conditions

EFFECTIVE: 2/14/2026

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REVISION HISTORY

The Forest Service General Terms and Conditions will be reviewed annually before October 1st. Revised terms and conditions will be published and effective on October 1st of every year. Revisions to the terms and conditions will be summarized in the table below:

Provision	Effective Date	Description of Changes

1. OVERVIEW OF GENERAL TERMS & CONDITIONS FOR FEDERAL FINANCIAL AWARDS

1.1. INTRODUCTION

These General Terms and Conditions for Federal Awards (GT&C's) outline U.S. Department of Agriculture (USDA) Forest Service (FS) mandatory award terms as required by Title 2 of the Code of Federal Regulations (CFR), Federal Financial Assistance, and the USDA General Terms and Conditions, hereby incorporated by reference. The USDA General Terms and Condition are available at: [USDA General Terms and Conditions](#).

The General Terms and Conditions are determined by statutory, regulatory, and agency requirements, as well as by administrative policies. Unless otherwise prohibited by law, recipients and subrecipients of USDA Forest Service Federal Financial Assistance Domestic Grants (DG), Cooperative Agreements (CA), Fixed Amount Awards, International Grants (IG), International Cooperative Agreements (IC), and ANILCA (AN) must comply with these General Terms and Conditions. These General Terms and Conditions are in addition to the assurances and certifications made as part of the Federal award and any agency- or program-specific terms, conditions, and restrictions included in the Federal award.

The recipient shall maintain a copy of these General Terms and Conditions, as well as the award provisions and any subsequent changes to the Federal award. Electronic copies of these General Terms and Conditions are publicly available at: [USFS Award General Terms and Conditions](#)

1.2. ORDER OF PRECEDENCE

In the event of any inconsistency among the terms and conditions of the Federal award and/or other issuances, the inconsistency will be resolved by giving precedence in the following order:

- a. Applicable statutes of the United States
- b. Program-specific regulations
- c. 2 CFR Chapter IV
- d. 2 CFR part 200
- e. Federal award provisions and specific conditions
- f. Program-specific Terms and Conditions
- g. **Agency-specific Terms and Conditions**
- h. USDA General Terms and Conditions
- i. Approved budget and program plans

- j. Notice of Funding Opportunity (if applicable)

1.3. LEGAL AUTHORITY

The Recipient shall have the legal authority to enter into this award, and the institutional, managerial, and financial capability to ensure proper planning, management, and completion of the project, which includes funds sufficient to pay the non-Federal share of project costs, when applicable.

1.4. PRINCIPAL CONTACTS

Individuals listed on the FS-1500-0100 Award Cover Sheet are authorized to act in their respective areas for matters related to the award.

1.5. LIMITATION OF FUNDS

The Federal funding obligated to the Recipient is specified on the 1500-0100 Award Cover Sheet. There is no legal liability on the part of the Forest Service for any payment above this amount unless a modification is executed by the Forest Service.

The Program Manager reserves the right to request additional information prior to approving a payment request.

The invoice must be sent by one of three methods (email is preferred):

- a. Email: SM.FS.ASC_GA@USDA.GOV
- b. Fax: 877-687-4894
- c. Postal: USDA Forest Service
Budget & Finance – Grants and Agreements
4000 Masthead St, NE
Albuquerque, NM 87109

The U.S. Forest Service Program Manager's email address listed on the FS-1500-0100 form.

1.6. MODIFICATIONS

Modifications to this award must be made by mutual consent of the Recipient and the Forest Service. Requests for modification should be made in writing at least 30 days prior to implementation of the requested change. Changes to an award that require an executed modification are:

- a. Period of performance
- b. Reduction or increase of the Forest Service obligated funds
- c. Reduction or increase of Recipient's cost share (match)

- d. Reduction or increase in the scope of work
- e. Key personnel

Costs incurred without an executed modification may result in unallowable expenses.

1.7. PERIOD OF PERFORMANCE

The execution date of this award is the date of the last signature on the FS-1500-0100 Grant or Agreement Award Cover Sheet. Partner/Recipient expenses may only be incurred against Federal funds from the execution date until the expiration date (the period of performance). These dates are reflected in box 11 of the FS-1500-0100 form.

Expired agreements should be handled with the utmost caution, as there are many legal implications associated with improper processing, expenditures, or documentation of agreements following expiration. Once the agreement has expired, no further activities may take place and no further expenditures may be incurred. Note that any expenditure charged against an expired agreement is considered as an improper payment and is subject to reporting and recovery.

The expiration date of the award should be tracked closely, especially as it pertains to anticipated expenditures against Federal dollars. Any request for modification should come from the Cooperator, in writing, at least 30 days prior to implementation of the requested change.

1.8. FOREST SERVICE LIABILITY TO THE RECIPIENT

The United States shall not be liable to the Recipient for any costs, damages, claims, liabilities, and judgments that arise in connection with the performance of work under this award, including damage to any property owned by the Recipient, or any third party.

1.9. NOTICES

Any notice given by the Forest Service or the Recipient will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

To the Forest Service Program Manager, at the address specified in the award.

To the Recipient at the address shown in the award or such other address designated within the award.

Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

1.10. COLLABORATIVE ARRANGEMENTS

Where permitted by terms of the award and Federal law, the Recipient may enter into collaborative arrangements with other organizations to jointly carry out activities with

Forest Service funds available under this award.

1.11. SUBAWARDS

Prior approval is required to issue subawards under this grant. Subawards must be incorporated into the proposed budget and scope of work and must be approved in the initial award, or through subsequent modifications. The recipient must document that each sub-awardee does NOT have active exclusions in the System for Award Management (sam.gov).

The recipient must also ensure that they have evaluated each subrecipient's risk in accordance with 2 CFR 200.332 (b).

Any subrecipient under this award must be notified that they are subject to the OMB guidance in subparts A through F of 2 CFR Part 200, as adopted and supplemented by the USDA in 2 CFR Part 400. Any sub-award must follow the regulations found in 2 CFR 200.331 through .333.

All subawards with a value of \$30,000 or more must be reported at [SAM.gov](https://sam.gov) in compliance with 2 CFR 170.

1.12. USE OF FOREST SERVICE INSIGNIA

In order for the recipient to use the Forest Service insignia on any published media such as a Web page, printed publication, or audiovisual production, permission must be granted by the Forest Service Office of Communications (Washington Office). A written request will be submitted by the Forest Service Program Manager to the Office of Communications Assistant Director of Visual Information and Publishing Services prior to use of the insignia. The Forest Service Program Manager will notify the recipient when permission is granted.

1.13. PURCHASE OF EQUIPMENT

Equipment may be approved for purchase under this award if allowed by the legislative authority cited and is included in the approved budget and program activities. Title to the equipment rests with the Recipient as long as the equipment is used for its intended purpose.

To ensure that the federal interest is properly recorded, the recipient shall file a UCC1 form with the applicable State government agency and provide evidence of the filing to the Forest Service Program Manager at the time payment is requested for the equipment purchase, or within 30 days of an advance of funds for the purchase. The recipient is expected to maintain the UCC filing until the equipment has a fair market value of less than \$10,000 or is otherwise disposed of following instructions from the Forest Service. Institutions of Higher Education are excluded from filing the UCC-1 form, unless the Forest Service Line Officer determines otherwise. The equipment may not be used as collateral, sold, or otherwise transferred to another party without the written permission of the Forest Service.

The recipient shall inventory equipment acquired in part or in whole with Forest Service funds annually/biannually (select one) and shall submit a copy of the inventory to the Program Manager. A final inventory shall be submitted for closeout. The Recipient may use Tangible Personal Property Report Standard Forms (SF) 428 and SF-428-S, Supplemental Sheet, or Recipient's equivalent inventory report. The annual/biannual (select one) report must be filed December 31, due within 90 days, but no later than March 31 of the following year. The final report must be due within 120 days from the expiration date of the award.

The Recipient shall use the Tangible Personal Property Report Standard Forms (SF) 428 and SF-428-C, Disposition Request, should the Recipient determine any item of equipment is no longer needed or has been lost, destroyed, or stolen. After receipt of the SF-428-C, the Forest Service shall issue disposition instructions within 120 days.

1.14. FUNDING EQUIPMENT FOR STATE AND TRIBAL RECIPIENTS

Federal funding under this award is available for reimbursement of the Tribe or the State's purchase of equipment. Equipment is defined as having a fair market value of \$10,000 or more per unit and a useful life of over one year. Tribes and States will adhere to their own laws and procedures regarding purchase, use, and disposition of equipment.

1.15. USE OF GOVERNMENT OWNED VEHICLE

Forest Service vehicles may be used for official Forest Service business only in accordance with FSH 7109.19, Ch. 60, the requirements established by the region in which performance of this award takes place, and the terms of this award

1.16. BUILDING AND COMPUTER ACCESS BY NON-FOREST SERVICE PERSONNEL

The Recipient may be granted access to Forest Service facilities and/or computer systems to accomplish work described in the Operating Plan or Statement of Work. All non-government employees with unescorted access to Forest Service facilities and computer systems must have background checks following the procedures established by USDA Directives 3800 series. Those granted computer access must fulfill all Forest Service requirements for mandatory security awareness and role-based advance security training and sign all applicable Forest Service statements of responsibilities.

1.17. PUBLIC NOTICES

It is Forest Service policy to inform the public as fully as possible of its programs and activities. The recipient is encouraged to give public notice of the receipt of this award and, from time to time, to announce progress and accomplishments. The Recipient may consult with the Forest Service Office of Communication regarding public notices. The recipient is requested to provide copies of notices or announcements to the Forest Service Program Manager and to Forest Service Office Communications as far in advance of release as possible.

1.18. FOREST SERVICE ACKNOWLEDGEMENT IN PUBLICATIONS, AUDIOVISUALS, AND ELECTRONIC MEDIA

The recipient shall acknowledge Forest Service support in any publications, audiovisuals, and electronic media developed as a result of this award. Follow directions in USDA Supplemental 2 CFR 415.2.

1.19. PROGRAM INCOME

The recipient shall apply program income as directed by 2CFR200.307. Unless the terms and conditions of the award provide otherwise, the recipient shall have no obligation to the U.S. Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research awards.

1.20. DISPUTES

In the event of any issue of controversy under this agreement, the parties may pursue Alternate Dispute Resolution (ADR) procedures to voluntarily resolve those issues. These procedures may include, but are not limited to conciliation, facilitation, mediation, and fact finding.

Should the parties be unable to resolve the issue of controversy through ADR, then the Signatory Official will make the decision. A written copy of the decision will be provided to the recipient.

Decisions of the Signatory Official shall be final unless, within 30 days of receipt of the decision of the Signatory Official, the recipient appeals the decision to the Forest Service Deputy Chief, State, Private, and Tribal Forestry (SPTF). Any appeal made under this provision shall be in writing and addressed to the Deputy Chief, SPTF, USDA, Forest Service, Washington, DC 20024. A copy of the appeal shall be concurrently furnished to the Signatory Official.

A decision under this provision by the Deputy Chief, SPTF, is final. The final decision by the Deputy Chief, SPTF, does not preclude the recipient from pursuing remedies available under the law.

1.21. MEMBERS OF CONGRESS

Pursuant to 41 U.S.C. 22, no member of, or delegate to, Congress shall be admitted to any share or part of this award, or benefits that may arise therefrom, either directly or indirectly.

1.22. PROHIBITION AGAINST USING FUNDS WITH ENTITIES THAT REQUIRE CERTAIN INTERNAL CONFIDENTIALITY AGREEMENTS

- a. The recipient may not require its employees, contractors, or subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality

agreements or statements prohibiting or otherwise restricting them from lawfully reporting that waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.

- b. The recipient must notify its employees, contractors, or subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with paragraph (1) of this award provision are no longer in effect.
- c. The prohibition in paragraph (1) of this award provision does not contravene requirements applicable to any other requirement issued by a Federal department or agency governing the nondisclosure of classified information.
- d. If the Government determines that the recipient is not in compliance with this award provision, it:
 - i. Will prohibit the recipient's use of funds under this award in accordance with sections 743, 744 of Division E of the Consolidated Appropriations Act, 2016, (Pub. L. 114-113) or any successor provision of law; and
 - ii. May pursue other remedies available for the recipient's material failure to comply with award terms and conditions.

1.23. PROMOTING FREE SPEECH AND RELIGIOUS FREEDOM

As a recipient of USDA financial assistance, you will comply with the following:

- a. Do not discriminate against applicants for subawards on the basis of their religious character.
- b. 7 Code of Federal Regulations (CFR) part 16.3(a), Rights of Religious Organizations.
- c. Statutory and National policy requirements, including those prohibiting discrimination and promoting free speech and religious freedom, 2 CFR 200.300.

1.24. DAVIS BACON WAGES FOR CONSTRUCTION

Following the requirement in Section 41101 of the Bipartisan Infrastructure Law, P.L. 117-58, Davis-Bacon wage rates must be applied for all laborers and mechanics employed by contractors or subcontractors in the performance of construction, alteration, or repair work on a project assisted in whole or in part by funding made available under this Act. Laborers and mechanics shall be paid wages at rates not less than those prevailing on similar projects in the locality, as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly referred to as the "Davis-Bacon Act").

1.25. PERIOD OF PERFORMANCE

The execution date of this award is the date of the last signature on the FS-1500-0100 Grant

or Agreement Award Cover Sheet. Partner/Recipient expenses may only be incurred against Federal funds from the execution date until the expiration date (the period of performance). These dates are reflected in box 11 of the FS-1500-0100 form.

Expired agreements should be handled with the utmost caution, as there are many legal implications associated with improper processing, expenditures, or documentation of agreements following expiration. Once the agreement has expired, no further activities may take place and no further expenditures may be incurred. Note that any expenditure charged against an expired agreement is considered as an improper payment and is subject to reporting and recovery.

The expiration date of the award should be tracked closely, especially as it pertains to anticipated expenditures against Federal dollars. Any request for modification should come from the Cooperator, in writing, at least 30 days prior to implementation of the requested change.

2. FIXED AMOUNT AWARDS

- a. Fixed amount awards are authorized under 2 CFR 200.201(b). Prime and sub-recipients to this award are subject to the OMB guidance in subparts A through D, and F of 2 CFR Part 200 as adopted and supplemented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found.
- b. The Forest Service may execute Fixed Amount Awards under the following conditions:
 - i. The amount of the forest service obligation is below the simplified acquisition threshold, \$350,000
 - ii. The project scope has measurable goals and objectives
 - iii. The project has a fixed budget based on accurate or historical costs providing a reasonable estimate
 - iv. Accountability is based on performance and results
- c. Monitoring of Fixed Amount Awards includes:
 - i. Scheduled monitoring
 - ii. Performance reports
 - iii. Programmatic and administrative site visits
- d. Establishing requirements, such as milestones or events, before disbursing payments
- e. At the end of a fixed amount award, the recipient or subrecipient must certify in writing to the Federal agency or pass-through entity that the project was completed as agreed to in the Federal award, or identify those activities that were not completed, and that all expenditures were incurred in accordance with § 200.403
- f. The recipient must comply with the record retention requirements contained in 2 CFR 200.334 through 200.338. The recipient must make records available for review during an audit by the Forest Service, USDA, the Inspector General, and the General Accountability Office.

3. INTERNATIONAL AWARDS

3.1. PAYMENTS – FINANCIAL ASSISTANCE

Only costs for those project activities approved in (1) the initial award, or (2) modifications thereto, are allowable. Requests for payment shall be submitted on a Standard Form 270 (SF-270) and timed with actual, immediate cash needs. In order to approve a Request for Advance Payment or Reimbursement, the U.S. Forest Service shall review such requests to ensure advances or payments for reimbursement are in compliance and otherwise consistent with OMB, USDA, and U.S. Forest Service regulations. See USDA General Terms and Conditions on advance payments, section 4.1.

The invoice must be sent by one of three methods (email is preferred):

- a. Email: SM.FS.ASC_GA@USDA.GOV
- b. Fax: 877-687-4894
- c. Postal: USDA Forest Service
Payments – Grants and Agreements
101B Sun Ave NE
Albuquerque, NM 87109
- d. Send a copy to: The Forest Service Program Manager's email address on the FS-1500-0100 form.
- e. Copy and paste into award, as applicable: electronic fund transfer to a foreign vendor or wire transfer to a foreign vendor (manual payments). Foreign cooperators, in order to receive electronic fund or wire transfers for payment of invoices, shall provide the following information:
 - i. Name of Vendor.
 - ii. Foreign Bank.
 - iii. Foreign Bank Account Number.
 - iv. Foreign Bank Address.
 - v. SWIFT Code

Note: The Society for Worldwide Interbank Financial Telecommunications (SWIFT) provides secure financial messaging services between banks and other financial institutions, whereby the U.S. Forest Service can reimburse/advance funds to cooperators. The SWIFT Code is a unique 11-character code that allows funds to transfer between financial accounts (An 8-character code only directs to a specific bank, but the 11-character code gives the exact branch where the account is located.).

3.2. IMPLEMENTATION OF E.O. 13224 - EXECUTIVE ORDER ON TERRORIST FINANCING

The Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the recipient to ensure compliance with these Executive Orders and laws. This provision must be included in all contracts issued under this award.

3.3. POSITIONS OF INFLUENCE

Recipients shall establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

3.4. SAFEGUARDING U.S. FUNDS

Recipients shall establish safeguards to ensure that U.S. Federal funds are properly spent. The Recipient shall ensure that funds are not used for partisan or political activity purposes, including, but not limited to:

- a. Supporting election, referendum, initiative, or similar procedure;
- b. Influencing the outcomes of elections, or introducing legislation;
- c. Influencing government officials to engage in similar lobbying activity;
- d. Preparing, distributing, or using publicity or propaganda, or by urging members of the general public to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or
- e. Attending legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation.

3.5. U.S. GOVERNMENT EMPLOYMENT STATUS

In no event must Recipient or subrecipients or their employees be considered as employees of the United States government, unless authorized by Federal Statute.

3.6. REPORT OF FEDERAL CASH TRANSACTIONS

Using SF-425, Federal Financial Report, the Recipient shall submit a report of federal cash transaction within 15 calendar days following the end of each quarter, unless otherwise agreed upon in writing. A final financial status report is required within 90 days from the expiration date of this award.

3.7. ACCOUNTING, AUDIT, AND RECORDS

- a. The Recipient shall maintain financial records, supporting documents, statistical records and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation shall as a minimum be adequate to show all costs incurred under the award, receipt, and use of goods and services acquired under the award, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the Recipient's records and subrecipient's records which pertain to this award shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by the U.S. Forest Service and/or its representatives.
- b. Foreign for-profit and non-profit organizations that expend \$500,000 or more per their fiscal year in "U.S. Forest Service awards", i.e. as Recipients or subrecipients of U.S. Forest Service grants or cooperative agreements, or as cost reimbursable subcontractors of U.S. Forest Service grants or cooperative agreements, shall have an annual audit conducted in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the U.S. Forest Service Inspector General.
- c. Foreign for-profit and non-profit organizations expending less than \$500,000 per their fiscal year under U.S. Forest Service cost-reimbursable contracts, grants, cooperative agreements, or agreements with host governments shall be exempt from the above financial audit requirements, but are subject to the requirement to make records available upon request for review by U.S. Forest Service officials or their designees.
- d. The U.S. Forest Service shall retain the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organizations expending U.S. Forest Service funds regardless of the audit requirement.
- e. Foreign organizations that provide U.S. Forest Service resources to other organizations to carry out the U.S. Forest Service program and activities shall be responsible for monitoring their subcontractors or subgrantees. Allowable costs for limited scope subrecipient audits charged to U.S. Forest Service funds shall be limited to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort; earmarking; and reporting.
- f. The audit report shall be submitted to the U.S. Forest Service within 30 days after completion of the audit; the audit shall be completed, and the report submitted, not later than 9 months after the close of Recipient's fiscal year. The U.S. Forest Service Inspector General will review this report to determine whether it complies with the audit requirements of this award. No audit costs may be charged to this award if audits have not been made in accordance with the terms of this provision. In cases of

continued inability or unwillingness to have an audit performed in accordance with the terms of this provision, the U.S. Forest Service shall consider appropriate sanctions which may include suspension of all or a percentage of disbursements until the audit is satisfactorily completed.

- g. This provision in its entirety shall be incorporated into all subawards with non-U.S. organizations which meet the \$500,000 threshold as described at paragraph (b) of this Provision. Subawards to non-U.S. organizations which are for more than \$10,000 but do not meet the \$500,000 threshold shall at a minimum incorporate paragraph (d) of this Provision. Subawards of grants and cooperative agreements made to U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-133.

4. ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT (R10 ONLY)

4.1. JOINT STATEMENT OF WORK (SOW)

Both parties will collaborate in the development of an SOW, which is incorporated and made a part of this agreement. At a minimum, the SOW must clearly provide a plan of operations and quality control for project work, identify activities to be performed, and the responsible party. The funding for those activities will correspond to and be reflected in the financial plan. A timeline for the work activities should be included to serve as a monitoring tool for both parties, and to help ensure completion of the work within the period of performance of the SOW.

4.2. NON-FEDERAL STATUS FOR COOPERATOR PARTICIPANT LIABILITY

The Cooperator agree(s) that any of their employees, volunteers, sub-Cooperators, contractors, and participants shall not be deemed to be Federal employees for any purposes including Chapter 171 of Title 28, United States Code (Federal Tort Claims Act) and Chapter 81 of Title 5, United States Code (OWCP), as the Cooperator hereby willingly agrees to assume these responsibilities to the extent allowed by law.

Further, the Cooperator shall provide any necessary training to their employees, volunteers, sub-Cooperators, contractors, and participants to ensure that such personnel are capable of performing tasks to be completed. The Cooperator shall also supervise and direct the work of its employees, volunteers, and participants performing under this Agreement.

4.3. PROGRAMMATIC CHANGES

The Cooperator shall obtain prior approval for any change to the scope or objectives of the approved project or transfer of substantive programmatic work to another party.

4.4. CHANGES IN KEY POSITIONS AND PERSONNEL

Any revision to key positions and personnel identified in the agreement application for this award require prior, written approval from the Forest Service Program Manager. All technical positions are considered Key Personnel by the Forest Service. Failure on the part of the Cooperator to obtain prior, written approval when required may result in the disallowance of costs.

4.5. NOTIFICATION

The Cooperator shall immediately notify the Forest Service of developments that have a significant impact on the activities supported under this agreement. Also, notification must be given in case of problems, delays or adverse conditions that materially impair the ability to meet the objectives of the award. This notification must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

4.6. PURCHASE OF EQUIPMENT

U.S. Forest Service funds may be used by the Cooperator to purchase equipment necessary to accomplish activities described in this Agreement. The available funding designated for equipment purchases must be displayed in the financial plan. Title to the equipment rests with the U.S. Forest Service but may be transferred to the Cooperator on completion of the project, if appropriate. Equipment is defined as having a fair market value of \$10,000 or more per unit and a useful life of over 1 year.

4.7. PARTICIPATION IN SIMILAR ACTIVITIES

This agreement in no way restricts the Forest Service or the Cooperator from participating in similar activities with other public or private agencies, organizations, and individuals.

4.8. TRIBAL EMPLOYMENT RIGHTS ORDINANCE (TERO)

The Forest Service recognizes and honors the applicability of the Tribal laws and ordinances developed under the authority of the Indian Self-Determination and Educational Assistance Act of 1975 (PL 93-638).

4.9. PROPERTY IMPROVEMENTS

Improvements placed on National Forest System land at the direction or with approval of the Forest Service becomes property of the United States. These improvements are subject to the same regulations and administration of the Forest Service as would other National Forest improvements of a similar nature. No part of this Agreement entitles the cooperator to any interest in the improvements, other than the right to use and enjoy them under applicable Forest Service regulations.

4.10. OFFSETS, CLAIMS AND RIGHTS

Any and all activities entered into or approved by this agreement will create and support afforestation/ reforestation efforts within the National Forest System without generating carbon credits. The U.S. Forest Service does not make claims of permanence or any guarantees of carbon sequestration on lands reforested or afforested through partner assistance. The U.S. Forest Service will provide for long-term management of reforested and afforested lands, according to applicable Federal statute regulations and forest plans.

4.11. FOREST SERVICE LIABILITY TO THE COOPERATOR

The United States shall not be liable to the Cooperator for any costs, damages, claims, liabilities, and judgments that arise in connection with the performance of work under this award, including damage to any property owned by the Cooperator or any third party.

Exhibit D

USDA General Terms

U.S. DEPARTMENT OF AGRICULTURE
General Terms and Conditions for Federal Awards

Effective December 31, 2025

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1.0 OVERVIEW OF GENERAL TERMS AND CONDITIONS FOR FEDERAL AWARDS

1.1 Introduction

These General Terms and Conditions for Federal Awards (General Terms and Conditions) outline U.S. Department of Agriculture (USDA) mandatory award terms as required by Title 2 of the Code of Federal Regulations (CFR), Federal Financial Assistance.¹ The General Terms and Conditions are determined by statutory, regulatory, and agency requirements, as well as by administrative policies. Unless otherwise prohibited by law, recipients and subrecipients of USDA Federal financial assistance grants and cooperative agreements must comply with these General Terms and Conditions. These General Terms and Conditions are in addition to the assurances and certifications made as part of the Federal award and any agency- or program-specific terms, conditions, and restrictions included in the Federal award.

The recipient shall maintain a copy of these General Terms and Conditions, as well as the award provisions and any subsequent changes to the Federal award. Electronic copies of these General Terms and Conditions are publicly available at: <https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-financial-officer/federal-financial-assistance-policy/usda-general-terms-and-conditions>.

1.2 Order of Precedence

In the event of any inconsistency among the terms and conditions of the Federal award and/or other issuances, the inconsistency will be resolved by giving precedence in the following order:

1. Applicable statutes of the United States
2. Program-specific regulations
3. 2 CFR Chapter IV
4. 2 CFR part 200
5. Federal award provisions and specific conditions
6. Program-specific Terms and Conditions
7. Agency-specific Terms and Conditions
8. USDA General Terms and Conditions
9. Approved budget and program plans
10. Notice of Funding Opportunity (if applicable)

¹ The complete text of the CFR is available electronically at <https://www.ecfr.gov/>.

1.3 Applicable Regulations

As a condition of this award, the recipient assures and certifies that it will comply and require subrecipients to comply with the requirements contained in [2 CFR Subtitle A](#) and [2 CFR Chapter IV](#), as applicable, including any amendments promulgated subsequent to execution of the award. USDA has adopted 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and those requirements (and any subsequent amendments thereto) are hereby incorporated by reference.

1.4 USDA Responsibilities

USDA has overall responsibility for USDA-issued awards, including providing oversight for programmatic, financial, and administrative performance.

1.5 Recipient Responsibilities and Compliance with Federal Requirements

The recipient is responsible for notifying the USDA awarding agency of any significant problems relating to the programmatic, financial, and administrative aspects of the Federal award.

The recipient has full responsibility for the management of the project or activity supported by the Federal award and for adherence to Federal statutes and regulations, all applicable terms and conditions (including these General Terms and Conditions), the Federal award provisions, and approved budget and program plans. Although the recipient is encouraged to seek advice and opinion from the USDA awarding agency on problems that may arise, such advice does not diminish the recipient's responsibility for making prudent and sound administrative judgments under the circumstances prevailing at the time the decision was made and should not imply that the responsibility for operating decisions has shifted to the USDA awarding agency.

The recipient is responsible for submitting full, complete, and timely documentation, as required by applicable Federal statute, regulations, applicable terms and conditions, or upon request of the USDA awarding agency pursuant to [2 CFR 200.337](#). For elements of cost, documentation must be specific, detailed, and contemporaneous, and it must support all reported or requested expenses, both Federal and non-Federal. The USDA awarding agency may determine that any documentation related to an award is not adequate to determine that costs are reasonable, necessary, allowable, and allocable. When a USDA awarding agency makes such a determination, the recipient must revise and resubmit documentation as requested by the USDA awarding agency. Failure to do so may result in delays or nonperformance of actions related to the award, such as requested amendments, nonpayment of disbursements, or determination of noncompliance pursuant to [2 CFR 200.339](#).

In addition to the requirements specified in [2 CFR 200.331](#), these General Terms and Conditions flow down to each subrecipient and must be included in the recipient's subaward.

1.6 Internal Controls

In accordance with [2 CFR 200.303](#), the recipient and subrecipient must maintain effective internal controls over Federal financial assistance awards. The internal controls must align with the "[Standards for Internal Control in the Federal Government](#)" issued by the Comptroller General of the United States. The internal controls provide assurance that the recipient or

subrecipient is administering the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

1.7 Conflict of Interest

In accordance with [2 CFR 200.112](#), [2 CFR 200.318](#), and [2 CFR 400.2](#), the recipient and subrecipient must maintain written standards of conduct covering conflicts of interest and governing the action of its employees engaged in the selection, award, and administration of Federal awards and contracts. No employee, officer, agent, or board member may participate in the selection, award, or administration of a Federal award or a contract supported by the Federal award if she or he has a real or apparent conflict of interest.

If the recipient has a parent, affiliate or affiliated company, or subsidiary organization that is not a state, local government, or Indian tribe, those relationships are considered a conflict of interest for purposes of subawards, contracts, or other agreements. The recipient must maintain written standards of conduct covering such organizational conflicts of interest. If subawards, contracts, or other agreements are made with a parent, affiliate or affiliated company, or subsidiary organization that is not a state, local government, or Indian tribe, no profit may result from goods or services rendered under such arrangements under the Federal award.

“Affiliate” or “affiliated company” of any specified person or entity means any other person or entity directly or indirectly controlling of, controlled by, under direct or indirect common control with, or related to, such specified person or entity, or which exists for the sole purpose of providing any service to one company or exclusively to companies which otherwise meet the definition of affiliate. This definition includes Variable Interest Entities as described in Financial Accounting Standards Board Interpretation (FIN) No. 46(R), *Consolidation of Variable Interest Entities*. For the purpose of this definition, “control” means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement with, one or more other companies, and whether such power is established through a majority or minority ownership voting of securities, common directors, officers, or stockholders, voting trust, holding trusts (other than money exchanged) for property or services.

The recipient must disclose any conflict of interest, including organizational conflicts of interest, and the recipient’s approach for resolving the conflict of interest to the USDA awarding agency for the Federal award within 5 calendar days of the discovery of the conflict of interest. Upon notice from the recipient of a potential conflict of interest and the approach for resolving it, the USDA awarding agency will make a determination regarding the effectiveness of the recipient’s actions to resolve the conflict of interest within 30 calendar days of receipt of the recipient’s notice, unless the USDA awarding agency advises the recipient that a longer period is necessary. The recipient must not request payment from the USDA awarding agency for costs for transactions subject to the conflict of interest, pending notification of the USDA awarding agency’s

determination. The recipient's failure to disclose a conflict of interest may result in the imposition of specific conditions or other remedies for noncompliance, including cost disallowances and/or termination of the Federal award.

1.8 Unpaid Federal Tax Liability and Felony Criminal Violations

By accepting the Federal award, the recipient certifies that:

1. It has no unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and
2. It has not been convicted of a felony criminal violation under any Federal law within the preceding 24 months.

1.9 Funding to Entities or Individuals on Prohibited Lists

The recipient certifies and assures that it will not, directly or indirectly, engage with or provide any funding from the Federal award to, including through subawards, contracts, or other agreements, any entity or individual identified on any of the lists below. USDA identifies the entities and individuals on these lists as "prohibited" (i.e., prohibited entity/individual). This commitment extends to both direct funding, where the recipient provides funds, and indirect funding, where a sub-recipient, contractor, or other third party provides funds, from the Federal award, whether for the performance of the award or for any other purpose related to the award or any of its subawards or contracts awarded under the Federal award.

1. U.S. Department of War: Entities Identified as Chinese Military Companies Operating in the United States in Accordance with Section 1260H of the William M. ("Mac") Thornberry National Defense Authorization Act for Fiscal Year 2021 ([Public Law 116-283](#)). The recipient must utilize the [2025 list](#) or the most current list published in the Federal Register.
2. U.S. Department of War: Response to Section 1286 of the National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232), as amended. The recipient must use the [list cleared for publication on June 24, 2025](#), or the most current list released by DOW.
3. U.S. Department of State: [State Sponsors of Terrorism List](#)
4. U.S. Department of State: [International Security and Nonproliferation List](#)
5. U.S. Department of State: [Foreign Terrorists Organization List](#)
6. U.S. Department of Treasury, [Office of Foreign Assets Control \(OFAC\), Consolidated Sanctions List](#) which includes all OFAC non-SDN sanctions lists.
7. U.S. Department of Treasury, OFAC: [Specially Designated Nationals \(SDNs\) List](#)
8. U.S. Department of Treasury, OFAC: [Additional Sanctions Lists](#) which includes the below and any other similar list released by OFAC.

- a. Sectoral Sanctions Identifications (SSI) List
 - b. Foreign Sanctions Evaders (FSE) List
 - c. Non-SDN Palestinian Legislative Council (NS-PLC) List
 - d. List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List)
 - e. Non-SDN Menu-Based Sanctions List (NS-MBS List)
 - f. Non-SDN Communist Chinese Military Companies List (NS-CMIC List)
9. Office of Management and Budget: [Prohibition on certain telecommunications and video surveillance equipment or services \(2 CFR 200.216\(b\)\)](#)

1.10 Immigration and Nationality Act – Eligible Workers

The recipient shall ensure that all employees complete the [Employment Eligibility Verification Form I-9](#) to certify that they are eligible for lawful employment under the Immigration and Nationality Act ([8 U.S.C. § 1324a](#)). The recipient shall comply with regulations regarding certification and retention of the completed forms. The requirements also apply to any contract awarded under this Federal award.

1.11 National Environmental Policy Act

All Federal financial assistance can be subject to environmental review laws. The USDA awarding agency has the responsibility to comply with the National Environmental Policy Act (NEPA) of 1969, [42 U.S.C. § 4321 et seq.](#), and the USDA NEPA regulations at [7 CFR part 1b](#). All discretionary Federal awards, unless otherwise specifically exempted by statute, require compliance with NEPA and other relevant environmental laws. The level of NEPA review, and whether environmental analysis is needed, depends on the activity supported by the awarding agency.

The recipient may not initiate any activity under this Federal award unless, and until, the NEPA process has been completed and approved by the USDA awarding agency with a determination of whether further review, documentation, and/or mitigation measures are required; and the recipient has satisfied any requirements contained in the USDA awarding agency's determination. Once these conditions have been successfully completed, the USDA awarding agency will then notify the recipient that the review is complete. At that time, award activity will be authorized.

1.12 Agricultural Bioterrorism Protection Act

The recipient assures compliance with the [Agricultural Bioterrorism Protection Act of 2002](#), as implemented at [7 CFR part 331](#) and [9 CFR part 121](#), by agreeing that it will not possess, use, or transfer any select agent or toxin without a certificate of registration issued by the USDA awarding agency.

1.13 FOIA - Public Access to Records and Personally Identifiable Information

Documents, correspondence, and any products related to the Federal award, from any part of the Federal award cycle, may be made publicly available through [Freedom of Information Act](#)

(FOIA) ([5 U.S.C § 552](#)) requests. USDA awarding agencies utilize their websites to share accomplishments resulting from Federal awards with the public. Restrictions on the release of records and information apply for Protected Personally Identifiable Information (PII) or when exempt from disclosure pursuant to the FOIA, the Privacy Act of 1974 ([5 U.S.C. § 552a](#)), or other applicable statute.

Reports must avoid the use of PII, including the use of an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts, etc. Contact information included in performance reports should be limited to the organization name, physical address, and telephone number.

1.14 Acknowledgement of USDA Support

As required in [2 CFR 415.2](#), the recipient must have an acknowledgement of the USDA awarding agency support placed on any information dissemination products with any Federal financial assistance support, including those which report the results of, or describe, a Federal financial assistance-supported activity.

Unless the provisions of the Federal award say otherwise, this requirement does not apply to audiovisuals produced as research instruments or for documenting experimentation or findings that are not intended for presentation or distribution to the public.

The recipient must request permission before using any agency logos or marks. If a recipient wishes to use the USDA logo, more formally known as the USDA Symbol, they should request the awarding agency contact the Office of Communications to request permission on their behalf. See Use of Logos/Marks at the United States Department of Agriculture [DR 1430-002](#) (5)(b)(3) and [DR 5160-001](#) 4(a)(8). Recipient agrees to use the USDA logo in accordance with the style guidance found at: <https://www.usda.gov/about-usda/policies-and-links/digital/usda-style-guide/logo>.

For any other agency logo or mark, the recipient should request permission for use from the appropriate subagency using or overseeing the mark.

1.15 Prior Approval

Recipients must obtain written approval from the USDA awarding agency prior to issuing subawards or contracts (including any similar forms of agreement) regarding any segment of a funded award. Requests for prior approval must be in writing and identify the subrecipient or contractor, authorized activities, and all anticipated costs. If all such elements are identified in a budget or budget narrative at time of application, approval of the award constitutes prior written approval of the subaward or contract.

2.0 SYSTEM OF AWARD MANAGEMENT AND UNIVERSAL IDENTIFIER REQUIREMENTS

In compliance with [2 CFR 25.220](#), USDA has adopted the award term—System for Award Management (SAM.gov) and Universal Identifier Requirements ([Appendix A](#) to 2 CFR part 25), except where otherwise exempted by law:

1. *Requirement for System for Award Management.* Unless exempt from this requirement under [2 CFR 25.110](#), the recipient must maintain a current and active registration in SAM.gov, the recipient's registration must always be current and active until the recipient submits all final reports required under this Federal award or receives the final payment, whichever is later. The recipient must review and update its information in SAM.gov at least annually from the date of its initial registration or any subsequent updates to ensure it is current, accurate, and complete. If applicable, this includes identifying the recipient's immediate and highest-level owner and subsidiaries and providing information about the recipient's predecessors that have received a Federal award or contract within the last three years.
2. *Requirement for Unique Entity Identifier (UEI).* If the recipient is authorized to make subawards under this Federal award, the recipient:
 - a. Must notify potential subrecipients that no entity may receive a subaward until the entity has provided its UEI to the recipient.
 - b. Must not make a subaward to an entity unless the entity has provided its UEI to the recipient. Subrecipients are not required to complete full registration in SAM.gov to obtain a UEI.
3. *Definitions.* For the purposes of this award term:

“*System for Award Management (SAM.gov)*” means the Federal repository into which a recipient must provide the information required for the conduct of business as a recipient. Additional information about registration procedures may be found in SAM.gov (currently at <https://www.sam.gov>).

“*Unique entity identifier*” means the universal identifier assigned by SAM.gov to uniquely identify an entity.

“*Entity*” is defined at [2 CFR 25.400](#) and includes all of the following types as defined in [2 CFR 200.1](#):

- a. Non-Federal entity;
- b. Foreign organization;
- c. Foreign public entity;
- d. Domestic for-profit organization; and
- e. Federal agency.

“*Subaward*” has the meaning given in [2 CFR 200.1](#).

“Subrecipient” has the meaning given in [2 CFR 200.1](#).

3.0 BUY AMERICA PREFERENCE

The Build America, Buy America Act, enacted as part of the Infrastructure Investment and Jobs Act ([Pub. L. 117-58](#)), focuses on maximizing the federal government’s use of services, goods, products, and materials produced and offered in the United States. The Build America, Buy America (BABA) Act is further implemented at [2 CFR part 184](#), as supplemented by [M-24-02](#). USDA has adopted the full text of the award term—Buy America Preference (Appendix I to [M-24-02](#)):

Buy America Preference. Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for an infrastructure project unless:

1. All iron and steel used in the project are produced in the United States—this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
2. All manufactured products used in the project are produced in the United States— this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard that meets or exceeds this standard has been established under applicable law or regulation for determining the minimum amount of domestic content of the manufactured product; and
3. All construction materials are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States. The construction material standards are listed below.

Incorporation into an infrastructure project. The Buy America Preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America Preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project, but are not an integral part of the structure or permanently affixed to the infrastructure project.

Categorization of articles, materials, and supplies. An article, material, or supply should only be classified into one of the following categories: (i) Iron or steel products; (ii) Manufactured products; (iii) Construction materials; or (iv) Section 70917(c) materials. An article, material, or supply should not be considered to fall into multiple categories. In some cases, an article, material, or supply may not fall under any of the categories listed in this paragraph. The classification of an article, material, or supply as falling into one of the categories listed in this paragraph must be made based on its status at the time it is brought to the work site for incorporation into an infrastructure project. In general, the work site is the location of the

infrastructure project at which the iron, steel, manufactured products, and construction materials will be incorporated.

Application of the Buy America Preference by category. An article, material, or supply incorporated into an infrastructure project must meet the Buy America Preference for only the single category in which it is classified.

Determining the cost of components for manufactured products. In determining whether the cost of components for manufactured products is greater than 55 percent of the total cost of all components, use the following instructions:

1. For components purchased by the manufacturer, the acquisition cost, including transportation costs to the place of incorporation into the manufactured product (whether or not such costs are paid to a domestic firm), and any applicable duty (whether or not a duty-free entry certificate is issued); or
2. For components manufactured by the manufacturer, all costs associated with the manufacture of the component, including transportation costs as described in paragraph 1., plus allocable overhead costs, but excluding profit. Cost of components does not include any costs associated with the manufacture of the manufactured product.

Construction material standards. The Buy America Preference applies to the following construction materials incorporated into infrastructure projects. Each construction material is followed by a standard for the material to be considered “produced in the United States.” Except as specifically provided, only a single standard should be applied to a single construction material.

1. Non-ferrous metals. All manufacturing processes, from initial smelting or melting through final shaping, coating, and assembly, occurred in the United States.
2. Plastic and polymer-based products. All manufacturing processes, from initial combination of constituent plastic or polymer-based inputs, or, where applicable, constituent composite materials, until the item is in its final form, occurred in the United States.
3. Glass. All manufacturing processes, from initial batching and melting of raw materials through annealing, cooling, and cutting, occurred in the United States.
4. Fiber optic cable (including drop cable). All manufacturing processes, from the initial ribboning (if applicable), through buffering, fiber stranding and jacketing, occurred in the United States. All manufacturing processes also include the standards for glass and optical fiber, but not for non-ferrous metals, plastic and polymer-based products, or any others.
5. Optical fiber. All manufacturing processes, from the initial preform fabrication stage through the completion of the draw, occurred in the United States.
6. Lumber. All manufacturing processes, from initial debarking through treatment and planing, occurred in the United States.

7. Drywall. All manufacturing processes, from initial blending of mined or synthetic gypsum plaster and additives through cutting and drying of sandwiched panels, occurred in the United States.
8. Engineered wood. All manufacturing processes from the initial combination of constituent materials until the wood product is in its final form, occurred in the United States.

Waivers

When necessary, recipients may apply for, and the agency may grant, a waiver from these requirements. The agency should notify the recipient for information on the process for requesting a waiver from these requirements.

When the Federal agency has made a determination that one of the following exceptions applies, the awarding official may waive the application of the Buy America Preference in any case in which the awarding agency determines that:

1. Applying the Buy America Preference would be inconsistent with the public interest;
2. The types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
3. The inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

A request to waive the application of the Buy America Preference must be in writing. The agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office. There may be instances where an award qualifies, in whole or in part, for an existing waiver described at [link to awarding agency web site with information on currently applicable general applicability waivers].

Definitions. Definitions applicable to this award term may be found at <https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-financial-officer/federal-financial-assistance-policy/usda-buy-america-waivers-federal-financial-assistance/build-america-buy-america-definitions>.

4.0 FINANCIAL MANAGEMENT

The recipient is required to meet the standards and requirements for financial management systems set forth or referenced in [2 CFR 200.302](#).

The adequacy of a recipient's financial management system is integral to their ability to account for award expenditures and track cost sharing resources (if applicable). The recipient must responsibly use Federal funds and apply adequate internal controls and cash management practices consistent with the requirements outlined in [2 CFR 200.303](#).

Financial management systems and related records of the Federal award recipient, and of any other entity involved in the Federal award, must be sufficiently detailed to prepare reports, trace funds, and demonstrate that fund management complies with Federal statutes, regulations, and these general and other program-specific terms and conditions.

4.1 Payments

The recipient and subrecipient must comply with conditions as set forth in the Federal award relating to the Federal payment type(s). The recipient and subrecipient may submit payment requests as often as necessary when electronic fund transfers are used or no more than monthly when electronic transfers are not used. The recipient will submit payment requests via the Request for Advance or Reimbursement Form ([SF-270](#)) or a digital equivalent, as designated by the USDA awarding agency. The following definitions and requirements apply to any specification in the Federal award regarding the allowable payment type unless otherwise specified by statute or regulation.

Advance—An advance payment is a payment that the USDA awarding agency or a pass-through entity makes before the recipient or subrecipient disburses the funds for program purposes. Unless otherwise authorized by statute, in accordance with [2 CFR 200.305\(b\)\(1\)](#), requests for advance payments must be limited to the minimum amounts needed to meet actual and immediate cash needs in carrying out the purpose of the approved program. The timing and amount of advance payments must be as close as is administratively feasible (generally, no greater than 3 calendar days prior) to the actual disbursements by the recipient or subrecipient for direct program costs and the proportionate share of any allowable indirect costs, regardless of whether the payment is made by electronic funds transfer or by other means. Except for a limited amount of interest earned on advances pursuant to [2 CFR 200.305\(b\)\(12\)](#), the recipients and subrecipient may not maintain federal cash in excess of immediate disbursing needs and must promptly return unused funds to the applicable USDA awarding agency. All requests for advance payments must be accompanied by a written justification with sufficient information to allow the certifying and disbursing officers to verify the actual and immediate cash need of the recipient.

Reimbursements—Reimbursements are transfers of Federal funds to the recipient or subrecipient after the recipient disburses funds for approved program activities.

Working Capital Advance Basis—USDA awarding agencies or pass-through entities must provide written approval prior to a recipient or subrecipient's use of the working capital advance basis procedure, specified at [2 CFR 200.305\(b\)\(4\)](#). The recipient and subrecipient receiving funds on a working capital advance basis must comply with the requirement to return interest earned on Federal funds at [2 CFR 200.305\(b\)\(12\)](#).

Invoice Standards—All invoice and supporting documentation requirements, as set forth in the Federal award, must be satisfied before payments are issued. USDA awarding agencies may identify and impose specific invoice and supporting documentation requirements in respective Federal awards.

4.2 Audit Requirements

All non-federal entities that expend \$1,000,000 or more in Federal awards during the non-Federal entity's fiscal year must have a single or program-specific audit conducted for that year, in accordance with the provisions of [2 CFR 200.501](#). In addition, the recipient is subject to the audit requirements found in the Single Audit Act of 1984 as amended, [31 U.S.C. §§ 7501-7506](#). The cost of an audit may be charged to the Federal award in accordance with [2 CFR 200.425](#).

A program-specific audit means an audit of one Federal award program. Single audit means an audit that includes both the recipient's financial statements and the Federal awards received, conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

A foreign recipient that expends \$1,000,000 or more in Federal awards during the recipient's fiscal year must have a single or program-specific audit conducted for that year in accordance with these General Terms and Conditions. In the event the recipient undergoes an audit for another Federal agency, a second audit does not need to be procured so long as the USDA funding was analyzed under the same audit. The audit must be independently and professionally executed in accordance with GAGAS either prescribed by a government's Supreme Audit Institution with auditing standards approved by the Comptroller General of the United States, or in accordance with the host country's laws or adopted by the host country's public accountants or associations of public accountants, together with generally accepted international auditing standards. However, foreign entity audits consistent with International Standards for Auditing or other auditing standards are acceptable with the USDA awarding agency's approval.

The USDA awarding agency and its authorized representatives have the legally enforceable right to examine, audit, and copy, at any reasonable time, all records in the recipient's possession pertaining to the award. Furthermore, the Inspector General or any of his or her duly authorized representatives shall have access to any pertinent books, documents, papers, and records of the recipient. Information accessible to the Inspector General includes written, printed, recorded, produced, or reproduced by any mechanical, magnetic, or other process or medium. The USDA awarding agency reserves the right to conduct audits, inspections, excerpts, transcriptions, or other examinations as authorized by law, of the recipient's documents and facilities.

4.3 Cost Sharing

If the Federal award has specific cost sharing requirements, the recipient must ensure that it complies with the applicable provisions of [2 CFR 200.306](#). Unless otherwise authorized by statute, the recipient may only use funds or other resources from non-Federal sources to satisfy the cost sharing requirement. Cost sharing provided in the form of cash and/or in-kind non-Federal resources must be necessary and reasonable for achieving the project's objectives and may not be included as contributions for any other Federal award. If a recipient voluntarily pledges cost sharing above the program's required amount, the total becomes a binding requirement of the Federal award at time of award approval and issuance by the USDA awarding agency.

Documentation must be retained in the recipient project files and made available upon request. The recipient must maintain documentation identifying:

1. The specific costs or contributions that constitute the cost sharing;
2. The funding source or contribution; and
3. How the appropriate amount of the contribution was determined for reporting purposes.

A recipient may use unrecovered indirect costs as part of cost sharing only with written approval from the USDA awarding agency. A recipient may use Federal funds from a non-USDA Federal program to meet cost sharing requirements of USDA program only when expressly authorized by law and with the prior written approval of the USDA awarding agency. A recipient must obtain prior approval or a Federal award amendment prior to modifying the Federal award cost share.

4.4 Interest Earned

In accordance with [2 CFR 200.305\(b\)\(12\)](#), the recipient may retain interest earned on Federal payments deposited in interest-bearing accounts up to \$500 per year for administrative expenses. Any additional interest earned on Federal funds must be returned annually to the Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment. All interest in excess of \$500 per year must be returned to PMS regardless of whether the recipient or subrecipient was paid through PMS. Instructions for returning interest can be found at <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>.

4.5 Indirect Costs

Federally Negotiated Indirect Cost Rates

Recipients and subrecipients may elect to apply their current Negotiated Indirect Cost Rate Agreements (NICRAs) to an award. However, certain USDA authorities or programs may impose limitations that prevent the recipient from collecting the full negotiated indirect cost rate. Pass-through entities are subject to the requirements in [2 CFR 200.332\(b\)\(4\)](#) and must accept all federally negotiated indirect costs rates for subrecipients.

De Minimis Rate Option

A recipient or subrecipient that does not have a current, negotiated rate, except for those recipients described in [Appendix VII of 2 CFR 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b](#), may elect to charge a *de minimis* rate of 15 percent of Modified Total Direct Costs (MTDC). No documentation is required to justify the *de minimis* rate of 15 percent.

Costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both ([2 CFR 200.403\(d\)](#)). If chosen, this methodology, once elected, must be used consistently for all Federal awards until the recipient chooses to negotiate for a rate, for which the recipient may apply at any time.

The recipient who elects to charge the *de minimis* rate of 15 percent must use MTDC as the base, as defined in [2 CFR 200.1](#).

Indirect Costs for Subawards

The recipient is also required to accept federally negotiated indirect cost rates for subaward recipients unless otherwise required by statute or regulation. For subaward recipients that do not have an approved indirect cost rate negotiated between the subrecipient and the Federal Government, the pass-through entity may use a negotiated rate between them (including one from previous negotiation) or may allow use of the *de minimis* rate as described above in this section.

4.6 Procurements

The recipient may acquire commercially available goods and services in connection with a project. In doing so, the recipient organization must have in place documented procurement procedures, consistent with applicable State, local, and tribal laws and regulations. The recipient's documented procurement procedures must comply with the procurement standards identified in [2 CFR 200.317](#) through [2 CFR 200.327](#). Additionally, a recipient of an award of Federal financial assistance for infrastructure is required to adhere to the requirements of [Buy America, Build America Act](#).

A State or Indian Tribe recipient must follow the same policies and procedures the State or Indian Tribe uses for procurements from non-Federal funds. The State or Indian Tribe must comply with [2 CFR 200.321](#) through [2 CFR 200.323](#) and [2 CFR 200.327](#) and ensure that every purchase order or other contract includes applicable provisions described in [Appendix II](#) of 2 CFR part 200. All other non-Federal recipients must follow [2 CFR 200.318](#) through [2 CFR 200.327](#).

The requirements of the Federal award also apply to any contract awarded under the Federal award. The recipient is responsible for ensuring that all its contracts made in connection with the USDA awarding agency project contain the applicable provisions described in [Appendix II](#) of 2 CFR part 200.

5.0 PERFORMANCE MONITORING

5.1 Periodic Performance Reports

USDA requires the submission of periodic performance reports to demonstrate the progress made toward the completion of award goals, objectives, and outcomes, per [2 CFR 200.329](#). Reports must be formatted and submitted according to the instructions of the USDA awarding agency.

The recipient and subrecipient must monitor their activities under all Federal awards to ensure that they are compliant with all award requirements and that they are meeting performance expectations. The reports may be required quarterly, semi-annually, or annually. The minimum reporting requirement is annual submission.

5.2 Final Performance Reports

No later than 120 calendar days after the end date of the period of performance, the termination of the Federal award, project completion, or the final disbursement of the Federal award by the recipient, whichever event occurs first, the recipient must submit the final performance report to the USDA awarding agency. USDA awarding agencies will review performance reports to evaluate the project goals and measurable outcomes, as well as for compliance with Federal statutes and regulations.

5.3 Subrecipient Monitoring

The recipient is accountable for the performance of subrecipients and the appropriate expenditure of Federal funds through projects and activities. This includes maintaining the necessary documentation on all subawards and making it available to the USDA awarding agency upon request. The recipient must include subaward activities in all performance and financial reports.

In general, the requirements that apply to the Federal award recipient flow down to subrecipients. If the recipient uses subawards, it must enter into a formal written agreement with each subrecipient that addresses the arrangements for meeting the programmatic, administrative, financial, and reporting requirements of the Federal award, including those necessary to ensure compliance with all applicable Federal statutes, regulations and policies.

The recipient must evaluate each subrecipient's risk and establish monitoring activities as necessary to ensure each subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward.

Monitoring activities may include but are not limited to:

1. Review of performance and financial reports;
2. Onsite reviews of subrecipient program operations; and
3. Providing training and technical assistance on programmatic activities.

The recipient is responsible for including the required information in [2 CFR 200.332\(b\)](#) and as appropriate, the information in [2 CFR 200.332\(d\)](#) as well as the requirements of the USDA awarding agency and award-specific terms and conditions in its subaward agreements.

If a subrecipient fails to comply with the terms and conditions of the Federal award, the recipient may impose special award conditions, including one or more of the corrective actions outlined in [2 CFR 200.339](#).

5.4 Reporting Subawards and Executive Compensation

In compliance with [2 CFR 170.220](#), USDA has adopted the full text of the award term found at [Appendix A](#) of 2 CFR part 170 – Reporting Subawards and Executive Compensation:

Reporting Subawards and Executive Compensation

1. *Reporting of first-tier subawards —*

- a. *Applicability.* Unless the recipient is exempt as provided in paragraph 4. of this award term, the recipient must report each subaward that equals or exceeds \$30,000 in Federal funds for a subaward to an entity or Federal agency. The recipient must also report a subaward if a modification increases the Federal funding to an amount that equals or exceeds \$30,000. All reported subawards should reflect the total amount of the subaward.
- b. *Reporting Requirements.*
 - i. The recipient must report each subaward described in paragraph 1.a. of this award term to Subaward Reporting in SAM.gov at <https://sam.gov/fsrs>.
 - ii. For subaward information, report no later than the end of the month following the month in which the subaward was issued. (For example, if the subaward was made on November 7, 2025, the subaward must be reported by no later than December 31, 2025).

2. *Reporting total compensation of recipient executives for entities —*

- a. *Applicability.* The recipient must report the total compensation for each of the recipient's five most highly compensated executives for the preceding completed fiscal year if:
 - i. The total Federal funding authorized to date under this Federal award equals or exceeds \$30,000;
 - ii. in the preceding fiscal year, the recipient received:
 - (1) 80 percent or more of the recipient's annual gross revenues from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act; and
 - (2) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act; and,
 - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 ([15 U.S.C. 78m\(a\)](#), [78o\(d\)](#)) or section 6104 of the Internal Revenue Code of 1986 after receiving this subaward. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
- b. *Reporting Requirements.* The recipient must report executive total compensation described in paragraph 2.a. of this appendix:
 - i. As part of the recipient's registration profile at <https://www.sam.gov>.

- ii. No later than the month following the month in which this Federal award is made, and annually after that. (For example, if this Federal award was made on November 7, 2025, the executive total compensation must be reported by no later than December 31, 2025.)

3. *Reporting of total compensation of subrecipient executives* —

- a. *Applicability.* Unless a first-tier subrecipient is exempt as provided in paragraph 4. of this appendix, the recipient must report the executive total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if:
 - i. The total Federal funding authorized to date under the subaward equals or exceeds \$30,000;
 - ii. In the subrecipient's preceding fiscal year, the subrecipient received:
 - (1) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal awards (and subawards) subject to the Transparency Act; and,
 - (2) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal awards (and subawards) subject to the Transparency Act; and
 - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 ([15 U.S.C. 78m\(a\), 78o\(d\)](#)) or section 6104 of the Internal Revenue Code of 1986 after receiving this subaward. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
- b. *Reporting Requirements.* Subrecipients must report to the recipient their executive total compensation described in paragraph 3.a. of this appendix. The recipient is required to submit this information to Subaward Reporting in SAM.gov at <https://sam.gov/fsrs> no later than the end of the month following the month in which the subaward was made. (For example, if the subaward was made on November 7, 2025, the subaward must be reported by no later than December 31, 2025).

4. *Exemptions.*

- a. A recipient with gross income under \$300,000 in the previous tax year is exempt from the requirements to report:
 - i. Subawards, and
 - ii. The total compensation of the five most highly compensated executives of any subrecipient.

5. *Definitions.* For purposes of this award term:

“*Entity*” includes:

- a. Whether for profit or nonprofit:
 - i. A corporation;
 - ii. An association;
 - iii. A partnership;
 - iv. A limited liability company;
 - v. A limited liability partnership;
 - vi. A sole proprietorship;
 - vii. Any other legal business entity;
 - viii. Another grantee or contractor that is not excluded by subparagraph ii.; and
 - ix. Any State or locality;
- b. Does not include:
 - i. An individual recipient of Federal financial assistance; or
 - ii. A Federal employee.

“*Executive*” means an officer, managing partner, or any other employee holding a management position.

“*Subaward*” has the meaning given in [2 CFR 200.1](#).

“*Subrecipient*” has the meaning given in [2 CFR 200.1](#).

“*Total compensation*” means the cash and noncash dollar value an executive earns during an entity's preceding fiscal year. This includes all items of compensation as prescribed in [17 CFR 229.402\(c\)\(2\)](#).

5.5 Site Visits

The USDA awarding agency, the USDA Office of the Inspector General, or the Government Accountability Office may conduct in-person or virtual periodic site visits, at its own expense, to review project accomplishments and monitor progress. Site visit agendas may include review of financial and performance records, organizational procedures, and financial control systems. The USDA awarding agency may provide administrative or technical assistance, as necessary.

The USDA awarding agency will make every effort to notify the recipient of the site visit within a reasonable time frame. Any official site visit on the premises of a recipient or a subrecipient(s) requires that the recipient provide, and must require its subrecipients to provide, all reasonable facilities and assistance in order for the USDA awarding agency representatives to perform their duties. All site visits and evaluations are expected to be performed in a manner that does not cause any delay in the implementation of the project.

6.0 FINANCIAL MONITORING

6.1 Allowable and Unallowable Costs and Activities

The USDA awarding agency, recipient, and subrecipient must comply with cost principles at 2 CFR Subpart E and may not structure awards or obfuscate details to circumvent them. The cost principles apply to all costs associated with the Federal award, including the federal and non-federal share. All costs must meet the criteria in [2 CFR 200.403](#) to be allowable.

6.2 National Security and Unallowable Costs

USDA may periodically identify unallowable elements of cost, whether tangible or intangible, funded or otherwise made available through cash, non-cash, or in-kind contributions through a financial assistance award, due to national security concerns. Such determination of unallowability due to national security may be prescribed by statute, regulation, Executive Order, or administration policy, or may be in furtherance of [Secretary's Memorandum \(SM\) 1078-014](#), and prevents American taxpayer dollars from supporting countries of concern or other foreign adversaries who want to undermine our national security. A list of unallowable costs due to national security will be published and maintained at the following USDA website: <https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-financial-officer/federal-financial-assistance-policy/national-security-and-unallowable-costs>.

The recipient agrees to comply with this term and shall not purchase, use, or make available in any way an unallowable element of cost due to national security for the purposes of a USDA award or using funds under the award. This term applies to the list of unallowable costs published by USDA at the time of award and any subsequent modifications to the list. The recipient agrees to monitor for communications from the awarding agency concerning modifications to the list and will periodically check the list to ensure compliance with this term.

6.3 Periodic Financial Reports

USDA requires the submission of periodic financial reports, per [2 CFR 200.328](#). The reports may be required quarterly, semi-annually, or annually. The minimum reporting requirement is annual submission. The recipient is required to submit a Federal Financial Report (SF-425) with each period's corresponding performance report to account for their financial expenditures during the corresponding reporting period. More detailed reports must be formatted and submitted according to the instructions of the USDA awarding agency.

6.4 Final Financial Report

The final financial report must be submitted to the USDA awarding agency no later than 120 calendar days after the end date of the period of performance, the termination of the Federal award, project completion, or the final disbursement of the Federal award by the recipient, whichever event occurs first. A subrecipient must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the Federal award period of performance. See also [2 CFR 200.344](#). The USDA awarding agency or pass-through entity may extend the due date for any financial report with appropriate justification from the recipient or subrecipient.

6.5 Review of Financial Reports

USDA awarding agencies will review performance and financial reports to ensure completeness and progress toward meeting the project goals and measurable outcomes as well as compliance with Federal financial assistance regulations. USDA awarding agencies will notify the recipient if additional information is required. The recipient is responsible for adequately addressing all comments and questions before sending the revised report(s).

7.0 REMEDIES FOR NONCOMPLIANCE

The USDA awarding agency or pass-through entity may implement specific conditions if the recipient or subrecipient fails to comply with the U.S. Constitution, Federal statutes, regulations, or terms and conditions of the Federal award. When the Federal agency or pass-through entity determines that noncompliance cannot be remedied by imposing specific conditions, the Federal agency or pass-through entity may take one or more of the following actions:

1. Temporarily withhold payments until the recipient or subrecipient takes corrective action.
2. Disallow costs for all or part of the activity associated with the noncompliance of the recipient or subrecipient.
3. Suspend or terminate the Federal award in part or in its entirety.
4. Initiate suspension or debarment proceedings as authorized in 2 CFR part 180 and 2 CFR 417, or for pass-through entities, recommend suspension or debarment proceedings be initiated by the Federal agency.
5. Withhold further Federal funds (new awards or continuation funding) for the project or program.
6. Pursue other legally available remedies.

8.0 DEBARMENT AND SUSPENSION

In compliance with [2 CFR 180.20](#), USDA has adopted the OMB guidance in Subparts [A through I](#) of 2 CFR part 180 (and as supplemented by [2 CFR part 417](#)), as the USDA's policy and procedures for nonprocurement debarment and suspension.

9.0 CLOSEOUT

9.1 Federal Award Closeout

The USDA awarding agency will close out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award are completed by the recipient, as provided in [2 CFR 200.344](#). If the recipient fails to complete the applicable administrative actions or the required work for a Federal award, the USDA awarding agency will proceed to close out the Federal award with the information available. The recipient must submit all project reporting information within 120 calendar days of the end date of the period of performance, the termination of the Federal award, project completion, or the final disbursement of the Federal award by the recipient, whichever event occurs first.

After the closeout of a Federal award, the recipient is responsible for complying with post-closeout requirements in [2 CFR 200.345](#). In accordance with [2 CFR 200.345](#), the closeout of the Federal award does not affect any of the following:

1. The right of the USDA awarding agency to disallow costs and recover funds on the basis of a later audit or other review;
2. The requirement for the recipient to return any funds due as a result of later refunds, corrections, or other transactions, including final indirect cost rate adjustments;
3. The ability of the USDA awarding agency to make financial adjustments to a previously closed Federal award, such as resolving indirect cost payments and making final payments;
4. Audit requirements in [Subpart F](#) of 2 CFR part 200;
5. Property management and disposition requirements in [2 CFR 200.310](#) through [2 CFR 200.316](#); or
6. Records retention as required in [2 CFR 200.334](#) through [2 CFR 200.337](#).

The recipient may charge the Federal award during closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

9.2 Termination

In accordance with [2 CFR 200.340](#), the Federal award may be terminated in part or in its entirety as follows:

1. By the Federal agency or pass-through entity if the recipient or subrecipient fails to comply with the terms and conditions of the Federal award;
2. By the Federal agency or pass-through entity with the consent of the recipient or subrecipient, in which case the two parties must agree upon the termination conditions. These conditions include the effective date and, in the case of partial termination, the portion to be terminated;

3. By the recipient or subrecipient upon sending the Federal agency or pass-through entity a written notification of the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if the Federal agency or pass-through entity determines that the remaining portion of the Federal award will not accomplish the purposes for which the Federal award was made, the Federal agency or pass-through entity may terminate the Federal award in its entirety; or
4. By the Federal agency or pass-through entity if an award no longer effectuates the program goals or agency priorities.

The recipient or pass-through entity must clearly and unambiguously specify all termination provisions in the terms and conditions of the subaward.

When the USDA awarding agency terminates the Federal award prior to the end of the period of performance due to the recipient's material failure to comply with the terms and conditions of the Federal award, the Federal agency must report the termination in SAM.gov. The USDA awarding agency must use the Contractor Performance Assessment Reporting System (CPARS) to enter information in SAM.gov.

1. The information required under [2 CFR 200.340\(c\)](#) (the preceding paragraph) is not to be reported in SAM.gov until the recipient has either:
 - a. Exhausted its opportunities to object or challenge the decision (see [2 CFR 200.342](#)); or
 - b. Has not, within 30 calendar days after being notified of the termination, informed the Federal agency that it intends to appeal the decision to terminate.

If the USDA awarding agency, after entering information about a termination in SAM.gov, subsequently:

1. Learns that any of that information is erroneous, the USDA awarding agency must correct the information in the system within three business days; or
2. Obtains an update to that information that could be helpful to other Federal agencies, the USDA awarding agency is strongly encouraged to amend the information in the system to incorporate the update in a timely way.

The USDA awarding agency must not post any information that will be made publicly available in the non-public segment of SAM.gov that is covered by a disclosure exemption under the Freedom of Information Act (FOIA). When the recipient asserts within seven calendar days to the USDA awarding agency which posted the information that a disclosure exemption under FOIA covers some of the information made publicly available, the USDA awarding agency that posted the information must remove the posting within seven calendar days of receiving the assertion. Before reposting the releasable information, the USDA awarding agency must resolve the issue in accordance with the USDA awarding agency's FOIA procedures.

When the Federal award is terminated in part or its entirety, the USDA awarding agency or pass-through entity and recipient or subrecipient remain responsible for compliance with the requirements in [2 CFR 200.344](#) through [2 CFR 200.345](#).

9.3 Unused and Returned Funds

Closeout — In compliance with [2 CFR 200.344](#), the recipient must liquidate all financial obligations incurred under the Federal award no later than 120 days after the end date of the period of performance, the termination of the Federal award, project completion, or the final disbursement of the Federal award by the recipient, whichever event occurs first. If the recipient has a balance of funds the USDA awarding agency previously disbursed, and if those funds were not obligated for allowable expenditures before the end date of the period of performance, and are not authorized to be retained, the recipient must promptly refund those funds to the USDA awarding agency.

Termination — In compliance with [2 CFR 200.472](#), the recipient must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the effective date of the termination. If the recipient has a balance of funds the USDA awarding agency previously disbursed, and if those funds were not obligated for allowable expenditures before the effective date of termination or deemed allowable to comply with [2 CFR 200.344\(c\)](#), [2 CFR 200.403\(h\)](#), or [2 CFR 200.472\(b\)](#) (as applicable), the recipient must promptly refund those funds to the USDA awarding agency.

Request to return unobligated balance — In compliance with [2 CFR 200.346](#), any Federal funds paid to the recipient or subrecipient in excess of the amount the recipient or subrecipient is determined to be entitled to under the Federal award constitute a debt to the USDA awarding agency. The USDA debt management procedures can be found at [7 CFR part 3](#). The USDA awarding agency must collect all debts arising out of its Federal awards in accordance with [31 CFR part 901](#).

9.4 Disposition of Real Property, Equipment, Supplies, and Intangible Property

The recipient must use, manage, and dispose of real property, equipment, supplies, and intangible property, acquired or improved under a Federal award in accordance with [2 CFR 200.311](#), [2 CFR 200.313](#) through [2 CFR 200.315](#), and [2 CFR 200.453](#).

The recipient must maintain property records that include a description of the property, serial number or other identification number (if applicable), the source of funding for the property (including the Federal Award Identification Number (FAIN)), who holds the title, the acquisition date, and cost of the property. Additional information includes the percentage of Federal participation in the project costs for the Federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data including the date of disposal and sale price of the property.

The recipient is expected to manage equipment for the purpose for which it was purchased, whether acquired in whole or in part under the Federal award, until disposition takes place.

10.0 RESEARCH & DEVELOPMENT, SCIENCE & TECHNOLOGY

For purposes of award terms 10.6 through 10.10 and 10.14, the following definitions shall apply:

“Foreign adversary” means any foreign government or foreign non-government person as defined (see [15 CFR 791.2](#)) or determined (see [15 CFR 791.4](#)) by the Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the United States or security and safety of United States persons.

“Foreign country of concern” means the People’s Republic of China, the Democratic People’s Republic of Korea, the Russian Federation, the Islamic Republic of Iran, or any other country determined to be a country of concern by the Secretary of State.

“Foreign entity” means a foreign government, foreign non-government entity (e.g. foreign corporation, business association, partnership, trust, society), foreign government instrumentality, or multilateral organization whose members are primarily foreign governments or non-government entities (e.g., Group of Twenty (G20)).

“Foreign person” means any natural person who is not a U.S. Citizen as defined herein.

“Foreign talent recruitment program” means any program, position, or activity that includes compensation in the form of cash, in-kind compensation, including research funding, promised future compensation, complimentary foreign travel, things of non *de minimis* value, honorific titles, career advancement opportunities, or other types of remuneration or consideration directly provided by a foreign country at any level (national, provincial, or local) or their designee, or an entity based in, funded by, or affiliated with a foreign country, whether or not directly sponsored by the foreign country, to an individual, whether directly or indirectly stated in the arrangement, contract, or other documentation at issue.

“Individual” means covered individual, senior/key person, or any other individual employed by the recipient to work on the research arrangement, including an individual who (a) contributes in a substantive, meaningful way to the scientific development or execution of a research project proposed to be carried out as part of a research arrangement with USDA; and (b) is designated as a covered individual by USDA. Consistent with National Security Presidential Memorandum 33 (NSPM-33), this means principal investigators (PIs) and other senior or key personnel seeking or receiving USDA research and development funding (i.e., extramural funding) and researchers at USDA laboratories and facilities (i.e., intramural researchers, whether or not federally employed), including Government-owned, contractor-operated laboratories and facilities.

“Research” means a systematic investigation, including research development, testing, and evaluation, designed to develop or contribute to generalizable knowledge. Research includes all basic, applied, and demonstration research in all fields of science, technology, engineering, and mathematics. This includes, but is not limited to, research in economics, education, linguistics, medicine, nutrition, psychology, natural sciences, social sciences, statistics, and research involving human subjects, animals, and *in vitro* and *in silico* techniques. Activities which meet this definition constitute research (scientific activity), whether conducted or

supported under a program which is considered “research” for other purposes, for example, some demonstration and service programs may include research or scientific activities.

“Research security training” means online research security training modules developed for the research community and participants in the United States research and development enterprise to ensure compliance with National Security Presidential Memorandum–33 or successor documents, including modules— (a) focused on cybersecurity, international collaboration and international travel, foreign interference, and rules for proper use of funds, disclosure, conflict of commitment, and conflict of interest; and (b) tailored to the unique needs of— (i) covered individuals; (ii) undergraduate students, graduate students, and postdoctoral researchers; and (iii) applicants for awards under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs (as such terms are defined in section 9(e) of the Small Business Act ([15 USC 638\(e\)](#))).

“Science Experts Network Curriculum Vitae (SciENCv)” means an electronic system that helps researchers assemble the professional information needed for participation in federally funded research. SciENCv gathers and compiles information on expertise, employment, education and professional accomplishments (e.g., Common Form for Current and Pending (Other) Support and the Common Form for Biographical Sketch (OMB Control Number: 3145-0279)).

Researchers can use SciENCv to create and maintain biosketches that are submitted with grant applications and annual reports. SciENCv allows researchers to describe and highlight their scientific contributions in their own words. SciENCv is available at:

<https://www.ncbi.nlm.nih.gov/sciencv/>.

“U.S. citizen or entity subject to foreign ownership, control, or influence (FOCI)” means a U.S. citizen or entity when: (a) A foreign interest² has the power to direct or decide matters affecting the entity's management or operations in a manner that could: (i) Result in unauthorized access to classified information; or (ii) Adversely affect performance of a contract or agreement requiring access to classified information; and (b) The foreign interest exercises that power: (i) Directly or indirectly; (ii) Through ownership of the U.S. entity's securities, by contractual arrangements, or other similar means; (iii) By the ability to control or influence the election or appointment of one or more members to the entity's governing board (e.g., board of directors, board of managers, board of trustees) or its equivalent; or (iv) Prospectively (i.e., is not currently exercising the power, but could).³

10.1 Intellectual Property (Copyright and Patent Rights)

Pursuant to [2 CFR 200.315\(b\)](#), and to the maximum extent permissible by law, the recipient or subrecipient shall retain the right to assert copyright in any work that is copyrightable and either was developed or for which ownership was acquired under this Federal award. However, the USDA awarding agency expressly reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, distribute, or otherwise utilize such copyrighted works for Federal purposes, including the right to authorize third parties to exercise these rights on behalf of the Federal government. This reservation of rights includes the authority of the USDA awarding

² For the purposes of this definition, the term “foreign interest” includes foreign person or foreign entity.

³ 32 CFR 2004.34

agency to mandate that the recipient or subrecipient make such works accessible through public access repositories operated, authorized, or designated by the USDA awarding agency.

The recipient or subrecipient shall adhere to all applicable regulations concerning patents and inventions, including but not limited to the government-wide regulations delineated in [37 CFR Part 401](#). Should the recipient or subrecipient fail to disclose or elect to retain title to a subject invention in accordance with [37 CFR Part 401](#), or decline to do so, the USDA awarding agency reserves the right to obtain title to said subject invention.

10.2 Scientific Integrity and Research Misconduct

USDA is committed to the highest levels of integrity in all of its scientific activities and decision making. This includes performing, recording, and reporting the results of scientific activities with honesty, objectivity, and transparency. All individuals and entities performing under this Federal award shall adhere to the principles of scientific integrity as articulated in [USDA Departmental Regulation 1074-001](#), "Scientific Integrity".

The recipient is expected to uphold the principles of scientific integrity when engaging in scientific activities identified in the Departmental Regulation. Scientific integrity is the condition resulting from adherence to professional values and practices when conducting, reporting, and applying the results of scientific activities that ensure objectivity, clarity, and reproducibility, and that provides insulation from bias, fabrication, falsification, plagiarism, inappropriate influence, political interference, censorship, and inadequate procedural and information security.

The recipient bears the primary responsibility for prevention and detection of research misconduct associated with their institution and for the inquiry, investigation, and adjudication of research misconduct alleged to have occurred in association with their own institution as described per [2 CFR part 422](#). The recipient must comply with the reporting requirements outlined in [2 CFR part 422](#) regarding allegations and findings of research misconduct involving USDA-funded research.

Additional information can be found on the [USDA Office of the Chief Scientist website](#).

10.3 Geospatial Data Management Standards

The recipient agrees to comply with USDA's Department-wide enterprise geospatial data management policy implemented in [Departmental Regulation 3465-001](#), which establishes the USDA policy for defining the strategic direction necessary to optimize the management of the USDA geospatial data and geospatial infrastructure, including all geospatial data created for, by, and enhanced by USDA.

10.4 Public Access to Scholarly Publication and Digital Scientific Research Data

The recipient agrees to comply with USDA's public access policy implemented in [Departmental Regulation 1020-006](#), which establishes USDA policy for public access to scholarly publications and digital scientific research data assets. USDA will make all peer-reviewed, scholarly publications and digital scientific research data assets arising from unclassified scientific research supported wholly or in part by USDA accessible to the public, to the extent practicable.

10.5 Information Security and Privacy

If the recipient connects to the USDA network or processes/stores USDA information, it must adhere to all Federal and USDA security and privacy mandates. Recipient personnel granted access to USDA networks, systems, or authorized to use USDA-owned/leased equipment, must complete all mandatory USDA security and privacy training. This includes the Federal Information Security Management Acts (FISMA) of 2002 and 2014, the National Cybersecurity Protection Act of 2014, and the Privacy Act of 1974, all aimed at safeguarding USDA information and information systems from cyber threats and unauthorized access. Detailed USDA control guidelines are provided in the most recent USDA Information System Security Handbook. Furthermore, compliance with USDA email regulations and policies is required. Those regulations and policies specifically prohibit the downloading of copyrighted material without prior authorization or accessing content deemed inappropriate. The recipient is also prohibited from disseminating or publishing previously unreleased official government information or data without explicit authorization under this award.

USDA security and privacy protocols are aligned with the latest National Institute of Standards and Technology (NIST) special publications and are accessible through the USDA Information System Security Program Manager. Where applicable, the recipient is required to collaborate with the designated USDA Program Unit Information Systems Security Manager and the USDA Information Systems Security Program Manager to meet the FISMA Assessment and Authorization (A&A) requirements for USDA information and information systems, including adhering to the USDA's 6-step risk management framework as described in [Departmental Regulation 3540-003: Security Assessment and Authorization](#).

10.6 Research Security Training

The recipient of a research award, whether an institution or individual, must certify that each individual employed by the recipient to work on the award has completed research security training (RST) and must recertify annually for the duration of the award. RST must have been completed either at the time of application, where applicable, or within the 12-month period immediately preceding the commencement of work on the award. The required RST can be satisfied by utilizing the training made available by the [National Science Foundation](#) or the [SECURE Center](#).

10.7 Foreign Ownership, Control or Influence (FOCI) by a Country of Concern

By accepting the Federal award, the recipient (whether an institution or individual) certifies that they are not currently, and will not in the future, enter into any subawards, contracts, or other agreements, or otherwise provide any form of benefit (material or non-material) through either funded or unfunded work to any foreign person, foreign entity, U.S. citizen, or U.S. entity, that is subject to FOCI by a foreign country of concern or another foreign adversary.

10.8 Disclosures

The recipient of a research award (whether an institution or individual), and all employees of the recipient who work on the research award, must complete the Common Form for Current and Pending (Other) Support and the Common Form for Biographical Sketch using SciENcv, submit the form(s) at time of application, and agree to update the form(s) at any time USDA deems appropriate during the term of the award, but no less than annually. The recipient must

provide any supporting documentation, including copies of contracts, grants, or any other agreement, specific to foreign appointments, employment with a foreign institution, participation in a foreign talent recruitment program, and other information reported as current and pending support for all employees working on the award.

By accepting the award, the recipient certifies that the forms are current, accurate, and complete.

10.9 Malign Foreign Talent Recruitment Program

The recipient must certify that they (if an individual) or any individual employed to work on the research award is not participating, and has not participated within the past 10 years, in a malign foreign talent recruitment program (FTRP) as defined in [42 U.S.C. § 19237](#). Each such individual must certify on the Common Form for Current and Pending (Other) Support and a Common Form for Biographical Sketch (OMB Control Number 3145-0279) via SciENCv that they are not party to a malign FTRP and agree to an annual recertification for the duration of the award, complying with [42 U.S.C. § 19232](#).

10.10 Consequences for Violation of Disclosure Requirements

Violation of disclosure requirements may lead to criminal, civil, and/or administrative consequences as may be deemed appropriate based upon the particular facts of the violation. Violations will be thoroughly investigated and referred to criminal and/or civil offices within the Department of Justice, when warranted. Such matters will also be considered for administrative action as deemed appropriate. Administrative actions may include suspension and debarment of individuals or research organizations, where consistent with [2 CFR part 180](#), [2 CFR part 417](#), and [48 CFR part 9.4](#) and appropriate to protect the integrity of government grant and contract programs.

In addition to suspension and procedures set forth in [2 CFR part 180](#), [2 CFR part 417](#), and [48 CFR part 9.4](#), a research agency may consider [action](#) pursuant to other authorities, including but not limited to:

1. [2 CFR 200.206](#) Federal awarding agency review of risk posed by applicants;
2. [2 CFR 200.208](#) Specific conditions;
3. [2 CFR 200.339](#) Remedies for noncompliance;
4. [2 CFR 200.340](#) Termination; and
5. [2 CFR 200.341](#) Notification of termination requirement.

Other Potential Administrative Actions

Depending on the facts surrounding the violation, and consistent with due process requirements, research agencies may consider a range of actions, including upon recommendation of the cognizant Office of the Inspector General. Such actions include, but are not limited to:

1. Rejection of a research arrangement application;

2. Preserving a research arrangement but requiring or otherwise ensuring that individual(s) do not perform work under the arrangement;
3. Ineligibility for participation in U.S. Government review panels and other activities;
4. Suspension or termination of Federal employment;
5. Suspension or termination of a research arrangement;
6. Suspension or denial of Title IV funds by the Department of Education; and
7. Placement of the individual or research organization in the System for Award Management or Federal Awardee Performance and Integrity Information System to alert other agencies.

10.11 Potential Life Sciences Dual Use Research of Concern and Dangerous Gain-of-Function

This term and condition applies to all research for which USDA award funds may be used that potentially falls within the scope of the [*U.S. Government Policy for Institutional Oversight of Life Sciences Dual Use Research of Concern*](#) (DURC), as published in September 2014, and/or would fall under the Department of Health and Human Services [*Framework for Guiding Decisions about Proposed Research Involving Enhanced Potential Pandemic Pathogens \(HHS P3CO Framework\)*](#), as published in January 2017, hereafter referred to as “the Policy”. By accepting this Federal award, the recipient agrees to comply with the Policy.

The recipient is responsible for monitoring the research progress and for implementation of all appropriate biosafety and biosecurity risk mitigation measures including compliance with all applicable laws and regulations related to that implementation, including the Policy specified above. The recipient agrees to ensure that the award does not support any research that USDA will not fund.

1. Pursuant to the May 5, 2025, [*Executive Order on Improving the Safety and Security of Biological Research*](#), USDA will not fund research that could potentially result in dangerous gain-of-function research conducted by foreign entities in countries of concern, as defined by the Executive Order, or foreign countries where there is not adequate oversight. Adequate oversight means the work is conducted in a manner that is compliant with U.S. biosafety and biosecurity standards.
2. USDA will not fund research that would lead to a dangerous gain-of-function except in special circumstances where the potential benefits far outweigh the risks, where other options are not available, and where all other conditions of the Policy are met.
3. USDA will not fund research that involves the creation, transfer, or use of enhanced potential pandemic pathogens except under special circumstances where the potential benefits to society far outweigh the risks and all other conditions of the Policy are met.

Each organization involved in the conduct of USDA-supported research that utilizes select agents or other pathogens specified by the Secretary of Agriculture, must have a standing

Institutional Biosafety Committee (IBC) or other Institutional Review Entity (IRE) whose role is the review of research involving agents covered by the Policy.

Use of the select agents or other potential pandemic pathogens as defined by the Policy must be registered with the Centers for Disease Control and Prevention or USDA as directed under the [Select Agent Regulations](#). Documentation demonstrating appropriate registration of the agent must be submitted to USDA prior to the issuance of the award.

In the rare cases where USDA funds research that involves the creation, transfer, or use of enhanced potential pandemic pathogens, then special award conditions will be applied to ensure adequate oversight by the cognizant USDA Agency and require the establishment of a risk mitigation plan for the research that must be reviewed and approved by the IRE and USDA, as well as the requirement of maintenance of records of institutional review of the research and risk mitigation activities for three years after completion of the project.

The recipient must establish an Institutional Contact for Dual Use Research (ICDUR), as required by the Policy, to serve as an internal resource for issues regarding compliance with and implementation of the requirements for the oversight of research that falls within the scope of the Policy. The recipient must maintain records of institutional DURC reviews and completed risk mitigation plans for the term of the research grant or contract plus three years after its completion, but no less than eight years, unless a shorter period is required by law or regulation.

“Dangerous gain-of-function” research means scientific research on an infectious agent or toxin with the potential to cause disease by enhancing its pathogenicity or increasing its transmissibility. Covered research activities are those that could result in significant societal consequences and that seek or achieve one or more of the following outcomes:

1. Enhancing the harmful consequences of the agent or toxin;
2. Disrupting beneficial immunological response or the effectiveness of an immunization against the agent or toxin;
3. Conferring to the agent or toxin resistance to clinically or agriculturally useful prophylactic or therapeutic interventions against that agent or toxin or facilitating their ability to evade detection methodologies;
4. Increasing stability, transmissibility, or the ability to disseminate the agent or toxin;
5. Altering the host range or tropism of the agent or toxin;
6. Enhancing the susceptibility of a human host population to the agent or toxin; or
7. Generating or reconstituting an eradicated or extinct agent or toxin.

“Dual use research of concern” means life sciences research that, based on current understanding, can be reasonably anticipated to provide knowledge, information, products, or technologies that could be directly misapplied to pose a significant threat with broad potential consequences to public health and safety, agricultural crops and other plants, animals, the environment, materiel, or national security.

“Institutional Contact for Dual Use Research” (ICDUR) means an individual designated by the institution to serve as an institutional point of contact for questions regarding compliance with and implementation of the requirements for the oversight of DURC as well as the liaison (as necessary) between the institution and the relevant funding agency.

“Life sciences” means living organisms (e.g., microbes, human beings, animals, and plants) and their products, including all disciplines and methodologies of biology such as aerobiology, agricultural science, plant science, animal science, bioinformatics, genomics, proteomics, microbiology, synthetic biology, virology, molecular biology, environmental science, public health, modeling, engineering of living systems, and all applications of the biological sciences. The term is meant to encompass the diverse approaches to understanding life at the level of ecosystems, populations, organisms, organs, tissues, cells, and molecules.

10.12 Export Control

By accepting this Federal award, the recipient agrees to comply with all applicable laws and regulations regarding export-controlled items, including the Export Administration Regulations (EAR) issued by the Department of Commerce. The recipient shall establish and maintain effective export compliance procedures throughout the performance of the Federal award. At a minimum, these export compliance procedures must include adequate controls of physical, verbal, visual, and electronic access to export-controlled items, including by foreign nationals.

If export-controlled items are used to conduct research or are generated as part of the research efforts, the export control laws and regulations apply to the controlled items.

The recipient shall control access to all export-controlled items that it possesses or that comes into its possession in performance of this Federal award, to ensure that access to, or release of, such items are restricted, or licensed, as required by applicable federal statutes, Executive Orders, and/or regulations, including the EAR.

To the extent the recipient wishes to provide foreign nationals with access to export-controlled items, the recipient shall be responsible for obtaining any necessary licenses, including licenses required under the EAR for deemed exports or deemed re-exports.

Compliance with this section will not satisfy any legal obligations the recipient may have regarding items that may be subject to export controls administered by other agencies such as the Department of State, which has jurisdiction over exports of munitions items subject to the International Traffic in Arms Regulations ([22 CFR part 120](#) through [22 CFR part 130](#)), including releases of such items to foreign nationals.

Although openly publishable literature is not subject to export control, USDA’s policy is to oppose interaction with terrorist and embargoed countries unless there is specific U.S. Government policy support for sponsorship for such interactions.

The recipient shall include this clause, including this paragraph, in all lower-tier transactions (subawards, contracts awarded under the Federal award, etc.) under this Federal award that may involve access to export-controlled items.

“Export-controlled information” means information (which may include technology, technical data, assistance or software), the export (including, as applicable, transfer to foreign nationals

within the United States) of which is controlled under the “Export Administration Regulations” (maintained by the U.S. Department of Commerce), the “International Traffic in Arms Regulations” (maintained by the U.S. Department of State), “[10 CFR part 810](#), Assistance to Foreign Atomic Energy Activities” regulations (maintained by the U.S. Department of Energy), or various trade and economic sanctions (maintained by the U.S. Department of Treasury’s Office of Foreign Assets Control).

“Export-controlled items” means items (e.g., commodities, software, or technology), that are subject to the EAR ([15 CFR part 730](#) through [15 CFR part 774](#)), implemented by the Department of Commerce’s Bureau of Industry and Security. These are generally known as “dual-use” items, items with a military and commercial application.

“Deemed export/re-export” means the release of export-controlled items (specifically, technology or source code) to a foreign national in the U.S. Such release is “deemed” to be an export to the home country of the foreign national ([15 CFR 734.2](#)). A release may take the form of visual inspection, oral exchange of information, or the application abroad of knowledge or technical experience acquired in the United States. If such a release occurs abroad, it is considered a deemed re-export to the foreign national’s home country. Licenses from Department of Commerce may be required for deemed exports or re-exports. Transfer can occur by the transmission of technology/items by physical or electronic means such as:

1. Shipping (by land, sea, or air) of export-controlled information (ECI); hand-carrying on foreign travel; or performing processes or services in a foreign country that convey expertise;
2. Sales, loans, or donations to foreign persons, including associated technical manuals;
3. Consulting with or training foreign persons;
4. Publications, presentations, and participation in international exchange programs or conferences;
5. Mail, faxes, emails, postings/data transfer on the Internet, or communication through telephone calls;
6. Cooperative Research and Development Agreements (CRADA), patent applications, non-disclosure agreements, procurement specifications, Memoranda of Agreement/Understanding, and contracting instruments; and
7. Sharing export-controlled technology/information with foreign persons in the United States, including visits or assignments of foreign persons to USDA facilities.

If a violation occurs or one is thought to have occurred, self-disclosure is required to USDA and the appropriate export control jurisdictional authority. Each recipient has or should have an escalation process for such matters. Depending on circumstances and the significance of the violation, penalties can include:

1. Fines for the individual and/or legal entity contractor;

2. Denial of export privileges for a specified period of time or indefinitely;
3. Loss of Programs/Projects;
4. Loss of reputation;
5. Debarment, seizure, and/or forfeiture; or
6. Imprisonment.

10.13 Limitation on Use of Funds for Research Involving Human Subjects

By accepting this Federal award, the recipient agrees that no work involving human subjects may be undertaken, conducted, or costs incurred and/or charged to this Federal award for human subject's research, until the appropriate documentation is approved in writing by USDA. This documentation may include:

1. Documentation establishing approval of the project by an institutional review board (IRB) approved for federal-wide use under Department of Health and Human Services guidelines;
2. Documentation to support an exemption for the project;
3. Documentation to support deferral for an exemption or IRB review; or
4. Documentation of IRB approval of any modification to a prior approved protocol or to an informed consent form.
5. The recipient shall obtain and document a legally sufficient informed consent from each human subject involved. No such informed consent shall include any exculpatory language through which the subject is made to waive, or to appear to waive, any of his or her legal rights, including any release of the recipient or its agents from liability for negligence.

If approved, the recipient agrees to comply with U.S. Department of Health and Human Services' regulations regarding human subjects, appearing in [45 CFR part 46](#) (as amended) and USDA regulations appearing in [7 CFR part 1c](#). The recipient and any subrecipient, as appropriate, must maintain appropriate policies and procedures for the protection of human subjects. The recipient will provide assurance that the risks do not outweigh either potential benefits to the subjects or the expected value of the knowledge sought and selection of subject or groups of subjects shall be made without regard to sex, race, color, religion, or national origin unless these characteristics are factors to be studied.

The protection of human subjects (the "Common Rule") as codified in [45 CFR part 46, subpart A](#), defines a human subject as a living individual about whom an investigator conducting research obtains (1) information or biospecimens through intervention or interaction with the individual (e.g., surveys and focus groups), and uses, studies, or analyzes the information or biospecimens or (2) uses, studies, analyzes, or generates identifiable private information or identifiable biospecimens.

11.0 RECORDS MANAGEMENT

11.1 Record Retention

The recipient must retain all records relating to the Federal award for three years after the submission of the final Federal Financial Report (SF-425). If any litigation, claim, or audit is started before the expiration of the 3-year period, records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken, to include when appeal rights have lapsed and no appeal was filed. See [2 CFR 200.334](#) for exceptions and qualifications to the retention requirement and period for other types of Federal-related records, including property records.

11.2 Access to Records

As described in [2 CFR 200.337](#), the USDA awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have right of access to any documents, papers, or records of recipients and subrecipients which are pertinent to the Federal award, to make audits, examinations, excerpts, and transcripts. Compliance with this requirement includes timely and reasonable access to the recipient's and subrecipient's personnel for interviews and discussion related to such documents.

11.3 Licensing and Copyright

The Federal Government reserves a royalty-free, nonexclusive and irrevocable license to reproduce, make public or otherwise use, and to authorize others to use for federal purposes:

1. The copyright in all information dissemination products, as defined at [2 CFR 400.0](#), developed under an award; and
2. Any rights of copyright to which the recipient purchases ownership under an award.

12.0 OTHER APPLICABLE TERMS AND CONDITIONS

12.1 Animal Welfare Act

The recipient agrees to comply with the Animal Welfare Act ([7 U.S.C. § 54](#)) and corresponding regulations in [9 CFR part 1](#) through [9 CFR part 4](#) pertaining to the care, handling, and treatment of vertebrate animals held or used for research.

12.2 Civil Rights Obligations/Nondiscrimination

The recipient must comply, and certifies that it will comply, with all applicable Federal anti-discrimination laws, regulations, and policies for the duration of the Federal award, to include the following without limitation:

1. Title IX of the Education Amendments of 1972, as amended, [20 U.S.C. §§ 1681 et seq.](#);
2. [Presidential Executive Order 14168](#), *Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government*;
3. Title VI of the Civil Rights Act of 1964, [42 U.S.C. §§ 2000d et seq.](#), and applicable implementing regulations at [7 CFR part 15, subpart A](#);

4. [Presidential Executive Order 14173](#), *Ending Illegal Discrimination and Restoring Merit-Based Opportunity*; and
5. Age Discrimination Act of 1975 ([42 U.S.C. §§ 6101 et seq.](#)).

By accepting the award, the recipient certifies that it does not, and will not during the term of the award, operate any programs that advance or promote Diversity, Equity, and Inclusion in violation of Federal anti-discrimination laws. The recipient must include the provisions of this clause in all subawards and contracts awarded under the Federal award.

The above requirements are conditions of payment that go to the essence of the Federal award, and they are therefore material terms of the Federal award. The recipient acknowledges that this certification reflects a change in the government's position regarding the materiality of the foregoing requirements and therefore any prior payment of similar claims does not reflect the materiality of the foregoing requirements to this Federal award. Payments under the award are predicated on compliance with the above requirements, and therefore the recipient is not eligible for funding under the award or to retain any funding under the award absent compliance with the above requirements. USDA reserves the right to terminate Federal financial assistance awards and recover all funds if the recipient, during the term of this award, operates any program in violation of Federal anti-discrimination laws.

If the recipient either fails to comply with above requirements, or makes a knowing false statement related to compliance with the above requirements and/or eligibility for the Federal award, the recipient may be subject to liability under the False Claims Act, [31 U.S.C. § 3729](#), and/or criminal liability, including under [18 U.S.C. § 287](#) and [18 U.S.C. § 1001](#).

For more information about USDA Civil Rights requirements, please visit <https://www.usda.gov/about-usda/general-information/staff-offices/office-assistant-secretary-civil-rights>.

12.3 International Travel – Fly America Act

All Federal government financed international air transportation is required by [49 U.S.C. § 40118](#), commonly referred to as the "Fly America Act," to use U.S. air carrier service for all air travel and cargo transportation services. One exception to this requirement is transportation provided under a bilateral or multilateral air transport agreement, to which the U.S. government and the government of a foreign country are parties, and which the Department of Transportation has determined meets the requirements of the Fly America Act.

Current "Open Skies Agreements" that are in effect can be found here: <https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act>.

It is the recipient's responsibility for making determinations and documenting the decision as to whether an exemption to this requirement applies.

Exceptions vary depending on the direction of travel and are outlined in [41 CFR 301-10.135](#) and [41 CFR 301-10.136](#).

12.4 Prohibition on Congressional Interest in Agreements

Pursuant to [41 U.S.C. § 6306](#), no Member of, or Delegate to, Congress shall be admitted to any share or part of this agreement, or any benefit that may arise therefrom, either directly or indirectly, except as expressly provided by law.

12.5 Lobbying Prohibitions

In accordance with [31 U.S.C. § 1352](#), the recipient is required to abide by the policy and procedures codified at [22 CFR part 138](#). By accepting the Federal award, the recipient agrees that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the recipient shall complete and submit [Standard Form-LLL](#), “Disclosure Form to Report Lobbying,” in accordance with its instructions.
3. The recipient shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by [31 U.S.C. § 1352](#). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$25,132 and not more than \$251,322 for each such failure.

12.6 Trafficking in Persons

USDA awarding agencies are authorized to terminate a Federal award or take remedial actions if a private entity receiving funds under a Federal award engages in trafficking in persons. In compliance with [2 CFR 175.105\(a\)](#), USDA has adopted the award term—[Trafficking in Persons](#) ([Appendix A](#) to [2 CFR part 175](#)):

Trafficking in Persons

1. *Provisions applicable to a recipient that is a private entity.*

- a. Under this award, the recipient, its employees, subrecipients under this award, and subrecipient's employees must not engage in:
 - i. Severe forms of trafficking in persons;
 - ii. The procurement of a commercial sex act during the period of time that this award or any subaward is in effect;
 - iii. The use of forced labor in the performance of this award or any subaward; or
 - iv. Acts that directly support or advance trafficking in persons, including the following acts:
 - (1) Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents;
 - (2) Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:
 - (a) Exempted from the requirement to provide or pay for such return transportation by the Federal department or agency providing or entering into the grant or cooperative agreement; or
 - (b) The employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action;
 - (3) Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment;
 - (4) Charging recruited employees a placement or recruitment fee; or
 - (5) Providing or arranging housing that fails to meet the host country's housing and safety standards.
- b. The Federal agency may unilaterally terminate this award or take any remedial actions authorized by [22 U.S.C. 7104b\(c\)](#), without penalty, if any private entity under this award:
 - i. Is determined to have violated a prohibition in paragraph 1.a. of this appendix; or
 - ii. Has an employee that is determined to have violated a prohibition in paragraph 1.a. of this this appendix through conduct that is either:
 - (1) Associated with the performance under this award; or

- (2) Imputed to the recipient or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in [2 CFR part 180](#), “OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement),” as implemented by our agency at [2 CFR 417](#).

2. *Provision applicable to a recipient other than a private entity.*

- a. The Federal agency may unilaterally terminate this award or take any remedial actions authorized by [22 U.S.C. 7104b\(c\)](#), without penalty, if a subrecipient that is a private entity under this award:
 - i. Is determined to have violated a prohibition in paragraph 1.a. of this appendix; or
 - ii. Has an employee that is determined to have violated a prohibition in paragraph 1.a. of this appendix through conduct that is either:
 - (1) Associated with the performance under this award; or
 - (2) Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in [2 CFR part 180](#), “OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement),” as implemented by our agency at [2 CFR 417](#).

3. *Provisions applicable to any recipient.*

- a. The recipient must inform the Federal agency and the Inspector General of the Federal agency immediately of any information you receive from any source alleging a violation of a prohibition in paragraph 1.a. of this appendix.
- b. The Federal agency's right to unilaterally terminate this award as described in paragraphs 1.b. or 2.a. of this appendix:
 - i. Implements the requirements of [22 U.S.C. 78](#), and
 - ii. Is in addition to all other remedies for noncompliance that are available to the Federal agency under this award.
 - (1) The recipient must include the requirements of paragraph 1.a. of this award term in any subaward it makes to a private entity.
 - (2) If applicable, the recipient must also comply with the compliance plan and certification requirements in [2 CFR 175.105\(b\)](#).

4. *Definitions.* For purposes of this award term:

“Employee” means either:

- a. An individual employed by the recipient or a subrecipient who is engaged in the performance of the project or program under this award; or

- b. Another person engaged in the performance of the project or program under this award and not compensated by the recipient including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing requirements.

“*Private entity*” means any entity, including for-profit organizations, nonprofit organizations, institutions of higher education, and hospitals. The term does not include foreign public entities, Indian Tribes, local governments, or states as defined in [2 CFR 200.1](#).

The terms “severe forms of trafficking in persons,” “commercial sex act,” “sex trafficking,” “Abuse or threatened abuse of law or legal process,” “coercion,” “debt bondage,” and “involuntary servitude” have the meanings given at section 103 of the TVPA, as amended ([22 U.S.C. 7102](#)).

In addition, for awards related to research and development (R&D) or science and technology (S&T), the recipient certifies that they are not party to utilizing forced labor or partnering with non-parties to this agreement who are party to utilizing forced labor.

12.7 Recipient Integrity and Performance

In compliance with [Appendix XII](#) to 2 CFR part 200, if the total value of the recipient’s currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of the Federal award, the recipient must comply with the requirements set forth in the government-wide Award Term and Condition of Recipient Integrity and Performance Matters:

Reporting of Matters Related to Recipient Integrity and Performance

1. *General Reporting Requirement.*

- a. If the total value of your active grants, cooperative agreements, and procurement contracts from all Federal agencies exceeds \$10,000,000 for any period of time during the period of performance of this Federal award, then you as the recipient must ensure the information available in the responsibility/qualification records through the System for Award Management ([SAM.gov](#)), about civil, criminal, or administrative proceedings described in paragraph 2. of this award term is current and complete. This is a statutory requirement under section 872 of [Public Law 110-417](#), as amended ([41 U.S.C. 2313](#)). As required by section 3010 of [Public Law 111-212](#), all information posted in responsibility/qualification records in [SAM.gov](#) on or after April 15, 2011 (except past performance reviews required for Federal procurement contracts) will be publicly available.

2. *Proceedings About Which You Must Report.*

- a. You must submit the required information about each proceeding that—
 - i. Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;

- b. Reached its final disposition during the most recent 5-year period; and
 - c. Is one of the following—
 - i. A criminal proceeding that resulted in a conviction;
 - ii. A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;
 - iii. An administrative proceeding that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or
 - iv. Any other criminal, civil, or administrative proceeding if—
 - (1) It could have led to an outcome described in paragraph 2.a.i. through iii.;
 - (2) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and
 - (3) The requirement in this award term to disclose information about the proceeding does not conflict with applicable laws and regulations.
3. *Reporting Procedures.* Enter the required information in *SAM.gov* for each proceeding described in paragraph 2. of this award term. You do not need to submit the information a second time under grants and cooperative agreements that you received if you already provided the information in *SAM.gov* because you were required to do so under Federal procurement contracts that you were awarded.
4. *Reporting Frequency.* During any period of time when you are subject to the requirement in paragraph 1. of this award term, you must report proceedings information in *SAM.gov* for the most recent 5-year period, either to report new information about a proceeding that you have not reported previously or affirm that there is no new information to report. If you have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than \$10,000,000, you must disclose semiannually any information about the criminal, civil, and administrative proceedings.
5. *Definitions.* For purposes of this award term—
- “*Administrative proceeding*” means a non-judicial process that is adjudicatory in nature to make a determination of fault or liability (for example, Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and State level but only in connection with the performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.

“Conviction” means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of nolo contendere.

“Total value of currently active grants, cooperative agreements, and procurement contracts” includes the value of the Federal share already received plus any anticipated Federal share under those awards (such as continuation funding).

12.8 Debt

Pursuant to [7 CFR 3.14\(b\)](#), USDA awarding agencies are not permitted to extend Federal financial assistance (either directly or indirectly) in the form of grants, loans, or loan guarantees to judgement debtors who have a judgement lien placed against their property until the judgement is satisfied, unless the USDA awarding agency grants a waiver in accordance with USDA regulations. [See 31 U.S.C. § 3720B](#). By accepting this award, the recipient affirms they are not a judgement debtor who has a judgement lien placed against their property, or that the USDA awarding agency has granted a waiver in accordance with USDA regulations.

Pursuant to [31 U.S.C. Chapter 37](#), any funds paid to a recipient in excess of the amount to which the recipient is finally determined to be entitled under the terms and conditions of the award constitute a debt to the Federal Government. If not paid within a reasonable period after the demand for payment, the USDA awarding agency may reduce the debt by:

1. Making an administrative offset against other requests for reimbursements;
2. Withhold advance payments otherwise due to the recipient; or
3. Taking other action permitted by statute.

Except as otherwise provided by law, the USDA awarding agency shall charge interest on an overdue debt in accordance with [31 U.S.C., Chapter 37](#) and [31 CFR Part 901](#).

12.9 Never Contract with the Enemy

In accordance with [2 CFR part 183](#), the following terms apply if the Federal award exceeds \$50,000 and is performed outside the United States, including U.S. territories, and is in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities. It does not apply to the authorized intelligence or law enforcement activities of the Federal Government.

1. Prohibition on Providing Funds to the Enemy
 - a. The recipient must—
 - i. Exercise due diligence to ensure that no funds, including supplies and services, received under this Federal award are provided directly or indirectly (including through subawards or contracts) to a person or entity who is actively opposing the United States or coalition forces involved in a contingency operation in which members of the Armed Forces are actively

engaged in hostilities, which must be completed through [2 CFR 180.300](#) prior to issuing a subaward or contract and;

- ii. Terminate or void in whole or in part any subaward or contract with a person or entity listed in SAM as a prohibited or restricted source pursuant to subtitle E of Title VIII of the NDAA for FY 2015, unless the Federal agency provides written approval to continue the subaward or contract.
- b. The recipient may include the substance of this clause, including paragraph (a) of this clause, in subawards under this Federal award that have an estimated value over \$50,000 and will be performed outside the United States, including its outlying areas.
- c. The USDA awarding agency has the authority to terminate or void this Federal award, in whole or in part, if the USDA awarding agency becomes aware that the recipient failed to exercise due diligence as required by paragraph (a) of this clause or if the USDA awarding agency becomes aware that any funds received under this Federal award have been provided directly or indirectly to a person or entity who is actively opposing coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

2. Additional Access to Recipient Records

- a. In addition to any other existing examination-of-records authority, the Federal Government is authorized to examine any of recipient records and the records of subrecipients or contracts to the extent necessary to ensure that funds, including supplies and services, available under this grant or cooperative agreement are not provided, directly or indirectly, to a person or entity that is actively opposing the United States or coalition forces involved in a contingency operation in which members of the Armed Forces are actively engaged in hostilities, except for awards awarded by the Department of Defense on or before December 19, 2017, that will be performed in the United States Central Command (USCENTCOM) theater of operations.
- b. The substance of this clause, including this [paragraph \(b\)](#), must be included in subawards or contracts under this grant or cooperative agreement that have an estimated value over \$50,000 and will be performed outside the United States, including its outlying areas.

12.10 Whistleblower Protection

USDA recognizes that whistleblowers perform an important service to the agency and the public when they come forward with what they reasonably believe to be evidence of wrongdoing. They should never be subject to reprisal for doing so. Federal law protects federal employees against reprisal for whistleblowing. In addition, under [41 U.S.C. § 4712](#), it is illegal for an employee of a Federal contractor, subcontractor, grantee, subgrantee, or for a personal services contractor to be discharged, demoted, or otherwise discriminated against for making a protected whistleblower disclosure. Also, under Presidential Policy Directive-19 (PPD-19), an

action affecting access to classified information cannot be taken in reprisal for protected whistleblowing.

The [USDA Office of the Inspector General \(USDA OIG\)](#) has jurisdiction to investigate allegations of reprisal for whistleblowing by employees of USDA contractors, subcontractors, grantees, subgrantees, and personal services contractors. Information on how to report suspected reprisal to the USDA OIG is available at: <https://usdaoig.oversight.gov/resources/whistleblower-protection-coordinator>.

12.11 Drug Free Workplace

The recipient must comply with the drug-free workplace requirements in Subpart B (or Subpart C, if the recipient is an individual) of [2 CFR part 182](#), as implemented and supplemented by [2 CFR part 421](#), in accordance with the Drug-Free Workplace Act of 1988, as amended (41 U.S.C. §§ [8101](#) - [8106](#)). This term applies unless an USDA awarding agency authorized official determines that application to a Federal award would be inconsistent with the international obligations of the United States or the laws or regulations of a foreign government.

13.0 COMPLIANCE WITH EXECUTIVE ORDERS AND OTHER PRESIDENTIAL ACTIONS

USDA must comply with Executive Orders (EOs) and other Presidential Actions. When incorporated into Federal awards, the recipient must comply with EOs or Presidential Actions, as well as USDA awarding agency policies and regulations. The following EOs are expressly incorporated into this Federal award:

13.1 EO 13043: Increasing Seat Belt Use in the United States

The recipient is encouraged to adopt and enforce on-the-job seat belt policies and programs for its employees when operating company-owned, rented, or personally owned vehicles. USDA encourages individuals to use seat belts while driving in connection with the Federal award. See [full text](#).

13.2 EO 13513: Federal Leadership on Reducing Text Messaging While Driving

The recipient is encouraged to adopt and enforce policies that ban text messaging while driving company-owned or -rented vehicles or Federal Government owned vehicles, or while driving personally owned vehicles when on official Federal Government business or when performing any work for or on behalf of the Federal Government. See [full text](#).

13.3 EO 13642: Making Open and Machine Readable the New Default for Government Information

In order to ensure government information is easy to find, accessible, and usable, Federal Government information resources shall be open and machine readable. The recipient should, whenever practicable, collect, transmit, and store award-related information in open and machine-readable formats rather than in closed formats or on paper. See [full text](#).

13.4 EO 14149: Restoring Freedom of Speech and Ending Federal Censorship

No funding shall be directed towards activities that are contrary to section 2 of EO 14149. See [full text](#).

13.5 EO 14168: Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government

No funding shall be used to promote gender ideology. See [full text](#) and Section 12.2.

13.6 EO 14173: Ending Illegal Discrimination and Restoring Merit-Based Opportunity

The recipient shall comply fully with all applicable Federal anti-discrimination laws and acknowledges said compliance is material to the government's payment decisions for purposes of 31 U.S.C. § 3729(b)(4). The recipient certifies they do not operate any programs that promote Diversity, Equity, or Inclusion (DEI) that violate any applicable Federal anti-discrimination laws. See [full text](#) and Section 12.2.

13.7 EO 14199: Withdrawing the U.S. From and Ending Funding to Certain United Nations Organizations and Reviewing U.S. Support to all International Organizations

No funding shall be used for a contribution, grant, or other payment to UNWRA. See [full text](#).

13.8 EO 14201: Keeping Men Out of Women's Sports

No funding shall be directed towards educational programs that deprive women and girls of fair athletic opportunities. No funding shall be directed towards male competitive participation in women's sports. See [full text](#).

13.9 EO 14204: Addressing Egregious Actions of the Republic of South Africa

No aid or assistance shall be provided to South Africa. See [full text](#).

13.10 EO 14218: Ending Taxpayer Subsidization of Open Borders

No funding shall be directed towards programs that allow illegal aliens to obtain taxpayer-funded benefits, provide public resources to meet the needs of illegal aliens, or provide incentives for illegal immigration by demonstrating the availability of public benefits. See [full text](#).

13.11 EO 14224: Designating English as the Official Language of the United States

English is the official language of the United States. All USDA Federal financial assistance announcements, applications, and Federal award information should be in the English language. See [full text](#).

13.12 EO 14292: Improving the Safety and Security of Biological Research

No funding shall be used for dangerous gain-of-function research conducted by foreign entities in countries of concern pursuant to [42 U.S.C. 6627\(c\)](#), or in other countries where there is not adequate oversight to ensure that the countries are compliance with United States oversight standards and policies. No funding shall be used for other life-science research that is occurring in countries of concern or foreign countries where there is not adequate oversight to ensure that

the countries are compliance with United States oversight standards and policies and that could reasonably pose a threat to public health, public safety, and economic or national security. See [full text](#).



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO: 5

ITEM NO. 5.

DATE: September 21, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Approve and Ratify the Accounts Payable Check Registers and Payroll Report**

RECOMMENDATION: Approve the Accounts Payable Check Registers dated September 11, 2026, and September 18, 2026, and ratify and approve the Payroll Report dated September 18, 2026.

FISCAL IMPACT:

Approval and ratification of the reports will have no additional fiscal impact. The reports document \$1,290,541.68 in payments previously issued, consisting of \$286,918.68 in accounts payable payments and \$1,003,623.00 in payroll payments. Staff represents that all payments were charged to accounts authorized in the Town Council approved budgets and were within available appropriations.

STRATEGIC PRIORITY:

This item supports the Town's amended 2025 to 2027 Top Strategic Priority to ensure prudent financial management, under the Fiscal Stability Core Goal.

BACKGROUND:

Pursuant to Town Municipal Code section 2.30.020 (d) payroll warrants need not be audited by the Town Council prior to payment. Payrolls shall be presented to the Town Council for ratification and approval at the regular meeting after delivery of the payroll warrants.

The Town Code does not provide specific direction on accounts payable. However, Government Code Section 37208 provides the following guidance:

PREPARED BY: Diane Howard
Finance Division Manager

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

SUBJECT: Accounts Payable Check Registers and Payroll Reports

DATE: September 21, 2026

(a) Payroll warrants or checks need not be audited by the legislative body prior to payment. Payrolls shall be presented to the legislative body for ratification and approval at the first meeting after delivery of the payroll warrants or checks.

(b) Warrants or checks drawn in payment of demands certified or approved by the city clerk as conforming to a budget approved by ordinance or resolution of the legislative body need not be audited by the legislative body prior to payment.

(c) Notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report.

DISCUSSION:

Administrative Services staff presents biweekly payroll reports to the Council on consent, as prescribed in the Municipal Code.

Although not specifically required under Municipal Code or the Government Code, it is considered good practice to report on checks paid by a government agency. As such, staff provides accounts payable check registers, along with payroll reports, on a biweekly basis as part of the consent calendar for regular council meetings.

Accounts payable and payroll for the following periods have been audited and approved by staff for the following payments:

<u>Type</u>	<u>Check Date</u>	<u>Amount</u>
Accounts Payable	September 11, 2026	\$ 138,025.61
Accounts Payable	September 18, 2026	\$ 148,893.07
Payroll	September 18, 2026	\$ 1,003,623.00
Combined Accounts Payable and Payroll Total		\$ 1,290,541.68

ALTERNATIVES:

The Council may request clarification or correction of a specified register and continue consideration of that portion of the item. Because the payroll warrants have already been delivered, staff recommends that any requested correction be narrowly identified and returned promptly for Council ratification and approval.

CONCLUSION:

Presenting the payroll reports for Council ratification and approval complies with the Town Code and Government Code. Presenting the accounts payable registers provides additional transparency and Council oversight as an administrative best practice.

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ITEM NO. 5.

SUBJECT: Accounts Payable Check Registers and Payroll Reports

DATE: September 21, 2026

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:

1. Accounts Payable Register for 09/11/2026
2. Accounts Payable Register for 09/18/2026
3. Payroll by Location for 09/18/2026

ACCOUNTS PAYABLE CHECK REGISTER
CHECK RUN 09-11-26

ITEM NO. 5.

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163589	09/11/2026	ALAMEDA COUNTY SHERIFF'S OFFICE	10945	081726 - DEMONT, FLEMING, MARTIN, NGUYEN, RONDEAU	1114301	64111	\$ 1,378.00
163589 Total							\$ 1,378.00
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	11DTMQKH1FDF	SUPPLIES	6335423	61214	\$ 92.29
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1F3WMRV31HND	SUPPLIES	1117201	61191	\$ 86.34
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1HWXM1FQFXJT	SUPPLIES	2617301	62424	\$ 273.07
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1KW43D3J4RD9	SUPPLIES	6335423	61214	\$ 186.48
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1MD1HK3KY6PJ	SUPPLIES	1117101	61111	\$ 57.08
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1NJKQLMRGYGL	SUPPLIES	6212502	61133	\$ 681.92
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1QQWCMW1CKJ7	SUPPLIES	1117201	61191	\$ 62.75
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1QR9Y1GXC4YG	SUPPLIES	1117204	61132	\$ 77.18
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1RHQNV93GHX4	SUPPLIES	6212502	61133	\$ 60.13
163590	09/11/2026	AMAZON CAPITAL SERVICES INC	1X33FL33KRQG	SUPPLIES	1117201	61191	\$ 85.80
163590 Total							\$ 1,663.04
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	117WN934DNFC	SUPPLIES	6335423	61214	\$ 47.11
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1KNXRW6DCV6R	SUPPLIES	1117204	61132	\$ 26.31
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1L67TJFQTTY9	SUPPLIES	1114202	61111	\$ 38.32
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1LPX44N1RF9F	SUPPLIES	1117101	61111	\$ 12.33
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1MD1HK3KXF3N	SUPPLIES	6335423	61214	\$ 12.21
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1P4T1MRTP6H6	SUPPLIES	1112201	61111	\$ 54.90
163591	09/11/2026	AMAZON CAPITAL SERVICES INC	1WCH96TDK1MK	SUPPLIES	1117101	61111	\$ 26.15
163591 Total							\$ 217.33
163592	09/11/2026	ATCHISON, BARISONE & CONDOTTI	35168	070126-073126 SERVICES	1111301	63215	\$ 27,383.09
163592 Total							\$ 27,383.09
163593	09/11/2026	BEAR ELECTRICAL SOLUTIONS, INC	12758	WORK ORDER 38947	1115401	63364	\$ 19,147.15
163593 Total							\$ 19,147.15
163594	09/11/2026	BPS TACTICAL, INC	26031448	VEST COVER MODIFICATIONS	1114301	61165	\$ 276.12
163594 Total							\$ 276.12
163595	09/11/2026	CALIFORNIA MULTI AGENCY SUPPORT SVC	6A8474D92703D	101926-102126 UAS BASIC PILOTS COURSE	1114301	64111	\$ 5,196.00
163595	09/11/2026	CALIFORNIA MULTI AGENCY SUPPORT SVC	6A84A431E45C4	101926-102126 UAS BASIC PILOTS COURSE	1114301	64111	\$ 1,299.00
163595 Total							\$ 6,495.00
163596	09/11/2026	CALIFORNIA NATIVE PLANT SOCIETY	2026-001	081626 LIBRARY PROGRAM/BUSINESS LICENSE	1117101	61111	\$ 26.00
163596	09/11/2026	CALIFORNIA NATIVE PLANT SOCIETY	2026-001	081626 LIBRARY PROGRAM/BUSINESS LICENSE	2617301	62424	\$ 200.00
163596 Total							\$ 226.00
163597	09/11/2026	CAPITOL DEL GRANDE 2 INC	234367	AUTO PARTS	1115402	61265	\$ 688.11
163597 Total							\$ 688.11
163598	09/11/2026	CAPITOL DEL GRANDE 4 INC	268390	AUTO PARTS	1115402	61265	\$ 510.68
163598	09/11/2026	CAPITOL DEL GRANDE 4 INC	268541	AUTO PARTS	1115402	61265	\$ 120.62
163598 Total							\$ 631.30
163599	09/11/2026	COLANTUONO HIGHSMITH & WHATLEY PC	71833	SERVICES THRU 073126	1111301	63215	\$ 1,810.00
163599 Total							\$ 1,810.00
163600	09/11/2026	CORODATA SHREDDING INC	DN1593419	070726 AND 072126 SHREDDING	1112201	61111	\$ 199.50
163600 Total							\$ 199.50
163601	09/11/2026	DELL MARKETING LP	10888276251	DELL PRO 14	6212502	61133	\$ 1,556.05

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163601 Total							\$ 1,556.05
163602	09/11/2026	DICK'S AUTOMOTIVE TRANSPORT	34630	080626 SERVICE	1115402	62378	\$ 108.00
163602 Total							\$ 108.00
163603	09/11/2026	EPLUS TECHNOLOGY, INC.	V3133451	RUBRIK CLOUD VAULT	6212502	63332	\$ 1,245.00
163603 Total							\$ 1,245.00
163604	09/11/2026	EWING IRRIGATION	30815515	CREDIT MEMO	1115301	61215	\$ (106.41)
163604	09/11/2026	EWING IRRIGATION	31595290	SUPPLIES	1115301	61215	\$ 583.18
163604	09/11/2026	EWING IRRIGATION	31625932	SUPPLIES	1115301	61215	\$ 173.31
163604 Total							\$ 650.08
163605	09/11/2026	GLORIA M FIELDS	52906	SUPPLIES	1114201	61111	\$ 16.50
163605 Total							\$ 16.50
163606	09/11/2026	GOLDEN ACORN MUSIC LLC	LIB-LG-20260624	091526 LIBRARY PROGRAM	1117101	61111	\$ 85.31
163606	09/11/2026	GOLDEN ACORN MUSIC LLC	LIB-LG-20260624	091526 LIBRARY PROGRAM	2617301	62415	\$ 400.00
163606 Total							\$ 485.31
163607	09/11/2026	GOLDFARB & LIPMAN	497494	SERVICES THRU 073126	1111301	63215	\$ 1,535.50
163607 Total							\$ 1,535.50
163608	09/11/2026	GOODYEAR AUTO SERVICE CENTER	0000109371	SUPPLIES	1115402	61265	\$ 793.13
163608	09/11/2026	GOODYEAR AUTO SERVICE CENTER	0000109372	TIRES	1115402	61265	\$ 565.08
163608	09/11/2026	GOODYEAR AUTO SERVICE CENTER	0000109468	TIRES	1115402	61265	\$ 29.98
163608	09/11/2026	GOODYEAR AUTO SERVICE CENTER	0000109469	TIRES	1115402	61265	\$ 135.78
163608 Total							\$ 1,523.97
163609	09/11/2026	GRAINGER	9046318110	SUPPLIES	1115301	61214	\$ 64.09
163609	09/11/2026	GRAINGER	9046318110	SUPPLIES	1115401	61275	\$ 64.08
163609	09/11/2026	GRAINGER	9049846091	SUPPLIES	6335423	61214	\$ 437.97
163609 Total							\$ 566.14
163610	09/11/2026	HOMER T HAYWARD LUMBER	99234	CREDIT MEMO	1115401	61275	\$ (75.86)
163610	09/11/2026	HOMER T HAYWARD LUMBER	1460825	SUPPLIES	1115401	61275	\$ 225.16
163610	09/11/2026	HOMER T HAYWARD LUMBER	1461258	SUPPLIES	1115401	61275	\$ 62.62
163610 Total							\$ 211.92
163611	09/11/2026	HOUSEKEYS INC	LG260818	AUGUST 2026 SERVICES	1113501	63383	\$ 12,500.00
163611 Total							\$ 12,500.00
163612	09/11/2026	INTOXIMETERS	820672	ASIV USA SENSOR BLANK	1114301	61253	\$ 225.52
163612 Total							\$ 225.52
163613	09/11/2026	KODEX INC	TFLBDRX2-0001	SEARCH WARRANT	1114303	61163	\$ 245.00
163613 Total							\$ 245.00
163614	09/11/2026	LEHR UPFITTERS OPCO LLC	SI135685	SIREN MICROPHONE HANDSET	1115402	61265	\$ 319.53
163614	09/11/2026	LEHR UPFITTERS OPCO LLC	SI135823	AUTO PARTS	1115402	61265	\$ 282.55
163614 Total							\$ 602.08
163615	09/11/2026	MIDWEST MOTOR SUPPLY CO., INC.	104752257	SUPPLIES	1115402	61265	\$ 436.34
163615	09/11/2026	MIDWEST MOTOR SUPPLY CO., INC.	104759398	SUPPLIES	1115402	61265	\$ 296.49
163615 Total							\$ 732.83
163616	09/11/2026	NHA ADVISORS LLC	2126	070126-073126 FISCAL CONDITION ANALYSIS	1111201	63219	\$ 13,301.67
163616 Total							\$ 13,301.67
163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001079	B26-0530 117 & 117-A ALERCHE DRIVE	1113999	68416	\$ 4,884.61

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163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001080	B26-0531 15652 BHR	1113999	68416	\$ 1,363.27
163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001029RTM	B22-0534 221 HIGHLAND TERRACE	1113999	68416	\$ 450.00
163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001039RTM	B24-0065 25 W MAIN STREET	1113999	68416	\$ 1,050.00
163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001046TM	B26-0330 536 NSC AVENUE	1113999	68416	\$ 450.00
163617	09/11/2026	O'BRIEN CODE CONSULTING, INC,	2026001087TM	B25-1316 249 & 249-A LOS GATOS BOULEVARD	1113999	68416	\$ 450.00
163617 Total							\$ 8,647.88
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-114202	CREDIT MEMO	1115402	61265	\$ (180.20)
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117327	SUPPLIES	1115402	61265	\$ 29.06
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117421	AUTO PARTS	1115402	61265	\$ 267.68
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117431	AUTO PARTS	1115402	61265	\$ (22.00)
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117447	AUTO PARTS	1115402	61265	\$ 87.26
163618	09/11/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117542	CREDIT MEMO	1115402	61265	\$ (10.99)
163618 Total							\$ 170.81
163619	09/11/2026	ODP BUSINESS SOLUTIONS	478761399001	SUPPLIES	1111201	61111	\$ 313.26
163619	09/11/2026	ODP BUSINESS SOLUTIONS	480034241001	SUPPLIES	1112301	61111	\$ 40.64
163619	09/11/2026	ODP BUSINESS SOLUTIONS	480037191001	PAPER	1111201	61111	\$ 460.20
163619 Total							\$ 814.10
163620	09/11/2026	OFFICE RELIEF, INC.	INV29085526	ERGO SUPPLIES/EQUIPMENT	6122202	62322	\$ 209.65
163620 Total							\$ 209.65
163621	09/11/2026	ORCHARD CITY LOCK AND SAFE, INC.	87850	SERVICE CALL 110 E MAIN ST	6335423	62378	\$ 240.00
163621	09/11/2026	ORCHARD CITY LOCK AND SAFE, INC.	88002	SERVICE CALL	6335423	62378	\$ 260.00
163621 Total							\$ 500.00
163622	09/11/2026	RACHEL FAUGHT	081826-1	REFUND SPECIAL USE PERMIT DEPOSIT	1115301	42511	\$ 500.00
163622 Total							\$ 500.00
163623	09/11/2026	YMCA OF SILICON VALLEY	081826	REFUND SPECIAL USE PERMIT DEPOSIT	1115301	42511	\$ 200.00
163623 Total							\$ 200.00
163624	09/11/2026	PACIFIC GAS & ELECTRIC	02259-090326	072826-082626 SERVICE	1115401	62621	\$ 153.54
163624	09/11/2026	PACIFIC GAS & ELECTRIC	09379-090226	072726-082526 SERVICE	6335423	62611	\$ 678.33
163624	09/11/2026	PACIFIC GAS & ELECTRIC	09379-090226	072726-082526 SERVICE	6335423	62612	\$ 94.36
163624	09/11/2026	PACIFIC GAS & ELECTRIC	09379-090226	072726-082526 SERVICE	1111201	72111	\$ 13,002.80
163624	09/11/2026	PACIFIC GAS & ELECTRIC	33155-090226	072726-082526 SERVICE	1115401	62621	\$ 10.48
163624	09/11/2026	PACIFIC GAS & ELECTRIC	50296-090226	072726-082526 SERVICE	1115301	62611	\$ 74.17
163624	09/11/2026	PACIFIC GAS & ELECTRIC	53773-090426	073126-083126 SERVICE	1115401	62621	\$ 11.36
163624	09/11/2026	PACIFIC GAS & ELECTRIC	73832-090326	080426-090226 SERVICE	6335423	62612	\$ 13.23
163624 Total							\$ 14,038.27
163625	09/11/2026	PERMITIUM LLC	PER00042815	JULY 2026 SERVICE	1114202	64212	\$ 250.00
163625 Total							\$ 250.00
163626	09/11/2026	POSTMASTER	090426-655	PO BOX 655 RENEWAL	1112301	61114	\$ 284.00
163626 Total							\$ 284.00
163627	09/11/2026	RURAL SUPPLY HARDWARE INC	7950	SUPPLIES	1115301	61214	\$ 19.71
163627	09/11/2026	RURAL SUPPLY HARDWARE INC	7966	SUPPLIES	1115401	61275	\$ 42.90
163627	09/11/2026	RURAL SUPPLY HARDWARE INC	7968	SUPPLIES	1115301	61214	\$ 57.63
163627	09/11/2026	RURAL SUPPLY HARDWARE INC	7988	SUPPLIES	1115301	61214	\$ 21.96
163627 Total							\$ 142.20

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163628	09/11/2026	SAN JOSE WATER COMPANY	17808-090226	070126-083126 SERVICE	1115301	62613	\$ 166.08
163628	09/11/2026	SAN JOSE WATER COMPANY	27251-090226	070126-083126 SERVICE	1115301	62613	\$ 359.89
163628	09/11/2026	SAN JOSE WATER COMPANY	63227-090226	070126-090126 SERVICE	6335423	62613	\$ 1,341.54
163628 Total							\$ 1,867.51
163629	09/11/2026	STEPHEN CIARI PLUMBING AND HEATING	29448	081726 SERVICE	6335423	62373	\$ 514.94
163629 Total							\$ 514.94
163630	09/11/2026	SUMMIT UNIFORMS LLC	44565	UNIFORMS - NONSWORN	1114201	61165	\$ 26.40
163630	09/11/2026	SUMMIT UNIFORMS LLC	41518-1	UNIFORMS - NONSWORN DISPATCH	1114201	61165	\$ 420.20
163630 Total							\$ 446.60
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-25-0005773	100124-123124 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-25-0018430	010125-033125 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-25-0056044	040125-063025 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-25-0069411	070125-093025 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-26-0094161	100125-123125 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631	09/11/2026	THE BANK OF NEW YORK MELLON	00252-26-0117003	010126-033126 ADMINISTRATION FEE	1112301	62331	\$ 1,875.00
163631 Total							\$ 11,250.00
163632	09/11/2026	URBAN37 INC	2252	073026 SERVICE	1113999	68416	\$ 444.44
163632 Total							\$ 444.44
163633	09/11/2026	VICKI L BLANDIN	LG25-26	TRANSCRIPTION SERVICES	1113201	62310	\$ 125.00
163633 Total							\$ 125.00
163634	09/11/2026	WALTER S. LEVISON JR	2026/052	101 S SANTA CRUZ	1113999	68413	\$ 2,000.00
163634 Total							\$ 2,000.00
Grand Total							\$ 138,025.61

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163635	09/18/2026	4LEAF INC	J0402-26A	B26-0428 438 NSC AVE	1113999	68416	\$ 1,760.42
163635 Total							\$ 1,760.42
163636	09/18/2026	AFSCME COUNCIL 57	111749	AFSCME DUES PPE 09/12/26	111	21263	\$ 301.86
163636 Total							\$ 301.86
163637	09/18/2026	AIR SYSTEMS INC	961021020	060126-063026 LIBRARY SERVICE	6335423	63352	\$ 4,769.00
163637 Total							\$ 4,769.00
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	16CK34FYRYFX	SUPPLIES	1112105	62437	\$ 95.28
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1733RJRP1T9	SUPPLIES	1117201	61191	\$ 51.97
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	196MRH9QTM9C	SUPPLIES	1117204	61132	\$ 47.94
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1HFX69DHJL4X	SUPPLIES	1115402	61265	\$ 126.44
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1LXHKKHMXDV6X	SUPPLIES	6335423	61112	\$ 73.89
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1M11Q7PRJ9R1	SUPPLIES	6212502	61133	\$ 131.74
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1Q4C6HMHNJ6M	SUPPLIES	1117201	61191	\$ 148.49
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1R3M31V1TJMK	SUPPLIES	2617301	62415	\$ 27.12
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1W6TN6JJF41L	SUPPLIES	1114301	61165	\$ 158.10
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1W6TN6JJF41L	SUPPLIES	1114301	61161	\$ 554.86
163638	09/18/2026	AMAZON CAPITAL SERVICES INC	1YRQVX9WQQYR	SUPPLIES	2617301	62421	\$ 252.91
163638 Total							\$ 1,668.74
163639	09/18/2026	AMAZON CAPITAL SERVICES INC	1DYM9V7MHMK	SUPPLIES	1117201	61191	\$ 19.78
163639	09/18/2026	AMAZON CAPITAL SERVICES INC	1KY1N66XH7LV	SUPPLIES	6335423	61214	\$ 14.23
163639	09/18/2026	AMAZON CAPITAL SERVICES INC	1L77TW6YYC3Y	SUPPLIES	1117201	61191	\$ 18.89
163639	09/18/2026	AMAZON CAPITAL SERVICES INC	1QVDXPGNLWXK	SUPPLIES	1117101	61111	\$ 25.89
163639	09/18/2026	AMAZON CAPITAL SERVICES INC	1XFJDTHRXMYM	SUPPLIES	1117202	61192	\$ 8.80
163639 Total							\$ 87.59
163640	09/18/2026	BAIRD AND DRISKELL AND ABRAMS COMMUNITY PLANNING	2184	ADU ACCELERATOR TOOLS LICENSE FEES FOR 2026	1113201	62378	\$ 960.00
163640 Total							\$ 960.00
163641	09/18/2026	BAN SERVICES COMPANY INC	303261	PEST CONTROL SERVICES	6335423	62376	\$ 125.00
163641 Total							\$ 125.00
163642	09/18/2026	BRIGHTVIEW LANDSCAPE SERVICES INC	6687384	JOB #420309763 070626 STUMP	1115401	62354	\$ 661.00
163642 Total							\$ 661.00
163643	09/18/2026	BURKE, WILLIAMS, SORENSEN LLP	374808	SERVICES THROUGH 073126	1111301	63215	\$ 6,135.43
163643	09/18/2026	BURKE, WILLIAMS, SORENSEN LLP	374809	SERVICES THROUGH 080326	1111301	63215	\$ 180.00
163643 Total							\$ 6,315.43
163644	09/18/2026	CALIFORNIA JOINT POWERS INSURANCE AUTHORITY	POLLU-00179	070126-063027 POLLUTION LIABILITY INSURANCE	6111302	65511	\$ 5,131.00
163644 Total							\$ 5,131.00
163645	09/18/2026	CAPITOL DEL GRANDE 2 INC	234471	AUTO PARTS	1115402	61265	\$ 164.12
163645 Total							\$ 164.12
163646	09/18/2026	CITY OF SAN JOSE	1290638	070125-063026 TRAFFIC SIGNALS	1115401	63364	\$ 7,197.56
163646 Total							\$ 7,197.56
163647	09/18/2026	CORODATA SHREDDING INC	DN1593420	071426 AND 072826 SHREDDING	1114201	62378	\$ 199.11
163647 Total							\$ 199.11
163648	09/18/2026	COUNTY OF SANTA CLARA	FY26-02	FY 26 - WEED ABATEMENT SHORTFALL	1115101	62378	\$ 19,215.00
163648 Total							\$ 19,215.00
163649	09/18/2026	D&M TRAFFIC SERVICES	579988	SUPPLIES	1115401	61275	\$ 282.21
163649 Total							\$ 282.21
163650	09/18/2026	DELL MARKETING LP	10889543410	DELL PRO 14	6212502	61133	\$ 25,576.72
163650 Total							\$ 25,576.72

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163651	09/18/2026	DEPARTMENT OF INDUSTRIAL RELATIONS	E2317484SJ	081726 INSPECTION	6335423	63353	\$ 225.00
163651	09/18/2026	DEPARTMENT OF INDUSTRIAL RELATIONS	E2317485SJ	081726 INSPECTION	6335423	63353	\$ 225.00
163651 Total							\$ 450.00
163652	09/18/2026	DUDEK	202607721	070126-072426 SERVICES ON-CALL ARBORIST	1115401	62354	\$ 4,779.68
163652 Total							\$ 4,779.68
163653	09/18/2026	ECOSANITATION LLC	1595	082026 SERVICE	1115401	63365	\$ 5,000.00
163653 Total							\$ 5,000.00
163654	09/18/2026	EWING IRRIGATION	31719444	SUPPLIES	1115301	61214	\$ 1,039.22
163654 Total							\$ 1,039.22
163655	09/18/2026	FRONTIER CALIFORNIA INC	1970013-090626	090626-100526 SERVICE	6212502	62614	\$ 770.00
163655 Total							\$ 770.00
163656	09/18/2026	GOODYEAR AUTO SERVICE CENTER	0000109614	TIRES	1115402	61265	\$ 282.54
163656 Total							\$ 282.54
163657	09/18/2026	GOVERNMENT JOBS.COM INC	INV-159975-A	070126-063027 GOVERNMENTJOBS/INSIGHT	1112201	63332	\$ 10,804.46
163657 Total							\$ 10,804.46
163658	09/18/2026	GRAINGER	9057062045	SUPPLIES	6335423	61214	\$ 64.03
163658 Total							\$ 64.03
163659	09/18/2026	HEATHER MURPHY	2026-2027TUITION	FY 2026-2027 TUITION REIMBURSEMENT	1114301	64291	\$ 1,213.00
163659 Total							\$ 1,213.00
163660	09/18/2026	JOSEPH A ACEVES	21276	BUSINESS CARDS	1113201	61111	\$ 43.90
163660 Total							\$ 43.90
163661	09/18/2026	JULIE ANNE BURNS	2025-2026TUITION	FY 2025-2026 TUITION REIMBURSEMENT	1114201	64292	\$ 1,065.00
163661 Total							\$ 1,065.00
163662	09/18/2026	LC ACTION POLICE SUPPLY LTD	489757	SUPPLIES	1114301	61253	\$ 2,045.65
163662	09/18/2026	LC ACTION POLICE SUPPLY LTD	491159	SUPPLIES	1114301	61253	\$ 7,695.92
163662 Total							\$ 9,741.57
163663	09/18/2026	LOS GATOS TOWN EMPLOYEES FOUNDATION	111750	LGTEF PPE 09/12/26	111	21264	\$ 438.00
163663 Total							\$ 438.00
163664	09/18/2026	METRO PUBLISHING	187330	082626 AD	1112401	62306	\$ 263.64
163664 Total							\$ 263.64
163665	09/18/2026	MIP V WASTE (ECI) AIV LP	300000535	NATURAL MULCH	1115401	61278	\$ 290.40
163665 Total							\$ 290.40
163666	09/18/2026	NICHOLAS LINDAMOOD	2025-2026TUITION-3	FY 2025-2026 TUITION REIMBURSEMENT	1114201	64292	\$ 1,093.00
163666	09/18/2026	NICHOLAS LINDAMOOD	2025-2026TUITION-4	FY 2025-2026 TUITION REIMBURSEMENT	1114201	64292	\$ 132.00
163666 Total							\$ 1,225.00
163667	09/18/2026	NINYO & MOORE GEOTECHNICAL & ENVIRONMENTAL	325218A	SERVICES THROUGH 063026	4118120	82405	\$ 800.00
163667 Total							\$ 800.00
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2026001084	B26-0458 15825 & 15825-A EDMUND DRIVE	1113999	68416	\$ 2,818.03
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2025001184TM	B25-1340 50 NSC AVENUE	1113999	68416	\$ 900.00
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2025001194TM	B25-1333 126 & 126-A VISTA DEL PRADO	1113999	68416	\$ 600.00
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2026001062RTM	B26-0370 28 E MAIN STREET	1113999	68416	\$ 450.00
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2026001090TM	B25-0722 32 NSC AVENUE	1113999	68416	\$ 450.00
163668	09/18/2026	O'BRIEN CODE CONSULTING, INC,	2026001091TM	B25-1251 550 UNIVERSITY AVE	1113999	68416	\$ 375.00
163668 Total							\$ 5,593.03
163669	09/18/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118234	AUTO PARTS	1115402	61265	\$ 316.31
163669	09/18/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118235	AUTO PARTS	1115402	61265	\$ 282.17
163669 Total							\$ 598.48

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-18-26

ITEM NO. 5.

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163670	09/18/2026	ODP BUSINESS SOLUTIONS	478970869001	SUPPLIES	6335423	61112	\$ 17.49
163670	09/18/2026	ODP BUSINESS SOLUTIONS	478971141001	SUPPLIES	6335423	61112	\$ 28.27
163670	09/18/2026	ODP BUSINESS SOLUTIONS	478971141001	SUPPLIES	6335423	61112	\$ 11.45
163670	09/18/2026	ODP BUSINESS SOLUTIONS	480925660001	SUPPLIES	6335423	61112	\$ 63.34
163670	09/18/2026	ODP BUSINESS SOLUTIONS	480925992001	SUPPLIES	1115201	61111	\$ 4.74
163670	09/18/2026	ODP BUSINESS SOLUTIONS	481013191001	SUPPLIES	1115201	61111	\$ 15.59
163670	09/18/2026	ODP BUSINESS SOLUTIONS	481013613001	SUPPLIES	6335423	61112	\$ 8.75
163670	09/18/2026	ODP BUSINESS SOLUTIONS	480925660001-01	SUPPLIES	1115201	61111	\$ 16.71
163670 Total							\$ 166.34
163671	09/18/2026	OFFICE RELIEF, INC.	INV29088688	SUPPLIES	6122202	62322	\$ 157.74
163671 Total							\$ 157.74
163672	09/18/2026	OPERATION FREEDOM PAWS	25804	081526-082726 BOARDING	1114301	64282	\$ 804.00
163672 Total							\$ 804.00
163673	09/18/2026	ERIK HAYDEN	REFUND-U-24-016	REFUND U-24-016 14789 OKA ROAD	1115202	44623	\$ 923.00
163673	09/18/2026	ERIK HAYDEN	REFUND-U-24-016	REFUND U-24-016 14789 OKA ROAD	1113202	44412	\$ 125.90
163673	09/18/2026	ERIK HAYDEN	REFUND-U-24-016	REFUND U-24-016 14789 OKA ROAD	6212502	44431	\$ 50.36
163673	09/18/2026	ERIK HAYDEN	REFUND-U-24-016	REFUND U-24-016 14789 OKA ROAD	1113201	42413	\$ 1,259.00
163673 Total							\$ 2,358.26
163674	09/18/2026	POSTMASTER	091026-697	PO BOX 697 RENEWAL	1112301	61114	\$ 284.00
163674 Total							\$ 284.00
163675	09/18/2026	RILEY J FRIZZELL	09/22/26-09/24/26	PER DIEM REIMBURSEMENT - SKYDIO ASCEND 2026	1114303	64111	\$ 140.50
163675 Total							\$ 140.50
163676	09/18/2026	RURAL SUPPLY HARDWARE INC	8025	SUPPLIES	1115401	61275	\$ 69.20
163676	09/18/2026	RURAL SUPPLY HARDWARE INC	8028	SUPPLIES	1115301	61214	\$ 64.04
163676 Total							\$ 133.24
163677	09/18/2026	SAN JOSE WATER COMPANY	12830-090226	070126-090126 SERVICE	2325502	62613	\$ 550.26
163677	09/18/2026	SAN JOSE WATER COMPANY	19662-090226	070126-090126 SERVICE	1115301	62613	\$ 277.80
163677	09/18/2026	SAN JOSE WATER COMPANY	27525-090226	070126-083126 SERVICE	1115301	62613	\$ 470.07
163677	09/18/2026	SAN JOSE WATER COMPANY	27567-090226	070126-083126 SERVICE	1115301	62613	\$ 870.94
163677	09/18/2026	SAN JOSE WATER COMPANY	33918-090226	070126-090126 SERVICE	1115301	62613	\$ 1,231.36
163677	09/18/2026	SAN JOSE WATER COMPANY	47462-090226	070126-083126 SERVICE	1115301	62613	\$ 2,162.59
163677	09/18/2026	SAN JOSE WATER COMPANY	70138-090226	070126-090126 SERVICE	1115301	62613	\$ 2,026.22
163677	09/18/2026	SAN JOSE WATER COMPANY	87531-090226	070126-083126 SERVICE	1115301	62613	\$ 1,059.83
163677	09/18/2026	SAN JOSE WATER COMPANY	90007-090226	070126-090126 SERVICE	2365506	62613	\$ 663.42
163677	09/18/2026	SAN JOSE WATER COMPANY	93186-090226	070126-083126 SERVICE	1115301	62613	\$ 863.08
163677 Total							\$ 10,175.57
163678	09/18/2026	SAN JOSE WATER COMPANY	02813-090226	070126-090126 SERVICE	1115301	62613	\$ 168.80
163678	09/18/2026	SAN JOSE WATER COMPANY	06000-090226	070126-083126 SERVICE	1115301	62613	\$ 268.38
163678	09/18/2026	SAN JOSE WATER COMPANY	34909-090226	070126-083126 SERVICE	1115301	62613	\$ 166.08
163678	09/18/2026	SAN JOSE WATER COMPANY	56189-090226	070126-083126 SERVICE	1115301	62613	\$ 273.33
163678	09/18/2026	SAN JOSE WATER COMPANY	76230-090226	070126-083126 SERVICE	2315501	62613	\$ 262.02
163678 Total							\$ 1,138.61
163679	09/18/2026	SEQUOIA ECOLOGICAL CONSULTING INC	000002026488	060126-063026 SERVICES	4218507	82303	\$ 39.19
163679	09/18/2026	SEQUOIA ECOLOGICAL CONSULTING INC	000002026488	060126-063026 SERVICES	4118507	82303	\$ 13.06
163679 Total							\$ 52.25
163680	09/18/2026	SERVICE STATION SYSTEMS	2350839	DO INSPECTION	1115402	61266	\$ 225.00
163680 Total							\$ 225.00

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-18-26

ITEM NO. 5.

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163681	09/18/2026	SPECIALIZED ELEVATOR CORP	522875	081926 AND 082026 SERVICE	6335423	63353	\$ 2,747.95
163681 Total							\$ 2,747.95
163682	09/18/2026	UNDERGROUND SERVICE ALERT OF	176435USB26	070126-063027 CA STATE FEE FOR REGULATORY COSTS	1115201	63356	\$ 3,389.76
163682 Total							\$ 3,389.76
163683	09/18/2026	SUMMIT UNIFORMS LLC	45816	ADD VELCRO K TEDESCO	1114201	61165	\$ 5.50
163683 Total							\$ 5.50
163684	09/18/2026	SYN TECH SYSTEMS INC	339439	SUPPLIES	1115402	61265	\$ 2,755.01
163684 Total							\$ 2,755.01
163685	09/18/2026	TOWN EMPLOYEES ASSOCIATION	111748	TEA DUES PPE 09/12/26	111	21261	\$ 1,345.90
163685 Total							\$ 1,345.90
163686	09/18/2026	URBAN37 INC	2287	082126 SERVICE	1113999	68416	\$ 702.73
163686	09/18/2026	URBAN37 INC	2288	082126 SERVICE	1113999	68416	\$ 340.52
163686	09/18/2026	URBAN37 INC	2289	082126 SERVICE	1113999	68416	\$ 340.52
163686	09/18/2026	URBAN37 INC	2290	082126 SERVICE	1113999	68416	\$ 330.00
163686	09/18/2026	URBAN37 INC	2301	082626 SERVICE	1113999	68416	\$ 1,447.96
163686 Total							\$ 3,161.73
163687	09/18/2026	WILLIAM JEFFREY HEID	090826-131	052526-052626 131 ALBRIGHT WAY	1113999	68419	\$ 975.00
163687 Total							\$ 975.00
Grand Total							\$ 148,893.07

Town of Los Gatos Check Date 09/18/26 Total Number of Employees

Location	Total Payroll	
1101 - TOWN COUNCIL	1,425.00	5
1301 - TOWN ATTORNEY	11,983.00	1
2101 - TOWN MANAGER	39,175.00	7
2105 - EMERGENCY PREPAREDNESS	11,165.00	3
2106 - ECONOMIC VITALITY	5,990.00	1
2201 - HUMAN RESOURCES	22,825.00	3
2301 - FINANCE	49,891.00	8
2401 - CLERK ADMINISTRATION	17,018.00	3
2501 - INFORMATION TECHNOLOGY	17,233.00	3
3101 - COMMUNITY DEVELOPMENT	120,443.00	22
4101 - POLICE	456,121.00	59
5101 - PARKS AND PUBLIC WORKS	181,081.00	41
7101 - LIBRARY	69,273.00	26
	1,003,623.00	182



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO. 6.

ITEM NO: 6

DATE: September 28, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Approve the Finance Commission's Updated 2026 Work Plan**

RECOMMENDATION: Approve the Finance Commission's Updated 2026 Work Plan.

FISCAL IMPACT:

No fiscal impact is associated with this item.

STRATEGIC PRIORITY:

This item pertains to the Core Goal of Good Governance. It does not directly address a 2025-2027 Strategic Priority.

BACKGROUND:

In order to provide Town Commissions/Committees/Boards (Commissions) clarity from the Town Council regarding their work, staff recommend the Town Council reviews and approve each Commission's work plan for the year. This will ensure Council support, efficient use of Commissioners' time, and sufficient staff resources for the Commission's projects in 2026.

DISCUSSION:

Work plans are drafted by the Commission's staff liaison, taking workload, time commitment, changes in legislation, and alignment with Council priorities into consideration.

On February 3, 2026, the Town Council approved the Finance Commission's 2026 work plan. Since that time changes in meeting dates and deliverables have changed. Staff presented an update work plan as part of the September 14, 2026, Finance Commission meeting at the

PREPARED BY: Kristina Alfaro
Administrative Services Director

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

SUBJECT: Approve the Finance Commission's Updated 2026 Work Plan

DATE: October 6, 2026

request of the Finance Commission Chair. The Commission's recommendation was not to bring the updated work plan for the Town Council's approval but to received it and transmit it to the Town Manager.

Staff recommends that the Town Council approve the updated work plan as the intent of the work plan is to ensure Council support, efficient use of Commissioners' time, and sufficient staff resources for the Commission's projects.

Proposed edits to the work plan include:

- Updating the timing for the Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies.
- Adding a review of Community Grants.
- Reassessing the timing of the Council Priority Scorecard based on the Commission's meeting schedule and workload.

If the updated work plan is approved, the October and November meeting agendas could include several significant discussion items, including the Community Grants, Council Priority Scorecard, and NHA Advisor final reports.

Staff feel that the items contained in this updated work plan are manageable for 2026.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Finance Commission's Update 2026 Work Plan Clean
2. Finance Commission's Updated 2026 Work Plan Redline

FINANCE COMMISSION 2026 WORKPLAN - September 2026 Update					
Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies	Review the Assumptions and final results of the Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies	As Needed	2/9/2026; 4/13/2026, 6/8/2026, 8/10/2026 and 10/12/2026	Staff is currently working with a Consultant on the studies.
2	Investment Policy	Review current policy and recommend changes		6/8/2026	The Fiscal Condition Analysis, Fiscal Impact Analysis, and the Asset Liability Management studies will inform the recommended policy changes
3	IRS Section 115 Pension Trust and OPEB Trust Investment Policy	Review current policy and recommend changes		10/12/2026	The Fiscal Condition Analysis, Fiscal Impact Analysis, and the Asset Liability Management studies will inform the recommended policy changes
Multiyear Projects					
4	Council Priority Scorecard	Continue the work of the ad hoc committee to discuss framework for a Council scorecard and start developing top level metrics for consideration which can be supported by existing data systems.		9/14/2026, 10/12/2026, 11/9/2026	This process will be iterative to be able to frame appropriate measures which can be readily maintained.
5	Five-Year Capital Improvement Program	Establish the structure for a multi-years CIP which will focus on identifying current and future capital needs, determine the funding level required to support those needs, and start moving towards a comprehensive approach to capital planning.		3/9/2026	This will be a multiyear process due to the many pieces that need to be integrated for a comprehensive capital plan.
6	Community Grants Review	Review the Town's current Community Grant Process and provide feed back and recommendations for Town Council	As needed	11/9/2026	
Required by Town Code Section 2.50 or Other Council Policy					
A	Five-Year Forecast	Discuss Assumptions for the Five-Year Forecast	Annually	2/9/2026; 3/9/2026 Report Back on Council Action	
B	Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/27/2026; 5/4/2026; 5/11/2026 (Published on 4/20/2026 - No Meeting)	
C	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/9/2026	
D	Audit Plan Review	Pre-Audit Meeting	Annually	8/10/2026	
E	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/7/2026; 12/14/2026	
F	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/12/2026	
G	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/9/2026	
H	Single Audit Report	Receive Single Audit Report if applicable	Annually	4/13/2026	

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
I	Financial Policies	Review and Make Recommendations on the Investment Policy	Annually	6/8/2026	
J	Financial Policies	Review and Make Recommendation on the General Fund Reserve Policy	As Needed	6/8/2026	
K	Investment Performance	Receive Monthly Financial and Investment Report	Monthly	1/12/2026; 2/9/2026; 3/9/2026; 4/13/2026; 5/11/2026; 6/8/2026; 8/10/2026; 9/14/2026; 10/12/2026; 11/9/2026; 12/14/2026	Consent Item
L	Pension and OPEB Trust Funds Performance	Receive Performance and Account Summary Reports for CERBT and CEPPT	Quarterly	3/9/2026; 6/8/2026; 9/14/2026; 12/14/2026	Consent Item
M	CalPERS Actuarial Reports	Receive CalPERS Annual Actuarial Reports	Annually	10/12/2026	Consent Item
N	OPEB Actuarial Analysis	Receive OPEB Actuarial Analysis	Every Two Years	10/12/2026	
O	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/14/2026	Consent Item
P	Monthly Revenue, Expenditure and Vacancy Reporting	Review and forward to Council monthly revenue, expenditure and vacancy reports	Monthly	9/14/2026	

FINANCE COMMISSION 2026 WORKPLAN - September 2026 Update

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
1	Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies	Review the Assumptions and final results of the Fiscal Condition Analysis, Fiscal Impact Analysis, and Asset Liability Management Studies	As Needed	2/9/2026; 4/13/2026, 6/8/2026, 8/10/2026 and 10/12/2026	Staff is currently working with a Consultant on the studies.
2	Investment Policy	Review current policy and recommend changes		6/8/2026	The Fiscal Condition Analysis, Fiscal Impact Analysis, and the Asset Liability Management studies will inform the recommended policy changes
3	IRS Section 115 Pension Trust and OPEB Trust Investment Policy	Review current policy and recommend changes		10/12/2026	The Fiscal Condition Analysis, Fiscal Impact Analysis, and the Asset Liability Management studies will inform the recommended policy changes
Multiyear Projects					
4	Council Priority Scorecard	Continue the work of the ad hoc committee to discuss framework for a Council scorecard and start developing top level metrics for consideration which can be supported by existing data systems.		10/12/2026, 11/9/2026	This process will be iterative to be able to frame appropriate measures which can be readily maintained.
5	Five-Year Capital Improvement Program	Establish the structure for a multi-years CIP which will focus on identifying current and future capital needs, determine the funding level required to support those needs, and start moving towards a comprehensive approach to capital planning.		3/9/2026	This will be a multiyear process due to the many pieces that need to be integrated for a comprehensive capital plan.
6	Community Grants Review	Review the Town's current Community Grant Process and provide feed back and recommendations for Town Council	As needed	11/9/2026	
Required by Town Code Section 2.50 or Other Council Policy					
A	Five-Year Forecast	Discuss Assumptions for the Five-Year Forecast	Annually	2/9/2026; 3/9/2026 Report Back on Council Action	
B	Operating and Capital Budget	Review and Make Recommendations on the Proposed Annual Budgets	Annually	4/27/2026; 5/4/2026; 5/11/2026 (Published on 4/20/2026 - No Meeting)	
C	Mid-Year Budget	Review and Make Recommendation on the Mid-Year Report	Annually	2/9/2026	
D	Audit Plan Review	Pre-Audit Meeting	Annually	8/10/2026	
E	Annual Comprehensive Financial Report	Review and Make Recommendations on the Draft Annual Comprehensive Financial Report	Annually	12/7/2026; 12/14/2026	
F	State Controller Financial Transaction Report	Review and Make Recommendations on the Town Draft Financial Transaction Report	Annually	1/12/2026	
G	Measure G Revenue and Expenditure Report	Receive Measure G Revenue and Expenditure Report	Annually	3/9/2026	
H	Single Audit Report	Receive Single Audit Report if applicable	Annually	4/13/2026	

Items	Projects	Assignments	Frequency	Finance Commission Target Date(s)	Notes
I	Financial Policies	Review and Make Recommendations on the Investment Policy	Annually	6/8/2026	
J	Financial Policies	Review and Make Recommendation on the General Fund Reserve Policy	As Needed	6/8/2026	
K	Investment Performance	Receive Monthly Financial and Investment Report	Monthly	1/12/2026; 2/9/2026; 3/9/2026; 4/13/2026; 5/11/2026; 6/8/2026; 8/10/2026; 9/14/2026; 10/12/2026; 11/9/2026; 12/14/2026	Consent Item
L	Pension and OPEB Trust Funds Performance	Receive Performance and Account Summary Reports for CERBT and CEPPT	Quarterly	3/9/2026; 6/8/2026; 9/14/2026; 12/14/2026	Consent Item
M	CalPERS Actuarial Reports	Receive CalPERS Annual Actuarial Reports	Annually	10/12/2026	Consent Item
N	OPEB Actuarial Analysis	Receive OPEB Actuarial Analysis	Every Two Years	10/12/2026	
O	CalPERS Performance	Receive CalPERS Public Employees' Retirement Fund (PERF) Preliminary Performance Report	Annually	12/14/2026	Consent Item
P	Monthly Revenue, Expenditure and Vacancy Reporting	Review and forward to Council monthly revenue, expenditure and vacancy reports	Monthly	9/14/2026	



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 09/01/2026

ITEM NO. 7.

ITEM NO: 7

DATE: October 6, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Adopt a Resolution Amending the Town of Los Gatos Purchasing Policy (Policy 4-06) and Repeal the Previous Policy.**

RECOMMENDATION: Adopt a resolution amending the Town of Los Gatos Purchasing Policy (Policy 4-06), repeal Resolution 1997-25 and all previous editions of the Town Purchasing Policy.

FISCAL IMPACT:

There is no direct fiscal impact associated with adoption of the proposed Purchasing Policy revisions. The revisions primarily clarify procurement procedures and compliance requirements. The Purchasing Policy continues to establish authorization levels, competitive procurement requirements, documentation requirements, and internal controls intended to support fiscal accountability.

STRATEGIC PRIORITY:

This item advances the Town's Strategic Priority to ensure prudent financial management by maintaining clear procurement authority, consistent purchasing procedures, appropriate internal controls, and compliance with applicable Town, State, and Federal requirements.

BACKGROUND:

The Purchasing Policy establishes a decentralized purchasing system under which requesting departments implement procurement processes subject to policy limitations and the approval of the appropriate awarding authority. The Finance Department and Town Manager oversee the decentralized system.

PREPARED BY: Kristina Alfaro
Administrative Services Director

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

SUBJECT: Adopt A Resolution Updating the Town of Los Gatos Purchasing Policy (Policy 4-06).

DATE: October 6, 2026

Recommended minor revisions to this policy include minor language changes. In addition, per the Town Code Section 2.50.145, this policy should be adopted via resolution. In 2021, when this policy was adopted, a resolution was included but did not specify the policy adoption. As such, staff is bringing this policy revision to ensure compliance with the Town Code.

DISCUSSION:

The proposed revisions are intended to make targeted clarifications to Policy 4-06 rather than establish a new procurement system. The proposed resolution identifies three areas for amendment.

1. Signing Authority

The revised policy clarifies that the Town Manager is authorized to sign contracts and agreements up to and including \$100,000.

2. Federal funding requirements

The revised policy expressly states that special rules apply to purchases made with Federal funds. The policy already recognizes that Federal procurement requirements may apply in addition to the Town's local procedures and specifically references Federal disaster grant procurement requirements under 2 CFR Part 200 in its emergency purchasing provisions.

3. Department of Industrial Relations registration for applicable public works contractors

The revised policy clarifies that contractors completing applicable public works projects must be registered with the Department of Industrial Relations when the contract amount exceeds \$25,000. The policy also requires applicable public works contractors to be properly licensed, provide a Tax Identification Number, and carry required liability and workers' compensation insurance.

CONCLUSION:

The proposed amendments provide targeted clarification to the Town's Purchasing Policy without changing the overall decentralized procurement framework or the existing competitive purchasing structure. Adoption by resolution will maintain the Town's Purchasing Policy in the form required by Town Code Section 2.50.145 and incorporate the identified clarifications regarding signing authority, Federal funding requirements, and applicable public works contractor registration.

ENVIRONMENTAL ASSESSMENT:

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

SUBJECT: Adopt A Resolution Updating the Town of Los Gatos Purchasing Policy (Policy 4-06).

DATE: October 6, 2026

Attachments:

1. Resolution Updating the Purchasing Policy
2. Purchasing Policy, Policy 4-06 – Redline
3. Purchasing Policy, Policy 4-06 – Clean Copy

RESOLUTION NO.

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADOPTING AN AMENDED TOWN PURCHASING POLICY PURSUANT TO TOWN CODE SECTION 2.50.145, AND REPEALING RESOLUTION 1997-25

WHEREAS, Town Code Section 2.50.145 requires the preparation and adoption of a Town Purchasing Policy by resolution of the Town Council;

WHEREAS, in 1966 the Town Council adopted a Purchasing Policy by Resolution No. 1966-211;

WHEREAS, the Purchasing Policy was amended in 1994 by Resolution No. 1994-74 and again in 1997 by Resolution No. 1997-25;

WHEREAS, the Purchasing Policy was updated in 2008 and again in 2021;

WHEREAS, minor amendments are needed to the Purchasing Policy to clarify contract signing authority, that special rules apply to purchases made using federal funds, and that specified public works project contractors must be registered with the Department of Industrial Relations.

NOW, THEREFORE, the Town Council of the Town of Los Gatos resolves as follows:

1. Exhibit A is hereby adopted as the Town Purchasing Policy effective immediately.
2. The Town Manager is directed to implement the provision of the Town Purchasing Policy.
3. The Town Manager, or their designee, is authorized to sign all approved contracts and agreements in amounts up to and including \$100,000 in accordance with the amended Purchasing Policy.
4. Resolution 1997-25 and all previous editions of the Town Purchasing Policy are hereby repealed.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 6th of October 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

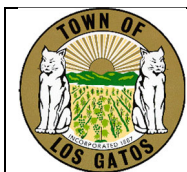
ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA



TOWN OF
LOS GATOS
CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service

Community Stewardship

Future Focus

TITLE: Purchasing Policy

POLICY NUMBER: 4-06

EFFECTIVE DATE: August 4, 2008

PAGES: 23

ENABLING ACTIONS: Ordinance 2325;
2021-052

REVISED DATES: 11/16/2021

APPROVED:

I. PURPOSE

The purpose of this Purchasing Policy is to define the policies and processes for the procurement of goods and services for the Town of Los Gatos in conformance with Federal and State codes and regulations and Town Code Sections 2.50.105 through 2.50.145. This policy establishes procurement authorization levels and provides uniform guidelines for procurement activities to ensure proper and efficient procurement activity.

II. SCOPE

The provisions of this policy shall apply to elected and appointed officials, Town employees, volunteers, and vendors seeking to do business with the Town. It identifies those with the authority and responsibility to procure on behalf of the Town, and addresses policies on matters including, but not limited to, the purchase of goods and services, public works projects, emergency purchases, Town contracts for services, and the disposition of surplus property.

III. CODE OF CONDUCT

All Town employees are responsible for impartially assuring fair and competitive access to Town procurement opportunities by responsible vendors. In addition, all employees shall conduct themselves in a manner that avoids any impropriety and that fosters the highest level of public confidence in the integrity of the Town's purchasing system.

1. **Conflict of Interest:** No employee shall participate in a procurement when the employee knows that their spouse, domestic partner, child, stepchild, parent, stepparent or other close family member or friend will either benefit from the procurement and/or has an employment arrangement contingent on or will be affected by the procurement.

2. **No Gifts or Gratuities:** No Town employee shall solicit, demand, accept or agree to accept a gift of goods or services, payment, loan, advance, deposit of money, or employment offer presented, promised in return for, or in anticipation of favorable consideration in a Town procurement.
3. **Conduct with Vendors:** Conduct with vendors who provide goods or services to the Town shall be fair, open, and transparent. Town employees shall refrain from showing favoritism to vendors or being unduly influenced, safeguard confidentiality when required to do so, and select vendors on the basis of meeting appropriate and fair criteria. This includes purchase orders.
4. **Accountability.** Town employees shall abide by and be accountable for the codes of conduct established in this policy. Policy violations may result in disciplinary action and/or termination of employment.

IV. EXCLUSIONS/EXCEPTIONS

The provisions of this policy shall not apply to any of the following, with the exception of the requirements for a contract, as determined by the Town Attorney:

1. Employee benefits
2. Bond and trust account payments
3. Employee reimbursements
4. Escrow payments
5. Fuel (gasoline/diesel)
6. Insurance
7. Membership/dues
8. Media advertisements
9. Offsite training expenses
10. Pass-through payments
11. Postage
12. Refunds
13. Travel expenses
14. Utility payments
15. Contracts governed by any State or Federal law which prescribes a different procedure
16. Goods or services accepted in compliance with the terms and conditions of a grant, gift, or bequest to the Town

V. DEFINITIONS

For purposes of this policy, the following words and phrases shall be interpreted as follows:

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Awarding Authority – The governing body or staff person authorized to approve the purchase of goods and services on behalf of the Town based on level of review and/or predetermined monetary amounts established by this policy.

Bid – Formal written offer, in response to a solicitation, to furnish goods including supplies, equipment, and vehicles, and/or services in conformity with the specifications, delivery terms, and conditions required at a guaranteed maximum cost.

Change Order – A document signed and approved by an authorized Town employee and the Finance Department that modifies the terms of the original approved purchase order and/or agreement in scope, cost, schedule, account coding, and/or other similar factor.

Contract or Agreement – A written legal document between two or more parties, which documents agreed upon particulars, including some or all of the following: scope of work; deliverables; milestones or measures; time and insurance requirements; use of equipment or property; fees or payments.

Cost – As applied to a single transaction for the purchase of goods or services, means the total amount to be expended by the Town, inclusive of sales or use tax. Cost includes amounts expended for delivery, set-up, testing, and included maintenance services.

Department Directors – Means and includes the Assistant Town Manager, Community Development Director, Human Resources Director, Finance Director, Library Director, Police Chief, Information Technology Manager, Town Clerk, and Parks and Public Works Director. In the case of vacancy or absence, to mean the interim or acting Director.

Department Purchasing Representative – A Town employee designated by their Department Director as having the authority to solicit bids or proposals and place orders with vendors on behalf of their Department, subject to the limitations established in this Policy, Town Code Sections 2.50.105 through 2.50.145, and the approval of the appropriate awarding authority.

Disposable Kitchen and Office Supplies – Include, but are not limited to: coffee cups, plates, pens, binders, trash, and recycle liners.

Emergency – An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger and requires immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, as declared by the Director of Emergency Services/Town Manager.

Employee – An individual who performs services for the Town as an elected or appointed official or as a compensated employee of the Town or of a temporary services agency retained by the Town.

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Goods – Includes supplies, materials, and equipment to be furnished or used by any Town Department, including items purchased by the Town and furnished to contractors for use in public works projects.

Independent Contractor – An individual or business with whom the Town contracts to provide services. An independent contractor differs from an employee in that the Town specifies the deliverable that is to result from the contracted work but does not have the right to direct or control the manner in which the work is performed.

Insurance – All vendors engaged in services on Town property, or whenever there may be an inherent risk of personal injury in the activity involved, regardless of the cost of the service, are required to maintain public liability insurance, property damage insurance, and workers compensation insurance, in accordance with State law, for each occurrence naming the Town of Los Gatos as additional insured. A Certificate of Insurance must be filed with the Town prior to engaging in any operation of activity set forth in the purchase order. If a vendor is providing a good such as equipment, insurance may be required if the purchase entails set-up, testing, and/or maintenance as part of the purchase or lease. Refer to the insurance requirements in effect at the time of procurement. Insurance requirements are maintained by the Town Clerk Department and Town Attorney. Exceptions to the standard insurance requirements must be authorized by the Town Attorney. The purchasing Department should request insurance from the vendor and ensure current insurance documents are on file with the Town.

Maintenance Work – As defined in Section 22002 of the Public Contract Code, and means duties that include any or all of the following: (a) routine, recurring and usual work for the preservation or protection of any publicly owned or operated facility, (b) minor repainting, (c) resurfacing of streets and highways at less than one inch, (d) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems, or (e) work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems.

Paper Products – Include, but are not limited to: paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging folders, corrugated boxes, tissue, and toweling, or as otherwise defined in 14 CCR Section 18982(a)(51).

Printing and Writing Papers – Include, but are not limited to: copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, and other uncoated writing papers, posters, index cards, calendars, brochures, reports, magazines, and publications, or as otherwise defined in 14 CCR Section 18982(a)(54).

Professional Services – Services which require the exercise of professional discretion and independent judgment, based on an advanced or specialized knowledge, expertise or training gained by formal studies or experience. Examples of professional service providers include appraisers, architects, attorneys, engineers, instructors, land surveyors, physicians, information technology services, graphic designers, construction inspectors, etc.

Public Works Project – As defined in Section 22002 of the Public Contract Code, and means any of the following, but does not include “maintenance work”:

1. Constructions, reconstruction, erection alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; or
2. Painting or repainting of any publicly owned, leased, or operated facility.

Purchase Order – An approved purchase order represents a written agreement for the purchase of supplies or services, documenting specifications and costs. Purchase orders encumber funds in the accounting systems to ensure the availability of funds under the agreement. Purchase orders are required for purchases over \$3,000.

Purchase Requisition – A purchase requisition form is prepared by staff, electronically through the Town’s financial software system. A purchase requisition includes vendor information, business license and insurance information, and purchase specifications. After Departmental approval, the purchase requisition is submitted to the Finance Department for approval and conversion into a purchase order.

Quote – A written promise from a vendor or provider guaranteeing the cost of specific goods, including supplies, materials, equipment, or services.

Recovered Organic Waste Products – Products made in California, landfill-diverted recovered Organic Waste processed in a permitted or otherwise authorized facility, or as otherwise defined in 14 CCR Section 18982(a)(60).

Recycled-Content Paper – Paper products and printing and writing paper that consists of at least 30 percent, by fiber weight, postconsumer fiber, or as otherwise defined in 14 CCR Section 18982(a)(61).

Senate Bill 1383 (SB 1383) – Senate Bill approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing methane admissions reduction targets in a Statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.

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Senate Bill 1383 Regulations (SB 1383 Regulations) – The Short-Lived Climate Pollutants: Organic Waste Reduction regulations developed by CalRecycle that created 14 CCR, Division 7, Chapter 12 and amended portions of the regulations of 14 CCR and 27 CCR.

Services (General) – Work performed or labor, time and effort expended by an independent contractor, including professional services and excluding contracts for public works projects. Examples include custodial services and building and equipment maintenance.

Surplus Property – Any Town property that is no longer needed or useable by the holding Department.

VI. DECENTRALIZED PURCHASING SYSTEM

The Town has adopted a decentralized purchasing system pursuant to Town Code Section 2.50.110. This means that for most purchases, requesting Departments can directly implement the appropriate procurement process, subject to the limitations established in this policy and subject to the approval of the appropriate awarding authority. The Finance Department and Town Manager oversee this process. Nothing precludes staff from seeking procurement assistance from the Finance Department or Town Manager, especially to clarify policies, processes, and procedures.

VII. BUSINESS LICENSES

Pursuant to Town Code Chapter 14, a Town business license is required for vendors located within Town limits, or if an agent of the business comes into Town to conduct business. The Department initiating the purchase or contract for services is responsible for ensuring that the vendor has a business license. Common carriers only delivering goods and other government entities less than two times per quarter are not subject to the business license certification requirement.

VIII. TYPES OF PURCHASES

For the purpose of this policy, purchases fall into one of the following categories: general purchase of goods and/or services, public works projects, and emergency purchases. Special rules apply to purchases made with federal funds.

As a general rule, purchases shall be based on a competitive procurement process. The rigor of the procurement process increases with the dollar value of the purchase. Although formal bidding can result in lower purchase prices, there are costs associated with the process in terms of time and effort and smaller value procurements may not attract vendor interest in a rigorous process. For that reason, the smaller the purchase, the lesser the requirements in procurement process and vice versa.

IX. PURCHASES OF GOODS AND/OR SERVICES

Under no circumstance can any purchase be split or separated into smaller components to determine the appropriate awarding authority or for any other purpose.

1. ~~Goods and services costing~~Purchases up to and including **\$3,000** (including tax, shipping, and handling):
 - a. May be approved at the staff level by a Department Purchasing Representative as designated by Department Directors.
 - b. No Purchase Order is required prior to the purchase being made or work commencing.
 - c. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
 - d. A Town-issued purchasing credit card may be used to pay, subject to purchasing limits and the rules set forth in the Town Procurement Card Procedure.
2. ~~Good and services costing~~Purchases over **\$3,000** and up to and including **\$50,000** (including tax, shipping, and handling):
 - a. Department Director must approve purchase.
 - b. A purchase order is required prior to purchase being made or work commencing.
 - c. At least three quotes must be solicited from different vendors and supporting documentation must be submitted with the purchase requisition.
 - d. For purchase of goods that are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, and the purchase is not awarded to the vendor with the lowest quote, an explanation of why and any documentation to support the decision must be submitted with the purchase requisition.
 - e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
 - f. For information regarding sole source or single source vendors, see Section XV of this policy.
3. ~~Goods and services costing~~Purchases over **\$50,000** and up to and including **\$100,000** (including tax, shipping, and handling):
 - a. Town Manager, or ~~Finance Department~~ designee, must approve purchase.
 - b. A purchase order is required prior to purchase being made or work commencing.
 - c. For purchase of goods that are standardized or of uniform quality, a Formal Bid Procedure as outlined in Town Code Section 2.50.140 shall be followed. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, a Request for Proposal Process as outlined in Town Code Section 2.50.141 shall be followed

(see Section XIII of this policy for more information). This excludes public works projects - for bidding methods related to public works projects, see Section X of this policy.

- d. Vendor evaluation and selection criteria must be clearly outlined and presented with the purchase requisition when applicable.
- e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
- f. For information regarding sole source or single source vendors, see Section XV of this policy.

4. Goods and services costing over **\$100,000**:

- a. Town Council must approve purchase.
- b. A purchase order is required prior to the purchase being made or work commencing.
- c. For purchase of goods that are standardized or of uniform quality, a Formal Bid Procedure as outlined in Town Code Section 2.50.140 shall be followed. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, a Request for Proposal Process as outlined in Town Code Section 2.50.141 shall be followed (see Section XIII of this policy for more information). This excludes public works projects - for bidding methods related to public works projects, see Section X of this policy.
- d. Vendor evaluation and selection criteria must be clearly outlined and presented to the Town Council when applicable.
- e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.

The Town Manager, or their designee, is authorized to sign all approved contracts and agreements in amounts up to and including \$100,000.

X. PUBLIC WORKS PROJECTS

For public works projects as defined in this policy and the Public Contract Code:

1. The Town has adopted the **California Uniform Public Construction Cost Accounting Act** (the Act), per Town Code Section 2.50.131. These procedures are intended to provide uniformity of cost accounting standards for construction work performed or contracted by public entities in the State and a method for the bidding of public works projects. This section is designed to provide a synopsis of the general provisions of the Act and adopt local administrative procedures to comply with the intent of the Act. The Act should be consulted for detailed information (see the California State Controller's website at: https://sco.ca.gov/ard_cuccac.html and the Manual, currently at: www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf). Every five years, the Act

Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies.

2. Generally, the Act permits the Town to solicit bids and award contracts for public works projects as follows:
 - a. Public project work in the amount defined in the Act (currently \$60,000) or less may be performed by force account using the Town's own staff resources, or by negotiated contract, or by purchase order (Section 22032(a)) with no bid requirement.
 - b. Public projects in the amount defined in the Act (currently \$200,000) or less may use the informal bidding procedures set forth in Section 22032(b) of the Act.
 - c. Public projects at a cost defined in the Act (currently more than \$200,000) must use formal bidding procedures to let the contract pursuant to Public Contract Code Section 22032(c).
 - d. Contractors List: At least once per calendar year, the Town must establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Public Contract Code Section 22036. The notice must invite all licensed contractors to submit the name of their firms to the Town for inclusion on the Town's list of qualified bidders for the following 12 months. The Town can choose a specific date in which to renew the list of qualified contractors and may add a contractor to the list at any time during the year pursuant to the Act.
 - e. Maintenance work, as defined in this policy and the Public Contract Code, is separate and distinct from public works projects and does not fall under the Act.
 - f. All requirements of the Act, as amended from time to time, shall apply to this Policy.
3. Procedures
 - a. Development of Plans and Specifications
 - i. The Department will prepare plans and specifications that will permit the widest opportunity to prospective bidders to respond to the request for bids based on the specifications. Prior to the plans and specifications, the insurance requirements and legal aspects for the project must be reviewed and approved by the Town Attorney.
 - ii. Bid bonds, performance bonds, and payment bonds may be required in amounts stated in the specifications.
 - b. Solicitation of Bids and Proposals
 - i. **Informal Bids:** A notice inviting informal bids shall be prepared, describing the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids. The notice shall be mailed, not less than 10 calendar

days before bids are due, either to all Contractors on the Contractors List for the category of work to be bid, or to all construction trade journals as specified by the Act Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the Department soliciting bids, provided, however:

1. If there is no Contractors List maintained by the Town for the particular category or work to be performed, the notice shall be sent only to the construction trade journals specified by the California Uniform Construction Cost Accounting Commission.
 2. If the product or service is proprietary in nature such that it can only be obtained from a certain contractor or contractors, the notice may be sent exclusively to such contractor or contractors.
- ii. **Formal Bids:** Notices describing the project, stating where to obtain more information, the time and place for submitting sealed bids, and their opening shall be pursuant to Section 22037:
 1. Published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation in the Town's jurisdiction;
 2. Sent electronically, if available, by either facsimile or e-mail to all construction trade journals specified in Section 22036 at least 15 days before the date of opening of bids;
 3. Other notice, if necessary or desired by the Town.
- iii. **Rejections of Bids:** In its discretion, the Town may reject any bids presented after re-evaluating its cost estimates of the project and furnishing written notice to an apparent low bidder. The Town shall have the option of either of the following:
 1. Abandoning the project;
 2. Re-advertising for bids in the manner described above; or
 3. The Council may override the requirement for bidding if it determines that the public project will be performed more economically by the Town without a contract, or that materials and supplies can be purchased at a lower price in the open market, or if no bids are received through the formal or informal procedure, the project may be performed by Town employees.
- iv. **Award of Contract**
 1. Contracts valued over \$100,000 shall be awarded by Town Council.
 2. Contracts valued up to and including \$100,000 may be awarded by the Town Manager or designee.
 3. If all bids received through an informal bidding process are in excess of the amount defined in the Act (currently \$200,000) as requiring a formal bid process, the Town Council may, by

adoption of a resolution by a four-fifths vote, award the contract at the amount defined in the Act (currently \$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the Town was reasonable pursuant to Section 22034. If the Council does not award the contract, but wants to proceed with the project, the specifications must be reviewed and formal bids solicited.

v. Monitoring and Administration

1. Public works projects must be bid in accordance with the California Uniform Public Construction Cost Accounting Act.
 - a. Public works projects must be awarded to the lowest responsible bidder.
 - b. Contracts over \$3,000 require a purchase order prior to purchase being made or work commencing unless otherwise authorized as an emergency purchase.
2. Anyone working on a public works project must be paid prevailing wages as determined by the California Department of Industrial Relations.
3. Contractors completing public works projects must be properly licensed by the State of California, provide a Tax Identification Number, and carry the required liability and workers' compensation insurance and must be registered with the department of Industrial Relations if the contract amount exceeds \$25,000.

XI. EMERGENCY PURCHASES

In a declared emergency, essential goods and services may need to be obtained outside the processes and authorities established in this Policy. A separate Emergency Procurement Policy identifies when the Town is able to acquire the goods and services required to address an immediate threat to life-safety, public health, and property. The Policy allows for the necessary flexibility during the immediate response phase of a disaster while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the Town is included in a major disaster or emergency declared by the President of the United States, this Policy also assures that Town procurements comply with Federal regulations applicable to Federal disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200).

In a non-declared emergency, when purchases are immediately necessary for the preservation of life, property, public health, or continued operation of a Department, the Town Manager must approve the purchase. Once the Finance Department receives Town Manager approval, a purchase order will be issued. All requirements, including obtaining an executed agreement,

business license, and insurance should be completed after the fact by the Department. Failure to complete necessary procedures before the good/service were needed does not constitute an emergency.

XII. PREFERENCE FOR LOCAL AND MINORITY, DISABLED, AND WOMAN-OWNED BUSINESSES

It is the intent of the Town to ensure full and equitable opportunities for minority business enterprises, women business enterprises, disabled business enterprises, and local businesses.

For the purchase of goods or services, when two or more proposals, bids, or quotes are the same, in unit, quality, service, and total cost, preference shall be given to local businesses who operate within the Town of Los Gatos limits, minority business enterprises, women business enterprises, and disabled business enterprises.

1. Preference shall be given if the quote for service or taxable good is:
 - a. Up to and including \$10,000 and is within 5% of the lowest quote
 - b. More than \$10,000 and up to \$500,000 and is within 3% of the lowest quote
 - c. More than \$500,000 and up to \$1,000,000 and within 2% of the lowest quote
 - d. More than \$1,000,000 and within 1% of the lowest quote
2. A local business shall be defined as a vendor or contractor who has a fixed place of business in Town limits and the point of sale occurs within Town limits, is current in the payment of their business license fee, is in compliance with Town laws, and does not owe any money to the Town.
3. The Town will take all necessary affirmative steps to assure that minority businesses, women business enterprises, disabled business enterprises, and labor surplus area firms are used when possible, including those identified in 2 CFR Section 200.321:
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

- e. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - f. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in this section.
4. The preference does not prohibit the Town from basing purchasing decisions on the quality of goods/services.

XIII. FORMAL BIDDING PROCEDURES AND REQUEST FOR PROPOSAL (INCLUDING REQUEST FOR INFORMATION, REQUEST FOR STATEMENT OF QUALIFICATIONS, ETC.) PROCESS

1. **Formal Bidding Procedures.** All purchases for goods of a standardized or uniform quality in excess of \$50,000, except public works projects, are subject to a Formal Bid Procedure as outlined in Town Code Section 2.50.140. When competitive bids are required:
- a. Notice inviting bids shall be published at least 14 days before the opening of bids. Notice shall be published at least twice in a newspaper of general circulation in Town, posted on the Town bulletin boards and website, and solicited from all vendors on any relevant bidders' list. The notice should include the details of where to submit bids (Clerk Department) and the date, time, and location of the bid opening.
 - b. When deemed necessary by the purchasing Department, bidder's security may be prescribed. Bidders shall be entitled to return of bid security provided that a successful bidder shall forfeit bid security upon refusal or failure to execute the contract within 10 days after the notice of award of contract has been mailed, unless the Town is responsible for the delay. The awarding authority may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest bidder, the amount of the lowest bidder's security being applied by the Town to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.
 - c. Sealed bids shall be submitted to the Town Clerk and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be available for public inspection during regular business hours for at least 30 calendar days.
 - d. Contract shall be awarded by appropriate written notice to the lowest cost, responsible, and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.
 - e. If two or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising the bids, the awarding authority may accept the one it chooses or

accept the lowest bid made by negotiation with the bidders at the time of the bid opening.

- f. An invitation for bids may be cancelled, or any bids may be rejected in whole or in part at Town discretion with or without showing of good cause.
- g. The awarding authority shall have authority to require a performance bond before entering into a contract in such amount as it shall find reasonably necessary to protect the best interests of the Town. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.
- h. Any participating bidder may file an appeal/protest of a contract award or proposed contract award. The protest or appeal must be made in writing within 10 days of award notification and contain at least the following information:
 - ii. The name, address, email, and phone number of the protester.
 - iii. The signature of the protester.
 - iv. The bid number and date of bid closing.
 - v. A statement of the legal grounds on which the appeal is based, including all information relevant to the bid.
- i. The awarding authority may advise against a formal bidding process due to a significant business purpose or disruption of services.

2. Requests for Proposals Process.

- a. Purchases for services and goods not standardized or not of uniform quality or requiring other factors in addition to cost to be taken into account, in excess of \$50,000, except public works projects, are subject to a Request for Proposal Process as outlined in Town Code Section 2.50.141. When a Request for Proposal process is used:
 - i. The following information should be included in the Request when relevant: submittal deadline, contact information, introduction, background, scope of work, payment details, information to be submitted, timeline, evaluation criteria, insurance requirements, disqualifications, contract terms and conditions, and the public nature of materials submitted.
 - ii. Any dollar amount may be used.
 - iii. Proposals shall be submitted to the designated Town personnel electronically or in a sealed envelope prior to the deadline.
 - iv. The purchasing Department shall solicit, whenever possible, at least three competitive proposals.
 - v. The Town may utilize various other accepted requests for procurement in place of a Request for Proposal, including a Request for Information, Request for Statement of Qualifications, or others as deemed appropriate.

- vi. The Request shall be posted online at least 10 days in advance, unless a shorter timeframe is warranted.
- vii. Any interested vendors shall be treated fairly and given identical information and an equal opportunity to compete.
- viii. Once responses are received, the proposals will be confidentially evaluated and scored in accordance with the established criteria. Interviews, presentations, site visits, etc. may be conducted depending on the nature of the procurement.
- ix. When a top-rated proposer is identified, good faith negotiations will commence. If an agreement cannot be reached in consideration of cost and/or scope, the next highest-rated proposer will be engaged and so on, until a mutually acceptable agreement is reached.

XIV. CONTRACTS

Contracts are required for the purchase of services.

- 1. A contract may be entered into for any period of time deemed to be in the best interest of the Town, provided that the term of the contract and renewal provisions are included in the original solicitation process. Contracts committing the Town over five fiscal years are not recommended and should be reviewed and approved by the awarding authority on a case-by-case basis.
- 2. Contracts in excess of one year shall include a provision automatically terminating the contract in the event that the Town Council does not budget funds to pay the contract in future years.
- 3. Insurance, as defined in this policy, is required for any vendor in connection with a contract that involves service performed on Town property.
- 4. If a vendor is providing a good such as equipment, a contract may be required if the purchase also entails a service such as set-up, testing, and/or maintenance as part of the purchase or lease.
- 5. All contracts must be approved as to form by the Town Attorney and routed through the Town's standard contract routing process, registered by the Town Clerk and reviewed, at a minimum, by the Finance Department and Town Manager's Office. The Town Manager will sign all contracts on behalf of the Town.
- 6. Departments will use a standard Town template contract. The master template is created and edited by the Town Attorney and maintained by the Clerk Department. Any changes must be approved by the Town Attorney.
- 7. Contracts may not be split or separated into smaller components.

XV. SOLE SOURCE/SINGLE SOURCE VENDORS

Sole Source is defined as the selection of a good or service that can only be obtained from one vendor because of its specialized, proprietary, or unique character.

Single source is defined as the selection of a good or service that may be available from two or more vendors, but there is a compelling reason to select one particular vendor.

The requesting Department is responsible for supplying concise written justification, in the form of a memorandum, to be approved by the Department Director and Town Attorney, for the sole or single source purchase.

XVI. PROFESSIONAL SERVICES

Departments may seek the advice and assistance of professional service providers when there is a need for a specific expertise that is otherwise unavailable or the workload is such that additional assistance is required and the critical nature of the need justifies the cost.

1. In those cases where a professional service provider is sought due to workload issues, care shall be taken to structure services such that the professional service provider is clearly performing as an independent contractor and not as a temporary employee.
2. Reasonable alternatives, such as borrowing staff with the required expertise from another Department or establishing a full- or part-time Town position shall be considered before determining that the use of a professional service provider is cost effective and necessary.
3. Professional service providers are ordinarily selected based upon a number of criteria in addition to price. Examples include qualifications and relevant experience, understanding of the Town's needs, proposed methodology and approach, etc.
4. Professional services are legally exempt from selection solely based on cost. However, the complexity of the professional service provider selection process should be commensurate with the value of the proposed contract. For example, seeking a proposal from a single provider might be appropriate for a \$3,000 contract, but the issuance of a written Request for Proposals may be more appropriate for a \$50,000 contract. The Town Attorney may advise if a Request for Proposal process should be initiated.
5. The awarding authority, based on the cost of the service, shall be empowered to engage a professional service provider without the necessity of providing multiple quotes, a formal bid process, or a Request for Proposal process. This does not preclude any of these processes from occurring if desired by the awarding authority.

6. When services are required on a frequent or routine basis, a list of qualified “on-call” vendors may be established through a Request for Proposal (or Request for Information, Request for Statement of Qualifications, etc.) process. Following establishment of the list, vendors may be utilized without further selection process based on availability, cost, expertise, or other criteria. The list shall remain active for no more than five years. After five years, the Department shall utilize another Request for Proposal (or Request for Information, Request for Statement of Qualifications, etc.) process in order to update the list.

XVII. COOPERATIVE PURCHASING AGREEMENTS

When it is in the Town’s best interest, Departments may purchase goods or services through cooperative purchasing agreements of other governmental or public agencies. Use of cooperative purchasing agreements is encouraged as a way of obtaining goods and services by aggregating volume, securing value pricing, and reducing administrative overhead. Measured use of cooperative purchasing agreements can significantly reduce the time and resources needed to competitively bid goods and service contracts.

1. Purchases through cooperative purchasing agreements may be accomplished without soliciting competitive quotes.
2. Departments wanting to utilize a cooperative purchasing agreement must submit all information regarding the cooperative purchasing agreement with the purchase requisition.

XVIII. ADDITIONAL PURCHASING GUIDELINES

1. **Alternate Vendor**
 - b. In the event that a vendor with the lowest quote is unable to provide the product(s), alternate vendors will be utilized in sequence of lowest responsible quote meeting requirements.
2. **Standardization**
 - a. Standardization is an organized process to adopt one product or group of products to be used by the Town, such as a particular computer hardware or software. Product standardization may be utilized to create efficiencies, enhance safety, increase productivity, promote brand consistency, or to foster interoperability.
 - b. Product standardization decisions are made by consensus of the Town Manager, Town Attorney, and Finance Director after careful consideration and review of recommendations from staff.

3. Purchase Requisitions

- a. A purchase requisition is required to be submitted for a purchase order to be issued when necessary.
- b. The requesting Department prepares the requisition using the Town's financial software for the entire amount of the purchase, including tax, shipping and handling, etc. and includes the appropriate account codes.
- c. Prior to submitting the purchase requisition for approval, all documents verifying compliance with this policy must be attached. These documents may include:
 - a. Written quotes including product specifications and tabulation, if appropriate or required;
 - b. First page of the staff report, if Council approval required or received;
 - c. Executed contract or amendment to contract for services;
 - d. Insurance and endorsements if required by contract, or alternatively, waiver of these documents approved by Town Attorney;
 - e. Verification of valid business license if required; and/or
 - f. Sole or single source memorandum for approval by Town Attorney.
- d. Upon receipt of a purchase requisition, the Finance Department reviews the document for accuracy and completeness. If the purchase requisition is not complete and/or accurate, a purchase order will not be issued, and the requesting Department will be notified of any necessary corrections. If the purchase requisition is complete and accurate, a purchase order will be issued in accordance with the guidelines of this policy.
- e. Approval of the purchase requisition represents that the Department has sufficient funds available to pay for the purchase, all necessary documents are attached and acceptable, and the guidelines of this policy have been followed.
- f. A purchase order is required prior to the purchase being made or work commencing unless otherwise noted in this policy.
- g. Purchases under \$3,000 do not require a purchase order, but must be authorized by the purchasing Department per Section IX of this policy.

4. Purchase Orders

- a. A purchase order is the principle document used to obtain goods and services for the Town.
- b. Purchase orders are required for all goods or services costing over \$3,000.
- c. A purchase order establishes an encumbrance against a program account.
- d. The Finance Department will issue a purchase order only after Town staff at all approval levels have first reviewed and approved the purchase requisition. Approval levels are as follows:
 - a. Department Director or designee
 - b. Insurance verification by the Clerk Department if applicable
 - c. Business License verification by Finance Department staff if applicable

- d. Approval for compliance with this policy by Finance Department
- e. Confirmation that the appropriate awarding authority has approved the purchase by Finance Department (i.e., Town Council).

5. Change Orders

- a. Where the actual cost of goods exceeds 10% of the original purchase order, a change order must be requested from Finance by the responsible Department.
- b. Where the actual cost of goods is within 10% of the original purchase order amount, payment may be made subject to verification of the amount(s) by the responsible Department.
- c. Where the actual cost of services differs from the original purchase order amount specified in the service contract, a contract amendment must be submitted by the Department with the change order request.
- d. Change orders that increase any purchase order of goods or services over \$100,000 will require prior approval from Town Council.
- e. Documents outlining compliance with this policy must be submitted to Finance with the change order (i.e., a Council staff report).

6. Blanket Purchase Orders

- a. Blanket purchase orders can be utilized for goods or services that are used by the Town for ongoing operations. For a blanket purchase order, vendors agree to honor a price for a given period of time, and the Town may not specifically know how much of the product will be consumed or where or when it will be consumed.
- b. A blanket purchase order provides for obtaining pricing for anticipated but unidentified goods or services.
- c. Blanket purchase orders have the same requirements for goods and services as outlined in this policy.

XIX. RECYCLED PRODUCTS AND MATERIALS

It is the Town's intent to minimize negative environmental impacts of the Town's activities by ensuring the procurement of services and products that reduce toxicity, maximize recyclability and recycled content, and conserve natural resources, material, and energy.

In 2016, Governor Brown signed into law Senate Bill 1383 (SB 1383), in a state-wide effort to reduce emissions of short-lived climate pollutants (SLCP). Beginning January 1, 2022, SB 1383 requires cities and counties to procure annually a quantity of recovered organic waste products. As there is so much paper present in the solid waste disposal stream, the procurement of recycled content and recyclable paper will grow demand for these products and support recycling to help meet the organic waste diversion goals of SB 1383.

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Town Departments and direct service providers to the Town, as applicable, must comply with the Town's Organic Waste Product Procurement Procedure for purchasing and mandatory recordkeeping for paper products, printing and writing paper, and disposable kitchen and office supplies.

Requirements for purchasing paper products, printing and writing paper, and disposable kitchen and office supplies are as follows:

1. All purchases must contain 30 percent postconsumer recycled content, when available at no greater cost than nonrecycled products.
2. Products must be recyclable as defined by FTC "Green Guides."
3. Departments must require vendors to certify postconsumer content and recyclability claims.
4. Departments/employees must provide records to the recordkeeping designee, as outlined in the Town Organic Waste Product Procurement Procedure, of all paper products, printing and writing paper, and disposable kitchen and office supplies purchased from a vendor within thirty days of the purchase (both recycled content and non-recycled content, if any is purchased). Records shall include a copy of the invoice or other documentation of purchase, written certifications for recycled-content purchases, purchaser name, quantity purchased, date purchased, and recycled content (including products that contain none), and if non-recycled content paper products and/or non-recycled content printing and writing paper are provided, include a description of why recycled-content paper products and/or recycled content printing and writing paper were not provided.

Departments should meet the following guidelines for non-paper products, provided the goods are available within a reasonable timeframe, meet reasonable performance standards, and are available at a reasonable cost:

1. All computer products purchased by the Town should be in compliance with the Federal Energy Star program.
2. All pesticides purchased by the Town shall be of the least toxic available.
3. Whenever possible, goods and services procured by the Town shall be from businesses that are certified green businesses by the Bay Area Green Business Program.

XX. HEALTHY FOOD AND BEVERAGE GUIDELINES

The Town of Los Gatos is committed to promoting and encouraging ways for Town staff, residents, and visitors to improve their overall health and wellness. One way to achieve the goal of supporting healthy living is to offer, purchase, and serve food and beverages of the greatest nutritional value and in appropriate serving sizes. The following guidelines help the Town promote a healthy work environment leading to greater job satisfaction, higher morale, and reduced health care costs and absenteeism. These guidelines are applicable when Town funds are being used and are not directed at individuals' meals, snacks, or beverages purchased or brought from home using non-Town funds. The guidelines apply to Town-sponsored meetings, celebrations, events, and in vending machines on Town property.

2. Beverages

- a. Water is presented as an attractive and appealing option.
- b. Sparkling water may be offered as an alternative to soda.
- c. Decaffeinated beverages are offered.
- d. Coffee and tea may be served unsweetened.
- e. Juices that provide more beneficial nutrients, like orange and grapefruit, are preferred.
- f. Recommended beverages include water, fat-free or skim milk, non-dairy milk alternatives (i.e., soy, almond, or oat), 100% fruit or vegetable juices, diet beverages, calorie-free sports drinks, and low-calorie sparkling water products.

3. Food and Desserts

- a. Healthy options are attractively presented and appealing.
- b. Reasonable portions are provided by cutting food in halves or quarters (i.e., cookies, sandwiches, or bagels are sliced in half).
- c. Either a fully plant-based offering or an attractive plant-based alternative is offered.
- d. A gluten-free option is offered.
- e. Foods are prepared using healthy cooking techniques such as baking, roasting, grilling, or steaming.
- f. Desserts are served in small portion sizes and healthier food options such as fresh fruit are also provided.
- g. Recommended foods include fruits, vegetable, whole grains, lean protein (i.e., skinless chicken breast, turkey, beans, tofu), and lower fat condiments such as vinaigrette, hummus, mustard, or salsa.

4. Food vending

- a. Contents of package must be a single serving size.
- b. No more than 35% calories from fat, with the exception of packages of nuts or seeds.

- c. At least one snack food item offered should meet the Food and Drug Administration's definition of "low sodium."
- d. At least one snack item offered should contain at least two grams of dietary fiber per serving.

XXI. UNAUTHORIZED PURCHASES

Unauthorized purchases are required to be ratified by the appropriate awarding authority.

- 1. The employee making the unauthorized purchase must provide a written explanation of why the purchase was made.
- 2. The written explanation must be reviewed and approved by the appropriate awarding authority.
- 3. In the event that a vendor has been paid and the unauthorized purchase is not subsequently ratified, the employee may be held responsible for reimbursing the Town.

XXII. SURPLUS GOODS AND EQUIPMENT

The Town Manager or their designee has the authority to declare items with a market value of less than \$100,000 surplus. Items with a market value greater than \$100,000 will be formally declared surplus by the Town Council. Each Department shall periodically review its inventory and promptly notify the Town Manager of any surplus property. Proceeds from the sale or trade-in of surplus property shall be returned to the appropriate fund.

- 1. **Surplus Disposal:** The declaring authority shall determine or approve one of the following methods of disposition that is most appropriate and in the best interest of the Town:
 - a. Transfer to another Department: Surplus property may be transferred between Town Departments.
 - b. Trade-In: Surplus property may be offered as a trade-in credit toward the acquisition of new property.
 - c. Disposal: The surplus property may be offered for sale. All surplus property is for sale "as is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility, or usability of the property offered for sale.

2. Methods of Disposal:

- a. Public Auction: Surplus property may be sold at public auction. Town staff may conduct public auctions, use online auction sites, or the Town may contract with a professional auctioneer.
- b. Sealed Bids: Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner should be sold to the highest responsible bidder.
- c. Selling for Scrap: Surplus property may be sold as scrap if the declaring authority deems that the value of the raw material exceeds the value of the property as a whole.
- d. Negotiated Sale: Surplus property may be sold outright if the declaring authority determines that only one known buyer is available or interested in acquiring the property.
- e. Donation: Surplus property unlikely to generate significant revenue may be donated to other public agencies or to non-profit organizations. Any non-profit must be qualified under section 501(c)(3) of the Internal Revenue Code in order to receive a donation.
- f. No Value Item: Where the Town Manager determines that specific supplies or equipment are surplus and of minimal value to the Town due to spoilage, obsolescence, or other cause; or where the Town Manager determines that cost of disposal of such supplies or equipment would exceed the recovery value, the Town Manager shall dispose of the supplies in such manner as he or she deems appropriate and in the best interest of the Town.

APPROVED AS TO FORM:

Robert SchultzGabrielle Whelan, Town Attorney


TITLE: Purchasing Policy

POLICY NUMBER: 4-06

EFFECTIVE DATE: August 4, 2008

PAGES: 23

ENABLING ACTIONS: Ordinance 2325;
2021-052

REVISED DATES: 11/16/2021

APPROVED:

I. PURPOSE

The purpose of this Purchasing Policy is to define the policies and processes for the procurement of goods and services for the Town of Los Gatos in conformance with Federal and State codes and regulations and Town Code Sections 2.50.105 through 2.50.145. This policy establishes procurement authorization levels and provides uniform guidelines for procurement activities to ensure proper and efficient procurement activity.

II. SCOPE

The provisions of this policy shall apply to elected and appointed officials, Town employees, volunteers, and vendors seeking to do business with the Town. It identifies those with the authority and responsibility to procure on behalf of the Town, and addresses policies on matters including, but not limited to, the purchase of goods and services, public works projects, emergency purchases, Town contracts for services, and the disposition of surplus property.

III. CODE OF CONDUCT

All Town employees are responsible for impartially assuring fair and competitive access to Town procurement opportunities by responsible vendors. In addition, all employees shall conduct themselves in a manner that avoids any impropriety and that fosters the highest level of public confidence in the integrity of the Town's purchasing system.

1. **Conflict of Interest:** No employee shall participate in a procurement when the employee knows that their spouse, domestic partner, child, stepchild, parent, stepparent or other close family member or friend will either benefit from the procurement and/or has an employment arrangement contingent on or will be affected by the procurement.

2. **No Gifts or Gratuities:** No Town employee shall solicit, demand, accept or agree to accept a gift of goods or services, payment, loan, advance, deposit of money, or employment offer presented, promised in return for, or in anticipation of favorable consideration in a Town procurement.
3. **Conduct with Vendors:** Conduct with vendors who provide goods or services to the Town shall be fair, open, and transparent. Town employees shall refrain from showing favoritism to vendors or being unduly influenced, safeguard confidentiality when required to do so, and select vendors on the basis of meeting appropriate and fair criteria. This includes purchase orders.
4. **Accountability.** Town employees shall abide by and be accountable for the codes of conduct established in this policy. Policy violations may result in disciplinary action and/or termination of employment.

IV. EXCLUSIONS/EXCEPTIONS

The provisions of this policy shall not apply to any of the following, with the exception of the requirements for a contract, as determined by the Town Attorney:

1. Employee benefits
2. Bond and trust account payments
3. Employee reimbursements
4. Escrow payments
5. Fuel (gasoline/diesel)
6. Insurance
7. Membership/dues
8. Media advertisements
9. Offsite training expenses
10. Pass-through payments
11. Postage
12. Refunds
13. Travel expenses
14. Utility payments
15. Contracts governed by any State or Federal law which prescribes a different procedure
16. Goods or services accepted in compliance with the terms and conditions of a grant, gift, or bequest to the Town

V. DEFINITIONS

For purposes of this policy, the following words and phrases shall be interpreted as follows:

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Awarding Authority – The governing body or staff person authorized to approve the purchase of goods and services on behalf of the Town based on level of review and/or predetermined monetary amounts established by this policy.

Bid – Formal written offer, in response to a solicitation, to furnish goods including supplies, equipment, and vehicles, and/or services in conformity with the specifications, delivery terms, and conditions required at a guaranteed maximum cost.

Change Order – A document signed and approved by an authorized Town employee and the Finance Department that modifies the terms of the original approved purchase order and/or agreement in scope, cost, schedule, account coding, and/or other similar factor.

Contract or Agreement – A written legal document between two or more parties, which documents agreed upon particulars, including some or all of the following: scope of work; deliverables; milestones or measures; time and insurance requirements; use of equipment or property; fees or payments.

Cost – As applied to a single transaction for the purchase of goods or services, means the total amount to be expended by the Town, inclusive of sales or use tax. Cost includes amounts expended for delivery, set-up, testing, and included maintenance services.

Department Directors – Means and includes the Assistant Town Manager, Community Development Director, Human Resources Director, Finance Director, Library Director, Police Chief, Information Technology Manager, Town Clerk, and Parks and Public Works Director. In the case of vacancy or absence, to mean the interim or acting Director.

Department Purchasing Representative – A Town employee designated by their Department Director as having the authority to solicit bids or proposals and place orders with vendors on behalf of their Department, subject to the limitations established in this Policy, Town Code Sections 2.50.105 through 2.50.145, and the approval of the appropriate awarding authority.

Disposable Kitchen and Office Supplies – Include, but are not limited to: coffee cups, plates, pens, binders, trash, and recycle liners.

Emergency – An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger and requires immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, as declared by the Director of Emergency Services/Town Manager.

Employee – An individual who performs services for the Town as an elected or appointed official or as a compensated employee of the Town or of a temporary services agency retained by the Town.

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Goods – Includes supplies, materials, and equipment to be furnished or used by any Town Department, including items purchased by the Town and furnished to contractors for use in public works projects.

Independent Contractor – An individual or business with whom the Town contracts to provide services. An independent contractor differs from an employee in that the Town specifies the deliverable that is to result from the contracted work but does not have the right to direct or control the manner in which the work is performed.

Insurance – All vendors engaged in services on Town property, or whenever there may be an inherent risk of personal injury in the activity involved, regardless of the cost of the service, are required to maintain public liability insurance, property damage insurance, and workers compensation insurance, in accordance with State law, for each occurrence naming the Town of Los Gatos as additional insured. A Certificate of Insurance must be filed with the Town prior to engaging in any operation of activity set forth in the purchase order. If a vendor is providing a good such as equipment, insurance may be required if the purchase entails set-up, testing, and/or maintenance as part of the purchase or lease. Refer to the insurance requirements in effect at the time of procurement. Insurance requirements are maintained by the Town Clerk Department and Town Attorney. Exceptions to the standard insurance requirements must be authorized by the Town Attorney. The purchasing Department should request insurance from the vendor and ensure current insurance documents are on file with the Town.

Maintenance Work – As defined in Section 22002 of the Public Contract Code, and means duties that include any or all of the following: (a) routine, recurring and usual work for the preservation or protection of any publicly owned or operated facility, (b) minor repainting, (c) resurfacing of streets and highways at less than one inch, (d) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems, or (e) work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems.

Paper Products – Include, but are not limited to: paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging folders, corrugated boxes, tissue, and toweling, or as otherwise defined in 14 CCR Section 18982(a)(51).

Printing and Writing Papers – Include, but are not limited to: copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, and other uncoated writing papers, posters, index cards, calendars, brochures, reports, magazines, and publications, or as otherwise defined in 14 CCR Section 18982(a)(54).

Professional Services – Services which require the exercise of professional discretion and independent judgment, based on an advanced or specialized knowledge, expertise or training gained by formal studies or experience. Examples of professional service providers include appraisers, architects, attorneys, engineers, instructors, land surveyors, physicians, information technology services, graphic designers, construction inspectors, etc.

Public Works Project – As defined in Section 22002 of the Public Contract Code, and means any of the following, but does not include “maintenance work”:

1. Constructions, reconstruction, erection alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; or
2. Painting or repainting of any publicly owned, leased, or operated facility.

Purchase Order – An approved purchase order represents a written agreement for the purchase of supplies or services, documenting specifications and costs. Purchase orders encumber funds in the accounting systems to ensure the availability of funds under the agreement. Purchase orders are required for purchases over \$3,000.

Purchase Requisition – A purchase requisition form is prepared by staff, electronically through the Town’s financial software system. A purchase requisition includes vendor information, business license and insurance information, and purchase specifications. After Departmental approval, the purchase requisition is submitted to the Finance Department for approval and conversion into a purchase order.

Quote – A written promise from a vendor or provider guaranteeing the cost of specific goods, including supplies, materials, equipment, or services.

Recovered Organic Waste Products – Products made in California, landfill-diverted recovered Organic Waste processed in a permitted or otherwise authorized facility, or as otherwise defined in 14 CCR Section 18982(a)(60).

Recycled-Content Paper – Paper products and printing and writing paper that consists of at least 30 percent, by fiber weight, postconsumer fiber, or as otherwise defined in 14 CCR Section 18982(a)(61).

Senate Bill 1383 (SB 1383) – Senate Bill approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing methane admissions reduction targets in a Statewide effort to reduce emissions of short-lived climate pollutants as amended, supplemented, superseded, and replaced from time to time.

Senate Bill 1383 Regulations (SB 1383 Regulations) – The Short-Lived Climate Pollutants: Organic Waste Reduction regulations developed by CalRecycle that created 14 CCR, Division 7, Chapter 12 and amended portions of the regulations of 14 CCR and 27 CCR.

Services (General) – Work performed or labor, time and effort expended by an independent contractor, including professional services and excluding contracts for public works projects. Examples include custodial services and building and equipment maintenance.

Surplus Property – Any Town property that is no longer needed or useable by the holding Department.

VI. DECENTRALIZED PURCHASING SYSTEM

The Town has adopted a decentralized purchasing system pursuant to Town Code Section 2.50.110. This means that for most purchases, requesting Departments can directly implement the appropriate procurement process, subject to the limitations established in this policy and subject to the approval of the appropriate awarding authority. The Finance Department and Town Manager oversee this process. Nothing precludes staff from seeking procurement assistance from the Finance Department or Town Manager, especially to clarify policies, processes, and procedures.

VII. BUSINESS LICENSES

Pursuant to Town Code Chapter 14, a Town business license is required for vendors located within Town limits, or if an agent of the business comes into Town to conduct business. The Department initiating the purchase or contract for services is responsible for ensuring that the vendor has a business license. Common carriers only delivering goods and other government entities less than two times per quarter are not subject to the business license certification requirement.

VIII. TYPES OF PURCHASES

For the purpose of this policy, purchases fall into one of the following categories: general purchase of goods and/or services, public works projects, and emergency purchases. Special rules apply to purchases made with federal funds.

As a general rule, purchases shall be based on a competitive procurement process. The rigor of the procurement process increases with the dollar value of the purchase. Although formal bidding can result in lower purchase prices, there are costs associated with the process in terms of time and effort and smaller value procurements may not attract vendor interest in a rigorous process. For that reason, the smaller the purchase, the lesser the requirements in procurement process and vice versa.

IX. PURCHASES

Under no circumstance can any purchase be split or separated into smaller components to determine the appropriate awarding authority or for any other purpose.

1. Purchases up to and including **\$3,000** (including tax, shipping, and handling):
 - a. May be approved at the staff level by a Department Purchasing Representative as designated by Department Directors.
 - b. No Purchase Order is required prior to the purchase being made or work commencing.
 - c. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
 - d. A Town-issued purchasing credit card may be used to pay, subject to purchasing limits and the rules set forth in the Town Procurement Card Procedure.
2. Purchases over **\$3,000** and up to and including **\$50,000** (including tax, shipping, and handling):
 - a. Department Director must approve purchase.
 - b. A purchase order is required prior to purchase being made or work commencing.
 - c. At least three quotes must be solicited from different vendors and supporting documentation must be submitted with the purchase requisition.
 - d. For purchase of goods that are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, and the purchase is not awarded to the vendor with the lowest quote, an explanation of why and any documentation to support the decision must be submitted with the purchase requisition.
 - e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
 - f. For information regarding sole source or single source vendors, see Section XV of this policy.
3. Purchases over **\$50,000** and up to and including **\$100,000** (including tax, shipping, and handling):
 - a. Town Manager, or designee, must approve purchase.
 - b. A purchase order is required prior to purchase being made or work commencing.
 - c. For purchase of goods that are standardized or of uniform quality, a Formal Bid Procedure as outlined in Town Code Section 2.50.140 shall be followed. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, a Request for Proposal Process as outlined in Town Code Section 2.50.141 shall be followed (see Section XIII of this policy for more information). This excludes public works

- projects - for bidding methods related to public works projects, see Section X of this policy.
- d. Vendor evaluation and selection criteria must be clearly outlined and presented with the purchase requisition when applicable.
 - e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.
 - f. For information regarding sole source or single source vendors, see Section XV of this policy.
4. Goods and services costing over **\$100,000**:
- a. Town Council must approve purchase.
 - b. A purchase order is required prior to the purchase being made or work commencing.
 - c. For purchase of goods that are standardized or of uniform quality, a Formal Bid Procedure as outlined in Town Code Section 2.50.140 shall be followed. For purchase of services or goods that are not standardized or not of uniform quality or other factors in addition to cost must be taken into account, a Request for Proposal Process as outlined in Town Code Section 2.50.141 shall be followed (see Section XIII of this policy for more information). This excludes public works projects - for bidding methods related to public works projects, see Section X of this policy.
 - d. Vendor evaluation and selection criteria must be clearly outlined and presented to the Town Council when applicable.
 - e. For a service purchase, contract, insurance, and business license are required. See Section XIV of this policy for more information.

The Town Manager, or their designee, is authorized to sign all approved contracts and agreements in amounts up to and including \$100,000.

X. PUBLIC WORKS PROJECTS

For public works projects as defined in this policy and the Public Contract Code:

1. The Town has adopted the **California Uniform Public Construction Cost Accounting Act** (the Act), per Town Code Section 2.50.131. These procedures are intended to provide uniformity of cost accounting standards for construction work performed or contracted by public entities in the State and a method for the bidding of public works projects. This section is designed to provide a synopsis of the general provisions of the Act and adopt local administrative procedures to comply with the intent of the Act. The Act should be consulted for detailed information (see the California State Controller's website at: https://sco.ca.gov/ard_cuccac.html and the Manual, currently at: www.sco.ca.gov/Files-ARD-Local/CUCCAC_Manual.pdf). Every five years, the Act Commission reviews the informal bid limits for inflation and other factors to determine

whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies.

2. Generally, the Act permits the Town to solicit bids and award contracts for public works projects as follows:
 - a. Public project work in the amount defined in the Act (currently \$60,000) or less may be performed by force account using the Town's own staff resources, or by negotiated contract, or by purchase order (Section 22032(a)) with no bid requirement.
 - b. Public projects in the amount defined in the Act (currently \$200,000) or less may use the informal bidding procedures set forth in Section 22032(b) of the Act.
 - c. Public projects at a cost defined in the Act (currently more than \$200,000) must use formal bidding procedures to let the contract pursuant to Public Contract Code Section 22032(c).
 - d. Contractors List: At least once per calendar year, the Town must establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals designated for that Agency under Public Contract Code Section 22036. The notice must invite all licensed contractors to submit the name of their firms to the Town for inclusion on the Town's list of qualified bidders for the following 12 months. The Town can choose a specific date in which to renew the list of qualified contractors and may add a contractor to the list at any time during the year pursuant to the Act.
 - e. Maintenance work, as defined in this policy and the Public Contract Code, is separate and distinct from public works projects and does not fall under the Act.
 - f. All requirements of the Act, as amended from time to time, shall apply to this Policy.
3. Procedures
 - a. Development of Plans and Specifications
 - i. The Department will prepare plans and specifications that will permit the widest opportunity to prospective bidders to respond to the request for bids based on the specifications. Prior to the plans and specifications, the insurance requirements and legal aspects for the project must be reviewed and approved by the Town Attorney.
 - ii. Bid bonds, performance bonds, and payment bonds may be required in amounts stated in the specifications.
 - b. Solicitation of Bids and Proposals
 - i. **Informal Bids:** A notice inviting informal bids shall be prepared, describing the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids. The notice shall be mailed, not less than 10 calendar days before bids are due, either to all Contractors on the Contractors List

for the category of work to be bid, or to all construction trade journals as specified by the Act Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the Department soliciting bids, provided, however:

1. If there is no Contractors List maintained by the Town for the particular category or work to be performed, the notice shall be sent only to the construction trade journals specified by the California Uniform Construction Cost Accounting Commission.
 2. If the product or service is proprietary in nature such that it can only be obtained from a certain contractor or contractors, the notice may be sent exclusively to such contractor or contractors.
- ii. **Formal Bids:** Notices describing the project, stating where to obtain more information, the time and place for submitting sealed bids, and their opening shall be pursuant to Section 22037:
1. Published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation in the Town's jurisdiction;
 2. Sent electronically, if available, by either facsimile or e-mail to all construction trade journals specified in Section 22036 at least 15 days before the date of opening of bids;
 3. Other notice, if necessary or desired by the Town.
- iii. **Rejections of Bids:** In its discretion, the Town may reject any bids presented after re-evaluating its cost estimates of the project and furnishing written notice to an apparent low bidder. The Town shall have the option of either of the following:
1. Abandoning the project;
 2. Re-advertising for bids in the manner described above; or
 3. The Council may override the requirement for bidding if it determines that the public project will be performed more economically by the Town without a contract, or that materials and supplies can be purchased at a lower price in the open market, or if no bids are received through the formal or informal procedure, the project may be performed by Town employees.
- iv. **Award of Contract**
1. Contracts valued over \$100,000 shall be awarded by Town Council.
 2. Contracts valued up to and including \$100,000 may be awarded by the Town Manager or designee.
 3. If all bids received through an informal bidding process are in excess of the amount defined in the Act (currently \$200,000) as requiring a formal bid process, the Town Council may, by adoption of a resolution by a four-fifths vote, award the contract

at the amount defined in the Act (currently \$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the Town was reasonable pursuant to Section 22034. If the Council does not award the contract, but wants to proceed with the project, the specifications must be reviewed and formal bids solicited.

v. Monitoring and Administration

1. Public works projects must be bid in accordance with the California Uniform Public Construction Cost Accounting Act.
 - a. Public works projects must be awarded to the lowest responsible bidder.
 - b. Contracts over \$3,000 require a purchase order prior to purchase being made or work commencing unless otherwise authorized as an emergency purchase.
2. Anyone working on a public works project must be paid prevailing wages as determined by the California Department of Industrial Relations.
3. Contractors completing public works projects must be properly licensed by the State of California, provide a Tax Identification Number, and carry the required liability and workers' compensation insurance and must be registered with the department of Industrial Relations if the contract amount exceeds \$25,000.

XI. EMERGENCY PURCHASES

In a declared emergency, essential goods and services may need to be obtained outside the processes and authorities established in this Policy. A separate Emergency Procurement Policy identifies when the Town is able to acquire the goods and services required to address an immediate threat to life-safety, public health, and property. The Policy allows for the necessary flexibility during the immediate response phase of a disaster while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the Town is included in a major disaster or emergency declared by the President of the United States, this Policy also assures that Town procurements comply with Federal regulations applicable to Federal disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200).

In a non-declared emergency, when purchases are immediately necessary for the preservation of life, property, public health, or continued operation of a Department, the Town Manager must approve the purchase. Once the Finance Department receives Town Manager approval, a purchase order will be issued. All requirements, including obtaining an executed agreement, business license, and insurance should be completed after the fact by the Department. Failure

to complete necessary procedures before the good/service were needed does not constitute an emergency.

XII. PREFERENCE FOR LOCAL AND MINORITY, DISABLED, AND WOMAN-OWNED BUSINESSES

It is the intent of the Town to ensure full and equitable opportunities for minority business enterprises, women business enterprises, disabled business enterprises, and local businesses.

For the purchase of goods or services, when two or more proposals, bids, or quotes are the same, in unit, quality, service, and total cost, preference shall be given to local businesses who operate within the Town of Los Gatos limits, minority business enterprises, women business enterprises, and disabled business enterprises.

1. Preference shall be given if the quote for service or taxable good is:
 - a. Up to and including \$10,000 and is within 5% of the lowest quote
 - b. More than \$10,000 and up to \$500,000 and is within 3% of the lowest quote
 - c. More than \$500,000 and up to \$1,000,000 and within 2% of the lowest quote
 - d. More than \$1,000,000 and within 1% of the lowest quote
2. A local business shall be defined as a vendor or contractor who has a fixed place of business in Town limits and the point of sale occurs within Town limits, is current in the payment of their business license fee, is in compliance with Town laws, and does not owe any money to the Town.
3. The Town will take all necessary affirmative steps to assure that minority businesses, women business enterprises, disabled business enterprises, and labor surplus area firms are used when possible, including those identified in 2 CFR Section 200.321:
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

- e. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - f. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in this section.
4. The preference does not prohibit the Town from basing purchasing decisions on the quality of goods/services.

XIII. FORMAL BIDDING PROCEDURES AND REQUEST FOR PROPOSAL (INCLUDING REQUEST FOR INFORMATION, REQUEST FOR STATEMENT OF QUALIFICATIONS, ETC.) PROCESS

1. **Formal Bidding Procedures.** All purchases for goods of a standardized or uniform quality in excess of \$50,000, except public works projects, are subject to a Formal Bid Procedure as outlined in Town Code Section 2.50.140. When competitive bids are required:
- a. Notice inviting bids shall be published at least 14 days before the opening of bids. Notice shall be published at least twice in a newspaper of general circulation in Town, posted on the Town bulletin boards and website, and solicited from all vendors on any relevant bidders' list. The notice should include the details of where to submit bids (Clerk Department) and the date, time, and location of the bid opening.
 - b. When deemed necessary by the purchasing Department, bidder's security may be prescribed. Bidders shall be entitled to return of bid security provided that a successful bidder shall forfeit bid security upon refusal or failure to execute the contract within 10 days after the notice of award of contract has been mailed, unless the Town is responsible for the delay. The awarding authority may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest bidder, the amount of the lowest bidder's security being applied by the Town to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.
 - c. Sealed bids shall be submitted to the Town Clerk and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be available for public inspection during regular business hours for at least 30 calendar days.
 - d. Contract shall be awarded by appropriate written notice to the lowest cost, responsible, and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.
 - e. If two or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising the bids, the awarding authority may accept the one it chooses or

accept the lowest bid made by negotiation with the bidders at the time of the bid opening.

- f. An invitation for bids may be cancelled, or any bids may be rejected in whole or in part at Town discretion with or without showing of good cause.
- g. The awarding authority shall have authority to require a performance bond before entering into a contract in such amount as it shall find reasonably necessary to protect the best interests of the Town. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.
- h. Any participating bidder may file an appeal/protest of a contract award or proposed contract award. The protest or appeal must be made in writing within 10 days of award notification and contain at least the following information:
 - ii. The name, address, email, and phone number of the protester.
 - iii. The signature of the protester.
 - iv. The bid number and date of bid closing.
 - v. A statement of the legal grounds on which the appeal is based, including all information relevant to the bid.
- i. The awarding authority may advise against a formal bidding process due to a significant business purpose or disruption of services.

2. Requests for Proposals Process.

- a. Purchases for services and goods not standardized or not of uniform quality or requiring other factors in addition to cost to be taken into account, in excess of \$50,000, except public works projects, are subject to a Request for Proposal Process as outlined in Town Code Section 2.50.141. When a Request for Proposal process is used:
 - i. The following information should be included in the Request when relevant: submittal deadline, contact information, introduction, background, scope of work, payment details, information to be submitted, timeline, evaluation criteria, insurance requirements, disqualifications, contract terms and conditions, and the public nature of materials submitted.
 - ii. Any dollar amount may be used.
 - iii. Proposals shall be submitted to the designated Town personnel electronically or in a sealed envelope prior to the deadline.
 - iv. The purchasing Department shall solicit, whenever possible, at least three competitive proposals.
 - v. The Town may utilize various other accepted requests for procurement in place of a Request for Proposal, including a Request for Information, Request for Statement of Qualifications, or others as deemed appropriate.

- vi. The Request shall be posted online at least 10 days in advance, unless a shorter timeframe is warranted.
- vii. Any interested vendors shall be treated fairly and given identical information and an equal opportunity to compete.
- viii. Once responses are received, the proposals will be confidentially evaluated and scored in accordance with the established criteria. Interviews, presentations, site visits, etc. may be conducted depending on the nature of the procurement.
- ix. When a top-rated proposer is identified, good faith negotiations will commence. If an agreement cannot be reached in consideration of cost and/or scope, the next highest-rated proposer will be engaged and so on, until a mutually acceptable agreement is reached.

XIV. CONTRACTS

Contracts are required for the purchase of services.

- 1. A contract may be entered into for any period of time deemed to be in the best interest of the Town, provided that the term of the contract and renewal provisions are included in the original solicitation process. Contracts committing the Town over five fiscal years are not recommended and should be reviewed and approved by the awarding authority on a case-by-case basis.
- 2. Contracts in excess of one year shall include a provision automatically terminating the contract in the event that the Town Council does not budget funds to pay the contract in future years.
- 3. Insurance, as defined in this policy, is required for any vendor in connection with a contract that involves service performed on Town property.
- 4. If a vendor is providing a good such as equipment, a contract may be required if the purchase also entails a service such as set-up, testing, and/or maintenance as part of the purchase or lease.
- 5. All contracts must be approved as to form by the Town Attorney and routed through the Town's standard contract routing process, registered by the Town Clerk and reviewed, at a minimum, by the Finance Department and Town Manager's Office. The Town Manager will sign all contracts on behalf of the Town.
- 6. Departments will use a standard Town template contract. The master template is created and edited by the Town Attorney and maintained by the Clerk Department. Any changes must be approved by the Town Attorney.
- 7. Contracts may not be split or separated into smaller components.

XV. SOLE SOURCE/SINGLE SOURCE VENDORS

Sole Source is defined as the selection of a good or service that can only be obtained from one vendor because of its specialized, proprietary, or unique character.

Single source is defined as the selection of a good or service that may be available from two or more vendors, but there is a compelling reason to select one particular vendor.

The requesting Department is responsible for supplying concise written justification, in the form of a memorandum, to be approved by the Department Director and Town Attorney, for the sole or single source purchase.

XVI. PROFESSIONAL SERVICES

Departments may seek the advice and assistance of professional service providers when there is a need for a specific expertise that is otherwise unavailable or the workload is such that additional assistance is required and the critical nature of the need justifies the cost.

1. In those cases where a professional service provider is sought due to workload issues, care shall be taken to structure services such that the professional service provider is clearly performing as an independent contractor and not as a temporary employee.
2. Reasonable alternatives, such as borrowing staff with the required expertise from another Department or establishing a full- or part-time Town position shall be considered before determining that the use of a professional service provider is cost effective and necessary.
3. Professional service providers are ordinarily selected based upon a number of criteria in addition to price. Examples include qualifications and relevant experience, understanding of the Town's needs, proposed methodology and approach, etc.
4. Professional services are legally exempt from selection solely based on cost. However, the complexity of the professional service provider selection process should be commensurate with the value of the proposed contract. For example, seeking a proposal from a single provider might be appropriate for a \$3,000 contract, but the issuance of a written Request for Proposals may be more appropriate for a \$50,000 contract. The Town Attorney may advise if a Request for Proposal process should be initiated.
5. The awarding authority, based on the cost of the service, shall be empowered to engage a professional service provider without the necessity of providing multiple quotes, a formal bid process, or a Request for Proposal process. This does not preclude any of these processes from occurring if desired by the awarding authority.

6. When services are required on a frequent or routine basis, a list of qualified “on-call” vendors may be established through a Request for Proposal (or Request for Information, Request for Statement of Qualifications, etc.) process. Following establishment of the list, vendors may be utilized without further selection process based on availability, cost, expertise, or other criteria. The list shall remain active for no more than five years. After five years, the Department shall utilize another Request for Proposal (or Request for Information, Request for Statement of Qualifications, etc.) process in order to update the list.

XVII. COOPERATIVE PURCHASING AGREEMENTS

When it is in the Town’s best interest, Departments may purchase goods or services through cooperative purchasing agreements of other governmental or public agencies. Use of cooperative purchasing agreements is encouraged as a way of obtaining goods and services by aggregating volume, securing value pricing, and reducing administrative overhead. Measured use of cooperative purchasing agreements can significantly reduce the time and resources needed to competitively bid goods and service contracts.

1. Purchases through cooperative purchasing agreements may be accomplished without soliciting competitive quotes.
2. Departments wanting to utilize a cooperative purchasing agreement must submit all information regarding the cooperative purchasing agreement with the purchase requisition.

XVIII. ADDITIONAL PURCHASING GUIDELINES

1. **Alternate Vendor**
 - b. In the event that a vendor with the lowest quote is unable to provide the product(s), alternate vendors will be utilized in sequence of lowest responsible quote meeting requirements.
2. **Standardization**
 - a. Standardization is an organized process to adopt one product or group of products to be used by the Town, such as a particular computer hardware or software. Product standardization may be utilized to create efficiencies, enhance safety, increase productivity, promote brand consistency, or to foster interoperability.
 - b. Product standardization decisions are made by consensus of the Town Manager, Town Attorney, and Finance Director after careful consideration and review of recommendations from staff.

3. Purchase Requisitions

- a. A purchase requisition is required to be submitted for a purchase order to be issued when necessary.
- b. The requesting Department prepares the requisition using the Town's financial software for the entire amount of the purchase, including tax, shipping and handling, etc. and includes the appropriate account codes.
- c. Prior to submitting the purchase requisition for approval, all documents verifying compliance with this policy must be attached. These documents may include:
 - a. Written quotes including product specifications and tabulation, if appropriate or required;
 - b. First page of the staff report, if Council approval required or received;
 - c. Executed contract or amendment to contract for services;
 - d. Insurance and endorsements if required by contract, or alternatively, waiver of these documents approved by Town Attorney;
 - e. Verification of valid business license if required; and/or
 - f. Sole or single source memorandum for approval by Town Attorney.
- d. Upon receipt of a purchase requisition, the Finance Department reviews the document for accuracy and completeness. If the purchase requisition is not complete and/or accurate, a purchase order will not be issued, and the requesting Department will be notified of any necessary corrections. If the purchase requisition is complete and accurate, a purchase order will be issued in accordance with the guidelines of this policy.
- e. Approval of the purchase requisition represents that the Department has sufficient funds available to pay for the purchase, all necessary documents are attached and acceptable, and the guidelines of this policy have been followed.
- f. A purchase order is required prior to the purchase being made or work commencing unless otherwise noted in this policy.
- g. Purchases under \$3,000 do not require a purchase order, but must be authorized by the purchasing Department per Section IX of this policy.

4. Purchase Orders

- a. A purchase order is the principle document used to obtain goods and services for the Town.
- b. Purchase orders are required for all goods or services costing over \$3,000.
- c. A purchase order establishes an encumbrance against a program account.
- d. The Finance Department will issue a purchase order only after Town staff at all approval levels have first reviewed and approved the purchase requisition. Approval levels are as follows:
 - a. Department Director or designee
 - b. Insurance verification by the Clerk Department if applicable
 - c. Business License verification by Finance Department staff if applicable

- d. Approval for compliance with this policy by Finance Department
- e. Confirmation that the appropriate awarding authority has approved the purchase by Finance Department (i.e., Town Council).

5. Change Orders

- a. Where the actual cost of goods exceeds 10% of the original purchase order, a change order must be requested from Finance by the responsible Department.
- b. Where the actual cost of goods is within 10% of the original purchase order amount, payment may be made subject to verification of the amount(s) by the responsible Department.
- c. Where the actual cost of services differs from the original purchase order amount specified in the service contract, a contract amendment must be submitted by the Department with the change order request.
- d. Change orders that increase any purchase order of goods or services over \$100,000 will require prior approval from Town Council.
- e. Documents outlining compliance with this policy must be submitted to Finance with the change order (i.e., a Council staff report).

6. Blanket Purchase Orders

- a. Blanket purchase orders can be utilized for goods or services that are used by the Town for ongoing operations. For a blanket purchase order, vendors agree to honor a price for a given period of time, and the Town may not specifically know how much of the product will be consumed or where or when it will be consumed.
- b. A blanket purchase order provides for obtaining pricing for anticipated but unidentified goods or services.
- c. Blanket purchase orders have the same requirements for goods and services as outlined in this policy.

XIX. RECYCLED PRODUCTS AND MATERIALS

It is the Town's intent to minimize negative environmental impacts of the Town's activities by ensuring the procurement of services and products that reduce toxicity, maximize recyclability and recycled content, and conserve natural resources, material, and energy.

In 2016, Governor Brown signed into law Senate Bill 1383 (SB 1383), in a state-wide effort to reduce emissions of short-lived climate pollutants (SLCP). Beginning January 1, 2022, SB 1383 requires cities and counties to procure annually a quantity of recovered organic waste products. As there is so much paper present in the solid waste disposal stream, the procurement of recycled content and recyclable paper will grow demand for these products and support recycling to help meet the organic waste diversion goals of SB 1383.

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Town Departments and direct service providers to the Town, as applicable, must comply with the Town's Organic Waste Product Procurement Procedure for purchasing and mandatory recordkeeping for paper products, printing and writing paper, and disposable kitchen and office supplies.

Requirements for purchasing paper products, printing and writing paper, and disposable kitchen and office supplies are as follows:

1. All purchases must contain 30 percent postconsumer recycled content, when available at no greater cost than nonrecycled products.
2. Products must be recyclable as defined by FTC "Green Guides."
3. Departments must require vendors to certify postconsumer content and recyclability claims.
4. Departments/employees must provide records to the recordkeeping designee, as outlined in the Town Organic Waste Product Procurement Procedure, of all paper products, printing and writing paper, and disposable kitchen and office supplies purchased from a vendor within thirty days of the purchase (both recycled content and non-recycled content, if any is purchased). Records shall include a copy of the invoice or other documentation of purchase, written certifications for recycled-content purchases, purchaser name, quantity purchased, date purchased, and recycled content (including products that contain none), and if non-recycled content paper products and/or non-recycled content printing and writing paper are provided, include a description of why recycled-content paper products and/or recycled content printing and writing paper were not provided.

Departments should meet the following guidelines for non-paper products, provided the goods are available within a reasonable timeframe, meet reasonable performance standards, and are available at a reasonable cost:

1. All computer products purchased by the Town should be in compliance with the Federal Energy Star program.
2. All pesticides purchased by the Town shall be of the least toxic available.
3. Whenever possible, goods and services procured by the Town shall be from businesses that are certified green businesses by the Bay Area Green Business Program.

XX. HEALTHY FOOD AND BEVERAGE GUIDELINES

The Town of Los Gatos is committed to promoting and encouraging ways for Town staff, residents, and visitors to improve their overall health and wellness. One way to achieve the goal of supporting healthy living is to offer, purchase, and serve food and beverages of the greatest nutritional value and in appropriate serving sizes. The following guidelines help the Town promote a healthy work environment leading to greater job satisfaction, higher morale, and reduced health care costs and absenteeism. These guidelines are applicable when Town funds are being used and are not directed at individuals' meals, snacks, or beverages purchased or brought from home using non-Town funds. The guidelines apply to Town-sponsored meetings, celebrations, events, and in vending machines on Town property.

2. Beverages

- a. Water is presented as an attractive and appealing option.
- b. Sparkling water may be offered as an alternative to soda.
- c. Decaffeinated beverages are offered.
- d. Coffee and tea may be served unsweetened.
- e. Juices that provide more beneficial nutrients, like orange and grapefruit, are preferred.
- f. Recommended beverages include water, fat-free or skim milk, non-dairy milk alternatives (i.e., soy, almond, or oat), 100% fruit or vegetable juices, diet beverages, calorie-free sports drinks, and low-calorie sparkling water products.

3. Food and Desserts

- a. Healthy options are attractively presented and appealing.
- b. Reasonable portions are provided by cutting food in halves or quarters (i.e., cookies, sandwiches, or bagels are sliced in half).
- c. Either a fully plant-based offering or an attractive plant-based alternative is offered.
- d. A gluten-free option is offered.
- e. Foods are prepared using healthy cooking techniques such as baking, roasting, grilling, or steaming.
- f. Desserts are served in small portion sizes and healthier food options such as fresh fruit are also provided.
- g. Recommended foods include fruits, vegetable, whole grains, lean protein (i.e., skinless chicken breast, turkey, beans, tofu), and lower fat condiments such as vinaigrette, hummus, mustard, or salsa.

4. Food vending

- a. Contents of package must be a single serving size.
- b. No more than 35% calories from fat, with the exception of packages of nuts or seeds.

- c. At least one snack food item offered should meet the Food and Drug Administration's definition of "low sodium."
- d. At least one snack item offered should contain at least two grams of dietary fiber per serving.

XXI. UNAUTHORIZED PURCHASES

Unauthorized purchases are required to be ratified by the appropriate awarding authority.

1. The employee making the unauthorized purchase must provide a written explanation of why the purchase was made.
2. The written explanation must be reviewed and approved by the appropriate awarding authority.
3. In the event that a vendor has been paid and the unauthorized purchase is not subsequently ratified, the employee may be held responsible for reimbursing the Town.

XXII. SURPLUS GOODS AND EQUIPMENT

The Town Manager or their designee has the authority to declare items with a market value of less than \$100,000 surplus. Items with a market value greater than \$100,000 will be formally declared surplus by the Town Council. Each Department shall periodically review its inventory and promptly notify the Town Manager of any surplus property. Proceeds from the sale or trade-in of surplus property shall be returned to the appropriate fund.

1. **Surplus Disposal:** The declaring authority shall determine or approve one of the following methods of disposition that is most appropriate and in the best interest of the Town:
 - a. Transfer to another Department: Surplus property may be transferred between Town Departments.
 - b. Trade-In: Surplus property may be offered as a trade-in credit toward the acquisition of new property.
 - c. Disposal: The surplus property may be offered for sale. All surplus property is for sale "as is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility, or usability of the property offered for sale.

2. **Methods of Disposal:**

- a. Public Auction: Surplus property may be sold at public auction. Town staff may conduct public auctions, use online auction sites, or the Town may contract with a professional auctioneer.
- b. Sealed Bids: Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner should be sold to the highest responsible bidder.
- c. Selling for Scrap: Surplus property may be sold as scrap if the declaring authority deems that the value of the raw material exceeds the value of the property as a whole.
- d. Negotiated Sale: Surplus property may be sold outright if the declaring authority determines that only one known buyer is available or interested in acquiring the property.
- e. Donation: Surplus property unlikely to generate significant revenue may be donated to other public agencies or to non-profit organizations. Any non-profit must be qualified under section 501(c)(3) of the Internal Revenue Code in order to receive a donation.
- f. No Value Item: Where the Town Manager determines that specific supplies or equipment are surplus and of minimal value to the Town due to spoilage, obsolescence, or other cause; or where the Town Manager determines that cost of disposal of such supplies or equipment would exceed the recovery value, the Town Manager shall dispose of the supplies in such manner as he or she deems appropriate and in the best interest of the Town.

APPROVED AS TO FORM:

Gabrielle Whelan, Town Attorney



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO: 8

ITEM NO. 8.

DATE: October 6, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Receive the July 2026 Expenditure and Revenue Reports and Approve the Monthly and Quarterly Reporting Formats**

RECOMMENDATION: Receive the July 2026 Expenditure and Revenue Reports and approve the Monthly Reporting format and Quarterly Reporting Format.

FISCAL IMPACT:

This item has no fiscal impact. These monthly reports are intended to enhance transparency, support monitoring of townwide spending, and ensure timely administrative oversight.

STRATEGIC PRIORITY:

Revenue and expenditure reporting supports the Council's Strategic Priority of Fiscal Stability by ensuring timely monthly review of the Town's finances.

BACKGROUND:

As part of the Town's new ongoing monthly financial reporting process, staff is providing standardized expenditure and revenue reports that present financial activity by fund and expense and revenue category levels.

All the attached reports were presented to the Finance Commission at its September 14, 2026, meeting. In addition, reports by department and by department and category, and historical July reports for the last three years were also provided. The Commission requested that the reports be presented in summary to allow for easy consumption of the information. The reports being presented to Council have been adjusted to include only fund and revenue and expenditure category views by fund for July 2026. This ensures the Council still has a view of

PREPARED BY: Kristina Alfaro
Administrative Services Director

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

SUBJECT: Receive the July 2026 Expenditure and Revenue Reports and Approve Monthly and Quarterly Reporting Formats

DATE: October 6, 2026

expenses by fund that aligns with how the budget is approved. Adding the by category component allows for a more in-depth view using categories that align with reporting levels that will be included in the proposed and final budget.

Financial reporting is completed two months in arrears to allow the soft close of each accounting period, verification of transactions, and reconciliation of revenue postings. As a result, July 2026 expenditure and revenue reports were presented at the September Finance Commission meeting.

DISCUSSION:

The July 2026 monthly financial reports provide expenditure and revenue information with the following breakdowns:

1. **By Fund**

Shows total expenditures and revenues for each Town fund, allowing for high-level review of fiscal performance across all funding sources.

2. **By Fund and Category**

Provides expenditures and revenues within each fund divided into major categories such as salaries, benefits, contracts, capital, town services, taxes, and other revenue and expense types.

Included in this staff report are monthly and quarterly report formats:

- A. Monthly Reporting Format – Provides high-level analysis by fund type and breaks out percent collected or expended by year. Provides detailed analysis by fund, with a detailed by category analysis for the General Fund and vacancy savings.
- B. Quarterly Reporting – Most detailed analysis by fund, General Fund analysis by category and department. Provides background information on the report and uniqueness of reporting for July. This analysis was provided to the Finance Commission.

CONCLUSION:

The July 2026 reports show total revenues at 1.6% of the revised budget and total expenditures and encumbrances at 15.1%. General Fund revenues are at 1.4%, and General Fund expenditures and encumbrances are at 8.0%. Staff recommends that Council receive the reports and approve the monthly financial-reporting format in Attachment 5 and the quarterly financial-reporting format in Attachment 6 for use beginning with the August 2026 reporting period, with the quarterly format replacing the monthly narrative report for each quarter-ending reporting period (Sep, Dec, Mar).

SUBJECT: Receive the July 2026 Expenditure and Revenue Reports and Approve Monthly and Quarterly Reporting Formats

DATE: October 6, 2026

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Year-to-Date Budget Report Expense by Fund for July
2. Year-to-Date Budget Report Expense by Fund and Category for July
3. Year-to-Date Budget Report Revenue by Fund for July
4. Year-to-Date Budget Report Revenue by Fund and Category July
5. Monthly Reporting Format – July
6. Quarterly Reporting Format – July

**YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND**

FOR 2027 01

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND	66,201,027	66,201,027	3,158,475.35	3,158,475.35	2,238,163.30	60,804,388.33	8.2%
121 MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND	272,433	272,433	20,890.49	20,890.49	.00	251,542.56	7.7%
231 BLACKWELL DISTRICT	3,544	3,544	.00	.00	1,116.00	2,428.00	31.5%
232 KENNEDY MEADOWS DISTRICT	12,695	12,695	.00	.00	7,308.00	5,387.00	57.6%
233 GEMINI COURT DISTRICT	1,628	1,628	.00	.00	552.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	.00	.00	6,708.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT	8,957	8,957	.00	.00	4,500.00	4,456.62	50.2%
236 HILLBROOK DISTRICT	5,578	5,578	.00	.00	1,680.00	3,897.52	30.1%
251 LOS GATOS THEATRE	82,919	82,919	219.74	219.74	10,000.00	72,699.10	12.3%
261 LIBRARY TRUST DONATIONS	72,000	72,000	3,471.04	3,471.04	.00	68,528.96	4.8%
263 MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND	4,254,364	4,254,364	90,368.16	90,368.16	-5,812.00	4,169,807.71	2.0%
421 GRANT FUNDED PROJECTS	36,750	36,750	.00	.00	.00	36,750.00	.0%
462 STORM BASIN 2	130,000	130,000	.00	.00	227,818.00	-97,818.00	175.2%
471 TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND	2,023,807	2,023,807	207.49	207.49	2,194,022.21	-170,422.70	108.4%
611 ABAG TOWN LIABILITY FUND	1,416,500	1,416,500	1,257,869.00	1,257,869.00	.00	158,631.00	88.8%
612 WORKERS COMPENSATION FUND	1,762,379	1,762,379	585,468.72	585,468.72	53,660.30	1,123,249.98	36.3%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	550,870.87	550,870.87	82,517.73	680,333.00	48.2%
631 EQUIPMENT REPLACEMENT FUND	338,843	338,843	.00	.00	.00	338,843.29	.0%
633 FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	82,607.96	82,607.96	457,588.65	1,235,830.12	30.4%
942 SA TRUST FUND	3,938,045	3,938,045	1,773,205.75	1,773,205.75	.00	2,164,839.18	45.0%
GRAND TOTAL	84,944,559	84,944,559	7,523,654.57	7,523,654.57	5,279,822.19	72,141,082.67	15.1%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT EXPENSE

BY FUND AND CATEGORY

FOR 2027 01

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
5A SALARIES	24,176,333	24,176,333	1,170,569.14	1,170,569.14	.00	23,005,764.02	4.8%
5B OVERTIME	1,457,000	1,457,000	65,827.47	65,827.47	.00	1,391,172.53	4.5%
5C PERS	10,800,788	10,800,788	680,120.56	680,120.56	.00	10,120,667.93	6.3%
5D MEDICAL BENEFITS	3,371,803	3,371,803	242,972.69	242,972.69	.00	3,128,830.55	7.2%
5E OTHER BENEFITS	2,922,678	2,922,678	182,824.03	182,824.03	.00	2,739,853.83	6.3%
5F RETIREE MEDICAL	2,193,606	2,193,606	185,756.82	185,756.82	.00	2,007,849.18	8.5%
5G MATERIALS & SUPPLIES	1,162,435	1,162,435	43,640.39	43,640.39	108,638.28	1,010,156.53	13.1%
5H CONTRACTS	6,418,548	6,418,548	363,097.85	363,097.85	1,811,632.69	4,243,817.48	33.9%
5I UTILITIES	1,001,460	1,001,460	79,553.59	79,553.59	155,347.20	766,559.43	23.5%
5J GRANTS AND AWARDS	283,950	283,950	.00	.00	15,000.00	268,950.00	5.3%
5K PASS THRU	1,462,593	1,462,593	8,620.50	8,620.50	147,545.13	1,306,427.37	10.7%
5L MISCELLANEOUS	0	0	.00	.00	.00	.00	.0%
5M INT SERVICE CHARGES	5,065,614	5,065,614	135,492.31	135,492.31	.00	4,930,121.48	2.7%
5N DEBT SERVICE	2,057,884	2,057,884	.00	.00	.00	2,057,884.00	.0%
5O CAPITAL PROJECTS	15,000	15,000	.00	.00	.00	15,000.00	.0%
5P TRANSFERS OUT	3,811,334	3,811,334	.00	.00	.00	3,811,334.00	.0%
TOTAL GENERAL FUND	66,201,027	66,201,027	3,158,475.35	3,158,475.35	2,238,163.30	60,804,388.33	8.2%
121 MEASURE G FUND							
5H CONTRACTS	50,520	50,520	.00	.00	.00	50,520.00	.0%
5K PASS THRU	1,217,036	1,217,036	.00	.00	.00	1,217,036.00	.0%
TOTAL MEASURE G FUND	1,267,556	1,267,556	.00	.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND							
5A SALARIES	128,934	128,934	5,714.85	5,714.85	.00	123,218.96	4.4%
5C PERS	40,378	40,378	2,690.35	2,690.35	.00	37,687.43	6.7%
5D MEDICAL BENEFITS	14,209	14,209	843.99	843.99	.00	13,365.33	5.9%
5E OTHER BENEFITS	9,020	9,020	548.78	548.78	.00	8,471.52	6.1%
5G MATERIALS & SUPPLIES	3,717	3,717	.00	.00	.00	3,717.00	.0%
5H CONTRACTS	55,406	55,406	11,241.02	11,241.02	.00	44,164.98	20.3%
5I UTILITIES	14,265	14,265	-522.89	-522.89	.00	14,787.89	-3.7%
5M INT SERVICE CHARGES	6,504	6,504	374.39	374.39	.00	6,129.45	5.8%

YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND AND CATEGORY

FOR 2027 01

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL URBAN RUNOFF FUND	272,433	272,433	20,890.49	20,890.49	.00	251,542.56	7.7%
231 BLACKWELL DISTRICT							
5H CONTRACTS	1,484	1,484	.00	.00	1,116.00	368.00	75.2%
5I UTILITIES	1,600	1,600	.00	.00	.00	1,600.00	.0%
5P TRANSFERS OUT	460	460	.00	.00	.00	460.00	.0%
TOTAL BLACKWELL DISTRICT	3,544	3,544	.00	.00	1,116.00	2,428.00	31.5%
232 KENNEDY MEADOWS DISTRICT							
5H CONTRACTS	8,385	8,385	.00	.00	7,308.00	1,077.00	87.2%
5I UTILITIES	2,800	2,800	.00	.00	.00	2,800.00	.0%
5P TRANSFERS OUT	1,510	1,510	.00	.00	.00	1,510.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	12,695	12,695	.00	.00	7,308.00	5,387.00	57.6%
233 GEMINI COURT DISTRICT							
5H CONTRACTS	1,018	1,018	.00	.00	552.00	466.00	54.2%
5P TRANSFERS OUT	610	610	.00	.00	.00	610.00	.0%
TOTAL GEMINI COURT DISTRICT	1,628	1,628	.00	.00	552.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT							
5H CONTRACTS	7,427	7,427	.00	.00	6,708.00	719.00	90.3%
5P TRANSFERS OUT	660	660	.00	.00	.00	660.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	.00	.00	6,708.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT							

YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND AND CATEGORY

FOR 2027 01

235 VASONA HEIGHTS DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	5,138	5,138	.00	.00	4,500.00	638.05	87.6%
5I UTILITIES	2,389	2,389	.00	.00	.00	2,388.57	.0%
5P TRANSFERS OUT	1,430	1,430	.00	.00	.00	1,430.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	8,957	8,957	.00	.00	4,500.00	4,456.62	50.2%
236 HILLBROOK DISTRICT							
5H CONTRACTS	2,055	2,055	.00	.00	1,680.00	375.40	81.7%
5I UTILITIES	3,272	3,272	.00	.00	.00	3,272.12	.0%
5P TRANSFERS OUT	250	250	.00	.00	.00	250.00	.0%
TOTAL HILLBROOK DISTRICT	5,578	5,578	.00	.00	1,680.00	3,897.52	30.1%
251 LOS GATOS THEATRE							
5H CONTRACTS	15,696	15,696	.00	.00	10,000.00	5,696.00	63.7%
5I UTILITIES	67,223	67,223	219.74	219.74	.00	67,003.10	.3%
TOTAL LOS GATOS THEATRE	82,919	82,919	219.74	219.74	10,000.00	72,699.10	12.3%
261 LIBRARY TRUST DONATIONS							
5H CONTRACTS	37,000	37,000	3,471.04	3,471.04	.00	33,528.96	9.4%
5L MISCELLANEOUS	35,000	35,000	.00	.00	.00	35,000.00	.0%
TOTAL LIBRARY TRUST DONATIONS	72,000	72,000	3,471.04	3,471.04	.00	68,528.96	4.8%
263 MCCLENDON TRUST							
5G MATERIALS & SUPPLIES	1,700	1,700	.00	.00	.00	1,700.00	.0%
TOTAL MCCLENDON TRUST	1,700	1,700	.00	.00	.00	1,700.00	.0%
264 BARBARA J CASSIN TRUST							

YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND AND CATEGORY

FOR 2027 01

264	BARBARA J CASSIN TRUST	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5G	MATERIALS & SUPPLIES	6,000	6,000	.00	.00	.00	6,000.00	.0%
	TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND								
50	CAPITAL PROJECTS	3,812,873	3,812,873	90,368.16	90,368.16	-5,812.00	3,728,316.71	2.2%
5P	TRANSFERS OUT	441,491	441,491	.00	.00	.00	441,491.00	.0%
	TOTAL CAPITAL PROJECTS FUND	4,254,364	4,254,364	90,368.16	90,368.16	-5,812.00	4,169,807.71	2.0%
421 GRANT FUNDED PROJECTS								
50	CAPITAL PROJECTS	36,750	36,750	.00	.00	.00	36,750.00	.0%
	TOTAL GRANT FUNDED PROJECTS	36,750	36,750	.00	.00	.00	36,750.00	.0%
462 STORM BASIN 2								
50	CAPITAL PROJECTS	130,000	130,000	.00	.00	227,818.00	-97,818.00	175.2%
	TOTAL STORM BASIN 2	130,000	130,000	.00	.00	227,818.00	-97,818.00	175.2%
471 TRAFFIC MITIGATION FUND								
5P	TRANSFERS OUT	10,000	10,000	.00	.00	.00	10,000.00	.0%
	TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	.00	10,000.00	.0%
481 GAS TAX FUND								
50	CAPITAL PROJECTS	1,917,807	1,917,807	207.49	207.49	2,194,022.21	-276,422.70	114.4%
5P	TRANSFERS OUT	106,000	106,000	.00	.00	.00	106,000.00	.0%
	TOTAL GAS TAX FUND	2,023,807	2,023,807	207.49	207.49	2,194,022.21	-170,422.70	108.4%

YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND AND CATEGORY

FOR 2027 01

611	ABAG TOWN LIABILITY FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
611 ABAG TOWN LIABILITY FUND								
5H	CONTRACTS	1,416,500	1,416,500	1,257,869.00	1,257,869.00	.00	158,631.00	88.8%
	TOTAL ABAG TOWN LIABILITY FUND	1,416,500	1,416,500	1,257,869.00	1,257,869.00	.00	158,631.00	88.8%
612 WORKERS COMPENSATION FUND								
5H	CONTRACTS	1,762,379	1,762,379	585,468.72	585,468.72	53,660.30	1,123,249.98	36.3%
	TOTAL WORKERS COMPENSATION FUND	1,762,379	1,762,379	585,468.72	585,468.72	53,660.30	1,123,249.98	36.3%
621 INFORMATION TECHNOLOGY								
5G	MATERIALS & SUPPLIES	336,520	336,520	217.28	217.28	61,697.28	274,605.44	18.4%
5H	CONTRACTS	956,742	956,742	548,405.88	548,405.88	20,820.45	387,515.27	59.5%
5I	UTILITIES	20,460	20,460	2,247.71	2,247.71	.00	18,212.29	11.0%
	TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	550,870.87	550,870.87	82,517.73	680,333.00	48.2%
631 EQUIPMENT REPLACEMENT FUND								
5O	CAPITAL PROJECTS	338,843	338,843	.00	.00	.00	338,843.29	.0%
	TOTAL EQUIPMENT REPLACEMENT FUND	338,843	338,843	.00	.00	.00	338,843.29	.0%
633 FACILITIES MAINTENANCE FUND								
5G	MATERIALS & SUPPLIES	78,794	78,794	2,917.85	2,917.85	6,461.52	69,414.93	11.9%
5H	CONTRACTS	628,835	628,835	32,887.89	32,887.89	451,127.13	144,820.41	77.0%
5I	UTILITIES	733,314	733,314	46,802.22	46,802.22	.00	686,511.78	6.4%
5L	MISCELLANEOUS	335,083	335,083	.00	.00	.00	335,083.00	.0%
	TOTAL FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	82,607.96	82,607.96	457,588.65	1,235,830.12	30.4%
942 SA TRUST FUND								

YEAR-TO-DATE BUDGET REPORT EXPENSE
BY FUND AND CATEGORY

FOR 2027 01

942	SA TRUST FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5A	SALARIES	1,247	1,247	65.41	65.41	.00	1,181.61	5.2%
5B	OVERTIME	0	0	3.33	3.33	.00	-3.33	100.0%
5C	PERS	395	395	27.06	27.06	.00	368.39	6.8%
5E	OTHER BENEFITS	120	120	7.62	7.62	.00	112.13	6.4%
5H	CONTRACTS	5,395	5,395	1,760.00	1,760.00	.00	3,635.00	32.6%
5L	MISCELLANEOUS	120,823	120,823	.00	.00	.00	120,823.01	.0%
5M	INT SERVICE CHARGES	64	64	4.83	4.83	.00	58.87	7.6%
5N	DEBT SERVICE	3,810,001	3,810,001	1,771,337.50	1,771,337.50	.00	2,038,663.50	46.5%
	TOTAL SA TRUST FUND	3,938,045	3,938,045	1,773,205.75	1,773,205.75	.00	2,164,839.18	45.0%
	GRAND TOTAL	84,944,559	84,944,559	7,523,654.57	7,523,654.57	5,279,822.19	72,141,082.67	15.1%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE BY FUND

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND	63,067,086	63,067,086	879,028.30	879,028.30	62,188,057.70	1.4%
121 MEASURE G FUND	1,358,000	1,358,000	.00	.00	1,358,000.00	.0%
222 URBAN RUNOFF FUND	315,072	315,072	.00	.00	315,072.00	.0%
231 BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%
233 GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE	121,100	121,100	15,168.00	15,168.00	105,932.00	12.5%
261 LIBRARY TRUST DONATIONS	71,000	71,000	.00	.00	71,000.00	.0%
262 NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND	1,263,873	1,263,873	8,616.00	8,616.00	1,255,256.87	.7%
413 LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS	36,750	36,750	341,369.42	341,369.42	-304,619.42	928.9%
461 STORM BASIN 1	70,337	70,337	.00	.00	70,336.92	.0%
462 STORM BASIN 2	117,302	117,302	.00	.00	117,302.18	.0%
463 STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND	1,919,278	1,919,278	.00	.00	1,919,278.10	.0%
611 ABAG TOWN LIABILITY FUND	1,984,001	1,984,001	.00	.00	1,984,000.73	.0%
612 WORKERS COMPENSATION FUND	1,997,508	1,997,508	10,020.02	10,020.02	1,987,488.38	.5%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	8,734.54	8,734.54	1,304,987.06	.7%
631 EQUIPMENT REPLACEMENT FUND	679,960	679,960	14,960.41	14,960.41	664,999.59	2.2%
633 FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	50,005.69	50,005.69	2,236,967.91	2.2%
732 PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	84,016,419	1,327,902.38	1,327,902.38	82,688,516.34	1.6%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND, AND CATEGORY

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
111 GENERAL FUND						
4A PROPERTY TAX	28,224,841	28,224,841	.00	.00	28,224,841.00	.0%
4B SALES & USE TAX	8,380,517	8,380,517	.00	.00	8,380,517.00	.0%
4D TRANSIENT OCCUPANCY	2,278,360	2,278,360	88,988.28	88,988.28	2,189,371.72	3.9%
4E BUSINESS LIC & OTHER	2,686,760	2,686,760	.00	.00	2,686,760.00	.0%
4F FRANCHISE FEES	1,089,210	1,089,210	.00	.00	1,089,210.00	.0%
4H LICENSES & PERMITS	7,802,811	7,802,811	274,751.03	274,751.03	7,528,059.97	3.5%
4I TOWN SERVICES	3,906,037	3,906,037	158,683.59	158,683.59	3,747,353.41	4.1%
4J OTHER SOURCES	2,945,518	2,945,518	273,196.99	273,196.99	2,672,321.01	9.3%
4K INTERGOVERNMENTAL	741,477	741,477	-47,537.59	-47,537.59	789,014.59	-6.4%
4L PASS THRU	2,534,469	2,534,469	130,946.00	130,946.00	2,403,523.00	5.2%
4M TRANSFERS IN	562,411	562,411	.00	.00	562,411.00	.0%
4N DEBT SERVICE REMIB	1,914,675	1,914,675	.00	.00	1,914,675.00	.0%
TOTAL GENERAL FUND	63,067,086	63,067,086	879,028.30	879,028.30	62,188,057.70	1.4%
121 MEASURE G FUND						
4C MEASURE G	1,358,000	1,358,000	.00	.00	1,358,000.00	.0%
TOTAL MEASURE G FUND	1,358,000	1,358,000	.00	.00	1,358,000.00	.0%
222 URBAN RUNOFF FUND						
4H LICENSES & PERMITS	315,072	315,072	.00	.00	315,072.00	.0%
TOTAL URBAN RUNOFF FUND	315,072	315,072	.00	.00	315,072.00	.0%
231 BLACKWELL DISTRICT						
4A PROPERTY TAX	3,160	3,160	.00	.00	3,160.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL BLACKWELL DISTRICT	3,210	3,210	.00	.00	3,210.00	.0%
232 KENNEDY MEADOWS DISTRICT						

YEAR-TO-DATE BUDGET REPORT REVENUE
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FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4A PROPERTY TAX	10,275	10,275	.00	.00	10,275.00	.0%
4J OTHER SOURCES	330	330	.00	.00	330.00	.0%
TOTAL KENNEDY MEADOWS DISTRICT	10,605	10,605	.00	.00	10,605.00	.0%
233 GEMINI COURT DISTRICT						
4A PROPERTY TAX	4,600	4,600	.00	.00	4,600.00	.0%
4J OTHER SOURCES	150	150	.00	.00	150.00	.0%
TOTAL GEMINI COURT DISTRICT	4,750	4,750	.00	.00	4,750.00	.0%
234 SANTA ROSA HEIGHTS DISTRICT						
4A PROPERTY TAX	4,500	4,500	.00	.00	4,500.00	.0%
4J OTHER SOURCES	50	50	.00	.00	50.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	4,550	4,550	.00	.00	4,550.00	.0%
235 VASONA HEIGHTS DISTRICT						
4A PROPERTY TAX	9,735	9,735	.00	.00	9,735.00	.0%
4J OTHER SOURCES	340	340	.00	.00	340.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	10,075	10,075	.00	.00	10,075.00	.0%
236 HILLBROOK DISTRICT						
4A PROPERTY TAX	5,950	5,950	.00	.00	5,950.00	.0%
4J OTHER SOURCES	90	90	.00	.00	90.00	.0%
TOTAL HILLBROOK DISTRICT	6,040	6,040	.00	.00	6,040.00	.0%
251 LOS GATOS THEATRE						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, AND CATEGORY

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	121,100	121,100	15,168.00	15,168.00	105,932.00	12.5%
TOTAL LOS GATOS THEATRE	121,100	121,100	15,168.00	15,168.00	105,932.00	12.5%
261 LIBRARY TRUST DONATIONS						
4J OTHER SOURCES	71,000	71,000	.00	.00	71,000.00	.0%
TOTAL LIBRARY TRUST DONATIONS	71,000	71,000	.00	.00	71,000.00	.0%
262 NESS TRUST						
4J OTHER SOURCES	400	400	.00	.00	400.00	.0%
TOTAL NESS TRUST	400	400	.00	.00	400.00	.0%
263 MCCLENDON TRUST						
4J OTHER SOURCES	2,000	2,000	.00	.00	2,000.00	.0%
TOTAL MCCLENDON TRUST	2,000	2,000	.00	.00	2,000.00	.0%
264 BARBARA J CASSIN TRUST						
4J OTHER SOURCES	6,000	6,000	.00	.00	6,000.00	.0%
TOTAL BARBARA J CASSIN TRUST	6,000	6,000	.00	.00	6,000.00	.0%
411 CAPITAL PROJECTS FUND						
4H LICENSES & PERMITS	120,000	120,000	.00	.00	120,000.00	.0%
4J OTHER SOURCES	106,000	106,000	8,616.00	8,616.00	97,384.00	8.1%
4K INTERGOVERNMENTAL	1,037,873	1,037,873	.00	.00	1,037,872.87	.0%
TOTAL CAPITAL PROJECTS FUND	1,263,873	1,263,873	8,616.00	8,616.00	1,255,256.87	.7%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, AND CATEGORY

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
413 LONG-TERM COMMUNITY BENEFIT						
4M TRANSFERS IN	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
TOTAL LONG-TERM COMMUNITY BENEFIT	3,000,000	3,000,000	.00	.00	3,000,000.00	.0%
421 GRANT FUNDED PROJECTS						
4K INTERGOVERNMENTAL	36,750	36,750	341,369.42	341,369.42	-304,619.42	928.9%
TOTAL GRANT FUNDED PROJECTS	36,750	36,750	341,369.42	341,369.42	-304,619.42	928.9%
461 STORM BASIN 1						
4H LICENSES & PERMITS	48,695	48,695	.00	.00	48,695.31	.0%
4J OTHER SOURCES	21,642	21,642	.00	.00	21,641.61	.0%
TOTAL STORM BASIN 1	70,337	70,337	.00	.00	70,336.92	.0%
462 STORM BASIN 2						
4H LICENSES & PERMITS	48,695	48,695	.00	.00	48,695.31	.0%
4J OTHER SOURCES	68,607	68,607	.00	.00	68,606.87	.0%
TOTAL STORM BASIN 2	117,302	117,302	.00	.00	117,302.18	.0%
463 STORM BASIN 3						
4H LICENSES & PERMITS	2,627	2,627	.00	.00	2,626.50	.0%
4J OTHER SOURCES	-6,072	-6,072	.00	.00	-6,072.28	.0%
TOTAL STORM BASIN 3	-3,446	-3,446	.00	.00	-3,445.78	.0%
471 TRAFFIC MITIGATION FUND						

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, AND CATEGORY

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	10,000	10,000	.00	.00	10,000.00	.0%
TOTAL TRAFFIC MITIGATION FUND	10,000	10,000	.00	.00	10,000.00	.0%
472 UTILITY UNDERGROUND TAX FUND						
4E BUSINESS LIC & OTHER	30,000	30,000	.00	.00	30,000.00	.0%
4J OTHER SOURCES	16,346	16,346	.00	.00	16,346.10	.0%
TOTAL UTILITY UNDERGROUND TAX FUN	46,346	46,346	.00	.00	46,346.10	.0%
481 GAS TAX FUND						
4J OTHER SOURCES	1,471	1,471	.00	.00	1,471.10	.0%
4K INTERGOVERNMENTAL	1,917,807	1,917,807	.00	.00	1,917,807.00	.0%
TOTAL GAS TAX FUND	1,919,278	1,919,278	.00	.00	1,919,278.10	.0%
611 ABAG TOWN LIABILITY FUND						
4I TOWN SERVICES	1,984,001	1,984,001	.00	.00	1,984,000.73	.0%
TOTAL ABAG TOWN LIABILITY FUND	1,984,001	1,984,001	.00	.00	1,984,000.73	.0%
612 WORKERS COMPENSATION FUND						
4I TOWN SERVICES	1,997,508	1,997,508	.00	.00	1,997,508.40	.0%
4J OTHER SOURCES	0	0	10,020.02	10,020.02	-10,020.02	100.0%
TOTAL WORKERS COMPENSATION FUND	1,997,508	1,997,508	10,020.02	10,020.02	1,987,488.38	.5%
621 INFORMATION TECHNOLOGY						
4I TOWN SERVICES	1,313,722	1,313,722	8,734.54	8,734.54	1,304,987.06	.7%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND, AND CATEGORY

FOR 2027 01

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	8,734.54	8,734.54	1,304,987.06	.7%
631 EQUIPMENT REPLACEMENT FUND						
4I TOWN SERVICES	659,960	659,960	.00	.00	659,960.00	.0%
4J OTHER SOURCES	20,000	20,000	14,960.41	14,960.41	5,039.59	74.8%
TOTAL EQUIPMENT REPLACEMENT FUND	679,960	679,960	14,960.41	14,960.41	664,999.59	2.2%
633 FACILITIES MAINTENANCE FUND						
4E BUSINESS LIC & OTHER	25,000	25,000	.00	.00	25,000.00	.0%
4I TOWN SERVICES	1,234,499	1,234,499	.00	.00	1,234,499.00	.0%
4J OTHER SOURCES	216,141	216,141	50,005.69	50,005.69	166,134.91	23.1%
4M TRANSFERS IN	811,334	811,334	.00	.00	811,334.00	.0%
TOTAL FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	50,005.69	50,005.69	2,236,967.91	2.2%
732 PERS CEPPT PENSION TRUST						
4J OTHER SOURCES	390,000	390,000	.00	.00	390,000.00	.0%
TOTAL PERS CEPPT PENSION TRUST	390,000	390,000	.00	.00	390,000.00	.0%
942 SA TRUST FUND						
4J OTHER SOURCES	61,664	61,664	.00	.00	61,664.00	.0%
4N DEBT SERVICE REMIB	3,862,262	3,862,262	.00	.00	3,862,262.00	.0%
TOTAL SA TRUST FUND	3,923,926	3,923,926	.00	.00	3,923,926.00	.0%
GRAND TOTAL	84,016,419	84,016,419	1,327,902.38	1,327,902.38	82,688,516.34	1.6%

** END OF REPORT - Generated by Kristina Alfaro **



TOWN OF LOS GATOS

MONTHLY FINANCIAL REPORT – JULY 2026

The following is the July 2026 Monthly Financial Report. It has been prepared to inform the Town Council, Town Leadership, and the public of the Town’s fiscal status. This report provides companion analysis to monthly revenue and expenditure reports.

Background

On June 2, 2026, the Town Council adopted the Fiscal Year (FY) 2026-27 Final Budget, an \$84,944,559 spending plan funded by \$84,016,419, resulting in the use of fund balance of \$928,140. The General Fund expenditure appropriation is recommended at \$67,468,582 with estimated revenues of \$64,815,087, resulting in an estimated use of unassigned fund balance \$2,653,495 due primarily to the transfer out of \$3.0 million of unassigned fund balance to a new Capital Fund for Future Community Use. As of July, no budget revisions had been approved by the Town Council, and to date, not all prior year budget carryovers have been completed.

Revenue and Expenditures Trend Analysis by Fund Type

Overall revenues across all funds as of July are 1.6% collected and on trend for the same period in prior years. Prior years ranged from 0.9% to 5.6% collected as a percent of the revised budget for July.

Fund	Fund Type	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
111/ 121/ 732	GENERAL FUND	5.3%	3.1%	1.6%	8.3%	1.4%	↓
2*	SPECIAL REVENUE FUNDS	1.0%	-2.1%	-1.4%	8.3%	2.7%	↑
4*	CAPITAL FUNDS	9.4%	-0.7%	-1.7%	8.3%	5.4%	✓
6*	INTERNAL SERVICE FUNDS	6.2%	0.9%	1.4%	8.3%	1.0%	✓
9*	TRUST FUND	0.0%	0.0%	0.0%	8.3%	0.0%	✓
TOTAL REVENUE BY FUND		5.6%	2.4%	0.9%	8.3%	1.6%	✓

General Fund revenues collected are 1.4% and trending below the same point in the prior three years. Prior years ranged from 1.6% to 5.3% collected as a percent of the revised budget for July. This is primarily due to payment timing and the year-end accrual process, where a negative revenue is posted to account for an anticipated revenue, then reversed when the actual revenue for the month is received.

Special Revenue Funds revenues collected are 2.7% and trending above the same point in the prior three years. Prior years ranged from -2.1% to 1.0% collected as a percent of the revised budget for July. This is primarily due to *receivables that were set up for the 222 Urban Runoff*

Fund in the prior two fiscal years that were not set up in the current fiscal year. This resulted in negative revenues in the prior two years.

Expenditures by Fund Type Trend Analysis

Expenditures and encumbrances are 15.1% as of July and on trend with the same period in the prior three years, which have ranged from 15.0% to 30.7% expended as a percent of the revised budget for July.

Fund	FUND TYPE	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
111/ 121/732	GENERAL FUND	9.3%	10.7%	10.4%	8.3%	8.0%	↓
2*	SPECIAL REVENUE FUNDS	13.5%	8.3%	7.2%	8.3%	12.1%	✓
4*	CAPITAL FUNDS	79.4%	147.0%	15.9%	8.3%	38.8%	✓
6*	INTERNAL SERVICE FUNDS	18.0%	26.8%	31.5%	8.3%	46.5%	↑
9*	TRUST FUND	43.9%	44.8%	45.7%	8.3%	45.0%	✓
TOTAL EXPENDITURE BY FUND TYPE		21.5%	30.7%	15.0%	8.3%	15.1%	✓

General Funds actual expenditures and encumbrances are 8.0% and trending below the prior years, which have ranged from 9.3% to 10.7% expended as a percent of the revised budget for July. This is due to a variety of variances across multiple expense categories. See the General Fund by category for details.

Internal Service Funds actual expenditures and encumbered funds are 46.5% and trending above the same point in the prior three years. Prior years ranged from 18.0% to 31.5% expended as a percent of the revised budget for July. Expenditures are trending above the three-year July average, primarily due to changes in insurance costs, expenditure timing, encumbrances, and fluctuations in budgeted expenditures. Some variances are also related to prior-year vehicle encumbrances and two months of utility costs being recorded in July.

General Fund Revenue by Category Trend Analysis

Overall General Fund revenues across all categories as of July are 1.4% collected and are below the same period in prior years. Prior years ranged from 1.6% to 5.3% collected as a percent of the revised budget for July.

CATEGORY	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
PROPERTY TAX	0.0%	-0.5%	-0.5%	8.3%	0.0%	↑
SALES & USE TAX	-9.3%	-8.4%	-9.2%	8.3%	0.0%	↑
MEASURE G	-9.8%	-9.1%	-9.7%	8.3%	0.0%	↑

CATEGORY	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
TRANSIENT OCCUPANCY	-5.8%	-6.7%	-13.9%	8.3%	3.9%	↑
BUSINESS LIC & OTHER	0.0%	0.0%	0.0%	8.3%	0.0%	✓
FRANCHISE FEES	-5.9%	-11.9%	-10.5%	8.3%	0.0%	↑
FINES & FORFEITURES	0.0%	0.0%	0.0%	8.3%	0.0%	✓
LICENSES & PERMITS	13.8%	10.3%	10.9%	8.3%	3.5%	↓
TOWN SERVICES	7.4%	8.1%	14.4%	8.3%	4.1%	↓
OTHER SOURCES	77.9%	-11.8%	-59.2%	8.3%	8.2%	✓
INTERGOVERNMENTAL	-27.3%	17.4%	7.0%	8.3%	-6.4%	✓
PASS THRU	95.6%	113.4%	91.4%	8.3%	5.2%	↓
TRANSFERS IN	0.0%	0.0%	0.0%	8.3%	0.0%	✓
DEBT SERVICE REMIB	0.0%	0.0%	0.0%	8.3%	0.0%	✓
GENERAL FUND % COLLECTED BY CATEGORY	5.3%	3.1%	1.6%	8.3%	1.4%	↓

Property Tax actual revenues collected are 0.0%. This is higher than the negative percentages reported in the prior three years. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year and the timing of July revenue postings.

Sales & Use Tax actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -9.3% to -8.4% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year and the timing of July revenue postings.

Measure G actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -9.8% to -9.1% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year and the timing of July revenue postings.

Transient Occupancy Tax actual revenues collected are 3.9% and are trending above the same point in the prior three years. Prior years ranged from -13.9% to -5.8% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year and the timing of July revenue postings.

Franchise Fees actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -11.9% to -5.9% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year and the timing of July revenue postings.

Licenses and Permits actual revenues collected are 3.5% and trending below the same point in the prior three years. Prior years ranged from 10.3% to 13.8% collected as a percent of the revised budget for July. This is primarily due to an increase in budgeted revenue in comparison to other years and due to a delay in accounting for revenues received in the Town's planning software to the ERP.

Town Services actual revenues collected are 4.1% and trending below the same point in the prior three years. Prior years ranged from 7.4% to 14.4% collected as a percent of the revised budget for July. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with August reporting. In addition, a receivable for payment related to contracted police services was not set up in the current year.

Pass-Thru actual revenues collected are 5.2% and trending below the same point in the prior three years. Prior years ranged from 91.4% to 113.4%, collected as a percent of the revised budget for July. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with August reporting.

General Fund by Expense Category Analysis

Actual expenditures and encumbered funds are 8.0% and trending below for the same point in the prior years. Prior years ranged from 9.3% to 10.7% expended as a percent of the revised budget for July.

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
SALARIES	5.9%	5.7%	5.3%	8.3%	4.8%	↓
OVERTIME	13.2%	9.9%	11.7%	8.3%	4.5%	↓
PERS	6.3%	6.6%	6.2%	8.3%	6.3%	✓
MEDICAL BENEFITS	6.9%	6.9%	6.8%	8.3%	7.2%	↑
OTHER BENEFITS	6.4%	6.7%	6.3%	8.3%	6.3%	✓
RETIREE MEDICAL	14.9%	16.6%	14.9%	8.3%	8.5%	↓
MATERIALS & SUPPLIES	4.3%	13.2%	9.6%	8.3%	13.1%	✓
CONTRACTS	17.7%	30.7%	20.2%	8.3%	33.6%	↑
UTILITIES	22.6%	20.4%	20.3%	8.3%	23.5%	↑
GRANTS AND AWARDS	0.3%	0.1%	11.8%	8.3%	5.3%	✓
PASS THRU	48.0%	54.3%	67.9%	8.3%	5.8%	↓
MISCELLANEOUS	0.0%	0.0%	0.0%	8.3%	0.0%	✓
INT SERVICE CHARGES	1.0%	2.4%	2.7%	8.3%	2.7%	✓
DEBT SERVICE	0.0%	0.0%	0.0%	8.3%	0.0%	✓
CAPITAL PROJECTS	0.0%	0.0%	0.0%	8.3%	0.0%	✓
TRANSFERS OUT	0.0%	0.0%	0.0%	8.3%	0.0%	✓
OPEB	0.0%	0.0%	0.0%	8.3%	0.0%	✓

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
GENERAL FUND TOTALS BY CATEGORY	9.3%	10.7%	10.4%	8.3%	8.0%	↓

Salaries actual expenditures and encumbered funds are 4.8% and trending below the same point in the prior three years. Prior years ranged from 5.3% to 5.9% expended as a percent of the revised budget for July. See the “All Fund Vacancy Savings by Pay Period Analysis” section of the report for more details.

Overtime actual expenditures and encumbered funds are 4.5% and trending below the same point in prior years. Prior years ranged from 9.9% to 13.2% expended as a percent of the revised budget for July. See the “All Fund Vacancy Savings by Pay Period Analysis” section of the report for more details.

Medical Benefits actual expenditures and encumbered funds are 7.2% and trending above the same point in the prior three years. Prior years ranged from 6.8% to 6.9% expended as a percent of the revised budget for July. See the “All Fund Vacancy Savings by Pay Period Analysis” section of the report for more details.

Retiree Medical actual expenditures and encumbered funds are 8.5% and trending below the same point in the prior three years. Prior years ranged from 14.9% to 16.6% expended as a percent of the revised budget for July. This is primarily due to reduced pay periods for the current year to 1.29. In comparison, other years have contained two or more pay periods in July.

Contracts actual expenditures and encumbered funds are 33.6% and trending above the same point in the prior three years. Prior years ranged from 17.7% to 30.7% expended as a percent of the revised budget for July. This is primarily due to several software contracts with annual subscriptions that were paid in July.

Utilities actual expenditures and encumbered funds are 23.5% and trending above the same point in the prior three years. Prior years ranged from 20.3% to 22.6% expended as a percent of the revised budget for July. This is primarily due to water, light, and signal expenses being charged to this budget that had not been in prior years.

Pass-thru actual expenditures and encumbered funds are 5.8% and trending below the same point in the prior three years. Prior years ranged from 48.0% to 67.9% expended as a percent of the revised budget for July. This is primarily due to a reduction in plan check revenues caused by a delay in posting revenues received from the Town’s planning software to the ERP. This trend is expected to improve with August reporting.

All Fund Vacancy Savings by Pay Period Analysis

The adopted budget includes a 4.6% vacancy-savings assumption totaling \$2.0 million. This

amount was calculated by applying 4.6% to the pre-vacancy salary-and-benefit base of \$44,545,652. The revised salary-and-benefit budget shown below reflects the resulting vacancy-savings reduction

The payroll percentage column is derived by taking the 1 pay period in July plus 29% of the last payroll in June that was paid in July, based on the total days in July in that pay period. Adding these two together and dividing by the total pay periods in a year, or 26, results in 1.29 pay periods having occurred as of July. Based on the table below, which includes the 4.6% vacancy savings factor and the percent of payroll percentage column. The pay-period analysis is appropriate for salaries and overtime categories. The remaining benefit categories are processed monthly, or 1/12, resulting in an 8.3% and are a more accurate benchmark percentage for analysis of these categories.

CATEGORY	REVISED BUDGET	YTD EXPENDITURES	AVAILABLE BUDGET	PCT USED	% of Pay Periods/ Straight-line
5A SALARIES	\$24,176,333	\$1,170,569	\$23,005,764	4.8%	5.0%
5B OVERTIME	\$ 1,457,000	\$65,827	\$ 1,391,173	4.5%	5.0%
5C PERS	\$10,800,788	\$680,121	\$10,120,668	6.3%	8.3%
5D MEDICAL BENEFITS	\$ 3,371,803	\$242,973	\$ 3,128,830	7.2%	8.3%
5E OTHER BENEFITS	\$ 2,922,678	\$182,824	\$ 2,739,854	6.3%	8.3%
Total Salary and Benefits	\$ 42,728,602	\$ 2,342,314	\$ 40,386,289	5.5%	5.0%

Salary and benefit expenditures are 5.5% of the revised budget as of July. Salaries and overtime are slightly below the 5.0% payroll-period benchmark, while PERS, Medical Benefits, and Other Benefits are below the 8.3% monthly straight-line benchmark. A dedicated vacancy report is not yet available from the ERP; once operational, staff will use that report to provide a more direct analysis of vacancy savings.

Summary

Monthly reports as of July 2026 for both revenue and expenditure show the Town is generally tracking within or below prior-year trends. General Fund expenditures are at 8.0% of the revised budget, including encumbrances, compared with the 8.3% straight-line benchmark. Salary and overtime expenditures are slightly below the payroll-period benchmark, while benefit categories remain below the 8.3% monthly benchmark.



TOWN OF LOS GATOS
MONTHLY FINANCIAL REPORT – JULY 2026
IN QUARTERLY FORMAT

The following is the July 2026 Monthly Financial Report. It has been prepared to inform the Town Council, Town Leadership, and the public of the Town’s fiscal status. This report provides companion analysis to monthly revenue and expenditure reports.

Background

On June 2, 2026, the Town Council adopted the Fiscal Year (FY) 2026-27 Final Budget, an \$84,944,559 spending plan funded by \$84,016,419, resulting in the use of fund balance of \$928,140. The General Fund expenditure appropriation is recommended at \$67,468,582 with estimated revenues of \$64,815,087, resulting in an estimated use of unassigned fund balance \$2,653,495 due primarily to the transfer out of \$3.0 million of unassigned fund balance to a new Capital Fund for Future Community Use. As of July, no budget revisions had been approved by the Town Council, and to date, not all prior year budget carryovers have been completed.

The July 2026 monthly financial reports provide expenditure and revenue information with the following breakdowns:

1. **By Fund**
Shows total expenditures and revenues for each Town fund, allowing for high-level review of fiscal performance across all funding sources.
2. **By Fund and Category**
Provides expenditures and revenues within each fund divided into major categories such as personnel, operating, capital, charges for services, taxes, and other revenue types.
3. **By Fund and Department**
Displays departmental expenditures by the specific fund supporting each program or operational area.
4. **By Fund, Department and Expense/Revenue Category**
Offers a detailed breakdown that ties each department’s budget activity to the relevant fund and categorizes expenditures and revenues for more granular analysis.

Analysis Overview

These reports support ongoing monitoring of budget-to-actual performance, highlight variances that may require adjustment, and help ensure compliance with adopted financial policies. Staff approached the analysis in two ways. First, a straight-line analysis assumes expenditures and revenues are expended and collected evenly throughout the year, with each month representing 1/12, or 8.3%, of the annual budget. Straight line analysis was shown as part of trend analysis tables; however, staff only show this for illustrative purposes. As you will see, the

trend analysis provides far more meaningful analysis, and we would expect this trend to continue throughout the fiscal year.

In trend analysis, staff have reviewed the July reports for revenue/expenditures of three prior Julys for fiscal years (FY) 2023-24 to 2025-26 against actual revenues/expenditures and collections in FY 2026-27 to determine if we are on trend with prior years.

Analysis is done by Fund first, followed by in depth analysis for the General Fund only that includes, by category, by department analysis. Staff focused on irregular patterns and on items trending above or below prior year trends for both revenues and expenditures for all analysis completed in this report.

Staff completed a vacancy savings analysis across all funds to determine how the budget is tracking against projected salary savings. This is done across all funds because salary and benefits are charged across multiple funds, with the largest majority being in the General Fund.

When looking at the % Collected and % Expended columns across various reports, the following formulas are used: revenue YTD Actuals/Revised Budget. For expenditures, the formula is (YTD Actuals + Encumbrances)/Revised Budget.

MTD refers to Month to Date, and encumbrances represent money that has been set aside for an agreement to purchase goods or services. As actual expenditures are charged against the encumbrance, it should decrease, and actual expenditures should increase. For this reason, in many areas where % Expended is trending greatly above the trend or straight line, staff will note the reason, but this is not a cause for concern. We expect both analyses to normalize as the year progresses. However, should a budget be over 100% expended, staff will note the reason, as this may indicate an issue that may require an adjustment.

The months of July and June, as they are the first and last months of the fiscal year, have some anomalies in reporting due to closing out the prior year and starting the new year. These include accruals and timing of both revenues and expenditures. In addition, some revenue and expense items might not be posted yet due mainly to the timing of the item or other delays. Although staff work diligently to clear the bulk of the anomalies, some remain and are discussed further below. Most anomalies should resolve by the August reports.

The Town operates on a modified accrual basis. Under this basis, revenues and expenditures are generally recognized when measurable and incurred, with year-end accruals used to assign transactions to the appropriate fiscal year.

You may also note negative encumbrances as part of the July reports as well; this, too, is due to this period in the year where an encumbrance has been carried forward as negative from the prior year and will resolve in the August report.

In anticipation of July revenue, receivables are set up and may result in negative revenue until the payment is received. The accruals are then backed out, and the negative revenue should resolve in the August reports.

Revenues by Fund Trend Analysis

Overall revenues across all funds as of July are 1.6% collected, and on trend for the same period in prior years. Prior years ranged from 0.9% to 5.6% collected as a percent of the revised budget for July.

Fund	Fund Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
111	GENERAL FUND	5.7%	3.4%	1.9%	8.3%	1.4%	↓
121	MEASURE G FUND	-9.8%	-9.1%	-9.7%	8.3%	0.0%	↑
732	PERS CEPPT PENSION TRUST	0.0%	0.0%	0.0%	8.3%	0.0%	✓
Total General Fund		5.3%	3.1%	1.6%	8.3%	1.4%	↓
222	URBAN RUNOFF FUND	0.0%	-10.4%	-12.5%	8.3%	0.0%	✓
251	LOS GATOS THEATRE	8.1%	17.1%	12.4%	8.3%	12.5%	✓
411	CAPITAL PROJECTS FUND	29.0%	0.7%	1.5%	8.3%	0.7%	✓
413	LONG-TERM COMMUNITY BENEFIT ¹	0.0%	0.0%	0.0%	8.3%	0.0%	✓
421	GRANT FUNDED PROJECTS	-13.9%	0.0%	-2.8%	8.3%	928.9%	↑
461	STORM BASIN 1	14.3%	3.3%	0.0%	8.3%	0.0%	✓
462	STORM BASIN 2	5.1%	3.0%	18.8%	8.3%	0.0%	↓
463	STORM BASIN 3	0.0%	0.0%	-5.1%	8.3%	0.0%	✓
472	UTILITY UNDERGROUND TAX FUND	7.6%	1.4%	4.2%	8.3%	0.0%	↓
481	GAS TAX FUND	-3.6%	-4.5%	-4.6%	8.3%	0.0%	↑
611	ABAG TOWN LIABILITY FUND	0.6%	0.0%	0.0%	8.3%	0.0%	✓
612	WORKERS COMPENSATION FUND	6.8%	1.1%	3.4%	8.3%	0.5%	↓
621	INFORMATION TECHNOLOGY	1.5%	1.3%	1.4%	8.3%	0.7%	↓
631	EQUIPMENT REPLACEMENT FUND	-1.4%	0.0%	0.0%	8.3%	2.2%	↑
633	FACILITIES MAINTENANCE FUND	18.2%	1.8%	1.8%	8.3%	2.2%	✓
942	SA TRUST FUND	0.0%	0.0%	0.0%	8.3%	0.0%	✓
TOTAL REVENUE BY FUND		5.6%	2.4%	0.9%	8.3%	1.6%	✓

¹ Transfers in/out are processed annually at year-end. You will see the \$3 million transfer in the June monthly reports.

111/121/732 General Fund revenues collected are 1.4% and trending below the same point in the prior three years. Prior years ranged from 1.6% to 5.3% collected as a percent of the revised budget for July. This is primarily due to payment timing and the year-end accrual process, where negative revenue is posted to account for anticipated revenue timing, then reversed when actual revenue for the month is received.

421 Grant Funded Projects actual revenues collected are 928.9% and trending above the same point in the prior three years. Prior years ranged from -13.9% to 0.0% collected as a percent of the revised budget for July. This is primarily due to the receipt of the MTC One Bay Area Grant (OBAG).

462 Storm Basin 2 actual revenues collected are 0.0% and trending below the same point in the prior three years. Prior years ranged from 3.0% to 18.8% collected as a percent of the revised budget for July. This is primarily due to prior years having a few storm drain fees received in July.

472 Utility Underground Tax Fund actual revenues collected are 0.0% and trending below the same point in the prior three years. Prior years ranged from 1.4% to 7.6% collected as a percent of the revised budget for July. This is primarily due to prior years having received construction taxes in July.

481 Gas Tax Fund actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -4.6% to -3.6% collected as a percent of the revised budget for July. This is primarily due to the timing of accruing the July SB1 RMRA payment.

612 Workers' Compensation Fund actual revenues collected are 0.5% and trending below the same point in the prior three years. Prior years ranged from 1.1% to 6.8% collected as a percent of the revised budget for July. This is primarily due to reimbursement received in prior years that have not materialized in the current fiscal year.

621 Information Technology Fund actual revenues collected are 0.7% and trending below the same point in the prior three years. Prior years ranged from 1.3% to 1.5% collected as a percent of the revised budget for July. This is primarily due to the timing of payrolls, with prior years having at least two full payrolls in July and the current year having only 1.29 pay periods for the same period.

631 Equipment Replacement Fund actual revenues collected are 2.2% and trending above the same point in the prior three years. Prior years ranged from -1.4% to 0.0% collected as a percent of the revised budget for July. This is primarily due to the sale of a fixed asset.

Expenditures by Fund Trend Analysis

Expenditures and encumbrances are 15.1% as of July and on trend with the same period in the prior three years, which have ranged from 15.0% to 30.7% expended as a percent of the revised budget for July.

Fund	Fund Name	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
111	GENERAL FUND	9.6%	10.9%	10.6%	8.3%	8.2%	↓
121	MEASURE G FUND	-0.8%	-0.6%	-0.8%	8.3%	0.0%	↑
732	PERS CEPPT PENSION TRUST	0.0%	0.0%	0.0%	8.3%	0.0%	✓
TOTAL GENERAL FUND		9.3%	10.7%	10.4%	8.3%	8.0%	↓
222	URBAN RUNOFF FUND	8.0%	5.1%	3.6%	8.3%	7.7%	✓
231	BLACKWELL DISTRICT	50.6%	36.3%	36.3%	8.3%	31.5%	✓
232	KENNEDY MEADOWS DISTRICT	80.3%	61.5%	61.5%	8.3%	57.6%	↓
233	GEMINI COURT DISTRICT	55.6%	31.7%	31.7%	8.3%	33.9%	✓
234	SANTA ROSA HEIGHTS DISTRICT	92.2%	82.2%	82.2%	8.3%	82.9%	✓
235	VASONA HEIGHTS DISTRICT	56.4%	49.9%	49.9%	8.3%	50.2%	✓
236	HILLBROOK DISTRICT	36.6%	25.7%	25.7%	8.3%	30.1%	✓
251	LOS GATOS THEATRE	0.0%	3.5%	0.0%	8.3%	12.3%	↑
261	LIBRARY TRUST DONATIONS	4.1%	3.6%	4.4%	8.3%	4.8%	↑
411	CAPITAL PROJECTS FUND	82.2%	128.5%	12.1%	8.3%	2.0%	↓
421	GRANT FUNDED PROJECTS	77.9%	208.4%	20.9%	8.3%	0.0%	↓
462	STORM BASIN 2	0.0%	100.0%	4.2%	8.3%	175.2%	↑
471	TRAFFIC MITIGATION FUND	94.7%	153.5%	0.0%	8.3%	0.0%	✓
481	GAS TAX FUND	82.6%	90.8%	28.0%	8.3%	108.4%	↑
611	ABAG TOWN LIABILITY FUND	0.0%	0.0%	83.4%	8.3%	88.8%	↑
612	WORKERS COMPENSATION FUND	4.0%	30.0%	28.1%	8.3%	36.3%	↑
621	INFO TECH	56.7%	58.3%	25.9%	8.3%	48.2%	✓

Fund	Fund Name	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
631	EQUIPMENT REPLACEMENT FUND	12.1%	30.2%	7.6%	8.3%	0.0%	↓
633	FACILITIES MAINTENANCE FUND	27.2%	23.3%	16.9%	8.3%	30.4%	↑
942	SA TRUST FUND	43.9%	44.8%	45.7%	8.3%	45.0%	✓
TOTAL		21.5%	30.7%	15.0%	8.3%	15.1%	✓

111/121/732 General Fund actual expenditures and encumbrances are 8.0% and trending below the prior three years, which have ranged from 9.3% to 10.7% expended as a percent of the revised budget for July. This is due to variances across multiple expense categories. See the General Fund by category section for further information.

232 Kennedy Meadows District actual expenditures and encumbered funds are 57.6% and are trending below the same point in the prior three years. Prior years ranged from 61.5% to 80.3% expended as a percent of the revised budget for July. This is primarily due to an encumbrance for median and mowing.

251 Los Gatos Theatre actual expenditures and encumbered funds are 12.3% and are trending above the same point in the prior three years. Prior years ranged from 0.0% to 3.5% expended as a percent of the revised budget for July. This is primarily due to an encumbrance for elevator services.

261 Library Trust actual expenditures and encumbered funds are 4.8% and trending above the same point in the prior three years. Prior years ranged from 3.6% to 4.1% expended as a percent of the revised budget for July. Although this is trending slightly higher, prior-year actuals are in line with the prior year; however, this year is budgeted lower than prior years. This causes the larger percentage.

411 Capital Projects Fund actual expenditures and encumbered funds are 2.0% and trending below the same point in the prior three years. Prior years ranged from 12.1% to 128.5% expended as a percent of the revised budget for July. This is primarily due to one-time COVID-19 funds expended in this fund in FY 2023-24.

421 Grant Funded Projects actual expenditures and encumbered funds are 0.0% and trending below the same point in the prior three years. Prior years ranged from 20.9% to 208.4% expended as a percent of the revised budget for July. This is primarily due to large encumbrances in prior years.

462 Storm Basin 2 actual expenditures and encumbered funds are 175.2% and trending above the same point in the prior three years. Prior years ranged from 0.0% to 100.0% expended as a

percent of the revised budget for July. This is primarily due to actual charges that were not processed against the existing purchase order, causing this fund to appear over budget. Staff will correct this reporting in August.

481 Gas Tax Fund actual expenditures and encumbered funds are 108.4% and trending above the same point in the prior three years. Prior years ranged from 28.0% to 90.8% expended as a percent of the revised budget for July. This is primarily due to actual charges that were not processed against the existing purchase order, causing this fund to appear over budget. Staff will correct this reporting in August.

611 ABAG Town Liability Fund actual expenditures and encumbered funds are 88.8% and trending above the same point in the prior three years. Prior years ranged from 0% to 83.4% expended as a percent of the revised budget for July. This is primarily due to a change in insurance providers, resulting in a lower budget number compared to expended funds.

612 Workers' Compensation Fund actual expenditures and encumbered funds are 36.3% and trending above the same point in the prior three years. Prior years ranged from 4.0% to 30.0% expended as a percent of the revised budget for July. This is primarily due to a combination of encumbered funds and fluctuations in budgeted expenditures.

631 Equipment Replacement Fund actual expenditures and encumbered funds are 0.0% and are trending below the same point in the prior three years. Prior years ranged from 7.6% to 30.2% expended as a percent of the revised budget for July. This is primarily due to encumbrances in prior years for patrol vehicles that are not in the current year.

633 Facilities Maintenance Fund actual expenditures and encumbered funds are 30.4% and trending above the same point in the prior three years. Prior years ranged from 16.9% to 27.2% expended as a percent of the revised budget for July. This is primarily due to increased utilities costs driven by two months of payments posted this July.

General Fund² Department Revenue Trend Analysis

Overall General Fund revenues across all departments as of July are 1.4% collected, and trending below for the same period in prior years. Prior years ranged from 1.6% to 5.3% collected as a percent of the revised budget for July.

Department Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
Townwide	-2.7%	-2.5%	-3.0%	8.3%	0.2%	↑
Town Attorney	0.0%	0.0%	0.0%	8.3%	0.0%	✓
Administrative Services	44.5%	-5.9%	-35.9%	8.3%	4.2%	✓
Community Development	14.6%	26.2%	42.1%	8.3%	2.7%	↓
Police	2.6%	4.7%	9.5%	8.3%	1.1%	↓

² The General Fund include Funds 111, 121 and 732.

Department Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
Parks & Public Works	67.8%	66.5%	48.1%	8.3%	10.7%	↓
Library	-1.8%	87.7%	51.7%	8.3%	-2.5%	↓
General Fund % Collected by Department	5.3%	3.1%	1.6%	8.3%	1.4%	↓

Townwide actual revenues collected are 0.2% and trending above the same point in the prior three years. Prior years ranged from -3.0% to -2.5% collected as a percent of the revised budget for July. This is primarily due to new year's accruals and timing of payments for Sales Tax, Transient Occupancy Tax, and Franchise Fees. This trend is expected to improve with August reporting.

Administrative Services: This department is on trend but, prior year collections have varied significantly. This is due to the mark-to-market adjustments made in prior years that caused large negative and positive swings. In addition, in FY 2023-24 COVID-19 pass-through funds were received in this department.

Community Development: actual revenues collected are 2.7% and trending below the same point in the prior three years. Prior years have ranged from 14.6% to 42.1% collected as a percent of the revised budget for July. This is primarily due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with August reporting.

Parks and Public Works: actual revenues collected are 10.7% and trending below the same point in the prior three years. Prior years ranged from 48.1% to 67.8%. This is due to a delay in posting deferred pass thru revenues from the prior year.

Library actual revenues collected are -2.5% and trending below the same point in the prior three years. Prior years ranged from -1.8% to 87.7% collected as a percent of the revised budget for July. This is primarily due to larger grant funds received in prior years.

General Fund Revenue by Category Trend Analysis

Overall General Fund revenues across all categories as of July are 1.4% collected and are below the same period in prior years. Prior years ranged from 1.6% to 5.3% collected as a percent of the revised budget for July.

Department Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
PROPERTY TAX	0.0%	-0.5%	-0.5%	8.3%	0.0%	✓
SALES & USE TAX	-9.3%	-8.4%	-9.2%	8.3%	0.0%	↑
MEASURE G	-9.8%	-9.1%	-9.7%	8.3%	0.0%	↑

Department Name	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
TRANSIENT OCCUPANCY	-5.8%	-6.7%	-13.9%	8.3%	3.9%	↑
BUSINESS LIC & OTHER	0.0%	0.0%	0.0%	8.3%	0.0%	✓
FRANCHISE FEES	-5.9%	-11.9%	-10.5%	8.3%	0.0%	↑
FINES & FORFEITURES	0.0%	0.0%	0.0%	8.3%	0.0%	✓
LICENSES & PERMITS	13.8%	10.3%	10.9%	8.3%	3.5%	↓
TOWN SERVICES	7.4%	8.1%	14.4%	8.3%	4.1%	↓
OTHER SOURCES	77.9%	-11.8%	-59.2%	8.3%	8.2%	↑
INTERGOVERNMENTAL	-27.3%	17.4%	7.0%	8.3%	-6.4%	✓
PASS THRU	95.6%	113.4%	91.4%	8.3%	5.2%	↓
TRANSFERS IN	0.0%	0.0%	0.0%	8.3%	0.0%	✓
DEBT SERVICE REMIB	0.0%	0.0%	0.0%	8.3%	0.0%	✓
GENERAL FUND % COLLECTED BY CATEGORY	5.3%	3.1%	1.6%	8.3%	1.4%	↓

Property Tax actual revenues collected are 0.0%. This is higher than the negative percentages reported in the prior three years, primarily due to the timing of July revenue postings.

Sales & Use Tax actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -9.3% to -8.4% collected as a percent of the revised budget for July. This is primarily due to the delay in posting July revenue.

Measure G actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -9.8% to -9.1% collected as a percent of the revised budget for July. This is primarily due to a delay in posting July revenue.

Transient Occupancy Tax actual revenues collected are 3.9% and trending above the same point in the prior three years. Prior years ranged from -13.9% to -5.8% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be received and the delay in posting July revenue.

Franchise Fees actual revenues collected are 0.0% and trending above the same point in the prior three years. Prior years ranged from -11.9% to -5.9% collected as a percent of the revised budget for July. This is primarily due to a receivable for funds yet to be collected that has not been set up this fiscal year.

Licenses and Permits' actual revenues collected are 3.5% and trending below the same point in the prior three years. Prior years ranged from 10.3% to 13.8% collected as a percent of the revised budget for July. This is primarily due to an increase in budgeted revenue in comparison to other years and the large payment received in the previous year.

Town Services actual revenues collected are 4.1% and trending below the same point in the prior three years. Prior years ranged from 7.4% to 14.4% collected as a percent of the revised budget for July. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with August reporting. In addition, a receivable for payment related to contracted police services was not set up in the current year.

Pass-Through actual revenues collected are 5.2% and trending below the same point in the prior three years. Prior years ranged from 91.4% to 113.4%, collected as a percent of the revised budget for July. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP. This trend is expected to improve with August reporting.

General Fund Department Expense Trend Analysis

Actual expenditures and encumbered funds are 8.0% or below at the same point in the prior three years. Prior years ranged from 9.3% to 10.7% expended as a percent of the revised budget for July.

Department	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	Trend
Town Council	7.4%	6.3%	6.4%	8.3%	5.5%	↓
Townwide	11.5%	8.2%	9.0%	8.3%	6.2%	↓
Town Attorney	5.5%	5.6%	12.9%	8.3%	36.0%	↑
Administrative Services	5.0%	5.9%	4.5%	8.3%	5.2%	✓
Community Development	9.9%	17.7%	21.2%	8.3%	6.3%	↓
Police	7.4%	7.0%	6.1%	8.3%	5.0%	↓
Parks & Public Works	15.2%	21.6%	20.1%	8.3%	16.4%	✓
Library	4.9%	6.2%	6.1%	8.3%	5.5%	✓
GENERAL FUND % EXPENSED BY DEPARTMENT	9.3%	10.7%	10.4%	8.3%	8.0%	↓

Town Council actual expenditures and encumbered funds are 5.5% and trending below the same point in the prior three years. Prior years ranged from 6.3% to 7.4% expended as a percent of the revised budget for July. This is primarily due to reduced salary costs because there are only 1.29 pay periods in July. In comparison, other years have contained two or more pay periods in July.

Townwide actual expenditures and encumbered funds are 6.2% and trending below the same point in the prior three years. Prior years ranged from 8.2% to 11.5% expended as a percent of the revised budget for July. This is primarily due to a reduction in retiree medical expenses due to reduced pay periods for the current year to 1.29. In other years have been two or more pay periods in July.

Town Attorney actual expenditures and encumbered funds are 36.0% and trending above the same point in the prior three years. Prior years ranged from 5.3% to 12.9% expended as a percent of the revised budget for July. This is primarily due to a large encumbrance in the current fiscal year.

Community Development actual expenditures and encumbered funds are 6.3% and are trending above the same point in the prior three years. Prior years ranged from 9.9% to 21.1% expended as a percent of the revised budget for July. This is primarily due to a prior years having a large encumbrance in pass thru revenues that has yet to be encumbered in the current year.

Police actual expenditures and encumbered funds are 5.0% and trending below the same point in the prior three years. Prior years ranged from 5.6% to 7.0% expended as a percent of the revised budget for July. This is primarily due to a change in how overtime is budgeted to align more closely with the prior year's actuals.

General Fund by Expense Category Analysis: *Actual* expenditures and encumbered funds are 8.0% and on trend for the same point in the prior three years. Prior years ranged from 9.3% to 10.7% expended as a percent of the revised budget for July.

Department Name	FY 2023-24 % EXP	FY 2024-25 % EXP	FY 2025-26 % EXP	STRAIGHT LINE	FY 2026-27 % EXP	TREND
SALARIES	5.9%	5.7%	5.3%	8.3%	4.8%	↓
OVERTIME	13.2%	9.9%	11.7%	8.3%	4.5%	↓
PERS	6.3%	6.6%	6.2%	8.3%	6.3%	✓
MEDICAL BENEFITS	6.9%	6.9%	6.8%	8.3%	7.2%	↑
OTHER BENEFITS	6.4%	6.7%	6.3%	8.3%	6.3%	✓
RETIREE MEDICAL	14.9%	16.6%	14.9%	8.3%	8.5%	↓
MATERIALS & SUPPLIES	4.3%	13.2%	9.6%	8.3%	13.1%	✓
CONTRACTS	17.7%	30.7%	20.2%	8.3%	33.6%	↑
UTILITIES	22.6%	20.4%	20.3%	8.3%	23.5%	↑
GRANTS AND AWARDS	0.3%	0.1%	11.8%	8.3%	5.3%	✓
PASS THRU	48.0%	54.3%	67.9%	8.3%	5.8%	↓
MISCELLANEOUS	0.0%	0.0%	0.0%	8.3%	0.0%	✓
INT SERVICE CHARGES	1.0%	2.4%	2.7%	8.3%	2.7%	✓
DEBT SERVICE	0.0%	0.0%	0.0%	8.3%	0.0%	✓
CAPITAL PROJECTS	0.0%	0.0%	0.0%	8.3%	0.0%	✓
TRANSFERS OUT	0.0%	0.0%	0.0%	8.3%	0.0%	✓
OPEB	0.0%	0.0%	0.0%	8.3%	0.0%	✓
GENERAL FUND TOTALS BY CATEGORY	9.3%	10.7%	10.4%	8.3%	8.0%	✓

Salaries actual expenditures and encumbered funds are 4.8% and trending below the same point in the prior three years. Prior years ranged from 5.3% to 5.9% expended as a percent of the revised budget for July. This is primarily due to reduced pay periods for the current year to 1.29. In comparison, other years have contained more pay periods in July.

Overtime actual expenditures and encumbered funds are 4.5% and trending below the same point in the prior three years. Prior years ranged from 9.9% to 13.2% expended as a percent of the revised budget for July. This is primarily due to reduced pay periods for the current year to 1.29. In comparison, other years have contained two or more in July. Overtime costs are trending lower than last year, and lower than they have on average the past three years.

Medical Benefits actual expenditures and encumbered funds are 7.2% and trending above the same point in the prior three years. Prior years ranged from 6.8% to 6.9% expended as a percent of the revised budget for July. The cause for trending above has not yet been identified; some drivers might include a change in budgeting methodology that has resulted in a lower budgeted number, and changes to health plans chosen. Staff will continue to watch this category and report back in August.

Retiree Medical actual expenditures and encumbered funds are 8.5% and trending below the same point in the prior three years. Prior years ranged from 14.9% to 16.6% expended as a percent of the revised budget for July. This is primarily due to reduced pay periods for the current year to 1.29. In comparison, other years have contained two or more pay periods in July.

Contracts' actual expenditures and encumbered funds are 33.6% and trending above the same point in the prior three years. Prior years ranged from 17.7% to 30.7% expended as a percent of the revised budget for July. This is primarily due to several software contracts with annual subscriptions that were paid in July.

Utilities actual expenditures and encumbered funds are 23.5% and trending above the same point in the prior three years. Prior years ranged from 20.3% to 22.6% expended as a percent of the revised budget for July. This is primarily due to water, light, and signal expenses being charged to this budget that had not been in prior years.

Pass-through actual expenditures and encumbered funds are 5.8% and trending below the same point in the prior three years. Prior years ranged from 48.0% to 67.9% expended as a percent of the revised budget for July. This is primarily due to a reduction in plan check revenues caused by a delay in posting revenues received from the Town's planning software to the ERP. This trend is expected to improve with August reporting.

All Fund Vacancy Savings by Pay Period Analysis

The adopted budget includes a 4.6% vacancy-savings assumption totaling \$2.0 million. This amount was calculated by applying 4.6% to the pre-vacancy salary-and-benefit base of

\$44,545,652. The revised salary-and-benefit budget shown below reflects the resulting vacancy-savings reduction

The payroll percentage column is derived by taking the 1 pay period in July plus 29% of the last payroll in June that was paid in July, based on the total days in July in that pay period. Adding these two together and dividing by the total pay periods in a year, or 26, arrives at 1.29 pay periods having occurred as of July. The by pay period analysis is appropriate for salaries and overtime categories. The remaining benefit categories are processed monthly (1/12 or 8.3%) and are a more accurate benchmark percentage for analysis of these categories.

Category	Revised Budget	YTD Expenditures	Available Budget	PCT USED	% of Pay Periods/ Straight-line
5A SALARIES	\$24,176,333	\$1,170,569	\$23,005,764	4.8%	5.0%
5B OVERTIME	\$ 1,457,000	\$65,827	\$ 1,391,173	4.5%	5.0%
5C PERS	\$10,800,788	\$680,121	\$10,120,668	6.3%	8.3%
5D MEDICAL BENEFITS	\$ 3,371,803	\$242,973	\$ 3,128,830	7.2%	8.3%
5E OTHER BENEFITS	\$ 2,922,678	\$182,824	\$ 2,739,854	6.3%	8.3%
Total Salary and Benefits	\$ 42,728,602	\$ 2,342,314	\$ 40,386,289	5.5%	5.0%

Salary and benefit expenditures are 5.5% of the revised budget as of July. Salaries and overtime are slightly below the 5.0% payroll-period benchmark, while PERS, Medical Benefits, and Other Benefits are below the 8.3% monthly straight-line benchmark. A dedicated vacancy report is not yet available from the ERP; once operational, staff will use that report to provide a more direct analysis of vacancy savings.

CONCLUSION

Both revenue and expenditure reports for July show the Town is generally tracking within or below prior-year trends. General Fund expenditures are at 8.0% of the revised budget, including encumbrances, compared with the 8.3% straight-line benchmark. Salary and overtime expenditures are slightly below the payroll-period benchmark, while benefit categories remain below the 8.3% monthly benchmark.



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/06/2026

ITEM NO. a.

ITEM NO: a.

DATE: October 6, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Discussion of Potential Amendments to Council Policy 2-04 and Board, Committee, and Commission Policy 2-19 Regarding Disclosure of Personal, Professional, and Business Relationships in Pending Matters**

RECOMMENDATION: Discuss whether Council Policy 2-04 and Board, Committee, and Commission Policy 2-19 should be considered for future amendment to address disclosure on the record, before a decision, of personal, professional, and business relationships with persons having an interest in the matter. No policy amendments are before the Council for action at this meeting.

FISCAL IMPACT:

No direct fiscal impact is associated with this initial Council discussion. If a Council majority later directs preparation of policy amendments, staff and Town Attorney review would be performed within existing resources unless the scope of work requires otherwise.

STRATEGIC PRIORITY:

Not applicable. This item is a Council requested governance policy discussion.

BACKGROUND:

At the September 15, 2026 regular Town Council meeting, Councilmember Mary Badame requested under Council Matters that the Council agendize consideration of an amendment to Council Policy 2-04, with a conforming change to Council Policy 2-19, requiring disclosure on the record before the decision of personal, professional, and business relationships with those who have an interest in the matter. Councilmember Matthew Hudes supported the request. The procedure for placing an item on a future Council agenda is governed by Council Policy 2-01, Town Agenda Format and Rules. Council Policy 2-01, Town Agenda Format and Rules,

PREPARED BY: Chris Constantin
Town Manager

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

SUBJECT: Relationship Disclosure Policy Discussion

DATE: October 6, 2026

provides that during Council Matters any Council Member may request that an item be placed on a future agenda for Council discussion. If a second Council Member supports the request, the item is scheduled on the next agenda under Council Matters for discussion purposes only. Policy 2-01 also provides that three or more Council Members may provide direction requesting action at any time and, when an item requires significant staff effort as determined by the Town Manager, three or more Council Members must vote in favor of placing the item on a future agenda for action.

The September 15 request, having received support from a second Council Member, was placed on the agenda for initial Council discussion pursuant to Policy 2-01. Although consideration of a potential amendment was requested, no amendment to Council Policy 2-04 or Policy 2-19 is being proposed for consideration or action at this time.

For additional reference, Policy 2-11 related to Commission Requirements and Guidelines: Residency, Attendance, and Quorum, and Appointments includes conflict of interest language for commissions. The language specifies

“Under the Political Reform Act, a Commissioner has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision making that could sacrifice the public’s interest in favor of the official’s private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision. While all Commissioners must at a minimum comply with the Political Reform Act regulations, they should also avoid the appearance of a conflict of interest.

Some Board and Commission members serve on non-profit boards or are employed by non-profit organizations. Board and Commission members may not participate in decisions, which includes making recommendations to the Town Council, in which they have a potential conflict of interest, which can be a financial or a personal interest. In the event of a potential conflict of interest, the Board or Commission member must recuse themselves and provide a brief statement explaining the reason for recusal. Even if it is determined that there is no potential conflict of interest, the Board or Commission member must state that their affiliation with the non-profit organization before participating in the decision.”

While this policy was not requested during the Council Matter, the language is relevant to the request made by the two Council members.

SUBJECT: Relationship Disclosure Policy Discussion

DATE: October 6, 2026

DISCUSSION:*Requested Policy Change*

The requested discussion concerns whether the Council wishes to further consider a policy requiring Council Members to disclose on the record, before a decision, personal, professional, and business relationships with those who have an interest in the matter. If the Council directs preparation of amendments, the concept would also be considered for a conforming change to Policy 2-19 applicable to Town boards, committees, and commissions.

Existing Policy Framework

Policy 2-04 states that the Council Code of Conduct is intended to promote public trust and a culture of respect and ethical behavior and identifies transparency and accountability as elements of effective governance. It also contains a specific land use provision requiring Council Members to disclose ex parte communications and information obtained outside the public record that may influence a decision, with disclosure before Council deliberations.

Policy 2-19 establishes roles, responsibilities, and conduct standards for Town boards, committees, and commissions. It states that Commissioners should maintain public trust and be aware of and avoid potential conflicts of interest. For land use applications, Policy 2-19 requires information obtained outside the public record that may influence a Commissioner's decision to be placed into the record at the public hearing.

The requested concept would extend beyond these existing land use related disclosure provisions. At this stage, however, the purpose is to allow Council discussion of the concept and whether there is majority support to advance it for later formal consideration.

Next Step Under Council Policy 2-01

If three or more Council Members support advancing the concept, the Council may provide direction consistent with Policy 2-01 for staff to return on a future agenda with proposed amendments and supporting legal and implementation analysis. If a majority does not provide such direction, no further work is required. If additional information is needed before determining whether to proceed, Policy 2-01 allows the Council to continue the discussion so staff may obtain the requested information, with approval by a majority of the Council.

CONCLUSION:

This item is the initial Council Matters discussion resulting from the September 15 request and concurrence. No policy amendment is presented for action. Any direction to develop amendments for future Council consideration would require support from at least three Council Members consistent with Policy 2-01.

ALTERNATIVES:

1. Conclude the discussion without further direction.

SUBJECT: Relationship Disclosure Policy Discussion

DATE: October 6, 2026

2. Continue the discussion to a future meeting if additional information is needed, consistent with Council Policy 2-01.
3. If three or more Council Members support moving the concept forward, they may provide direction for staff to return with a future agenda item containing proposed amendments for Council consideration and possible action.

COORDINATION:

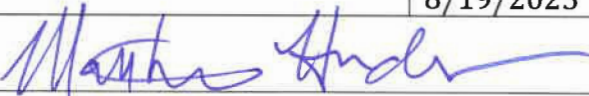
This report was prepared by the Town Manager's Office in coordination with the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Council Policy 2-04, Town Council Roles and Responsibilities, Including Code of Conduct
2. Council Policy 2-19, Board, Committee, and Commission Roles and Responsibilities, Including Code of Conduct
3. Council Policy 2-11, Commission Requirements and Guidelines: Residency, Attendance, Quorum, and Appointments

 TOWN OF LOS GATOS CALIFORNIA COUNCIL POLICY MANUAL <i>Small Town Service Community Stewardship Future Focus</i>	
Title: Town Council Roles and Responsibilities, Including Code of Conduct	Policy Number: 2-04
Effective Date: 5/3/2004	Pages: 8
Enabling Actions: 2004-059; 2006-111; 2021-047	Revised Date: 12/17/2012; 3/3/2015; 12/17/2019; 11/2/2021; 10/04/2022; 8/19/2025
Approved: 	

I. Preamble

This Policy sets forth the roles, responsibilities, and Code of Conduct for Council Members. The legal responsibilities of the Los Gatos Town Council are set forth by applicable state and federal laws. In addition, the Town Council has adopted regulations, including this Code of Conduct Policy, that hold Council Members to standards of conduct above and beyond what is required by law. This Policy is written with the assumption that Council Members, through training, are aware of their legal and ethical responsibilities as elected officials. The purpose of this Policy is not only to ensure legal compliance but also to promote the public's trust in Town government and foster a culture of respect and ethical behavior. The Council recognizes that effective governance depends on transparency, accountability, and mutual respect among Council Members, staff, and the public.

II. Council-Manager Form of Government

The Town of Los Gatos operates under a Council-Manager form of government as prescribed by Town Code, Section 2.30.305. Accordingly, members of the Council are elected at-large, provide legislative direction, set Town policy, and ultimately answer to the public. The Town Manager serves as the Town's chief administrative officer and is responsible for directing the day-to-day operations of the Town and implementing policy direction.

III. Town Council Roles and Responsibilities

The role of the Town Council is to act as a legislative and quasi-judicial body. Through its legislative and policy authority, the Council is responsible for assessing and achieving the community's desire for its present and future and for establishing policy direction to achieve its desired outcomes. All members of the Town Council, including those who serve as Mayor and Vice Mayor, have equal votes.

Members of the Town Council fulfill their role and responsibilities through the relationships they have with each other and the public. Town Council Members should approach their

work, each other, and the public in a manner that reflects ethical behavior, honesty and integrity. The commitment of Town Council Members to their work is characterized by open constructive communication, innovation, and creative problem solving.

IV. Mayoral and Vice Mayoral Selection Process

Per Town Municipal Code, Section 2.20.035, the selection of the Mayor and Vice Mayor occurs annually at a special meeting in December by majority vote of the Town Council. The Mayor and Vice Mayor serve at the pleasure of the Town Council and may be replaced by a majority vote of the Council.

V. Mayoral and Vice Mayoral Roles, Responsibilities, Relationships

The following outlines some of the key roles, responsibilities, and relationships as they relate to the positions of Mayor and Vice Mayor:

Mayor

- A. The Mayor is the presiding officer of the Town Council. In this capacity, the Mayor is responsible for developing Council agendas in cooperation with the Town Manager and leading Council meetings.
- B. The Mayor recommends various standing committee appointments to the Council for approval.¹ This will be done at a Council meeting in December of each year. When making committee recommendations, the Mayor should attempt to balance shared responsibilities and opportunities among Council Members. The Mayor may also appoint citizens to committees not established by Town ordinance or resolution as the Mayor deems appropriate.
- C. With regard to decisions made by a majority of the Town Council, the Mayor is responsible for communicating with the Town Council, the Town Manager, members of the public, and the media regarding decisions made by a majority of the Town Council. The Mayor also represents the Council at official and ceremonial occasions.
- D. The Mayor performs special duties consistent with the Mayoral office, including, but not limited to: signing of documents on behalf of the Town, issuing proclamations, serving as the official voting delegate for various municipal advocacy groups, and delivering the State of the Town Address at his or her discretion.² The Town Council will determine any additional authority or duties that the Mayor shall perform.
- E. Special duties consistent with the Mayoral office may be delegated to the Vice Mayor in the absence of the Mayor. If the Vice Mayor is unavailable, the duties of the Mayor will be delegated to another Council Member in order of seniority. If those Council Members are of equal seniority, one of them will be selected by alphabetical order.

¹ Council Agenda Format and Rules Policy

² Council Commendation and Proclamation policy

Vice Mayor

A. In the Mayor's absence, the Vice Mayor shall perform the formal duties of the Mayor.³ If the Vice Mayor is unavailable, the duties of the Mayor will be delegated to another Council Member in order of seniority. If those Council Members are of equal seniority, one of them will be selected by alphabetical order.

VI. Council Conduct in Public Meetings

To ensure the highest standards of respect and integrity during public meetings, Council Members should:

- A. *Use formal titles.* The Council should refer to one another formally during Council meetings, such as Mayor, Vice Mayor, or Council Member, followed by the individual's last name.
- B. *Practice civility and decorum in discussions and debates.* Difficult questions, tough challenges to a particular point of view, and criticism of ideas and information are legitimate elements of free democracy in action. During public discussions, Council Members should be respectful of others and diverse opinions and allow for the debate of issues.
- C. *Honor the role of the presiding officer in maintaining order and equity.* Respect the Mayor/Chair's efforts to focus discussion on current agenda items.
- D. *Council decisions should be reserved until all applicable information has been presented.*
- E. *Conduct during public hearings.* During public testimony, Council Members should refrain from engaging the speaker in dialogue. Speakers at public meetings will be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required. For purposes of clarification, Council Members may ask the speaker questions. Council comments and discussion should commence upon the conclusion of all public testimony.
- F. *Communication during meetings.* Council Members shall not use private electronic communication (including text messages, emails, or direct messages on social media) to discuss any item of Town business during public meetings. All such communications related to Town business are subject to public records laws.

VIII. Legal Requirements

The Town Council operates under a series of laws that regulate its operations as well as the conduct of its members. The Town Attorney serves as the Town's legal officer and is available to advise the Council on these matters.

A. Training

Biannual training in the following areas shall be provided by staff to Council Members:

³ Council Agenda Format and Rules Policy

1. The Ralph M. Brown Act
2. Town / CA State Law on Conflict of Interest (AB 1234)
3. Government Section 1090
4. Incompatible Offices
5. The Fair Political Practices Commission Forms
6. Bias
7. Town / CA State Law on Harassment (SB 1343)

B. Procurement

Unless authorized by the Town Council, Council Members shall not become involved in administrative processes for acquiring goods and services.

C. Special Considerations for Land Use Applications

1. Ex parte communications. The merits of an application shall only be evaluated on information included in the public record. Council Members shall disclose ex parte communication and any information obtained outside of the public record that may influence his/her decision on a matter pending before the Town Council. Council disclosure shall occur before Council deliberations.
2. Quasi-Judicial Decisions. Council Members may not offer an opinion indicating that a preliminary decision has been reached prior to the public hearing or make any statements indicating bias. Quasi-judicial statements are those in which a decision-maker is required to render a decision by applying the law to particular facts presented at a hearing on the matter. Examples of quasi-judicial decisions are certain land use entitlements, permit appeals, and license revocations.

D. Code of Conduct Policy

Newly elected Council Members are required to sign a statement affirming they have read and understand the Town of Los Gatos Council Code of Conduct Policy.

IX. Council Participation in Boards, Commissions, and Committees, and Reporting Requirements

There are several committees that Town Council Members have been appointed to or have an interest in, including but not limited to: Town Council standing and ad hoc committees, Town boards and commissions, regional boards and commissions, and community-generated committees.

Primary Council representatives should update the Council about board, commission, and committee activities. When serving as the primary Council representative on any board, commission, or committee, Council Members should periodically provide updated reports to the Council during the "Council Matters" opportunity on the Council meeting agenda.

Recommended actions by Council Committees should be reported to the Council. When serving on a Council Committee, whether standing or ad hoc, all work undertaken by the Committee must be directed by the Council, and all recommended actions of a Council Committee shall be reported to the Council.

X. Council Relationship with Town Staff

The Town Council has adopted a Council-Manager form of government. The Town Manager's powers and duties are outlined in the Town Code, Section 2.30.295.

Council Conduct and Communication with Town Staff

To enhance its working relationship with staff, Council should be mindful of the support and resources needed to accomplish Council goals. When communicating and working with staff, Council should follow these guidelines:

- A. *Council Members should treat staff as professionals.* Clear, honest communication that respects the abilities, experience, and dignity of each individual is expected. As with Council colleagues, practice civility and decorum in all interactions with Town staff.
- B. *Council Members should direct questions about policy, budget, or professional opinion to the Town Manager, Town Attorney, or Department Directors.* Council Members can direct questions and inquiries to any staff for information that is readily available to the general public or easily retrievable by staff.
- C. *The Town Manager and staff are responsible for implementing Town policy and/or Council action.* The processing of Council policy and decisions takes place with the Town Manager and staff. Council should not direct policy/program administrative functions and implementation; rather, it should provide policy guidance to the Town Manager.
- D. *Council Members should attempt to communicate questions, corrections, and/or clarifications about reports requiring official action to staff prior to Council meetings.* Early feedback will enable staff to address Council questions and incorporate minor corrections or changes to a Council report, resulting in a more efficient Council meeting discussion; however, this does not preclude Council Members from asking questions at Council Meetings.
- E. *Council Members should not direct the Town Manager to initiate any action, change a course of action, or prepare any report without the approval of Council.* The Town Manager's responsibility is to advise on resources available and required for a particular course of action as it relates to the direction of the majority of the Council.
- F. *Council Members should not attend department staff meetings unless requested by the Town Manager.*
- G. *All Council Members should have the same information with which to make decisions.* Information requested by one Council Member will be shared with all members of the Council.
- H. *Concerns related to the behavior or work of a Town employee should be directed to the Town Manager.* Council Members should not reprimand employees.

- I. *Per California Government Code, Sections 3201-3209, Council Members should not solicit financial contributions from Town staff or use promises or threats regarding future employment. Although Town staff may, as private citizens with constitutional rights, support political candidates, such activities cannot take place during work hours, at the workplace, or in uniform.*

XI. Council Communication with the Public and other Council Members

The public has a reasonable expectation of being able to engage Town Council Members on matters of community concern. To meet this expectation while maintaining the integrity of Council proceedings and the clarity of Town positions, the following guidelines shall apply:

A. Expressing Opinions:

Council Members may express preliminary opinions on general policy matters or issues that are still in development. However, Council Members shall not express opinions or make statements regarding quasi-judicial matters—such as land use entitlements, permit appeals, or license revocations—prior to the public hearing and Council deliberation.

B. Personal Views and Policy Disagreement:

Council Members may, from time to time, share opinions regarding broad policy matters, even if those opinions conflict with adopted Council policy, or explain the reasoning behind an individual vote. When doing so, Council Members must clearly distinguish their personal views from official Town positions.

C. Clarity of Representation:

Unless expressly authorized by the Town Council, Council Members must not represent their personal opinions or those of others as official Town policy or as the position of the full Council or staff. In all communications, whether in writing, at community events, or in the media, Council Members should use clear language such as:
“Speaking for myself and not on behalf of the Town Council...”

D. General Conduct:

Council Members are expected to communicate honestly, respectfully, and transparently, and to avoid statements or implications that could mislead the public, other agencies, or Town staff regarding the official position of the Town or Town Council.

These requirements are intended to ensure open communication with the public while safeguarding the integrity of Council proceedings and the clarity of official Town positions.

XII. Enforcement

A. Purpose

The Council Code of Conduct Policy establishes guiding principles for appropriate conduct and behavior and sets forth the expectations of Councilmembers. This section describes a process to facilitate the reporting of Code of Conduct policy violations or other misconduct and provides guidelines on responding to such reports.

B. Procedures

1. Reporting of Complaints – Complaints related to a Council Code of Conduct policy violation or other misconduct shall be submitted through the Town Clerk in writing or in any other such form that can be reviewed, documented, retained, and transmitted to the Town Council.
 - a. The submission of a complaint is to allow the Town Council to receive and potentially consider further action related to such complaint.
 - b. The validity of any allegations provided through complaint can only be determined by the entire Town Council.
 - c. Complaint submission alone or a lack of Town Council action on the complaint is not a determination of validity on the basis of the complaint.
2. Submission of Complaint - To ensure completeness in the submission, the complaint should include the following information:
 - a. The identity of the complainant (unless protected by law);
 - b. Written narrative describing specifically the nature of the violation or misconduct and the individuals involved in such activity;
 - c. Citing the specific policy, code, regulation, or other authoritative guidance which is alleged to have been violated; and
 - d. Providing additional materials and evidence in support of the allegations.
 - i. If contact information is provided, the Town Clerk will acknowledge receipt of the submission.
3. Routing, Notification, and Retention
 - a. The Town Clerk will create a log of each complaint, maintain an updated status as to open/closed cases, and will retain any complaint and submitted material in accordance with the Town's document retention schedule.
 - b. Upon receipt, the Town Clerk will forward the complaint submission to the Town Attorney, and Town Manager.
 - c. Unless restricted by law, within five (5) business days of receipt, the Town Council shall receive notice of the complaint from the Town Clerk, including:
 - i. A copy of the complaint and any supporting documentation; and
 - ii. The identity of the complainant (unless protected by law).
4. Consideration of Complaint - The authority to review, consider, and act on a complaint is the responsibility of the Town Council. The process includes two steps – Informal and Formal.
 - a. Informal Review – The purpose of this first step is to allow Councilmember(s) to address any perceived concerns related to a complaint in a non-threatening and collaborative manner.
 - i. Any Councilmember can meet with the member, subject to the complaint, to engage in informal resolution of the complaint.
 - b. Formal Review – This second step is intended when two Councilmembers believe that the complaint is significant and Informal Resolution is not sufficient or was inadequate for the matter alleged.

- i. During Council Matters, a Councilmember can request the agendizing of a submitted Code of Conduct complaint, and such will be agendized if there is one additional Councilmember concurring with the request.
 - ii. Upon this action, Town staff will coordinate with the Mayor on the date of such agenda item, with the item to be heard no later than 60 days after the date of the request, or sooner as otherwise specified by the Town Council.
- c. Nothing in this policy will restrict the referring of any complaint to another appropriate reviewing body when required by law or the nature of the complaint (i.e., criminal conduct, FPPC violation, etc.).
- d. Unless otherwise provided by law, any complaint filed that within 60 days of the original Council notification date and has not been requested for Formal Review, shall be deemed expired and closed. No further proceedings will be available.
- e. After expiration or consideration by the Town Council, the complaint cannot be resubmitted for the same policy violation or misconduct previously alleged.

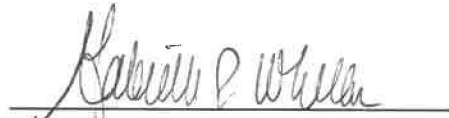
C. Formal Review Process

1. **Agenda Preparation** – The Town Attorney will prepare an agenda item providing the complaint and supporting material.
 - a. The agenda item will be listed under Council Matters and described as “Discussion and Consideration of Action Related to a Code of Conduct Complaint Against Councilmember _____.”
 - b. The agenda staff report will include a brief introduction to the Code of Conduct policy and complaint process and will provide the possible actions the Council may consider.
 - c. Redaction of personally identifiable information will be at the discretion of the Town Attorney.
2. **Council Discussion and Possible Action**
 - a. The agendizing Councilmember will introduce the item citing, the nature of the complaint and the specific policy, code, regulation, or other authoritative guidance that is alleged to have been violated.
 - b. The Councilmember(s) subject to the complaint shall have the opportunity to speak to the item.
 - c. Public comment will be opened on the matter.
 - d. The Councilmember(s) subject to the complaint shall have the opportunity for a rebuttal.
 - e. The Council will deliberate on the item. If three Councilmembers believe that the violation or misconduct occurred, the Council will need to make a motion and second the motion sustaining the specific allegation and making a recommendation for disciplinary action.

3. **Sanctions** – One or more of the following sanctions may be imposed on a Council member at the Council's discretion:

- a. No Action
- b. Public Admonishment – A warning directed publicly at a Council Member regarding specific behavior.
- c. Revocation of Special Privileges – Temporary or permanent removal of committee assignments, board or commission appointments, official travel privileges, conference attendance, or ceremonial titles such as Mayor or Vice Mayor.
- d. Censure – A formal statement or resolution by the Council officially reprimanding a Council Member.
- e. Suspension from Mayoral and Vice Mayoral Selection Process – Per Town Municipal Code, Section 2.20.035, the selection of the Mayor and Vice Mayor occurs annually at a special meeting in December by majority vote of the Town Council. The Council can act to deem a Councilmember ineligible to serve for a specified period.

APPROVED AS TO FORM:



Gabrielle Whelan, Town Attorney



TOWN OF
LOS GATOS
CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service

Community Stewardship

Future Focus

Title: Board, Committee, and Commission Roles and Responsibilities, Including Code of Conduct

Policy Number: 2-19

Effective Date: 8/19/2025

Pages: 5

Enabling Actions:

Revised Date:

Approved:

I. Preamble

This Policy sets forth the roles, responsibilities, and Code of Conduct for the Town's Boards, Committees, and Commissions (hereinafter referred to as "Commissions"). The legal responsibilities of the Los Gatos Town Commissioners are set forth by applicable state and federal laws. In addition, the Town Council has adopted regulations, including this Code of Conduct Policy, that holds Commissioners to standards of conduct above and beyond what is required by law. This Policy is written with the assumption that Commissioners, through training, are aware of their legal and ethical responsibilities as appointed officials. Commissioners are not allowed to engage in activity which would constitute a violation of this Policy, nor does anything in this Policy transfer authorities vested in the Town Council or Town Manager to a Commission or individual Commissioners. Nothing in this policy shall infringe on the constitutional rights of Commissioners, including the right to free expression.

II. Town Board, Committees, and Commissions Roles and Responsibilities

The role of the Commissions is to act as a bridge between the community and the Town Council. Commissioners are volunteers who contribute their time and expertise to help identify, analyze, and evaluate community issues within the scope of their respective Commissions. Through public meetings and other engagement efforts, Commissioners gather community input during recognized Commission meetings, ad hoc meetings, and established task forces, and use this information to make thoughtful, informed recommendations to the Town Council, which is the final policy-making authority. The Commission's work should align with the Town Council's Strategic Priorities and supports the Town's mission to enhance the quality of life through effective leadership and responsive services. Commissioners serve at the will of the Council.

Individual Commissioners are expected to attend all meetings and come prepared by reviewing agenda materials in advance. They are to conduct themselves with respect, fairness, and courtesy toward fellow members, Town staff, and the public, while recognizing and supporting the authority of the Chair to lead meetings effectively. Commissioners should stay focused on meeting topics, use time efficiently, and contribute constructively to discussions. They are expected to act with honesty and integrity, serve as role models of civic leadership, and

maintain public trust in Town government. Commissioners must also be aware of and avoid potential conflicts of interest, understand their obligations under the Brown Act, and seek guidance from Commission staff liaisons when questions arise regarding their duties or ethical requirements. If needed, the Commission staff liaison will coordinate with other Town staff as necessary.

III. Commissioner Conduct in Public Meetings

To ensure the highest standards of respect and integrity during public meetings, Commissioners should:

- A. *Use formal titles.* Commissioners should refer to one another formally during Commission meetings using terms such as Chair, Vice Chair or Commissioner, followed by the individual's last name.
- B. *Practice civility and decorum in discussions and debate.* Difficult questions, tough challenges to a particular point of view, and criticism of ideas and information are legitimate elements of free democracy in action. During public discussions, Commissioners should be respectful of others and diverse opinions and allow for the debate of issues.
- C. *Honor the role of the presiding officer in maintaining order and equity.* Respect the Chair's efforts to focus discussion on current agenda items.
- D. *Commission decisions should be reserved until all applicable information has been presented.*
- E. *Conduct during public hearings.* During public testimony, Commissioners should refrain from engaging the speaker in dialogue. Speakers at public meetings may be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required. For purposes of clarification, Commissioners may ask the speaker questions. Commission comment and discussion should commence upon the conclusion of all public testimony.

IV. Compliance and Operational Requirements

Town Commissions operate under a series of laws that regulate its operations as well as the conduct of its members. The Town Attorney serves as the Town's legal officer and is available to advise the Commissioners on relevant legal matters; however, any such advice will be coordinated through the commission staff liaison.

A. Training

Commissioners shall participate in training in the following areas:

- 1. The Ralph M. Brown Act
- 2. AB 1234 Conflict of Interest (Planning Commission Only)
- 3. Town / CA State Law on Harassment (SB 1343)

B. Procurement

Unless authorized by the Town Council, Commissioners shall not become involved in administrative processes for acquiring goods and services.

C. Land Use Applications

The merits of an application shall only be evaluated on information included in the public record. Commissioners shall not participate in any ex parte communications and must place any information obtained outside of the public hearing that may influence his/her decision on a matter pending before the Commission into the record at the public hearing.

D. Code of Conduct Policy

Newly appointed Commissioners shall sign a statement affirming they have read and understand the Town of Los Gatos Council Code of Conduct Policy.

E. Non-Profit Organizations

Commissioners that sit on boards of directors of non-profit organizations which receive funding or in-kind contributions from the Town may not participate in the Community Grant Program selection process.

F. Applicable Laws and Town Policies

Commissions shall abide by all applicable municipal, state, and federal laws and Town policies.

G. Workplan

Matters to be done outside of a Commission meeting will require Town Council approval through the workplan before any such activity may be performed on behalf of the Town or Commission. Items listed on the workplan as discussion-only, or those with no staff time allocated, are not considered action items and do not provide the necessary Town Council approval to conduct any activities in an official Commissioner capacity. They are intended solely to facilitate discussion during agendaized Commission meetings on topics within the Commission's scope. Nothing in this section limits a Commission from requesting changes to the work plan during the course of the year.

V. Commission Relationship with the Town Council

The primary responsibility of Commissions is to advise and make recommendations to the Town Council. Recommendations are forwarded through the Town Manager's Office to the Town Council for consideration. While the Council values and relies on the Commission's input, the Council's role is to consider recommendations from multiple sources and make final decisions based on strategic priorities and the broader interests of the community. Because of this broader perspective, the Council may not always implement the recommendations of a particular Commission.

It is important to maintain a clear distinction between the advisory role of Commissions and the decision-making authority of the Town Council. While Commissioners may at times disagree with Council decisions, once the Council has taken a position or chosen not to implement a recommendation, it is expected that the Commission and its individual members will respect that decision.

VI. Commission Communication

Commissioners must comply with the Brown Act, and nothing in this Policy shall be interpreted as limiting the rights or obligations established by that law.

A. Public Meeting

1. When a member of an advisory body addresses the Council or Commission at a public meeting, it should be made clear whether the member is speaking on behalf of the advisory body or as an individual.

B. External Representation

1. Commissioners are not authorized to represent the Town outside of official Commission meetings unless specifically authorized to do so by the Town Council.
2. When Commissioners communicate outside of official Commission meetings regarding Commission matters, or in a manner that is not authorized by Town Council, they shall clearly and explicitly convey that such communication is provided as an individual and does not in any way represent the Commission, Town, or Town staff. This can be accomplished by using language such as: "Speaking for myself and not on behalf of the Commission or the Town . . ."

VII. Enforcement

A. Purpose

The Boards, Committee, and Commission Code of Conduct Policy establishes guiding principles for appropriate conduct and behavior and sets forth the expectations of Commissioner. The purpose of the policy language is to establish a process and procedure that:

1. Allows the public, Commissioners, and Town employees to report Code of Conduct policy violations or other misconduct.
2. Provides guidelines to evaluate Code of Conduct policy violations or other misconduct and implement appropriate disciplinary action when necessary.

B. Procedures

1. Complaints related to a Code of Conduct policy violation or other misconduct shall be submitted through the Town Clerk in writing or in any other such form that can be reviewed, documented, retained, and transmitted.
2. Upon receipt, the Town Clerk will forward the complaint submission to the appropriate staff member for review and consultation.

TITLE: Board, Committee, and Commission Code of Conduct	Page: Page 5 of 5	Policy Number: 2-19	ITEM NO. a.
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3. Following this, a memorandum shall be prepared by staff and distributed to the Town Council through the Town Manager, notifying them of the complaint. In accordance with Council Policy 2-01, Section I, any Council Member may request that a discussion of the complaint be scheduled on a future agenda.

C. Disciplinary Action

Disciplinary action may be imposed by the Council upon Commissioners who have violated the Code of Conduct Policy or other misconduct. In determining the type of sanction imposed, the following factors may be considered including but not limited to:

- Nature of the violation,
- Prior violations by the same individual, and
- Other factors which bear upon the seriousness of the violation.

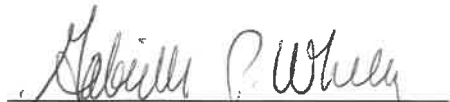
Commissioners who have been notified by the Town Clerk that they are out of compliance with State or Town mandated requirements for Ethics Training or Fair Political Practices Commission Form 700 filings shall not be permitted to attend Commission meetings until they are compliant. Any resulting absences will be counted as unexcused and may result in automatic forfeiture of the position if the total exceeds the allowable absences outlined in the Attendance Requirements section of Council Policy 2-11.

1. Types of Sanctions

At the discretion of the Town Council, sanctions may be imposed for violating the Code of Conduct or engaging in other misconduct. The Commissioner will be given notice and an opportunity to provide a written or verbal response prior to any sanctions. These actions may be applied individually or in combination. They include, but are not limited to:

- a. Public Admonishment – A warning directed publicly at a Commissioner regarding specific behavior.
- b. Removal – A Commissioner may be removed by a 3/5 vote of the Town Council at any time, with or without cause, in accordance with the Town's policies. While removal may be used as a response to a violation of this policy, it is not limited to disciplinary situations and may occur at any time at the Council's discretion.

APPROVED AS TO FORM:


 Gabrielle Whelan, Town Attorney



TOWN OF
LOS GATOS
CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service

Community Stewardship

Future Focus

TITLE: Commission Requirements and Guidelines:
Residency, Attendance, Quorum, and Appointments

POLICY NUMBER: 2-11

EFFECTIVE DATE: 2/28/1990

PAGES: 7

ENABLING ACTIONS:

REVISED DATES: 6/13/1994; 6/16/2014;
4/7/2015; 10/18/2016; 2/21/2017;
2/6/2018; 3/19/19; 9/3/2019; 6/1/2021;
12/7/2021, 3/15/2022, 8/2/2022;
9/20/2022; 10/3/2023; 11/21/2023;
3/5/2024; 12/17/2024; 10/07/2025

APPROVED:

PURPOSE

To establish a policy to encourage participation by the Town's residents on Town Boards, Commissions and Committees (hereinafter referred to as "Commissions"). The Town of Los Gatos is committed to inclusivity. We value all our community members, regardless of religion, immigration status, ethnicity, race, disability, gender, sexual orientation, or gender identity. The Town will encourage residents to participate on Commissions by advertising vacancies on Commissions for at least 30 days, preparing easily understood applications, maintaining clear descriptions of the role of each Board, Commission, and Committee and its respective members, providing current meeting schedules, and conducting public interviews of all Commission applicants, except as provided by this Policy.

SCOPE

This Policy applies to all applicants to Town Boards, Commissions, and Committees.

POLICY

The Town Council encourages public participation in all decision-making and to be successful residents must be assured both that the participation is meaningful and that their input will be valued. The widest representation from the community can only be achieved if vacancies are well advertised so that anyone interested will have the opportunity to apply. Interviews of the applicants conducted in public by the Town Council demonstrates that it values these appointments and that all have an equal opportunity to be appointed. While the Council Members may be provided standardized questions to use during the interviews, they free to ask other appropriate questions instead of, or in addition to, those provided.

Applicants may apply to more than one Commission, and shall rank their choices in their preferred order, during each recruitment cycle.

To ensure the greatest possible participation by the public, no person shall be appointed to more than one Commission except in those cases where they are serving as representatives of their Commission pursuant to an ordinance or resolution.

Commission recruitment procedures are outlined in the Administrative Procedure Manual. Any major changes to that manual will be presented to the Town Council.

RESIDENCY REQUIREMENTS

Residency within the incorporated municipal limits of the Town of Los Gatos, California is required for appointment and continued membership on all Town of Los Gatos Boards, Commissions, and Committees, with the exception of the Youth Commission and the Diversity, Equity, and Inclusion Commission.

Youth Commission:

The members shall be students who are entering grades 8 through 12 in the fall. Membership for the students requires either residency in the incorporated limits of the Town of Los Gatos or residency in the unincorporated areas of the County of Santa Clara, which have a Los Gatos mailing address.

Diversity, Equity, and Inclusion Commission:

Membership composition shall be as outlined in the exhibit to the standard operating provisions for boards, commissions, and committees resolution.

ATTENDANCE REQUIREMENTS

1. All members of all appointive Commissions should attend all regular and special meetings of said Commissions.
2. Consistent with the Town Council's summer recess, Commissions will not schedule a regular meeting in the month of July to allow time for vacations. Nothing in this policy will prohibit staff from scheduling a special meeting to address urgent Town business.
3. Any member not in attendance at a regular meeting of said Commissions for at least 70% of the duration of the meeting shall be considered absent. To allow Commissioners to plan ahead to meet the 70% requirement, there will be a two-hour time limit for a regular Commission meeting with the exception of the Planning Commission and the Historic Preservation Committee and meetings containing discussion regarding the Town's annual budget.
4. A Commissioner shall be deemed to have automatically surrendered their office if they have either:
 - a. Three consecutive unexcused absences from the regular meetings of the Commission; or

- b. Unexcused absences totaling more than twenty percent* of the total number of scheduled regular meetings in any calendar year;* or
 - c. Absences, whether excused or unexcused, totaling more than thirty-five percent* of the total number of scheduled regular meetings in that calendar year.**
5. Excused absences shall be limited to those which meet both of the following requirements:
- a. The absent Commissioner must have informed the chair and the staff liaison to the Commission of their intended absence prior to the scheduled meeting. (Failure to inform the chair and the staff liaison prior to the meeting shall result in an unexcused absence unless an unusual circumstance prevents advance notice.); and
 - b. The following shall be considered an excused absence:
 - i. An absence due to illness of the Commissioner; or
 - ii. An absence due to a medical emergency of the Commissioner or the Commissioner's family member or loved one; or
 - iii. An absence due to the Commissioner's need to provide direct caregiving related to the illness of the Commissioner's family member or loved one; or
 - iv. An absence due to the death of a Commissioner's family member or loved one; or
 - v. An absence because a Commissioner is away on authorized commission business; or
 - vi. An absence due to required military service; or
 - vii. An absence related to Federal and State Family Leave.
6. For all Commissions other than the Finance Commission, vacant positions shall be filled by appointment by a majority vote of the Town Council, for a term equal to the unexpired portion of the office vacated. Any member removed from office due to non-attendance may re-apply to serve on a Town Commission but will not be treated as an incumbent in any subsequent application to the same Commission.

* Percentages will be rounded to the nearest whole number using standard rounding rules (less than .5 will round down and .5 or more will round up) and if the Commissioner was appointed to fill a vacancy, more than twenty percent of the total number of remaining scheduled regular meetings in that calendar year. (See Exhibit A for Commission Attendance Violation Table)

** A calendar year is defined as January 1 through December 31. Any absence that causes the cancellation of a regular meeting due to lack of a quorum shall be counted as an absence for the Commissioner. A regular meeting shall not be cancelled and replaced with a special meeting in order to alleviate an absence by a Commissioner.

QUORUM REQUIREMENTS

The number of members needed to constitute a quorum on any Town Commission shall be a majority of the Commission.

APPOINTMENT GUIDELINES

Boards, Committees, and Commissions

In order for a candidate to be appointed, a majority vote (3 or more) must occur. In the event of a tie vote, a runoff will be held. Each Council member may vote for the same number of applicants as there are current vacancies on the respective Commission. In no case, can a Council Member cast more votes than there are vacancies; or vote for the same candidate more than once on each ballot (i.e. cumulative voting -- e.g. where there are three vacancies, a Council member may not give all three votes to the same candidate). A Council Member is not required to vote for any of the candidates or for the total number of vacancies available.

Youth Commission

The Town Council Selection Committee, consisting of the Mayor, Vice Mayor, Police Chief, and Youth Commission Chair (if not reapplying), will interview the Youth Commission applicants and make appointment recommendations for the Town Council to ratify.

REAPPOINTMENT GUIDELINES

An individual who has been removed from a Commission for the following reasons, may not be reappointed:

1. Failure to file the following documents required by the Fair Political Practices Commission (Adult Commissioners):
 - a. Form 700 – Assuming Office, Annual, and Leaving Office when term is complete.
 - b. Planning Commissioners are also required to complete AB 1234 Ethics Training and file the original certificate with the Town Clerk every two years.
2. Failure to comply with all Town Policies, Guidelines, and Handbooks.

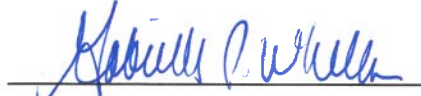
CONFLICT OF INTEREST

Under the Political Reform Act, a Commissioner has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision-making that could sacrifice the public's interest in favor of the official's private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision. While all Commissioners must at a minimum comply with the Political Reform Act regulations, they should also avoid the appearance of a conflict of interest.

Some Board and Commission members serve on non-profit boards or are employed by non-profit organizations. Board and Commission members may not participate in decisions (which

includes making recommendations to the Town Council) in which they have a potential conflict of interest, which can be a financial or a personal interest. In the event of a potential conflict of interest, the Board or Commission member must recuse themselves and provide a brief statement explaining the reason for refusal. Even if it is determined that there is no potential conflict of interest, the Board or Commission member must state that their affiliation with the non-profit organization before participating in the decision.

APPROVED AS TO FORM:



Gabrielle Whelan, Town Attorney

Commission Attendance Violation Table

Total Scheduled Meetings (Year)	Unexcused Absences Violation Automatically Forfeit of Seat (>20%)	Total Absences Violation (>35%)
6	2	3
7	2	3
8	3	3
9	3	4
10	3	4
11	3	5
12	3	5
13	4	5
14	4	6
15	4	6
16	4	6
17	4	7
18	5	7
19	5	7
20	5	8
21	5	8
22	5	8