*AMENDED

TOWN OF LOS GATOS
COUNCIL MEETING AGENDA
OCTOBER 20, 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.

To watch and participate via Zoom, please go to:

https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1

Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATIONS

i. Mayor's Recognitions
ii. West Valley Recycles Presentation

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 October 6, 2026 Town Council Special Meeting.**
RECOMMENDATION: Approve the Minutes of the October 6, 2026 Town Council Special Meeting.

2. Approve the Minutes of the October 6, 2026 Town Council Meeting.
RECOMMENDATION: Approve the Minutes of the October 6, 2026 Town Council Meeting.

3. Receive the August 2026 Expenditure and Revenue Reports
RECOMMENDATION: Receive the August 2026 Expenditure and Revenue Reports.

4. Receive the Monthly Financial and Investment Report for August 2026.
RECOMMENDATION: Receive the Monthly Financial and Investment Report for August 2026.

5. Approve and Ratify the Accounts Payable Check Registers and Payroll Report.
RECOMMENDATION: Approve the Accounts Payable Check Registers dated September 25, 2026, October 2, 2026, and October 9, 2026, and ratify and approve the Payroll Report dated October 2, 2026.

6. Authorize the Town Manager to Execute a First Amendment with Foster and Foster Consulting Actuaries, Inc., to Amend the Scope of Services
RECOMMENDATION: Authorize the Town Manager to execute a First Amendment with Foster and Foster Consulting Actuaries, Inc., to amend the scope of services.

7. Authorize the Town Manager or Designee to Enter into a Three-Year Agreement with ClearGov for Budget and Planning Suite and Personnel Budgeting Software in an Amount Not to Exceed $175,366.
RECOMMENDATION: Authorize the Town Manager or designee to execute a three year agreement with ClearGov for Budget and Planning Suite and Personnel Budgeting Software in an amount not to exceed $175,366; and approve a FY 2026-27 budget adjustment of $75,090, including the necessary transfer from the General Fund and corresponding expenditure appropriation in the Information Technology Internal Service Fund, funded by General Fund unassigned fund balance. Expenditures in subsequent fiscal years shall be subject to annual appropriations.

8. Authorize the Town Manager to Negotiate and Execute an Amendment to the Lease Agreement with the Friends of the Los Gatos Library.
RECOMMENDATION: Authorize the Town Manager to negotiate and execute an amendment to the Lease Agreement with the Friends of the Los Gatos Library.

9. Authorize the Town Manager to execute an Amendment to the Annual Agreement for Services with the Los Gatos Chamber of Commerce, for a One-Time Increase in Funding From $88,000 to a Not to Exceed Amount of $108,000 for FY 2026-27, to Further Support Visitor Attraction and Engagement Services Provided by the Los Gatos Chamber of Commerce.
RECOMMENDATION: Authorize the Town Manager to execute an amendment to the FY 2026-27 Agreement for Services with the Los Gatos Chamber of Commerce, increasing the total agreement amount by $20,000, from $88,000 to an amount not to exceed $108,000, for visitor attraction and engagement services; and authorize a $20,000 increase in expenditure appropriations for Account 2106-67102, funded by the General Fund unassigned fund balance.

10. **Receive the Finance Commission's Recommendation and Authorize the Town Manager to Execute an Agreement with Badawi & Associates to Provide Auditing Services for the Town of Los Gatos.**
RECOMMENDATION: Receive the Finance Commission's Recommendation and authorize the Town Manager to execute a three-year agreement with Badawi & Associates and include the option to extend for two additional one-year terms in an amount of $163,094 for the three-year term, $57,660 for the first year extension, $59,389 for the second year extension, and a $5,000 contingency.

***11.** **Adopt a Resolution Authorizing the Town Manger to Execute an AB 130 Tolling Agreement for a Townhome Project Located at 15495 Los Gatos Boulevard**
RECOMMENDATION: Adopt a resolution authorizing the Town Manager to execute an AB 130 tolling agreement with the applicant for a townhome project located at 15495 Los Gatos Boulevard.

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.)*

12. **Authorize the Town Manager to Execute a Two-Year Professional Services Agreement with Transtech Engineers, Inc. for CIP Program Management; Authorize Re-assignment of the Kennedy Road Sidewalk and Bike Lanes Project to Tier 1; and Authorize a Budget Adjustment from the Available Unassigned GFAR Fund Balance**
RECOMMENDATION: Authorize the Town Manager to execute a two-year Agreement for Professional Services with Transtech Engineers, Inc. for an amount not to exceed $1,018,000 for FY26-27 Capital Improvement Program (CIP) Management and Engineering Support Services in the general form provided here; authorize the Town Manager to re-assign the Kennedy Sidewalk and Bike Lanes Project from Tier 2 to Tier 1; and authorize a budget adjustment in the amount of $150,000 to fund the Kennedy Road Sidewalk and Bike Lanes Project (4118146) Feasibility Analysis.

PUBLIC HEARINGS *(Presentations during the Public Hearings portion of the agenda by appellants and applicants, including any expert or consultant assisting with the presentation, shall be limited to a total of no more than five (5) minutes for all speakers. Appellants and applicants shall be provided no more than three (3) minutes to rebut at the end of the public hearing. Visual presentations that require the use of staff resources shall be limited to appellants and applicants.*

Members of the public testifying at public hearings shall be limited to no more than three (3) minutes, or such time as authorized by the Mayor.)

13. **Consider a Recommendation by the Planning Commission to Introduce an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. The Proposed Amendments to the Town Code are Not Subject to CEQA Review Pursuant to CEQA Section 15061(b)(3) Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Make Minor Changes to the Regulations and Design Review Process Applicable to New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. Town Code Amendment Application A-26-003. Project Location: Town Wide. Applicant: Town of Los Gatos. Project Planner: Ryan Safty.**
RECOMMENDATION: Accept the Planning Commission's recommendation, conduct a public hearing, and introduce an Ordinance amending Chapter 29 (Zoning Regulations) of the Town Code regarding objective design standards for single-family and two-family residential dwelling units and second-story additions.

14. **Consider a Recommendation of Approval by the Planning Commission to Adopt a Resolution Amending the North Forty Specific Plan to Allow for a Senior Living Facility to be Authorized as a Permitted Use in the Northern District on Properties Zoned North Forty Specific Plan and North Forty Specific Plan: Housing Element Overlay Zone. Project Location: North Forty Specific Plan Area. North Forty Specific Plan Amendment Application A-26-002. Not Subject to CEQA Review Pursuant to CEQA Guidelines Section 15061 (b)(3) Because it Can Be Seen with Certainty That There Is No Possibility That the Amendment to the Specific Plan Would Have a Significant Effect on the Environment. All Projects to which the Specific Plan Applies Will Undergo Separate CEQA Review and Approval. Additionally, the Town Council Certified an Environmental Impact Report and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; Therefore, No Additional Environmental Review is Necessary for the Proposed Amendment. Property Owner: Tama Holdings LLC. Applicant: Jared Gamelin. Project Planner: Jocelyn Shoopman.**
RECOMMENDATION: Accept the Planning Commission's recommendation and adopt the Resolution amending the North Forty Specific Plan to allow for a senior living facility to be authorized as a permitted use in the Northern District.

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

a. **Discuss Potential Future Council Consideration of Requests Associated with a Multi-Cultural Winter Celebration**

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-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.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.

* The Agenda was amended to add Item 11 - Adopt a Resolution Authorizing the Town Manger to Execute an AB 130 Tolling Agreement for a Townhome Project Located at 15495 Los Gatos Boulevard.

TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES

MEETING DATE: 10/20/2026
ITEM NO: 1

DRAFT
Minutes of the Town Council Special Meeting Closed Session
Tuesday, October 6, 2026

The Town Council of the Town of Los Gatos conducted a special meeting in person and by teleconference to hold a Closed Session.

MEETING CALLED TO ORDER AT 5:16 P.M.

ROLL CALL
Present: Mayor Rob Moore, Vice Mayor Ristow, Council Member Mary Badame, Council Member Rennie, Council Member Matthew Hudes (participated remotely in accordance with Government Code Section 54953(b)(3)).
Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)

The following individual spoke:

1. Member of the Public

The Town Attorney announced the closed session title as listed on the agenda.

THE TOWN COUNCIL MOVED TO CLOSED SESSION ON THE FOLLOWING ITEMS:
1. Public Employment (Gov. Code Section 54957)
   Title: Town Attorney Recruitment
2. Employee Performance Evaluation (Government Code Section 54957)
   Title: Town Manager
3. Conference with Legal Counsel – Anticipated Litigation
   Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code Section 54956.9: 1 Case
   (Collection of Business License Tax from Commercial Landlords)
4. Conference with Real Property Negotiator (Government Code Section 54956.8)
   Property: Real Property APNs 529-01-028 and -029
   Agency Negotiator(s): Chris Constantin, Town Manager; Joel Paulson, Community Development Director
   Negotiating Parties: Michael T Labarbera Trustee & et al
   Under Negotiation: Lease Terms

Gabrielle Whelan, Town Attorney, stated that the Town Council met in closed session to discuss the Town Attorney recruitment, the Town Manager performance evaluation, one matter of anticipated litigation, and one matter of real property negotiations. She stated that there was one reportable item out of closed session with regard to the issue of collecting Business License

Tax from Commercial Landlords. She reported that the Town will be collecting the tax from commercial landlords in 2026 and going forward.

ADJOURNMENT

The meeting adjourned at approximately 6:51 p.m.

Attest: Submitted by:

_____ _____

Jenna De Long, Deputy Town Clerk Chris Constantin, Town Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 2

DRAFT
Minutes of the Town Council Meeting
Tuesday, October 6, 2026

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

MEETING CALLED TO ORDER AT 7:02 P.M.

ROLL CALL
Present: Mayor Rob Moore, Vice Mayor Ristow, Council Member Mary Badame, Council Member Rennie, Council Member Matthew Hudes (participated remotely in accordance with Government Code Section 54953(b)(3)).
Absent: None.

PLEDGE OF ALLEGIANCE
Council Member Rennie led the Pledge of Allegiance. The audience was invited to participate.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)
1. 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.
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).
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.
5. Approve and Ratify the Accounts Payable Check Registers and Payroll Report.
6. 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. **RESOLUTION 2026-057**

Mayor Moore opened public comment.

The following individual spoke on the consent items:

1. Member of the Public (Items 1, 2, 3, 4, 6, 7)

Mayor Moore closed public comment.

(Video time: 00:08:11)
MOTION: **Motion** by **Council Member Badame** to approve consent items one through seven. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously by roll call vote.**

VERBAL COMMUNICATIONS
Mayor Moore opened public comment.

The following individuals spoke during verbal communications:

1. Michael Kane
2. Diane Fisher
3. Member of the Public
4. Austin
5. Gordon Yamate
6. Joe Enz
7. Dorene and Jim
8. Joanne Rodgers
9. John Doe
10. Leanne
11. Susan Burnett

Mayor Moore closed public comment.

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

Kristina Alfaro, Administrative Services Director, gave a presentation.

Mayor Moore opened public comment.

The following individuals spoke on this item:

1. Heidi Owens

Mayor Moore closed public comment.

Mayor Moore re-opened public comment.

2. Member of the Public

Mayor Moore closed public comment.

Council discussed the item.

(Video time: 01:13:27)

MOTION: **Motion** by **Council Member Badame** to 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: September, December, and March. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously by roll call vote.**

COUNCIL MATTERS

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.

Chris Constantin, Town Manager, provided information.

(Video time: 01:23:45)

MOTION: **Motion** by **Council Member Badame** to provide direction to staff to return to Council on a future agenda with proposed amendments to Council Policy 2-04 and 2-19 addressing disclosure of personal, professional, and business relationships with those who have an interest in the matter. Direction would also include supporting legal and implementation analysis. **Seconded** by **Mayor Moore.**

VOTE: **Motion passed unanimously by roll call vote.**

Mayor Moore stated that he would like to agendize the discussion of the Town of Los Gatos's role in supporting a multicultural, multireligious, winter celebration, and part of the discussion to include waiving the hourly fee for the weekly series portion of the event.

- Council Member Rennie stated he met with Santa Clara Valley Water staff regarding an upcoming meeting agenda and presentation.
- Vice Mayor Ristow stated she attended a Saratoga City Council Meeting; met with representatives from the Police Officers Association (POA); participated in the League of California Cities Annual Conference; attended the Kiwani's Fiesta de Artes, the El Camino Health Los Gatos Cancer Center ribbon cutting, the Los Gatos-Monte Sereno Police Department Swearing-In Ceremony; met with Finance Commissioner Jay McGowan; attended the Terraces of Los Gatos Wine and Car Show, and the St. Mary's Country Fair.
- Council Member Badame stated she attended a fundraiser at the History Club of Los Gatos; participated in a meeting of a resident wildfire advisory group; attended a Saratoga Town Hall Meeting, a Silicon Valley Animal Control Authority Board Meeting, the El Camino Health

Los Gatos Cancer Center ribbon cutting, the Los Gatos-Monte Sereno Police Department Swearing-In Ceremony, and a Finance Commission meeting.

- Council Member Hudes stated he attended the Saratoga Council Meeting; participated in a meeting of the West Valley Wildfire Advisory Council; participated in the Silicon Valley Regional Interoperability Authority Board of Directors meeting; participated in a Community Health and Senior Services Commission (CHSSC) meeting, the El Camino Health Los Gatos Cancer Center ribbon cutting, the Los Gatos-Monte Sereno Police Department Swearing-In Ceremony, and met with the Executive Director of Los Gatos-Saratoga Recreation.
- Mayor Moore stated he met with Scout Troop 539, Junior Girl Scout Troop 6003; ran in the Los Gatos Rotary's Great Race; attended the Los Gatos Lion's Club Annual Date Night, Los Gatos Art and Wine Festival; attended the Chamber of Commerce Taste of Los Gatos, several cultural and community nights at local elementary schools, the Los Gatos Police Academy Community Kick-Off Night, the Los Gatos-Monte Sereno Police Department Swearing-In Ceremony; participated in the El Camino Health Los Gatos Cancer Center ribbon cutting, and Reveal Aesthetics ribbon cutting, and served as a guess DJ on KPCR local radio station.

MANAGER MATTERS

Chris Constantin, Town Manager

- Stated that recruitment for Town Boards and Commissions will be opening in the next week, the Youth Commission Recruitment will open in Spring 2027, and asked anyone interested to sign up for Notify Me.
- Attended the Swearing-In Ceremony for the Los Gatos-Monte Sereno Police Department.

ATTORNEY MATTERS AND CLOSED SESSION REPORT

Gabrielle Whelan, Town Attorney

- Stated that the Town Council met in closed session to discuss the Town Attorney recruitment, the Town Manager performance evaluation, one matter of anticipated litigation, and one matter of real property negotiations. With regard to the matter of anticipated litigation, the Town will continue to collect business license taxes from commercial landlords beginning with the year 2026 and following.

ADJOURNMENT

The meeting adjourned at 8:53 p.m.

Respectfully Submitted:

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Jenna De Long, Deputy Town Clerk

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 3

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the August 2026 Expenditure and Revenue Reports**

RECOMMENDATION: Receive the August 2026 Expenditure and Revenue Reports.

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 provided to the Finance Commission in its October 12, 2026, meeting agenda packet. In addition, reports by department and by department and category were also provided. The Commission approved the August reports on consent. The monthly reporting format approved by the Town Council at the October 6, 2026 meeting was used.

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. The August 2026 expenditure and revenue reports were agendized for the October Finance Commission meeting, but that meeting was cancelled due to a lack of quorum. Finance

PREPARED BY: Kristina Alfaro
Administrative Services Director

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

Commissioner comments were received for this item and are attached along with the staff response to the comments. These reports will come back to the Finance Commission at their next meeting.

DISCUSSION:

The August 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.

CONCLUSION:

The August 2026 reports show total revenues at 7.4% of the revised budget and total expenditures and encumbrances at 21.1%. General Fund revenues are at 8.8%, and General Fund expenditures and encumbrances are at 14.7%. Staff recommends that the Town Council receive the reports.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Expenditure by Fund
2. Expenditure by Fund and Category
3. Revenue by Fund
4. Revenue by Fund and Category
5. Monthly Financial Report
6. Historical August Report
7. Finance Commission Desk Item

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND

FOR 2027 02

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND	66,201,027	67,139,833	7,215,063.59	4,082,592.34	2,840,418.14	57,084,351.47	15.0%
121 MEASURE G FUND	1,267,556	1,267,556	.00	11,650.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND	272,433	272,433	35,001.37	14,110.88	.00	237,431.68	12.8%
231 BLACKWELL DISTRICT	3,544	3,544	93.00	93.00	1,023.00	2,428.00	31.5%
232 KENNEDY MEADOWS DISTRICT	12,695	12,695	609.00	609.00	6,699.00	5,387.00	57.6%
233 GEMINI COURT DISTRICT	1,628	1,628	46.00	46.00	506.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	559.00	559.00	6,149.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT	8,957	8,957	633.42	633.42	4,125.00	4,198.20	53.1%
236 HILLBROOK DISTRICT	5,578	5,578	140.00	140.00	1,540.00	3,897.52	30.1%
251 LOS GATOS THEATRE	82,919	82,919	8,057.85	7,838.11	9,350.00	65,510.99	21.0%
261 LIBRARY TRUST DONATIONS	72,000	72,000	5,711.10	2,240.06	.00	66,288.90	7.9%
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	1,010,003.00	919,634.84	-808,404.69	4,052,765.56	4.7%
412 COMMUNITY CENTER DEVELOPMENT	0	0	.00	.00	228,390.00	-228,390.00	100.0%
421 GRANT FUNDED PROJECTS	36,750	36,750	162,248.38	162,248.38	-162,248.38	36,750.00	.0%
461 STORM BASIN 1	0	0	12,698.75	12,698.75	-12,698.75	.00	.0%
462 STORM BASIN 2	130,000	130,000	77,279.80	77,279.80	150,538.20	-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	1,527,563.94	1,527,356.45	666,665.76	-170,422.70	108.4%
611 GENERAL LIABILITY FUND	1,416,500	1,416,500	1,261,496.00	3,627.00	.00	155,004.00	89.1%
612 WORKERS COMPENSATION FUND	1,762,379	1,762,379	621,631.68	35,953.31	48,267.33	1,092,479.99	38.0%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	611,520.42	60,649.55	229,608.24	472,592.94	64.0%
631 EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	173,842.66	91,234.70	439,604.74	1,162,579.33	34.5%
942 SA TRUST FUND	3,938,045	3,938,045	1,787,992.60	14,786.85	.00	2,150,052.33	45.4%
GRAND TOTAL	84,944,559	85,898,814	14,527,639.76	7,025,981.44	3,634,084.39	67,737,090.18	21.1%

** END OF REPORT - Generated by Kristina Alfaro **

ATTACHMENT 1

YEAR-TO-DATE BUDGET REPORT EXPENDITURES

BY FUND AND CATEGORY

FOR 2027 02

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
111 GENERAL FUND							
5A SALARIES	24,176,333	24,176,333	3,017,927.27	1,847,358.13	.00	21,158,405.89	12.5%
5B OVERTIME	1,457,000	1,457,000	184,715.81	118,888.34	.00	1,272,284.19	12.7%
5C PERS	10,800,788	10,800,788	1,440,347.05	760,226.49	.00	9,360,441.44	13.3%
5D MEDICAL BENEFITS	3,371,803	3,371,803	491,180.98	248,208.29	.00	2,880,622.26	14.6%
5E OTHER BENEFITS	2,922,678	2,922,678	381,177.97	198,353.94	.00	2,541,499.89	13.0%
5F RETIREE MEDICAL	2,193,606	2,193,606	361,710.44	175,953.62	10,582.00	1,821,313.56	17.0%
5G MATERIALS & SUPPLIES	1,162,435	1,162,435	94,596.87	49,451.16	272,686.91	795,151.42	31.6%
5H CONTRACTS	6,418,548	7,357,354	730,541.18	396,002.16	2,262,567.01	4,364,246.05	40.7%
5I UTILITIES	1,001,460	1,001,460	166,960.38	87,406.79	155,347.20	679,152.64	32.2%
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	60,535.23	50,865.32	124,235.02	1,277,822.75	12.6%
5L MISCELLANEOUS	0	0	.00	.00	.00	.00	.0%
5M INT SERVICE CHARGES	5,065,614	5,065,614	272,367.61	136,875.30	.00	4,793,246.18	5.4%
5N DEBT SERVICE	2,057,884	2,057,884	13,002.80	13,002.80	.00	2,044,881.20	.6%
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	67,139,833	7,215,063.59	4,082,592.34	2,840,418.14	57,084,351.47	15.0%
121 MEASURE G FUND							
5H CONTRACTS	50,520	50,520	.00	11,650.00	.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	11,650.00	.00	1,267,556.00	.0%
222 URBAN RUNOFF FUND							
5A SALARIES	128,934	128,934	14,267.54	8,552.69	.00	114,666.27	11.1%
5C PERS	40,378	40,378	5,587.67	2,897.32	.00	34,790.11	13.8%
5D MEDICAL BENEFITS	14,209	14,209	1,665.51	821.52	.00	12,543.81	11.7%
5E OTHER BENEFITS	9,020	9,020	1,214.05	665.27	.00	7,806.25	13.5%
5G MATERIALS & SUPPLIES	3,717	3,717	.00	.00	.00	3,717.00	.0%
5H CONTRACTS	55,406	55,406	11,241.02	.00	.00	44,164.98	20.3%
5I UTILITIES	14,265	14,265	244.27	767.16	.00	14,020.73	1.7%
5M INT SERVICE CHARGES	6,504	6,504	781.31	406.92	.00	5,722.53	12.0%

ATTACHMENT 2

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 02

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
TOTAL URBAN RUNOFF FUND	272,433	272,433	35,001.37	14,110.88	.00	237,431.68	12.8%
231 BLACKWELL DISTRICT							
5H CONTRACTS	1,484	1,484	93.00	93.00	1,023.00	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	93.00	93.00	1,023.00	2,428.00	31.5%
232 KENNEDY MEADOWS DISTRICT							
5H CONTRACTS	8,385	8,385	609.00	609.00	6,699.00	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	609.00	609.00	6,699.00	5,387.00	57.6%
233 GEMINI COURT DISTRICT							
5H CONTRACTS	1,018	1,018	46.00	46.00	506.00	466.00	54.2%
5P TRANSFERS OUT	610	610	.00	.00	.00	610.00	.0%
TOTAL GEMINI COURT DISTRICT	1,628	1,628	46.00	46.00	506.00	1,076.00	33.9%
234 SANTA ROSA HEIGHTS DISTRICT							
5H CONTRACTS	7,427	7,427	559.00	559.00	6,149.00	719.00	90.3%
5P TRANSFERS OUT	660	660	.00	.00	.00	660.00	.0%
TOTAL SANTA ROSA HEIGHTS DISTRICT	8,087	8,087	559.00	559.00	6,149.00	1,379.00	82.9%
235 VASONA HEIGHTS DISTRICT							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 02

235 VASONA HEIGHTS DISTRICT	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5H CONTRACTS	5,138	5,138	375.00	375.00	4,125.00	638.05	87.6%
5I UTILITIES	2,389	2,389	258.42	258.42	.00	2,130.15	10.8%
5P TRANSFERS OUT	1,430	1,430	.00	.00	.00	1,430.00	.0%
TOTAL VASONA HEIGHTS DISTRICT	8,957	8,957	633.42	633.42	4,125.00	4,198.20	53.1%
236 HILLBROOK DISTRICT							
5H CONTRACTS	2,055	2,055	140.00	140.00	1,540.00	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	140.00	140.00	1,540.00	3,897.52	30.1%
251 LOS GATOS THEATRE							
5H CONTRACTS	15,696	15,696	650.00	650.00	9,350.00	5,696.00	63.7%
5I UTILITIES	67,223	67,223	7,407.85	7,188.11	.00	59,814.99	11.0%
TOTAL LOS GATOS THEATRE	82,919	82,919	8,057.85	7,838.11	9,350.00	65,510.99	21.0%
261 LIBRARY TRUST DONATIONS							
5H CONTRACTS	37,000	37,000	5,711.10	2,240.06	.00	31,288.90	15.4%
5L MISCELLANEOUS	35,000	35,000	.00	.00	.00	35,000.00	.0%
TOTAL LIBRARY TRUST DONATIONS	72,000	72,000	5,711.10	2,240.06	.00	66,288.90	7.9%
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 EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 02

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							
5O CAPITAL PROJECTS	3,812,873	3,812,873	1,010,003.00	919,634.84	-808,404.69	3,611,274.56	5.3%
5P TRANSFERS OUT	441,491	441,491	.00	.00	.00	441,491.00	.0%
TOTAL CAPITAL PROJECTS FUND	4,254,364	4,254,364	1,010,003.00	919,634.84	-808,404.69	4,052,765.56	4.7%
412 COMMUNITY CENTER DEVELOPMENT							
5O CAPITAL PROJECTS	0	0	.00	.00	228,390.00	-228,390.00	100.0%
TOTAL COMMUNITY CENTER DEVELOPMEN	0	0	.00	.00	228,390.00	-228,390.00	100.0%
421 GRANT FUNDED PROJECTS							
5O CAPITAL PROJECTS	36,750	36,750	162,248.38	162,248.38	-162,248.38	36,750.00	.0%
TOTAL GRANT FUNDED PROJECTS	36,750	36,750	162,248.38	162,248.38	-162,248.38	36,750.00	.0%
461 STORM BASIN 1							
5O CAPITAL PROJECTS	0	0	12,698.75	12,698.75	-12,698.75	.00	.0%
TOTAL STORM BASIN 1	0	0	12,698.75	12,698.75	-12,698.75	.00	.0%
462 STORM BASIN 2							
5O CAPITAL PROJECTS	130,000	130,000	77,279.80	77,279.80	150,538.20	-97,818.00	175.2%
TOTAL STORM BASIN 2	130,000	130,000	77,279.80	77,279.80	150,538.20	-97,818.00	175.2%
471 TRAFFIC MITIGATION FUND							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 02

471 TRAFFIC MITIGATION FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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							
5O CAPITAL PROJECTS	1,917,807	1,917,807	1,527,563.94	1,527,356.45	666,665.76	-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	1,527,563.94	1,527,356.45	666,665.76	-170,422.70	108.4%
611 GENERAL LIABILITY FUND							
5H CONTRACTS	1,416,500	1,416,500	1,261,496.00	3,627.00	.00	155,004.00	89.1%
TOTAL GENERAL LIABILITY FUND	1,416,500	1,416,500	1,261,496.00	3,627.00	.00	155,004.00	89.1%
612 WORKERS COMPENSATION FUND							
5H CONTRACTS	1,762,379	1,762,379	621,631.68	35,953.31	48,267.33	1,092,479.99	38.0%
TOTAL WORKERS COMPENSATION FUND	1,762,379	1,762,379	621,631.68	35,953.31	48,267.33	1,092,479.99	38.0%
621 INFORMATION TECHNOLOGY							
5G MATERIALS & SUPPLIES	336,520	336,520	28,424.32	28,207.04	61,697.28	246,398.40	26.8%
5H CONTRACTS	956,742	956,742	579,018.37	30,612.49	167,910.96	209,812.27	78.1%
5I UTILITIES	20,460	20,460	4,077.73	1,830.02	.00	16,382.27	19.9%
TOTAL INFORMATION TECHNOLOGY	1,313,722	1,313,722	611,520.42	60,649.55	229,608.24	472,592.94	64.0%
631 EQUIPMENT REPLACEMENT FUND							

YEAR-TO-DATE BUDGET REPORT EXPENDITURES
BY FUND AND CATEGORY

FOR 2027 02

631 EQUIPMENT REPLACEMENT FUND	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
5O CAPITAL PROJECTS	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
TOTAL EQUIPMENT REPLACEMENT FUND	338,843	354,292	15,448.20	.00	-15,448.20	354,291.97	.0%
633 FACILITIES MAINTENANCE FUND							
5G MATERIALS & SUPPLIES	78,794	78,794	5,627.50	2,709.65	6,800.16	66,366.64	15.8%
5H CONTRACTS	628,835	628,835	59,791.93	26,904.04	432,804.58	136,238.92	78.3%
5I UTILITIES	733,314	733,314	108,423.23	61,621.01	.00	624,890.77	14.8%
5L MISCELLANEOUS	335,083	335,083	.00	.00	.00	335,083.00	.0%
TOTAL FACILITIES MAINTENANCE FUND	1,776,027	1,776,027	173,842.66	91,234.70	439,604.74	1,162,579.33	34.5%
942 SA TRUST FUND							
5A SALARIES	1,247	1,247	167.46	102.05	.00	1,079.56	13.4%
5B OVERTIME	0	0	7.56	4.23	.00	-7.56	100.0%
5C PERS	395	395	58.08	31.02	.00	337.37	14.7%
5E OTHER BENEFITS	120	120	17.27	9.65	.00	102.48	14.4%
5H CONTRACTS	5,395	5,395	3,520.00	1,760.00	.00	1,875.00	65.2%
5L MISCELLANEOUS	120,823	120,823	.00	.00	.00	120,823.01	.0%
5M INT SERVICE CHARGES	64	64	9.73	4.90	.00	53.97	15.3%
5N DEBT SERVICE	3,810,001	3,810,001	1,784,212.50	12,875.00	.00	2,025,788.50	46.8%
TOTAL SA TRUST FUND	3,938,045	3,938,045	1,787,992.60	14,786.85	.00	2,150,052.33	45.4%
GRAND TOTAL	84,944,559	85,898,814	14,527,639.76	7,025,981.44	3,634,084.39	67,737,090.18	21.1%

** END OF REPORT - Generated by Kristina Alfaro **

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND AND CATEGORY

FOR 2027 02

	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	5,688,479.90	6,885,831.77	57,378,606.10	9.0%
121 MEASURE G FUND	1,358,000	1,358,000	.00	130,353.79	1,358,000.00	.0%
222 URBAN RUNOFF FUND	315,072	315,072	26,255.91	26,255.91	288,816.09	8.3%
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	45,249.72	30,081.72	75,850.28	37.4%
261 LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	75,000.00	-4,000.00	105.6%
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	19,056.00	10,440.00	1,244,816.87	1.5%
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	12,619.19	.00	24,130.81	34.3%
461 STORM BASIN 1	70,337	70,337	14,370.00	14,370.00	55,966.92	20.4%
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	173,118.24	173,118.24	1,746,159.86	9.0%
611 GENERAL 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	104,508.61	94,488.59	1,892,999.79	5.2%
621 INFORMATION TECHNOLOGY	1,313,722	1,313,722	19,519.80	10,785.26	1,294,201.80	1.5%
631 EQUIPMENT REPLACEMENT FUND	679,960	679,960	14,960.41	.00	664,999.59	2.2%
633 FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	52,089.02	2,083.33	2,234,884.58	2.3%
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	6,245,226.80	7,452,808.61	77,771,191.92	7.4%

** END OF REPORT - Generated by Kristina Alfaro **

ATTACHMENT 3

YEAR-TO-DATE BUDGET REPORT REVENUE

BY FUND AND CATEGORY

FOR 2027 02

	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	79,737.79	79,737.79	28,145,103.21	.3%
4B SALES & USE TAX	8,380,517	8,380,517	.00	1,422,455.17	8,380,517.00	.0%
4D TRANSIENT OCCUPANCY	2,278,360	2,278,360	-272,264.36	150,971.98	2,550,624.36	-12.0%
4E BUSINESS LIC & OTHER	2,686,760	2,686,760	35,931.78	35,931.78	2,650,828.22	1.3%
4F FRANCHISE FEES	1,089,210	1,089,210	.00	100,337.85	1,089,210.00	.0%
4G FINES & FORFEITURES	315,200	315,200	60,532.71	54,444.42	254,667.29	19.2%
4H LICENSES & PERMITS	7,802,811	7,802,811	952,074.98	678,148.95	6,850,736.02	12.2%
4I TOWN SERVICES	3,906,037	3,906,037	319,190.56	162,057.97	3,586,846.44	8.2%
4J OTHER SOURCES	2,630,318	2,630,318	3,829,333.33	4,034,860.63	-1,199,015.33	145.6%
4K INTERGOVERNMENTAL	741,477	741,477	533,324.11	147,212.23	208,152.89	71.9%
4L PASS THRU	2,534,469	2,534,469	150,619.00	19,673.00	2,383,850.00	5.9%
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	5,688,479.90	6,885,831.77	57,378,606.10	9.0%
121 MEASURE G FUND						
4C MEASURE G	1,358,000	1,358,000	.00	130,353.79	1,358,000.00	.0%
TOTAL MEASURE G FUND	1,358,000	1,358,000	.00	130,353.79	1,358,000.00	.0%
222 URBAN RUNOFF FUND						
4H LICENSES & PERMITS	315,072	315,072	26,255.91	26,255.91	288,816.09	8.3%
TOTAL URBAN RUNOFF FUND	315,072	315,072	26,255.91	26,255.91	288,816.09	8.3%
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						

ATTACHMENT 4

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 02

	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 02

	ORIGINAL ESTIM REV	REVISED EST REV	ACTUAL YTD REVENUE	ACTUAL MTD REVENUE	REMAINING REVENUE	PCT COLL
4J OTHER SOURCES	121,100	121,100	45,249.72	30,081.72	75,850.28	37.4%
TOTAL LOS GATOS THEATRE	121,100	121,100	45,249.72	30,081.72	75,850.28	37.4%
261 LIBRARY TRUST DONATIONS						
4J OTHER SOURCES	71,000	71,000	75,000.00	75,000.00	-4,000.00	105.6%
TOTAL LIBRARY TRUST DONATIONS	71,000	71,000	75,000.00	75,000.00	-4,000.00	105.6%
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	19,056.00	10,440.00	86,944.00	18.0%
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	19,056.00	10,440.00	1,244,816.87	1.5%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 02

	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	12,619.19	.00	24,130.81	34.3%
TOTAL GRANT FUNDED PROJECTS	36,750	36,750	12,619.19	.00	24,130.81	34.3%
461 STORM BASIN 1						
4H LICENSES & PERMITS	48,695	48,695	14,370.00	14,370.00	34,325.31	29.5%
4J OTHER SOURCES	21,642	21,642	.00	.00	21,641.61	.0%
TOTAL STORM BASIN 1	70,337	70,337	14,370.00	14,370.00	55,966.92	20.4%
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 02

	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	173,118.24	173,118.24	1,744,688.76	9.0%
TOTAL GAS TAX FUND	1,919,278	1,919,278	173,118.24	173,118.24	1,746,159.86	9.0%
611 GENERAL LIABILITY FUND						
4I TOWN SERVICES	1,984,001	1,984,001	.00	.00	1,984,000.73	.0%
TOTAL GENERAL 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	104,508.61	94,488.59	-104,508.61	100.0%
TOTAL WORKERS COMPENSATION FUND	1,997,508	1,997,508	104,508.61	94,488.59	1,892,999.79	5.2%
621 INFORMATION TECHNOLOGY						
4I TOWN SERVICES	1,313,722	1,313,722	19,519.80	10,785.26	1,294,201.80	1.5%

YEAR-TO-DATE BUDGET REPORT REVENUE
BY FUND AND CATEGORY

FOR 2027 02

	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	19,519.80	10,785.26	1,294,201.80	1.5%
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	.00	5,039.59	74.8%
TOTAL EQUIPMENT REPLACEMENT FUND	679,960	679,960	14,960.41	.00	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	52,089.02	2,083.33	164,051.58	24.1%
4M TRANSFERS IN	811,334	811,334	.00	.00	811,334.00	.0%
TOTAL FACILITIES MAINTENANCE FUND	2,286,974	2,286,974	52,089.02	2,083.33	2,234,884.58	2.3%
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	6,245,226.80	7,452,808.61	77,771,191.92	7.4%

** END OF REPORT - Generated by Kristina Alfaro **

TOWN OF LOS GATOS

MONTHLY FINANCIAL REPORT – AUGUST 2026

The following is the August 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 Adopted 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 was adopted at $67,468,582 with estimated revenues of $64,815,087, resulting in an estimated use of unassigned fund balance $2,653,495. This is 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 August 2026, $954,255 in budget revisions/transfers have occurred. All increases are the result of the year-end carryover process. The General Fund has the largest portion of the carryovers with $938,807 and $15,449 in the Equipment Replacement Fund. More detail is provided in the table below.

BUDGET TRANSFERS AND ADJUSTMENT TO DATE

Fund	Department	Category	Amount[1]	Description
General	Townwide	Contracts	$5,000	Prior year encumbered funds for ongoing services
	Emergency Preparedness	Contracts	$905,624	Dedicated allocation for emergency preparedness and response. Carryovers each year until fully spent
	Police Administration	Contracts	$22,923	Prior year encumbered funds for ongoing services
	Town Engineering	Contract	5,260	Prior year encumbered funds for ongoing services
TOTAL GENERAL FUND ADJ AND TRANSFERS			**$938,807**	
Internal Service Funds	Parks and Public Works	Capital Projects	$15,449	Prior year encumbered funds for a speed trailer purchase
TOTAL BUDGET TRANSFERS AND ADJUSTMENTS ALL FUNDS			**$954,255**	

[1] Totals may vary due to rounding.

To date the only remaining carryovers are for capital projects and those should be completed with the September 2026 or first quarter reporting. This is resulting in over budget percentages in the following Capital Funds, 462 and 481, this over budget should normalize once the remaining carryovers are completed.

In this report the General Fund is shown as a combination of three funds 111, 121 and 732. Attached system reports show these funds separately.

Revenue by Fund Type Trend Analysis

Overall revenues across all funds as of August are 7.4% collected and trending within the same period in prior years. Prior years ranged from 5.2% to 9.4% collected as a percent of the revised budget for August.

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	9.9%	7.6%	7.0%	16.7%	8.8%	✓
2*	SPECIAL REVENUE FUNDS	7.7%	38.5%	28.3%	16.7%	26.4%	✓
4*	CAPITAL FUNDS	10.4%	1.0%	2.0%	16.7%	3.4%	✓
6*	INTERNAL SERVICE FUNDS	7.0%	1.5%	1.9%	16.7%	2.3%	✓
9*	TRUST FUND	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TOTAL REVENUE BY FUND		**9.4%**	**5.2%**	**5.4%**	**16.7%**	**7.4%**	✓

Expenditures by Fund Type Trend Analysis

Expenditures and encumbrances are 21.1% as of August and trending below the same period in the prior three years, which have ranged from 21.6% to 26.7% expended as a percent of the revised budget for August.

FUND	FUND TYPE	FY2023-24 % EXP	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
111/ 121/732	GENERAL FUND	19.1%	16.9%	17.6%	16.7%	14.7%	↓
2*	SPECIAL REVENUE FUNDS	19.0%	11.4%	14.2%	16.7%	16.9%	✓
4*	CAPITAL FUNDS	19.8%	34.4%	29.4%	16.7%	44.2%	↑
6*	INTERNAL SERVICE FUNDS	44.3%	48.2%	39.7%	16.7%	51.1%	↑
9*	TRUST FUND	44.0%	44.9%	45.7%	16.7%	45.4%	✓
TOTAL EXPENDITURE BY FUND TYPE		**21.6%**	**26.7%**	**23.8%**	**16.7%**	**21.1%**	✓

General Fund actual expenditures and encumbrances are 14.7% and trending below the prior years, which have ranged from 16.9% to 19.1% expended as a percent of the revised budget for August. This is due to a variety of variances across multiple expense categories. See the General Fund by category for details.

Capital Funds actual expenditures and encumbrances are 44.2% and trending above the prior years, which have ranged from 19.8% to 34.4% expended as a percent of the revised budget for August. This is due to the year-end carryover budget process for capital funds not being completed. Once the carryover budget is brought into the current year this fund category should stabilize.

Internal Service Funds actual expenditures and encumbered funds are 51.1% and trending above the same point in the prior three years. Prior years ranged from 39.7% to 48.2% expended as a percent of the revised budget for August. Expenditures are trending above the three-year August average, primarily due to changes in insurance costs, expenditure timing, encumbrances, and fluctuations in budgeted expenditures.

General Fund Revenue by Category Trend Analysis

Overall General Fund revenues across all categories as of August are 8.8% collected and are within the same period in prior years. Prior years ranged from 7.0% to 9.9% collected as a percent of the revised budget for August.

CATEGORY	FY 2023-24 % COLL	FY 2024-25 % COLL	FY 2025-26 % COLL	STRAIGHT LINE	FY 2026-27 % COLL	TREND
PROPERTY TAX	0.3%	0.1%	0.1%	16.7%	0.3%	✓
SALES & USE TAX	0.0%	0.0%	0.0%	16.7%	0.0%	✓
MEASURE G	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TRANSIENT OCCUPANCY	4.6%	7.5%	3.5%	16.7%	-12.0%	↓
BUSINESS LIC & OTHER	0.9%	1.1%	1.6%	16.7%	1.3%	✓
FRANCHISE FEES	4.7%	0.0%	0.0%	16.7%	0.0%	✓
FINES & FORFEITURES	25.4%	10.1%	19.2%	16.7%	19.2%	✓
LICENSES & PERMITS	23.9%	18.5%	19.6%	16.7%	12.2%	↓
TOWN SERVICES	16.5%	17.7%	23.5%	16.7%	8.2%	↓
OTHER SOURCES	85.9%	-8.0%	-54.2%	16.7%	126.8%	↑
INTERGOVERNMENTAL	-15.7%	33.7%	29.6%	16.7%	71.9%	↑
PASS THRU	96.7%	116.4%	97.8%	16.7%	5.9%	↓
TRANSFERS IN	21.3%	0.0%	0.0%	16.7%	0.0%	✓
DEBT SERVICE REMIB	0.0%	0.0%	0.0%	16.7%	0.0%	✓
GENERAL FUND % COLLECTED BY CATEGORY	**9.9%**	**7.6%**	**7.0%**	**16.7%**	**8.8%**	✓

Transient Occupancy Tax actual revenues collected are -12.00% and are trending below the same point in the prior years. Prior years ranged from 3.5% to 7.5% collected as a percent of the revised budget for August. This is primarily due to the year-end accrual process, and we expect revenues to normalize as part of the September reporting period.
Licenses and Permits actual revenues collected are 12.2% and trending below the same point in the prior three years. Prior years ranged from 18.5% to 24% collected as a percent of the revised budget for August. This is primarily due to delays in carrying over prior year revenue into this category and a delay in accounting for revenues received in the Town's planning software to the ERP. These are expected to resolve with September reporting.

Town Services actual revenues collected are 8.2% and trending below the same point in the prior three years. Prior years ranged from 16.5% to 23.5% collected as a percent of the revised budget for August. This is due to a delay in accounting for revenues received in the Town's planning software to the ERP and a payment timing issue with the Monte Sereno police services payment, these payments normally post in the month they are received but a quarterly versus monthly payment was received this year. The system delay is expected to improve with September reporting.

Other Sources actual revenues collected are 126.8% and trending above the same point in the prior three years. Prior years ranged from -54.2% to 85.9% collected as a percent of the revised budget for August. This is due to the sale of the 4 Tait Property that was budgeted in the prior fiscal year.

Intergovernmental actual revenues collected are 71.9% and trending above the same point in the prior years. Prior years ranged from -15.7% to 33.7%, collected as a percent of the revised budget for August. This is due to a subsequent accrual reversal that is not reflected in the attached August report and is expected to reduce the reported percentage in the September reporting cycle.

Pass-Thru actual revenues collected are 5.9% and trending below the same point in the prior years. Prior years ranged from 96.7% to 116.4%, collected as a percent of the revised budget for August. 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 September reporting.

General Fund by Expense Category Analysis
Actual expenditures and encumbered funds are 14.7% and trending below for the same point in the prior years. Prior years ranged from 16.7 to 19.1% expended as a percent of the revised budget for August.

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
SALARIES	13.4%	12.9%	13.1%	16.7%	12.5%	↓
OVERTIME	25.4%	24.8%	20.4%	16.7%	12.7%	↓

CATEGORY	FY2023-24 % Exp	FY2024-25 % EXP	FY2025-26 % EXP	STRAIGHT LINE	FY2026-27 % EXP	ON TREND
PERS	13.3%	13.9%	13.2%	16.7%	13.3%	↓
MEDICAL BENEFITS	14.0%	13.8%	13.6%	16.7%	14.6%	↑
OTHER BENEFITS	13.3%	13.8%	12.5%	16.7%	13.0%	↓
TOTAL SALARY AND BENEFITS	**13.7%**	**13.5%**	**13.2%**	**16.7%**	**12.9%**	↓
RETIREE MEDICAL	23.0%	25.3%	22.4%	16.7%	17.0%	↓
MATERIALS & SUPPLIES	20.6%	19.2%	26.9%	16.7%	31.6%	↑
CONTRACTS	42.4%	38.9%	32.3%	16.7%	40.4%	✓
UTILITIES	29.1%	25.6%	30.6%	16.7%	32.2%	✓
GRANTS AND AWARDS	33.1%	0.1%	9.9%	16.7%	5.3%	✓
PASS THRU	61.6%	57.0%	69.8%	16.7%	6.9%	↓
MISCELLANEOUS	-3.6%	0.0%	0.0%	16.7%	0.0%	✓
INT SERVICE CHARGES	2.0%	4.8%	5.4%	16.7%	5.4%	✓
DEBT SERVICE	0.0%	0.6%	0.6%	16.7%	0.6%	✓
CAPITAL PROJECTS	0.0%	0.0%	0.0%	16.7%	0.0%	✓
TRANSFERS OUT	0.0%	0.0%	0.0%	16.7%	0.0%	✓
GENERAL FUND TOTALS BY CATEGORY	**19.1%**	**17.0%**	**17.6%**	**16.7%**	**14.7%**	↓

Salaries and benefit actual expenditures and encumbered funds are 12.9% and trending below the same point in the prior three years. Prior years ranged from 13.2% to 13.7% expended as a percent of the revised budget for August. 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 17.0% and trending below the same point in the prior three years. Prior years ranged from 22.4% to 25.3% expended as a percent of the revised budget for August. Payments made to date are tracking lower than in prior years. Staff will continue to monitor this category to see if the lower trend will normalize or continue and need to be adjusted.

Materials and Supplies actual expenditures and encumbered funds are 31.6% and trending above the same point in the prior three years. Prior years ranged from 19.2% to 26.9% expended as a percent of the revised budget for August. This is primarily due to the timing of purchases for Library Collections, that had been purchased earlier in the prior fiscal years.

Pass-thru actual expenditures and encumbered funds are 6.9% and trending below the same point in the prior three years. Prior years ranged from 57.0% to 69.8% expended as a percent of the revised budget for August. This is primarily due to prior years having significantly larger encumbrances in Parks and Public Works for Traffic Studies, GeoTech Review and Map Plan Check.

All Fund Vacancy Savings by Pay Period Analysis

The adopted budget includes a 4.6% vacancy-savings assumption totaling $2.0 million that is included in the salaries category only. 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 total pay periods that have been paid in in the first two months of the fiscal year or 3.29 and dividing it by the total pay periods in a year or 26 to arrive at 12.7%. 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 2/12, resulting in a 16.7% 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	$3,017,927	$21,158,406	12.5%	**12.7%**
5B OVERTIME	$1,457,000	$184,716	$1,272,284	12.7%	**12.7%**
5C PERS	$10,800,788	$1,440,347	$9,360,441	13.3%	**16.7%**
5D MEDICAL BENEFITS	$3,371,803	$491,181	$2,880,622	14.6%	**16.7%**
5E OTHER BENEFITS	$2,922,678	$381,178	$2,541,500	13.0%	**16.7%**
Total Salary and Benefits	**$42,728,602**	**$5,515,349**	**$37,213,253**	**12.9%**	**12.70%**

Salary and benefit expenditures are 12.9% of the revised budget as of August. Salaries are trending just below and overtime is trending at the 12.7% payroll-period benchmark, while PERS, Medical Benefits, and Other Benefits are below the 16.7% 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 August 2026 show that overall revenues are tracking within the range of prior years' August results, while total expenditures and encumbrances are below the level observed at the same point in each of the prior fiscal years. General Fund expenditures are at 14.7% of the revised budget, including encumbrances, compared with the 16.7% straight-line benchmark. Salary and overtime expenditures are slightly below the payroll-period benchmark, while benefit categories remain below the 16.7% monthly benchmark.

GENERAL FUND HISTORICAL YTD AUGUST ACTUALS VS. REVISED BUDGET BY REVENUE CATEGORY
(in millions)

CATEGORY	FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27		
	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL
PROPERTY TAX	$23.25	$0.07	0.3%	$25.20	$0.02	0.1%	$26.83	$0.02	0.1%	$28.22	$0.08	0.3%
SALES & USE TAX	$7.88	$0.00	0.0%	$6.60	$0.00	0.0%	$6.64	$0.00	0.0%	$8.38	$0.00	0.0%
MEASURE G	$1.28	$0.00	0.0%	$1.29	$0.00	0.0%	$1.30	$0.00	0.0%	$1.36	$0.00	0.0%
TRANSIENT OCCUPANCY	$2.42	$0.11	4.6%	$2.33	$0.18	7.5%	$2.42	$0.09	3.5%	$2.28	-$0.27	-12.0%
BUSINESS LIC & OTHER	$2.45	$0.02	0.9%	$2.43	$0.03	1.1%	$2.50	$0.04	1.6%	$2.69	$0.04	1.3%
FRANCHISE FEES	$2.12	$0.10	4.7%	$1.04	$0.00	0.0%	$1.04	$0.00	0.0%	$1.09	$0.00	0.0%
FINES & FORFEITURES	$0.20	$0.05	25.4%	$0.32	$0.03	10.1%	$0.32	$0.06	19.2%	$0.32	$0.06	19.2%
LICENSES & PERMITS	$3.12	$0.75	23.9%	$6.02	$1.11	18.5%	$6.57	$1.29	19.6%	$7.80	$0.95	12.2%
TOWN SERVICES	$3.34	$0.55	16.5%	$3.39	$0.60	17.7%	$4.11	$0.97	23.5%	$3.91	$0.32	8.2%
OTHER SOURCES	$1.79	$1.53	85.9%	$2.70	-$0.22	-8.0%	$2.17	-$1.18	-54.2%	$3.02	$3.83	126.8%
INTERGOVERNMENTAL	$0.89	-$0.14	-15.7%	$1.01	$0.34	33.7%	$1.08	$0.32	29.6%	$0.74	$0.53	71.9%
PASS THRU	$2.18	$2.11	96.7%	$1.88	$2.19	116.4%	$2.65	$2.59	97.8%	$2.53	$0.15	5.9%
TRANSFERS IN	$0.54	$0.11	21.3%	$0.56	$0.00	0.0%	$0.58	$0.00	0.0%	$0.56	$0.00	0.0%
DEBT SERVICE REMIB	$1.90	$0.00	0.0%	$1.91	$0.00	0.0%	$1.91	$0.00	0.0%	$1.91	$0.00	0.0%
TOTAL	**$53.34**	**$5.27**	**9.9%**	**$56.68**	**$4.28**	**7.6%**	**$60.13**	**$4.19**	**7.0%**	**$64.82**	**$5.69**	**8.8%**

GENERAL FUND HISTORICAL YTD AUGUST ACTUALS VS. REVISED BUDGET BY EXPENDITURE CATEGORY
(in millions)

	FY 2023-24				FY 2024-25				FY 2025-26				FY 2026-27			
CHARACTER NAME	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL
SALARIES	$21.17	$2.85	$0.00	13.4%	$23.28	$3.01	$0.00	12.9%	$23.18	$3.03	$0.00	13.1%	$24.18	$3.02	$0.00	12.5%
OVERTIME	$0.58	$0.15	$0.00	25.4%	$0.60	$0.15	$0.00	24.8%	$0.70	$0.14	$0.00	20.4%	$1.46	$0.18	$0.00	12.7%
PERS	$8.63	$1.15	$0.00	13.3%	$9.18	$1.27	$0.00	13.9%	$10.30	$1.36	$0.00	13.2%	$10.80	$1.44	$0.00	13.3%
MEDICAL BENEFITS	$2.72	$0.38	$0.00	14.0%	$3.11	$0.43	$0.00	13.8%	$3.38	$0.46	$0.00	13.6%	$3.37	$0.49	$0.00	14.6%
OTHER BENEFITS	$1.99	$0.27	$0.00	13.3%	$2.54	$0.35	$0.00	13.8%	$2.88	$0.36	$0.00	12.5%	$2.92	$0.38	$0.00	13.0%
RETIREE MEDICAL	$1.61	$0.37	$0.00	23.0%	$1.70	$0.42	$0.01	25.3%	$2.13	$0.47	$0.01	22.4%	$2.19	$0.36	$0.01	17.0%
MATERIALS & SUPPLIES	$1.21	$0.10	$0.15	20.6%	$1.24	$0.06	$0.17	19.2%	$1.09	$0.08	$0.22	26.9%	$1.16	$0.09	$0.27	31.6%
CONTRACTS	$5.44	$0.40	$1.90	42.4%	$5.72	$0.38	$1.85	38.9%	$6.90	$0.64	$1.59	32.3%	$7.41	$0.73	$2.26	40.4%
UTILITIES	$0.81	$0.05	$0.18	29.1%	$0.90	$0.07	$0.16	25.6%	$0.91	$0.11	$0.16	30.5%	$1.00	$0.17	$0.16	32.2%
GRANTS AND AWARDS	$0.69	$0.23	$0.00	33.1%	$0.47	$0.00	$0.00	0.1%	$0.28	$0.01	$0.02	9.9%	$0.28	$0.00	$0.02	5.3%
PASS THRU	$3.88	$1.59	$0.80	61.6%	$2.47	$0.04	$1.36	57.0%	$2.77	$0.18	$1.75	69.8%	$2.68	$0.06	$0.12	6.9%
MISCELLANEOUS	-$0.14	$0.01	$0.00	-3.6%	-$0.04	$0.00	$0.00	0.0%	-$0.04	$0.00	$0.00	0.0%	$0.00	$0.00	$0.00	0.0%
INT SERVICE CHARGES	$3.36	$0.07	$0.00	2.0%	$4.37	$0.21	$0.00	4.7%	$4.89	$0.26	$0.00	5.4%	$5.07	$0.27	$0.00	5.4%
DEBT SERVICE	$2.05	$0.00	$0.00	0.0%	$2.06	$0.01	$0.00	0.6%	$2.06	$0.01	$0.00	0.6%	$2.06	$0.01	$0.00	0.6%
CAPITAL PROJECTS	$0.12	$0.00	$0.00	0.0%	$0.07	$0.00	$0.00	0.0%	$0.19	$0.00	$0.00	0.0%	$0.02	$0.00	$0.00	0.0%
TRANSFERS OUT	$1.62	$0.00	$0.00	0.0%	$1.11	$0.00	$0.00	0.0%	$0.00	$0.00	$0.00	0.0%	$3.81	$0.00	$0.00	0.0%
TOTAL	**$55.74**	**$7.60**	**$3.03**	**19.1%**	**$58.76**	**$6.40**	**$3.55**	**16.9%**	**$61.62**	**$7.12**	**$3.74**	**17.6%**	**$68.41**	**$7.22**	**$2.84**	**14.7%**

ALL FUNDS HISTORICAL YTD AUGUST REVENUE ACTUALS VS. REVISED BUDGET
(in millions)

FUND TYPE	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL	REVISED BUDGET	YTD ACTUALS	PCT COLL
1 - General	$53.34	$5.27	9.9%	$56.68	$4.28	7.6%	$60.13	$4.19	7.0%	$64.82	$5.69	8.8%
2 - Special Revenue	$0.54	$0.04	7.7%	$0.34	$0.13	38.5%	$0.40	$0.11	28.3%	$0.55	$0.15	26.4%
3 - Capital Project	$23.92	$2.49	10.4%	$23.47	$0.23	1.0%	$16.44	$0.32	2.0%	$6.46	$0.22	3.4%
4 -Internal Service	$4.95	$0.35	7.0%	$6.85	$0.10	1.5%	$7.39	$0.14	1.9%	$8.26	$0.19	2.3%
5 - Trust	$3.81	$0.00	0.0%	$3.83	$0.00	0.0%	$3.92	$0.00	0.0%	$3.92	$0.00	0.0%
TOTAL	**$86.56**	**$8.14**	**9.4%**	**$91.17**	**$4.74**	**5.2%**	**$88.29**	**$4.77**	**5.4%**	**$84.02**	**$6.25**	**7.4%**

ALL FUNDS HISTORICAL YTD AUGUST EXPENDITURE ACTUALS VS. REVISED BUDGET

Fund Type	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL	REVISED BUDGET	ACTUALS	ENC	PCT COLL
1 - General	$55.74	$7.60	$3.03	19.1%	$58.76	$6.40	$3.55	16.9%	$61.62	$7.12	$3.74	17.6%	$68.41	$7.22	$2.84	14.7%
2 - Special Revenue	$0.46	$0.05	$0.04	19.0%	$0.55	$0.04	$0.02	11.4%	$0.47	$0.04	$0.02	14.2%	$0.48	$0.05	$0.03	16.9%
3 - Capital Project	$45.07	$1.32	$7.59	19.8%	$44.18	$0.01	$15.17	34.4%	$28.40	$0.58	$7.77	29.4%	$6.45	$2.79	$0.06	44.2%
4 -Internal Service	$6.26	$2.00	$0.78	44.3%	$8.04	$2.82	$1.05	48.2%	$8.90	$2.58	$0.95	39.7%	$6.62	$2.68	$0.70	51.1%
5 - Trust	$3.80	$1.67	$0.00	44.0%	$3.82	$1.71	$0.00	44.9%	$3.82	$1.74	$0.00	45.7%	$3.94	$1.79	$0.00	45.4%
TOTAL	**$111.33**	**$12.64**	**$11.44**	**21.6%**	**$115.34**	**$10.98**	**$19.80**	**26.7%**	**$103.20**	**$12.07**	**$12.48**	**23.8%**	**$85.90**	**$14.53**	**$3.63**	**21.1%**

TOWN OF LOS GATOS

FINANCE COMMISSION REPORT

MEETING DATE: 10/12/2026

ITEM NO: 5

DATE: October 12, 2026

TO: Finance Commission

FROM: Kristina Alfaro, Administrative Services Director

SUBJECT: Receive and Forward to the Town Council the Monthly Expenditure and Revenue Reports for the Month of August 2026

REMARKS:

Attachment 11 includes Commissioner communication received before 11:00 a.m. on Monday, October 12, 2026.

Staff responded to Commissioner communication as follows:

The report does its best to summarize variances at the fund level, when reviewing actuals expenditure trends across all ISF, I noted various expenditure and encumbrance fluctuations across funds and years that are not visible in the historical report thus an emphasis was not placed only on the lower budget. Although at a high level the lower budget would appear to be the major driver, looking more closely at a bit more detailed information (by fund and not just fund type) we tried to provide a more detailed response that was indicative of what we were seeing. In the future, we can provide the by fund not just fund type in the historical reports.

		FY 2023-24				FY 2024-25				FY 2025-26				FY 2026-27			
Fund	Fund Name	REV BUD	ACT	ENC	PCT USED	REV BUD	ACT	ENC	PCT USED	REV BUD	ACT	ENC	PCT USED	REV BUD	ACT	ENC	PCT USED
611	ABAG TOWN LIABILITY FUND	$1.2	$1.0	$0.0	85.9%	$1.5	$1.3	$0.0	85.8%	$1.8	$1.5	$0.0	83.5%	$1.4	$1.3	$0.0	89.1%
612	WORKERS COMPENSATION FUND	$1.8	$0.5	$0.0	29.5%	$1.8	$1.0	$0.1	56.5%	$1.8	$0.6	$0.1	34.4%	$1.8	$0.6	$0.0	38.0%
621	INFO TECH	$1.0	$0.4	$0.2	61.7%	$1.1	$0.4	$0.3	58.5%	$1.6	$0.4	$0.2	35.3%	$1.3	$0.6	$0.2	64.0%
631	EQUIPMENT REPLACEMENT FUND	$1.0	$0.0	$0.1	10.8%	$2.1	$0.1	$0.5	24.2%	$2.3	$0.0	$0.2	7.6%	$0.4	$0.0	$0.0	0.0%
633	FACILITIES MAINTENANCE FUND	$1.3	$0.1	$0.4	40.2%	$1.4	$0.1	$0.3	24.4%	$1.4	$0.2	$0.5	48.9%	$1.8	$0.2	$0.4	34.5%
Grand Total		$6.3	$2.0	$0.8	44.3%	$8.0	$2.8	$1.1	48.2%	$8.9	$2.6	$1.0	39.7%	$6.6	$2.7	$0.7	51.1%

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager

SUBJECT: Receive and forward to the Town Council the monthly expenditure and revenue reports for the month of August 2026

DATE: October 12, 2026

Attachments Received with the Staff Report:

1. Expenditure Report by Fund for August 2026
2. Expenditure Report by Fund and Expense Category for August 2026
3. Expenditure Report by Fund and Department for August 2026
4. Expenditure Report by Fund, Department and Expenditure Category for August 2026
5. Revenue Report by Fund for August 2026
6. Revenue Report by Fund and Revenue Category for August 2026
7. Revenue Report by Fund and Department for August 2026
8. Revenue Report by Fund, Department and Revenue Category for August 2026
9. August 2026 Monthly Financial Report
10. Historical August Reports

Attachment included with this Desk Item:

11. Commissioner Communication

Outlook

Monthly Financial Report

From Adam Fischer <[redacted]>
Date Sun 10/11/2026 7:35 PM
To Kristina Alfaro <KAlfaro@losgatosca.gov>
Cc Chris Constantin <CConstantin@losgatosca.gov>

[EXTERNAL SENDER]

Hi Kristina-

I want to reconcile two statements in the Monthly Financial Report. The overall expenditure analysis indicates that expenditures and encumbrances are trending below prior years (pg 77). However, the Internal Service Funds commentary (pg 78) says they're trending above historical levels, citing insurance costs, expenditure timing and encumbrances.

I understand these are different fund groupings, but when I look at the historical numbers for ISF specifically, actual expenditures and encumbrances have declined slightly year over year.

It appears the increase from 39.7% to 51.12% utilization is primarily a result of the revised budget declining from $8.9M to $6.62M.

Can staff confirm that interpretation and explain why the narrative emphasizes expenditure trends rather than the reduction in the budget?

Thank you,

Adam

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 4

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the Monthly Financial and Investment Report for August 2026**

RECOMMENDATION: Receive the Monthly Financial and Investment Report for August 2026.

FISCAL IMPACT:

This report has no fiscal impact.

STRATEGIC PRIORITY:

This item aligns with the Town's Core Goals of Good Governance and Fiscal Stability by ensuring adherence to proper financial reporting guidelines and information.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Administrative Services Director assumes the Town Treasurer role. Attachment 1 contains the August 2026 monthly Financial and Investment Report, which fulfils this requirement.

The August 2026 Monthly Financial and Investment Report was received by the Finance Commission in the agenda packet for their October 12, 2026, regular meeting. The meeting could not be held because quorum was not reached.

DISCUSSION:

The August 2026 Monthly Financial and Investment Report includes a Fund Balance Schedule,

PREPARED BY: Eric Lemon
Finance and Accounting Manager

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

representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month and balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached August 31, 2026, fund balance report. In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the August 31 and July 31 estimated fund balance is due to normal day-to-day fluctuations in revenues and expenditures.

The difference between the beginning fund balance in the August investment report and the ending fund balance in the June Investment report was an approximately $4.87 million dollar increase in total fund balance. The majority of the variance was caused by the accrual entry of the 2026 Q2 sales taxes of approximately $1.52 million, mark-to-market adjustment of approximately $0.56 million, June permit revenue reclassifications of approximately $0.53 million, and year-end reclassifications in the RDA Successor Agency fund of approximately $1.70 million. The remainder of the $0.56 million difference is a result of several small year-end entries.

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

As illustrated in the summary below, Ending Fund Balance = Cash + Assets – Liabilities. The resulting amount represents estimated accounting fund balance across Town funds and includes amounts that may be nonspendable, restricted, committed, or assigned.

Reconciling Cash to Fund Balance - August 31, 2026		
Total Cash	$	80,075,730
Plus: Assets	$	17,465,123
Less: Liabilities	$	(23,401,910)
Estimated Fund Balance	**$**	**74,138,943**

As of August 31, 2026, the Town's financial position (Cash Plus Other Assets $97.54M, Liabilities $23.40M, and Fund Equity $74.14M) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of August 31, 2026, the Town's weighted average yield to maturity for investments under

management was 4.20%, which was 34 basis points above the Local Agency Investment Fund (LAIF) yield of 3.86% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 272 days versus the Town's longer WAM of 574 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average yield to maturity on investments under management of 4.20% at the close of August was consistent with the July 31, 2026 report.

Since August 2025, LAIF yields decreased from 425 basis points (4.25%) to 386 basis points (3.86%) through the end of August 2026. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

The Federal Open Market Committee held steady rates for most of calendar year 2026. At its September meeting, the committee voted to raise rates 25 basis points to the range of 3.75%-4.00%. This adjustment aligns with the FOMC's objective to promote maximum employment and achieve an inflation target of 2% over the long run.

Nonfarm payrolls declined by 23,000 in July, following an increase of 57,000 in June. The unemployment rate fell from 4.2% to 4.1%, but this improvement was mainly due to a reduction in the labor market participation rate. Job losses were concentrated in local government, education, and retail trade, partly offset by continued hiring in healthcare. Weekly jobless claims remained relatively subdued and stable during the month.

The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and as amended August 4, 2026, and are also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

Staff recommends that the Town Council receive the Monthly Financial and Investment Report for August 2026.

ENVIRONMENTAL ASSESSMENT:

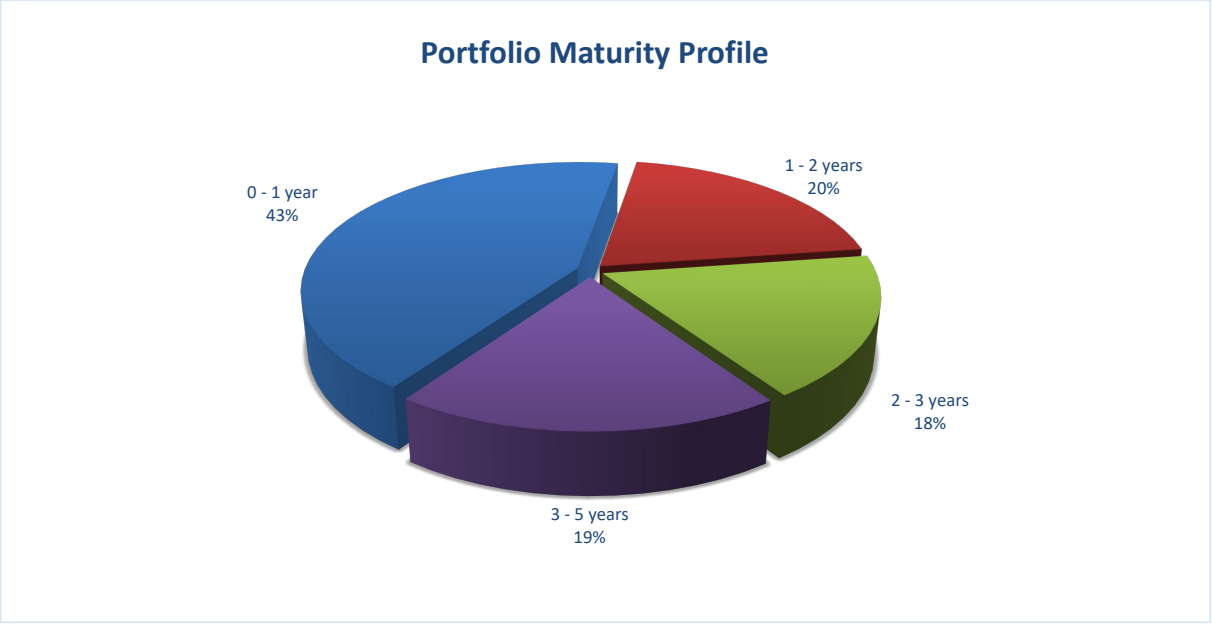
This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Financial and Investment Report (August 2026)

Town of Los Gatos
Summary Investment Information
August 31, 2026

Weighted Average YTM Portfolio Yield on Investments under Management	**4.20%**
Weighted Average Maturity (days)	**574**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$80,075,730	$78,318,427	$69,644,461
Managed Investments	$54,408,770		
Local Agency Investment Fund	$15,910,115		
Reconciled Demand Deposit Balances	$9,756,845		
Portfolio Allocation & Treasurer's Cash Balances	$80,075,730		
Benchmarks/ References:			
Town's Average Yield	4.20%	4.20%	4.34%
LAIF Yield for month	3.86%	3.84%	4.25%
3 mo. Treasury	3.83%	3.75%	4.14%
6 mo. Treasury	3.99%	3.94%	3.96%
2 yr. Treasury	4.34%	4.29%	3.62%
5 yr. Treasury	4.50%	4.45%	3.70%
10 Yr. Treasury	4.75%	4.73%	4.23%



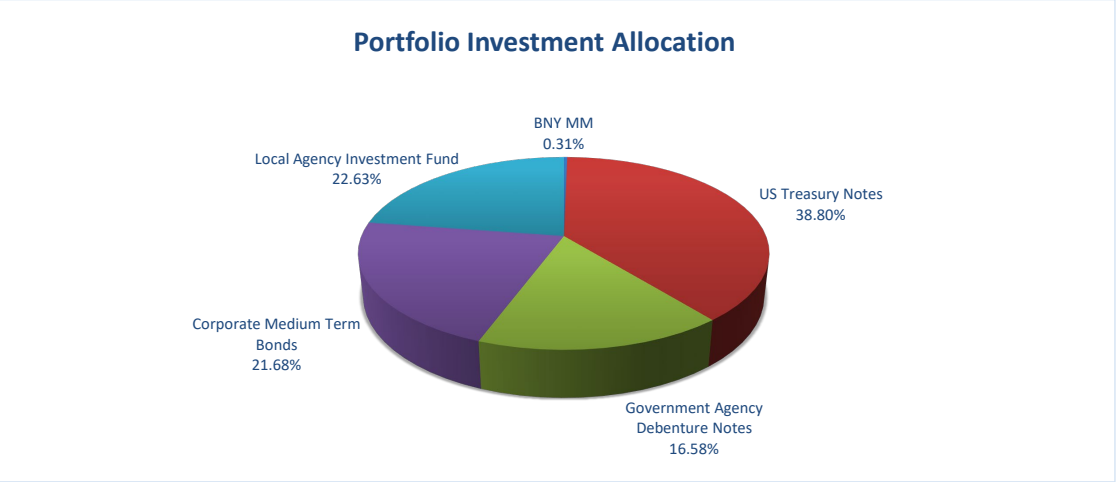
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and as amended August 4, 2026, and also in compliance with the requirements of Section 53600 et seq. of the California Government Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

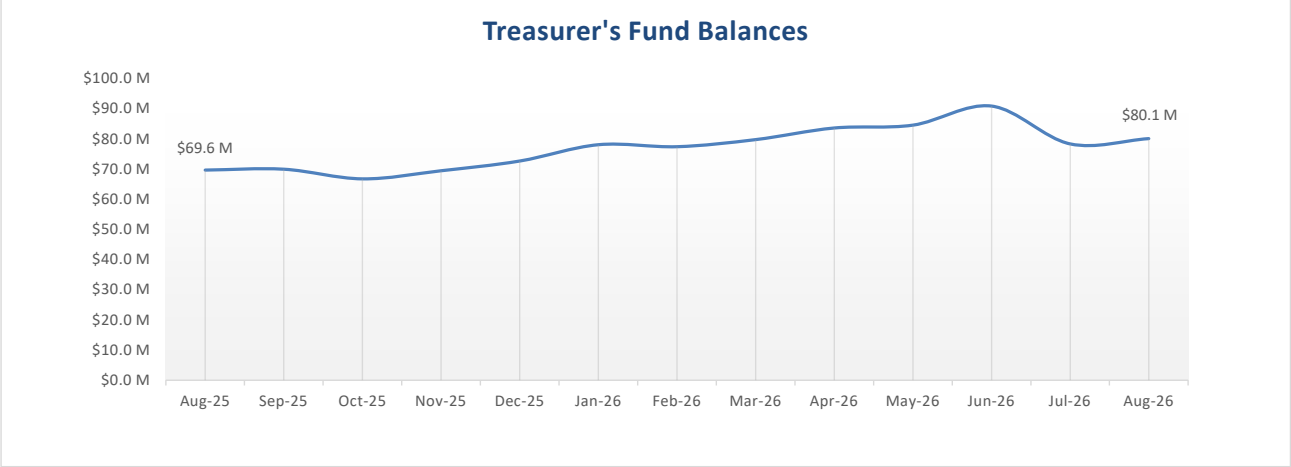
ATTACHMENT 1

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
August 31, 2026

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 78,318,427.29	$ 90,859,940.45
Receipts	7,785,506.90	17,541,871.02
Disbursements	(6,028,203.95)	(28,326,081.23)
Cash & Investment Balances - End of Month/Period	$80,075,730.24	$80,075,730.24

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$219,116.16	0.31%	20% of Town Portfolio
US Treasury Notes	$27,284,031.05	38.80%	No Max. on US Treasuries
Government Agency Debenture Notes	$11,660,791.81	16.58%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$15,244,830.80	21.68%	30% of Town Portfolio
Local Agency Investment Fund	$15,910,114.99	22.63%	$75 M per State Law
Subtotal - Investments	70,318,884.81	100.00%	
Reconciled Demand Deposit Balances	9,756,845.43		
Total Portfolio Allocation & Treasurer's Cash Balances	$80,075,730.24		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
August 31, 2026

	Beginning Balance	August 2026 Deposits Realized Gain/Adj.	August 2026 Interest/ Unrealized Gains (Losses)/ Gains (Losses)	August 2026 Withdrawals / Fees	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 697,257.96	$ 16,254.21	$ 1,873.36	$ (29,134.53)	$ 686,251.00	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	1,187,462.76		579.95	(1,187,462.50)	$ 580.21	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	580,495.79	45,388.74	272.21	(613,004.21)	$ 13,152.53	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,330,534.40	-	3,999.17	-	$ 1,334,533.57	**Note 2**
Total Restricted Funds:	$ 3,795,750.91	$ 61,642.95	$ 6,724.69	$ (1,829,601.24)	$ 2,034,517.31	
CEPPT IRS Section 115 Trust	4,027,534.21	-	22,482.44	(792.81)	$ 4,049,223.84	**Note 3**
Grand Total COPs and CEPPT Trust	$ 7,823,285.12	$ 61,642.95	$ 29,207.13	$ (1,830,394.05)	$ 6,083,741.15	

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

Note 1: The Certificates of Participation (COP) 2002 Series A bond accounts include a reserve fund which will guarantee the lease payments**,** and a lease payment account for the disbursement to bond holders.

Note 2: The 2010 COP accounts include a reserve fund which guarantees lease payments, and a lease payment fund for the for the disbursement to bond holders.

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

Town of Los Gatos
Statement of Interest Earned
August 31, 2026

July 2026	$	247,458.13
August 2026	$	248,870.16
September 2026	$	-
October 2026	$	-
November 2026	$	-
December 2026	$	-
January 2027	$	-
February 2027	$	-
March 2027	$	-
April 2027	$	-
May 2027	$	-
June 2027	$	-
	$	496,328.29

Town of Los Gatos
Investment Schedule
August 31, 2026

Institution	CUSIP #	Security	Coupon		Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity or Call
Apple	037833DB3	Corporate Bond	2.90%		12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,281,501.00	52,910.00		6/12/2027	4.19%	$ 121,687.22	$ 189,288.22	$ 9,111.70	285
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%		1/17/2023	236,000.00	239,174.20	3,174.20	236,151.04	(3,023.16)		1/11/2027	3.76%	$ 33,910.25	$ 30,856.96	$ 1,518.36	133
FHLB	3130AQF65	Gov. Agency Debenture	1.25%		11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,289,171.00	128,611.60		12/21/2026	4.15%	$ 57,822.92	$ 181,301.91	$ 8,593.82	112
FHLB	3130APJH9	Gov. Agency Debenture	1.00%		1/17/2023	1,000,000.00	907,010.00	(92,990.00)	997,780.00	90,770.00		10/28/2026	4.17%	$ 33,354.17	$ 119,424.46	$ 5,876.44	58
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%		2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,693,744.00	(12,988.00)		1/6/2028	3.91%	$ 231,955.56	$ 225,992.90	$ 11,317.90	493
American Honda	02665WED9	Corporate Bond	4.70%		5/11/2023	600,000.00	608,856.00	8,856.00	600,582.00	(8,274.00)		1/12/2028	4.34%	$ 89,378.33	$ 82,594.77	$ 4,468.48	499
US Treasury	91282CEF4	US Treasury Note	2.50%		6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,486,935.00	70,308.88		3/31/2027	4.09%	$ 105,327.87	$ 181,711.12	$ 10,086.02	212
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%		7/14/2023	500,000.00	504,655.00	4,655.00	501,845.00	(2,810.00)		2/1/2028	4.37%	$ 60,502.79	$ 65,152.13	$ 3,733.30	519
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%		7/14/2023	600,000.00	596,220.00	(3,780.00)	599,460.00	3,240.00		8/23/2027	4.29%	$ 76,931.25	$ 76,093.32	$ 4,360.25	357
PNC Bank	69353RFJ2	Corporate Bond	3.25%		7/25/2023	1,000,000.00	921,490.00	(78,510.00)	982,970.00	61,480.00		12/23/2027	5.23%	$ 97,229.17	$ 147,524.43	$ 8,540.16	479
US Treasury	91282CFU0	US Treasury Note	4.13%		7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,297,816.00	7,155.40		10/31/2027	4.31%	$ 147,468.75	$ 162,872.14	$ 9,481.76	426
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%		8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,618,432.00	1,264.00		11/10/2027	5.16%	$ 236,166.67	$ 236,851.22	$ 14,119.98	436
US Treasury	912810FE3	US Treasury Note	5.50%		10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,225,776.00	(12,431.14)		8/15/2028	4.76%	$ 189,211.96	$ 159,492.42	$ 9,878.65	715
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%		10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,000,000.00	5,662.00		9/1/2026	4.96%	$ 113,208.33	$ 134,289.32	$ 8,401.55	1
US Treasury	91282CEW7	US Treasury Note	3.25%		10/16/2023	1,000,000.00	950,039.06	(49,960.94)	992,470.00	42,430.94		6/30/2027	4.73%	$ 87,961.96	$ 124,455.54	$ 7,809.96	303
US Treasury	91282CEN7	US Treasury Note	2.75%		10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,288,586.00	74,249.61		4/30/2027	4.82%	$ 89,375.00	$ 160,571.39	$ 10,231.68	242
US Treasury	91282CCH2	US Treasury Note	1.25%		12/21/2023	900,000.00	798,647.55	(101,352.45)	851,454.00	52,806.45		6/30/2028	3.99%	$ 28,430.71	$ 84,949.54	$ 5,712.44	669
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%		12/21/2023	900,000.00	845,676.00	(54,324.00)	898,785.00	53,109.00		9/24/2026	4.22%	$ 38,109.38	$ 92,315.93	$ 6,207.80	24
US Treasury	91282CFB2	US Treasury Note	2.75%		1/2/2024	1,000,000.00	960,354.91	(39,645.09)	986,820.00	26,465.09		7/31/2027	3.95%	$ 70,917.12	$ 96,185.71	$ 6,553.31	334
US Treasury	91282CHE4	US Treasury Note	3.63%		1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,778,346.00	3,160.28		5/31/2028	3.97%	$ 154,567.63	$ 173,911.85	$ 12,047.52	639
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%		2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,403,094.00	6,566.00		7/25/2027	4.93%	$ 168,653.10	$ 166,143.66	$ 11,705.58	328
US Bancorp	91159HJF8	Corporate Bond	4.55%		2/5/2024	1,000,000.00	989,200.00	(10,800.00)	999,330.00	10,130.00		7/22/2027	4.89%	$ 112,057.67	$ 116,642.74	$ 8,255.54	325
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%		3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,687,964.00	(17.00)		3/20/2029	4.28%	$ 138,691.67	$ 163,757.14	$ 12,321.53	932
US Treasury	9128285M8	US Treasury Note	3.13%		4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,168,692.00	44,859.86		11/15/2028	4.69%	$ 76,545.34	$ 117,561.57	$ 9,214.69	807
Cisco Systems	17275RBR2	Corporate Bond	4.85%		5/15/2024	1,000,000.00	999,130.00	(870.00)	1,005,180.00	6,050.00		1/26/2029	4.87%	$ 110,606.94	$ 103,505.53	$ 8,269.77	879
Home Depot	437076CW0	Corporate Bond	4.90%		5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,006,520.00	4,730.00		3/15/2029	4.86%	$ 93,644.44	$ 103,121.00	$ 8,260.34	927
Treasury	91282CJR3	US Treasury Note	3.75%		5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,183,308.00	28,678.98		12/31/2028	4.68%	$ 93,708.79	$ 114,284.87	$ 9,323.24	853
Citibank	17325FBK3	Corporate Bond	4.84%		8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,254,287.50	(8,775.00)		7/6/2029	4.60%	$ 119,438.12	$ 108,325.83	$ 9,819.01	1040
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%		9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,058,629.00	47,905.00		10/8/2027	3.56%	$ 13,016.67	$ 67,182.14	$ 6,330.23	403
US Treasury	91282CFL0	US Treasury Note	3.88%		12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,082,730.00	(5,414.31)		9/30/2029	4.12%	$ 56,442.99	$ 70,894.37	$ 7,657.58	1126
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%		2/12/2025	505,000.00	508,253.21	3,253.21	505,505.00	(2,748.21)		12/14/2029	4.35%	$ 30,426.25	$ 30,390.32	$ 3,745.92	1201
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%		3/12/2025	1,000,000.00	998,480.00	(1,520.00)	992,940.00	(5,540.00)		3/7/2028	3.93%	$ 38,211.81	$ 51,089.86	$ 6,668.57	554
Treasury	91282CJF9	US Treasury Note	4.88%		3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,111,253.00	(18,914.75)		10/31/2028	4.04%	$ 58,069.06	$ 56,493.38	$ 7,681.12	792
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%		4/30/2025	1,000,000.00	1,005,644.00	5,644.00	998,730.00	(6,914.00)		12/18/2029	4.23%	$ 54,493.07	$ 54,018.19	$ 7,861.80	1205
US Treasury	91282CNG2	US Treasury Note	4.00%		6/30/2025	660,000.00	665,184.24	5,184.24	649,532.40	(15,651.84)		5/31/2030	3.82%	$ 24,236.08	$ 25,346.41	$ 4,305.42	1369
US Treasury	91282CMG3	US Treasury Note	4.25%		8/4/2025	825,000.00	842,308.43	17,308.43	819,777.75	(22,530.68)		1/31/2030	3.74%	$ 34,681.39	$ 28,219.67	$ 5,301.88	1249
US Treasury	91282CMA6	US Treasury Note	4.13%		8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,188,708.00	(30,139.77)		11/30/2029	3.72%	$ 37,868.86	$ 38,167.38	$ 7,658.18	1187
US Treasury	91282CHR5	US Treasury Note	4.00%		9/23/2025	950,000.00	967,036.38	17,036.38	934,002.00	(33,034.38)		7/31/2030	3.59%	$ 32,423.92	$ 26,458.71	$ 5,858.71	1430
US Treasury	91282CGQ8	US Treasury Note	4.00%		10/3/2025	1,000,000.00	1,013,362.72	13,362.72	985,660.00	(27,702.72)		2/28/2030	3.67%	$ 36,353.59	$ 27,346.70	$ 6,279.61	1277
State Street Corp	857477DB6	Corporate Bond	4.83%		11/10/2025	580,000.00	596,535.80	16,535.80	580,678.60	(15,857.20)		3/24/2030	4.13%	$ 12,772.51	$ 15,415.70	$ 4,119.71	1301
US Treasury	91282CKA8	US Treasury Note	4.13%		12/17/2025	1,150,000.00	1,157,775.34	7,775.34	1,150,701.50	(7,073.84)		2/15/2027	3.52%	$ 31,453.12	$ 21,775.81	$ 6,923.59	168
US Treasury	91282CHW4	US Treasury Note	4.13%		12/17/2025	1,150,000.00	1,170,308.54	20,308.54	1,135,268.50	(35,040.04)		8/31/2030	3.71%	$ 33,284.88	$ 23,038.22	$ 7,324.97	1461
US Treasury	91282CHZ7	US Treasury Note	4.63%		1/13/2026	1,050,000.00	1,089,087.89	39,087.89	1,055,701.50	(33,386.39)		9/30/2030	3.75%	$ 10,272.84	$ 18,536.39	$ 6,840.81	1491
Morgan Stanley Pvt Bank	61776NU43	Corporate Bond	4.21%		2/26/2026	1,250,000.00	1,254,137.50	4,137.50	1,228,437.50	(25,700.00)		2/8/2029	4.09%	$ 22,820.42	$ 17,414.89	$ 8,707.45	892
John Deere Capital Corp	24422EXN4	Corporate Bond	4.90%		3/17/2026	1,000,000.00	1,024,660.00	24,660.00	998,920.00	(25,740.00)	1,361.11	3/7/2031	4.34%	$ (1,361.11)	$ 12,670.06	$ 7,481.37	1649
US Treasury	91282CLC3	US Treasury Note	4.00%		4/6/2026	1,050,000.00	1,053,691.41	3,691.41	1,038,103.50	(15,587.91)		7/31/2029	3.88%	$ 13,458.56	$ 9,521.94	$ 6,945.41	1065
US Treasury	91282CMB4	US Treasury Note	4.00%		4/6/2026	1,050,000.00	1,052,378.91	2,378.91	1,046,188.50	(6,190.41)		12/15/2027	3.86%	$ 8,076.92	$ 9,453.63	$ 6,895.59	471
Bank of America	06051GMY2	Corporate Bond	4.48%		6/1/2026	1,250,000.00	1,244,325.00	(5,675.00)	1,235,075.00	(9,250.00)	5,907.15	4/23/2029	4.65%	$ (5,907.15)	$ 4,602.04	$ 9,838.83	966
US Treasury	91282CKN0	US Treasury Note	4.63%		6/15/2026	650,000.00	662,037.33	12,037.33	653,276.00	(8,761.33)	3,757.81	4/30/2031	4.20%	$ (3,757.81)	$ 1,134.01	$ 4,687.23	1703
US Treasury	91282CJG7	US Treasury Note	4.88%		6/15/2026	650,000.00	667,801.01	17,801.01	659,600.50	(8,200.51)	3,960.94	10/31/2030	4.18%	$ (3,960.94)	$ 1,135.24	$ 4,692.31	1522
US Treasury	91282CMW8	US Treasury Note	3.75%		6/15/2026	600,000.00	596,580.14	(3,419.86)	594,540.00	(2,040.14)	3,750.00	4/15/2028	4.07%	$ (3,750.00)	$ 1,001.22	$ 4,138.38	593
American Express Co	025816ET2	Corporate Bond	4.44%		7/17/2026	600,000.00	594,702.00	(5,298.00)	593,250.00	(1,452.00)	5,406.87	5/3/2029	4.78%	$ (5,406.87)	$ -	$ 3,520.85	976
US Treasury	91282CJX0	US Treasury Note	4.00%		8/5/2026	1,000,000.00	986,800.23	(13,199.77)	980,230.00	(6,570.23)	543.48	1/31/2031	4.33%	$ (543.48)	$ -	$ 3,058.58	1614
Subtotal						$ 54,956,000.00	$ 54,189,653.66	$ (766,346.34)	$ 54,594,437.79	$ 404,784.13	$ 24,687.36			$ 3,500,538.69	$ 4,330,483.88	$ 389,744.90	
BNY MM		Money Market					219,116.16		219,116.16	0.00			0.00%				1
LAIF		State Investment Pool					15,910,114.99		15,892,174.46	(17,940.53)			3.86%			102,434.62	1
							70,318,884.81		**$70,705,728.41**	**$386,843.60**	**$24,687.36**			$ 3,500,538.69	$ 4,330,483.88	$ 492,179.52	
Matured Assets																	
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%		7/17/2023	500,000.00	501,957.50	1,957.50				7/17/2026	4.48%	$ 69,375.00	$ 66,434.16	$ 1,046.69	
State Street Corp	857477CD3	Corporate Bond	5.27%		4/30/2025	800,000.00	811,184.00	11,184.00				8/3/2026	4.04%	$ 53,071.47	$ 38,867.24	$ 3,102.08	
Total Interest from Matured Investments																$ 4,148.77	
Total Interest FY 2025-26, Matured and Current																$ 496,328.29	

Maturity Profile

	Amount	Percent
0-1 year	$ 30,185,659.57	43%
1-2 years	$14,119,765.06	20%
2-3 years	$12,507,448.32	18%
3-5 years	$ 13,506,011.86	19%
	$70,318,884.81	100%

Town of Los Gatos
Investment Transaction Detail
August 31, 2026

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
8/3/2026	857477CD3	STATE STREET CORP 5.272% 03AUG2026 CALLABLE	BOND INTEREST	8/3/2026	8/3/2026	800,000.00	0.000%	8/3/2026	-	-	21,088.00	21,088.00
8/3/2026	857477CD3	STATE STREET CORP 5.272% 03AUG2026 CALLABLE	REDEMPTION	8/3/2026	8/3/2026	800,000.00	0.000%	8/3/2026	100.00	800,000.00	-	800,000.00
8/5/2026	91282CJX0	USA TREASURY 4% 31JAN2031	PURCHASE	8/4/2026	8/5/2026	1,000,000.00	4.000%	1/31/2031	98.68	986,800.23	543.48	987,343.71
8/4/2026	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	8/4/2026	8/4/2026	296.19	0.000%		100.00	-	-	296.19
8/6/2026	17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	BOND INTEREST	8/6/2026	8/6/2026	1,250,000.00	4.838%	8/6/2029	-	-	30,237.50	30,237.50
8/10/2026	61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	BOND INTEREST	8/8/2026	8/8/2026	1,250,000.00	4.213%	2/8/2030	-	-	27,208.96	27,208.96
8/17/2026	912810FE3	USA TREASURY 5.5% 15AUG2028	BOND INTEREST	8/15/2026	8/15/2026	1,200,000.00	5.500%	8/15/2028	-	-	33,000.00	33,000.00
8/17/2026	91282CKA8	USA TREASURY 4.125% 15FEB2027	BOND INTEREST	8/15/2026	8/15/2026	1,150,000.00	4.125%	2/15/2027	-	-	23,718.75	23,718.75
8/24/2026	3133EPBM6	FEDERAL FARM CREDIT BANK 4.125% 23AUG2027	BOND INTEREST	8/23/2026	8/23/2026	600,000.00	4.125%	8/23/2027	-	-	12,375.00	12,375.00
8/26/2026	17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	BOND INTEREST	8/26/2026	8/26/2026	1,000,000.00	4.850%	2/26/2029	-	-	24,250.00	24,250.00
8/31/2026	91282CHW4	USA TREASURY 4.125% 31AUG2030	BOND INTEREST	8/31/2026	8/31/2026	1,150,000.00	4.125%	8/31/2030	-	-	23,718.75	23,718.75
8/31/2026	91282CGQ8	USA TREASURY 4% 28FEB2030	BOND INTEREST	8/31/2026	8/31/2026	1,000,000.00	4.000%	2/28/2030	-	-	20,000.00	20,000.00

TOWN OF LOS GATOS, CA

Insight ESG ratings as of August 31, 2026

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
025816ET2	AMERICAN EXPRESS CO 4.444% 03MAY2030 (CALLABLE 03MAY29)	5/3/2030	600,000	601,961	A-	A2	3	1	3	4
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	604,495	BBB+	A3	3	2	3	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,299,438	AA+	Aaa	5	3	5	4
06051GMY2	BANK OF AMERICA CORP 4.477% 23APR2030 (CALLABLE 23APR29)	4/23/2030	1,250,000	1,255,237	A-	A1	3	1	3	4
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,006,042	AA-	A1	3	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,258,754	A+	Aa3	3	1	2	5
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	513,374	A+	Aa3	3	3	3	3
24422EXN4	JOHN DEERE CAPITAL CORP 4.9% 07MAR2031	3/7/2031	1,000,000	1,022,651	A	A1	2	1	2	4
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,025,287	A	A2	2	2	3	3
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,410,088	A	A1	3	2	3	4
61776NU43	MORGAN STANLEY PVT BANK 4.213% 08FEB2030 (CALLABLE 08FEB29)	2/8/2030	1,250,000	1,232,032	A+	Aa3	3	1	3	5
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	986,594	A	A2	3	3	3	3
857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	4/24/2030	580,000	590,672	A	Aa3	1	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,645,350	A+	A1	1	1	2	4
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,004,257	A	A3	3	2	3	4
Total Corporate / weighted average			**15,330,000**	**15,456,232**			**3**	**2**	**3**	**4**

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

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July	August 2026				Estimated Fund Balance 8/31/2026*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,300,000	-	-	-	-	-	1,300,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	18,480,465	(4,448,527)	7,156,843	(4,234,900)	-	-	16,953,881
	General Fund Total	44,032,732	(4,448,527)	7,156,843	(4,234,900)	-	-	42,506,148

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2026*	Increase/ (Decrease) July	August 2026 Current Revenue	August 2026 Current Expenditure	August 2026 Transfer In	August 2026 Transfer Out	Estimated Fund Balance 8/31/2026*
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	665,021	(20,890)	26,256	(14,111)	-	-	656,276
231-236	Landscape & Lighting Districts	196,158	-	-	(2,080)	-	-	194,078
251	Los Gatos Theatre	568,006	14,948	30,082	(7,838)	-	-	605,198
261-264,269	Library Trusts	559,549	(3,471)	75,000	(2,240)	-	-	628,838
	Special Revenue Total	2,155,387	(9,413)	131,338	(26,269)	-	-	2,251,043
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,084,985	(81,752)	10,440	(919,635)	-	-	15,094,038
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	286,052	12,619	-	(162,248)	-	-	136,423
461-463	Storm Basin Projects	2,985,906	-	14,370	(89,979)	-	-	2,910,297
471	Traffic Mitigation Projects	666,482	-	-	-	-	-	666,482
472	Utility Undergrounding Projects	3,794,440	-	-	-	-	-	3,794,440
481	Gas Tax Projects	2,857,185	(207)	173,118	(1,527,356)	-	-	1,502,740
	Capital Projects Total	27,494,654	(69,340)	197,928	(2,699,218)	-	-	24,924,024
	INTERNAL SERVICE FUNDS							
611	Town General Liability	131,050	(1,257,869)	-	(3,627)	-	-	(1,130,446)
612	Workers Compensation	2,026,390	(575,658)	94,489	(35,953)	-	-	1,509,268
621	Information Technology	2,157,187	(542,136)	10,785	(60,650)	-	-	1,565,186
631	Vehicle & Equipment Replacement	4,895,601	(488)	-	-	-	-	4,895,113
633	Facility Maintenance	813,454	(32,602)	2,083	(91,235)	-	-	691,700
	Internal Service Funds Total	10,023,682	(2,408,753)	107,357	(191,465)	-	-	7,530,821
	Trust/Agency							
942	RDA Successor Agency	(1,285,100)	(1,773,206)	-	(14,787)	-	-	(3,073,093)
	Trust/Agency Fund Total	(1,285,100)	(1,773,206)	-	(14,787)	-	-	(3,073,093)
	Total Town	**82,421,355**	**(8,709,239)**	**7,593,466**	**(7,166,639)**	**-**	**-**	**74,138,943**

* Interfund transfers to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance $703,276.12

111-23521 BMP Housing deposit account balance $3,541,413.46

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 5

DATE: October 9, 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 25, 2026, October 2, 2026, and October 9, 2026, and ratify and approve the Payroll Report dated October 2, 2026.

FISCAL IMPACT:

Approval and ratification of the reports will have no additional fiscal impact. The reports document $3,584,148.84 in payments previously issued, consisting of $2,615,178.84 in accounts payable payments and $968,970.00 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

(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 payroll reports to the Town Council for ratification and approval in accordance with the payroll presentation requirements described in the Background section. Staff also presents accounts payable check registers on the consent calendar for regular Town Council meetings to provide transparency and Council oversight.

Accounts payable and payroll for the following periods have been audited and approved by staff for the following payments:

Type	Check Date	Amount
Accounts Payable	September 25, 2026	$ 310,932.50
Accounts Payable	October 2, 2026	$ 1,747,904.69
Accounts Payable	October 9, 2026	$ 556,341.65
Payroll	October 2, 2026	$ 968,970.00
Combined Accounts Payable and Payroll Total		**$ 3,584,148.84**

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:

Staff requests Town Council ratification and approval of the Payroll Report dated October 2, 2026. Presenting the accounts payable registers provides additional transparency and Council oversight as an administrative best practice.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:
1. Accounts Payable Register for 09/25/26
2. Accounts Payable Register for 10/02/26
3. Accounts Payable Register for 10/09/26
4. Payroll by Location for 10/02/26

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-25-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163688	09/25/2026	AIRGAS INC	5527305327	SUPPLIES	1115402	61265	$ 109.12
163688 Total							$ 109.12
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	11WMXQGYL6LY	CREDIT MEMO	1114201	61111	$ (87.34)
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1CG9FL6WV9VV	SUPPLIES	1117204	61132	$ 95.82
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1F3T7D3J9YGK	SUPPLIES	1117204	61132	$ 114.86
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1G4YKFXWG9LD	SUPPLIES	1117204	61132	$ 137.28
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1P4DNKJFG49M	SUPPLIES	1117201	61191	$ 93.95
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1RM67KDW43YJ	SUPPLIES	4118733	82405	$ 142.47
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1TPQ9KNDVJ93	SUPPLIES	1114202	61175	$ 205.86
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1VGVHYLDQCLL	SUPPLIES	1112201	64122	$ 593.00
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1WYK9C3KHCYG	SUPPLIES	1117202	61192	$ 150.70
163689	09/25/2026	AMAZON CAPITAL SERVICES INC	1YVPDVXTLFGG	SUPPLIES	1117201	61191	$ 137.45
163689 Total							$ 1,584.05
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1G4YKFXWG3C4	SUPPLIES	2617301	62415	$ 54.90
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1HL4NVC7PXL7	SUPPLIES	1117101	61111	$ 43.46
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1MYQDVWT6KVD	SUPPLIES	2617301	62421	$ 17.73
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1R7GJMQXJ4PD	SUPPLIES	1117201	61191	$ 19.89
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1TPQ9KNDVFXQ	SUPPLIES	1114202	61175	$ 66.79
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1TYNJK6GMC7T	SUPPLIES	2617301	62424	$ 72.72
163690	09/25/2026	AMAZON CAPITAL SERVICES INC	1X43W69MKQTM	SUPPLIES	1112106	62437	$ 61.44
163690 Total							$ 336.93
163691	09/25/2026	ASSOCIATION OF BAY AREA GOVERNMENTS	1004063	FY 2026-2027 ABAG ANNUAL DUES	1111201	62152	$ 10,946.00
163691 Total							$ 10,946.00
163692	09/25/2026	AT&T CALNET 3	000025621450	070126-073126 SERVICE	1114201	62622	$ 433.87
163692	09/25/2026	AT&T CALNET 3	000025715877	072026-081926 SERVICE	1114201	62622	$ 402.66
163692 Total							$ 836.53
163693	09/25/2026	AT&T MOBILITY	18445X081026	070326-080226 SERVICE	1114301	62631	$ 2,446.27
163693	09/25/2026	AT&T MOBILITY	18445X081026	070326-080226 SERVICE	1114201	62622	$ 1,303.69
163693	09/25/2026	AT&T MOBILITY	18445X081026	070326-080226 SERVICE	1114201	63332	$ 253.85
163693	09/25/2026	AT&T MOBILITY	18445X091026	080326-090226 SERVICE	1114301	62631	$ 2,513.19
163693	09/25/2026	AT&T MOBILITY	18445X091026	080326-090226 SERVICE	1114201	62622	$ 1,335.68
163693	09/25/2026	AT&T MOBILITY	18445X091026	080326-090226 SERVICE	1114201	63332	$ 253.85
163693 Total							$ 8,106.53
163694	09/25/2026	BAN SERVICES COMPANY INC	309581	PEST CONTROL SERVICES	6335423	62376	$ 223.00
163694 Total							$ 223.00
163695	09/25/2026	BAY AREA AIR QUALITY MGMT DISTRICT	T210354	FACILITY ID 19763 PERMIT TO OPERATE 100126-100127	6335423	62299	$ 628.00
163695 Total							$ 628.00
163696	09/25/2026	BEAR ELECTRICAL SOLUTIONS, INC	12879	AUGUST 2026 USAS	1115202	63356	$ 770.00
163696 Total							$ 770.00
163697	09/25/2026	BPS TACTICAL, INC	26031482	PATROL DUTY VEST COVER	1114301	61165	$ 920.54
163697 Total							$ 920.54
163698	09/25/2026	CANNON DESIGN GROUP	202620	SERVICES THRU 083126	1113999	68412	$ 3,000.00
163698	09/25/2026	CANNON DESIGN GROUP	202621	SERVICES THRU 083126	1113999	68412	$ 3,000.00
163698 Total							$ 6,000.00

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-25-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163699	09/25/2026	CORELOGIC INFORMATION SOLUTIONS INC	30899096	080126-083126 PERIOD	6212502	63332	$ 117.63
163699	09/25/2026	CORELOGIC INFORMATION SOLUTIONS INC	30899105	080126-083126 PERIOD	6212502	63332	$ 454.33
163699 Total							$ 571.96
163700	09/25/2026	CORODATA RECORDS MANAGEMENT INC	RS3812495	080126-083126 STORAGE	1111201	62303	$ 155.32
163700 Total							$ 155.32
163701	09/25/2026	CORODATA SHREDDING INC	DN1598172	082526 SERVICE	1114201	62378	$ 134.39
163701 Total							$ 134.39
163702	09/25/2026	COTTON, SHIRES AND ASSOCIATES INC	926006	15470 SANTELLA DRIVE	1115999	68612	$ 2,304.56
163702 Total							$ 2,304.56
163703	09/25/2026	COUNTY OF SANTA CLARA	840	FY27 HHW CITY AUGMENTATION	1115302	63121	$ 77,563.50
163703 Total							$ 77,563.50
163704	09/25/2026	CRIME SCENE CLEANERS, INC.	95309	SERVICE POLICE CAR 1	1114301	62392	$ 320.00
163704	09/25/2026	CRIME SCENE CLEANERS, INC.	97808	SERVICE POLICE CAR 16	1114301	62392	$ 160.00
163704	09/25/2026	CRIME SCENE CLEANERS, INC.	97953	CAR 4 SERVICE	1114301	62392	$ 160.00
163704 Total							$ 640.00
163705	09/25/2026	DELL MARKETING LP	10890441049	DELL PRO 14	6212502	61133	$ 1,562.59
163705 Total							$ 1,562.59
163706	09/25/2026	DISABILITY ACCESS CONSULTANTS LLC	26-289	AUGUST 2026 SERVICES	4118734	82303	$ 1,680.00
163706 Total							$ 1,680.00
163707	09/25/2026	DIXON RESOURCES UNLIMITED	5312	AUGUST 2026 SERVICES	1115201	63264	$ 8,240.00
163707 Total							$ 8,240.00
163708	09/25/2026	EMERGENCY LIGHTING EQUIPMENT SERVICE CO	215666	BATTERY	6335423	62371	$ 7,432.01
163708 Total							$ 7,432.01
163709	09/25/2026	EWING IRRIGATION	31786784	SUPPLIES	1115301	61215	$ 662.49
163709 Total							$ 662.49
163710	09/25/2026	FJM TRUCK & TRAILER CENTER LLC	INV-00013797	SMOKE OPACITY TEST	1115402	62392	$ 200.00
163710 Total							$ 200.00
163711	09/25/2026	FRANK AND GROSSMAN LANDSCAPE	42146	SEPTEMBER 2026 JANITORIAL SERVICES	6335423	63351	$ 16,278.75
163711 Total							$ 16,278.75
163712	09/25/2026	FRONTIER CALIFORNIA INC	3540009-091226	091226-101126 SERVICE	6335423	62631	$ 394.78
163712	09/25/2026	FRONTIER CALIFORNIA INC	3564957-090426	090426-100326 SERVICE	1114201	62622	$ 125.81
163712 Total							$ 520.59
163713	09/25/2026	GEORGIA J EATON	110158	AUGUST 2026 SERVICES	1115301	62376	$ 1,970.00
163713 Total							$ 1,970.00
163714	09/25/2026	GLOBAL WATER TECHNOLOGY INC	202743	AUGUST 2026 SERVICES	6335423	61219	$ 459.43
163714 Total							$ 459.43
163715	09/25/2026	GLOCK PROFESSIONAL INC	TRP/100233391	091726 ARMORER COURSE T FLEMING	1114301	64111	$ 300.00
163715 Total							$ 300.00
163716	09/25/2026	GRAINGER	9065007446	SUPPLIES	1115401	61275	$ 169.50
163716	09/25/2026	GRAINGER	9068182733	SUPPLIES	6335423	61214	$ 47.09
163716 Total							$ 216.59
163717	09/25/2026	GREEN HALO SYSTEMS INC	6787	SEPTEMBER 2026 SERVICE	6212502	63332	$ 192.00
163717 Total							$ 192.00
163718	09/25/2026	INGRAM LIBRARY SERVICE LLC	98970048	BOOKS	1117202	61192	$ 2,231.12

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-25-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163718	09/25/2026	INGRAM LIBRARY SERVICE LLC	98970048	BOOKS	1117201	61191	$ 4,658.04
163718 Total							$ 6,889.16
163719	09/25/2026	JARVIS FAY LLP	22497	081326 SERVICE	1111301	63215	$ 276.50
163719	09/25/2026	JARVIS FAY LLP	22498	080326-081426 SERVICE	1111301	63215	$ 395.00
163719	09/25/2026	JARVIS FAY LLP	22499	083126 SERVICE	1111301	63215	$ 177.50
163719 Total							$ 849.00
163720	09/25/2026	LC ACTION POLICE SUPPLY LTD	490688	SUPPLIES	1114301	61253	$ 654.66
163720 Total							$ 654.66
163721	09/25/2026	LIEBERT CASSIDY WHITMORE	330825	SERVICES THROUGH 073126	1112201	63214	$ 1,154.00
163721	09/25/2026	LIEBERT CASSIDY WHITMORE	330826	SERVICES THROUGH 073126	1112201	63214	$ 49.00
163721	09/25/2026	LIEBERT CASSIDY WHITMORE	333115	SERVICES THROUGH 083126	1112201	63214	$ 2,943.00
163721	09/25/2026	LIEBERT CASSIDY WHITMORE	333116	SERVICES THROUGH 083126	1112201	63214	$ 2,200.50
163721 Total							$ 6,346.50
163722	09/25/2026	LOS GATOS PUBLIC MEDIA INC DBA KCAT	103176	CABLECASTING PER CONTRACT	1111201	63311	$ 5,250.00
163722	09/25/2026	LOS GATOS PUBLIC MEDIA INC DBA KCAT	103177	AUGUST 2026 CABLECASTING	1111201	63311	$ 5,250.00
163722 Total							$ 10,500.00
163723	09/25/2026	LOS GATOS SARATOGA DEPT OF	083126TOLG	080426 SERVICE	1112201	64433	$ 192.00
163723 Total							$ 192.00
163724	09/25/2026	LWP CLAIMS SOLUTIONS INC	26826	SEPTEMBER 2026 CLAIMS ADMINISTRATION	6122202	65521	$ 5,025.58
163724 Total							$ 5,025.58
163725	09/25/2026	MIDWEST TAPE	509367341	DVDS	1117201	61191	$ 390.91
163725	09/25/2026	MIDWEST TAPE	509367342	DVDS	1117201	61191	$ 378.64
163725	09/25/2026	MIDWEST TAPE	509367344	DVDS	1117201	61191	$ 33.99
163725 Total							$ 803.54
163726	09/25/2026	NORMANDIN CHRYSLER JEEP DODGE	219555	AUTO PARTS	1115402	61265	$ 160.38
163726 Total							$ 160.38
163727	09/25/2026	O'BRIEN CODE CONSULTING, INC,	2026001085	B26-0576 176 & 176-A LOMA ALTA AVENUE	1113999	68416	$ 3,306.48
163727	09/25/2026	O'BRIEN CODE CONSULTING, INC,	2025001044TM	B25-0183 309 NSC AVENUE	1113999	68416	$ 750.00
163727	09/25/2026	O'BRIEN CODE CONSULTING, INC,	2025001163TM	B25-1147 PLAN CHECK	1113999	68416	$ 300.00
163727	09/25/2026	O'BRIEN CODE CONSULTING, INC,	2026001020TM	B26-0158 555 KNOWLES DRIVE	1113999	68416	$ 300.00
163727 Total							$ 4,656.48
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-115633	AUTO PARTS	1115402	61265	$ 122.55
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-115792	AUTO PARTS	1115402	61265	$ 149.19
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117224	AUTO PARTS	1115402	61265	$ 23.22
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-117226	AUTO PARTS	1115402	61265	$ 76.89
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118243	CREDIT MEMO	1115402	61265	$ (22.00)
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118797	AUTO PARTS	1115402	61265	$ 40.87
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118807	AUTO PARTS	1115402	61265	$ 87.88
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118843	AUTO PARTS	1115402	61265	$ 92.27
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118926	AUTO PARTS	1115402	61265	$ 34.06
163728	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-119144	SUPPLIES	1115402	61265	$ 87.26
163728 Total							$ 692.19
163729	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-115870	AUTO PARTS	1115402	61265	$ 17.40
163729	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-118914	AUTO PARTS	1115402	61265	$ 17.44

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 09-25-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163729	09/25/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-119065	AUTO PARTS	1115402	61265	$ 18.98
163729 Total							$ 53.82
163730	09/25/2026	OCLC, INC.	1000521454	080126-083126 EAUDIOBOOK/EBOOK	1117201	61191	$ 899.07
163730	09/25/2026	OCLC, INC.	1000521469	080126-083126 EAUDIOBOOK/EBOOK	1117201	61191	$ 1,120.34
163730 Total							$ 2,019.41
163731	09/25/2026	ODP BUSINESS SOLUTIONS	479458630001	SUPPLIES	6335423	61112	$ 39.34
163731	09/25/2026	ODP BUSINESS SOLUTIONS	481013612001	SUPPLIES	1115201	61111	$ 37.13
163731	09/25/2026	ODP BUSINESS SOLUTIONS	479458630001-01	SUPPLIES	1115101	61111	$ 71.40
163731	09/25/2026	ODP BUSINESS SOLUTIONS	479458630001-01	SUPPLIES	1115101	61111	$ 25.27
163731 Total							$ 173.14
163732	09/25/2026	OPERATION FREEDOM PAWS	25546	073026-080226 BOARDING	1114301	61174	$ 201.00
163732 Total							$ 201.00
163733	09/25/2026	ORCHARD CITY LOCK AND SAFE, INC.	87721	PD DISPATCH DEADLATCH	6335423	61214	$ 93.70
163733 Total							$ 93.70
163734	09/25/2026	PACIFIC GAS & ELECTRIC	00442-091726	081126-090926 SERVICE	1115401	62621	$ 79.54
163734	09/25/2026	PACIFIC GAS & ELECTRIC	01468-091626	081126-090926 SERVICE	6335423	62611	$ 14,450.03
163734	09/25/2026	PACIFIC GAS & ELECTRIC	01468-091626	081126-090926 SERVICE	6335423	62612	$ 220.08
163734	09/25/2026	PACIFIC GAS & ELECTRIC	08696-091626	081126-090926 SERVICE	6335423	62611	$ 69.77
163734	09/25/2026	PACIFIC GAS & ELECTRIC	08696-091626	081126-090926 SERVICE	6335423	62612	$ 8.11
163734	09/25/2026	PACIFIC GAS & ELECTRIC	10807-092126	081426-091426 SERVICE	1115401	62621	$ 156.95
163734	09/25/2026	PACIFIC GAS & ELECTRIC	17087-091726	081326-091126 SERVICE	1115401	62621	$ 95.39
163734	09/25/2026	PACIFIC GAS & ELECTRIC	43001-092126	081326-091326 SERVICE	1115401	62621	$ 329.68
163734	09/25/2026	PACIFIC GAS & ELECTRIC	47593-091026	080326-090126 SERVICE	2515408	62611	$ 6,099.30
163734	09/25/2026	PACIFIC GAS & ELECTRIC	47593-091026	080326-090126 SERVICE	2515408	62612	$ 8.11
163734	09/25/2026	PACIFIC GAS & ELECTRIC	61917-092126	081426-091426 SERVICE	1115401	62621	$ 91.08
163734	09/25/2026	PACIFIC GAS & ELECTRIC	64101-090926	073126-083126 SERVICE	1115401	62621	$ 174.05
163734	09/25/2026	PACIFIC GAS & ELECTRIC	89638-090826	073026-083026 SERVICE	1115301	62611	$ 269.59
163734 Total							$ 22,051.68
163735	09/25/2026	PACIFIC GAS & ELECTRIC	63609-091826	081426-091426 SERVICE	1115401	62621	$ 3.26
163735	09/25/2026	PACIFIC GAS & ELECTRIC	66647-092126	081426-091426 SERVICE	1115402	61264	$ 49.04
163735	09/25/2026	PACIFIC GAS & ELECTRIC	70739-090926	080326-090126 SERVICE	1115301	62611	$ 23.37
163735	09/25/2026	PACIFIC GAS & ELECTRIC	81107-091526	081026-090826 SERVICE	6335423	62611	$ 10.37
163735 Total							$ 86.04
163736	09/25/2026	PERMITIUM LLC	PER00042864	AUGUST 2026 SERVICE	1114202	64212	$ 200.00
163736 Total							$ 200.00
163737	09/25/2026	PETER L HERTAN	092326	RETURNED PAYCHECK DATED 06-17-22	1112101	51310	$ 97.27
163737 Total							$ 97.27
163738	09/25/2026	PRAHALLAD BADAMI	062326	MILEAGE REIMBURSEMENT - WORKSHOP	1115201	64211	$ 39.88
163738	09/25/2026	PRAHALLAD BADAMI	082026	MILEAGE REIMBURSEMENT - OBAG 4/CARE SCORING	1115201	64211	$ 21.28
163738 Total							$ 61.16
163739	09/25/2026	RICHARDS, WATSON & GERSHON	260059	SERVICES THROUGH 073126	1111301	63215	$ 575.00
163739 Total							$ 575.00
163740	09/25/2026	RURAL SUPPLY HARDWARE INC	8127	SUPPLIES	1115401	61275	$ 42.27
163740	09/25/2026	RURAL SUPPLY HARDWARE INC	8164	SUPPLIES	1115401	61275	$ 23.59

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163740	09/25/2026	RURAL SUPPLY HARDWARE INC	8192	SUPPLIES	1115401	61275	$ 31.84
163740 Total							$ 97.70
163741	09/25/2026	SAN JOSE BMW	287018	AUTO REPAIRS	1115402	61265	$ 548.04
163741	09/25/2026	SAN JOSE BMW	287018	AUTO REPAIRS	1115402	62392	$ 1,018.50
163741 Total							$ 1,566.54
163742	09/25/2026	SILICON VALLEY ANIMAL	2026-49	FY 26-27 2ND QUARTER PAYMENT	1111201	63114	$ 63,785.50
163742 Total							$ 63,785.50
163743	09/25/2026	SPECIALIZED ELEVATOR CORP	525167	090126-093026 THEATER SERVICE	2515408	63353	$ 325.00
163743	09/25/2026	SPECIALIZED ELEVATOR CORP	525168	090126-093026 SERVICE	6335423	63353	$ 1,625.00
163743 Total							$ 1,950.00
163744	09/25/2026	STATE OF CALIFORNIA DEPT OF JUSTICE	064099	JULY 2026 FINGERPRINTING	1112201	64433	$ 32.00
163744 Total							$ 32.00
163745	09/25/2026	SUMMIT UNIFORMS LLC	45176	UNIFORMS	1114301	61165	$ 123.20
163745 Total							$ 123.20
163746	09/25/2026	SUNWEALTH PROJECT POOL 5 LLC	INV-14819	AUGUST 2026 POLICE INVOICE	6335423	62611	$ 1,844.66
163746 Total							$ 1,844.66
163747	09/25/2026	SYSERCO INC	36134	081826-081926 SERVICE	111	21116	$ (809.40)
163747	09/25/2026	SYSERCO INC	36134	081826-081926 SERVICE	4118724	82405	$ 16,188.00
163747 Total							$ 15,378.60
163748	09/25/2026	THE ALARM COMPANY INC	366420	090126-093026 MONITORING	6335423	63362	$ 253.00
163748 Total							$ 253.00
163749	09/25/2026	TOWNSEND PUBLIC AFFAIRS INC	25962	SEPTEMBER 2026 SERVICES	1111201	63219	$ 4,000.00
163749 Total							$ 4,000.00
163750	09/25/2026	TRANSUNION RISK & ALT DATA SOLUTION	278896-202607-1	JULY 2026 BILLING	1114303	61163	$ 415.40
163750	09/25/2026	TRANSUNION RISK & ALT DATA SOLUTION	278896-202608-1	080126-083126 BILLING PERIOD	1114303	61163	$ 213.40
163750 Total							$ 628.80
163751	09/25/2026	TRUEPOINT SOLUTIONS, LLC	50243	080526-083126 SERVICE	6212502	63331	$ 3,382.50
163751 Total							$ 3,382.50
163752	09/25/2026	URBAN37 INC	2307	082926 SERVICE	1113999	68416	$ 2,674.37
163752	09/25/2026	URBAN37 INC	2308	090426 SERVICE	1113999	68416	$ 889.04
163752 Total							$ 3,563.41
163753	09/25/2026	VICKI L BLANDIN	LG26-26	TRANSCRIPTION SERVICES	1113201	62310	$ 250.00
163753	09/25/2026	VICKI L BLANDIN	LG27-26	TRANSCRIPTION SERVICES	1113201	62310	$ 150.00
163753 Total							$ 400.00
Grand Total							$ 310,932.50

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163754	10/02/2026	AFSCME COUNCIL 57	112105	AFSCME DUES PPE 09/26/26	111	21263	$ 301.86
163754 Total							$ 301.86
163755	10/02/2026	AIR SYSTEMS INC	961022021	SEPTEMBER 2026 YRC	6335423	63352	$ 416.00
163755	10/02/2026	AIR SYSTEMS INC	961022038	SEPTEMBER 2026 MAINTENANCE	6335423	63352	$ 1,159.00
163755	10/02/2026	AIR SYSTEMS INC	961022039	SEPTEMBER 2026 MAINTENANCE	6335423	63352	$ 1,317.00
163755 Total							$ 2,892.00
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	11MG9T9RKYFG	SUPPLIES	1117201	61191	$ 53.83
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	14L7N3FTWC4N	SUPPLIES	6212502	61133	$ 126.36
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	16RP717JYPFC	SUPPLIES	1117201	61191	$ 15.05
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1D37YXD4VYTN	SUPPLIES	1117201	61191	$ 85.68
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1F67H97PTKTJ	SUPPLIES	1114201	61111	$ 130.68
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1F67H97PY4NW	SUPPLIES	1117201	61191	$ 23.73
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1G64PF6T1C1D	SUPPLIES	1117201	61191	$ 89.74
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1N66T3PQWTHV	SUPPLIES	1117202	61192	$ 68.72
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1PV9XY3JWJRC	SUPPLIES	2617301	62424	$ 70.32
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1QFGKNL1KCDM	SUPPLIES	1112201	64122	$ 27.46
163756	10/02/2026	AMAZON CAPITAL SERVICES INC	1QYLQQ4J1DC9	SUPPLIES	2617301	62421	$ 92.26
163756 Total							$ 783.83
163757	10/02/2026	AMAZON CAPITAL SERVICES INC	1NPHP4PH1KV6	SUPPLIES	6335423	61214	$ 6.58
163757 Total							$ 6.58
163758	10/02/2026	AT&T CALNET 3	000025868221	082026-091926 SERVICE	1114201	62622	$ 58.69
163758 Total							$ 58.69
163759	10/02/2026	ATCHISON, BARISONE & CONDOTTI	35188	080126-083126 SERVICE	1111301	63215	$ 3,856.70
163759 Total							$ 3,856.70
163760	10/02/2026	BEAR ELECTRICAL SOLUTIONS, INC	12956	AUGUST 2026 ROUTINE SERVICE	1115401	63364	$ 3,782.00
163760	10/02/2026	BEAR ELECTRICAL SOLUTIONS, INC	12957	AUGUST 2026 TS MAINTENANCE SERVICES	1115401	63364	$ 4,595.00
163760 Total							$ 8,377.00
163761	10/02/2026	BELLECCI & ASSOCIATES	260767-3	080126-083126 SERVICES	4628316	82303	$ 9,807.20
163761	10/02/2026	BELLECCI & ASSOCIATES	260837-3	080126-083126 SERVICES	4628313	82303	$ 1,638.60
163761 Total							$ 11,445.80
163762	10/02/2026	BKF ENGINEERS	26081011	070126-072626 SERVICE	4218510	82405	$ 2,659.38
163762	10/02/2026	BKF ENGINEERS	26081011	070126-072626 SERVICE	4118510	82405	$ 913.62
163762 Total							$ 3,573.00
163763	10/02/2026	BRODART COMPANY	682998	SUPPLIES	1117101	61111	$ 232.94
163763 Total							$ 232.94
163764	10/02/2026	CANNON DESIGN GROUP	202616	SERVICES THROUGH 073126	1113999	68412	$ 3,000.00
163764	10/02/2026	CANNON DESIGN GROUP	202617	SERVICES THROUGH 073126	1113999	68412	$ 3,000.00
163764	10/02/2026	CANNON DESIGN GROUP	202619	SERVICES THROUGH 073126	1113999	68412	$ 3,000.00
163764 Total							$ 9,000.00
163765	10/02/2026	CLINTON RYOJI TADA	04/21-042425	REISSUED CHECK: PER DIEM-AXON CONF	1114101	64111	$ 177.25
163765 Total							$ 177.25
163766	10/02/2026	COBRA ADVANTAGE INC.	202100	AUGUST 2026 SERVICE	1111201	62113	$ 968.00
163766 Total							$ 968.00
163767	10/02/2026	COMCAST	0737380-092326	092826-102726 SERVICE	6212502	62614	$ 131.74
163767 Total							$ 131.74
163768	10/02/2026	CONSERVATION AMBASSADORS, INC	3966	100126 LIBRARY PROGRAM	2617301	62415	$ 950.00
163768 Total							$ 950.00

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163769	10/02/2026	COTTON, SHIRES AND ASSOCIATES INC	926003	070626-083126 SERVICE 200 HAPPY ACRES	1115999	68612	$ 2,627.06
163769 Total							$ 2,627.06
163770	10/02/2026	CSG CONSULTANTS, INC.	67552	070126-073126 SERVICES	1115999	68416	$ 16,667.25
163770	10/02/2026	CSG CONSULTANTS, INC.	67553	070126-073126 SERVICE	1115999	68416	$ 3,485.50
163770	10/02/2026	CSG CONSULTANTS, INC.	67554	070126-073126 SERVICE	1115999	68416	$ 45,562.00
163770	10/02/2026	CSG CONSULTANTS, INC.	67555	070126-073126 SERVICE	1115999	68416	$ 912.00
163770	10/02/2026	CSG CONSULTANTS, INC.	67556	070126-073126 SERVICE	1115999	68416	$ 4,959.00
163770 Total							$ 71,585.75
163771	10/02/2026	DUDEK	202607829	070126-072426 SERVICES	1113999	68413	$ 500.00
163771	10/02/2026	DUDEK	202607894R	070126-072426 SERVICE	1112105	63219	$ 6,616.25
163771 Total							$ 7,116.25
163772	10/02/2026	EOA INC	LS0323-0726	070126-073126 BILLING	1115999	68618	$ 1,912.00
163772	10/02/2026	EOA INC	LS0325-0726	070126-073126 BILLING	1115999	68618	$ 285.00
163772	10/02/2026	EOA INC	LS0326-0726	070126-073126 BILLING	1115999	68618	$ 2,414.00
163772 Total							$ 4,611.00
163773	10/02/2026	ERIN M WALTERS	10/02/26-10/06/26	PER DIEM REIMBURSEMENT - 2026 APA CONFERENCE	1113201	64111	$ 209.50
163773 Total							$ 209.50
163774	10/02/2026	FJM TRUCK & TRAILER CENTER LLC	INV-00013812	SMOKE OPACITY TEST	1115402	62392	$ 200.00
163774	10/02/2026	FJM TRUCK & TRAILER CENTER LLC	INV-00013822	SMOKE OPACITY TEST	1115402	62392	$ 200.00
163774 Total							$ 400.00
163775	10/02/2026	FRONTIER CALIFORNIA INC	1970184-092226	092226-102126 SERVICE	6212502	62614	$ 400.00
163775 Total							$ 400.00
163776	10/02/2026	GOODYEAR AUTO SERVICE CENTER	0000109892	AUTO PARTS	1115402	61265	$ 747.60
163776 Total							$ 747.60
163777	10/02/2026	GREGORIO BORROMEO	10/11/26-10/15/26	PER DIEM REIMBURSEMENT - MANAGEMENT COURSE WK3	1114101	64111	$ 387.00
163777 Total							$ 387.00
163778	10/02/2026	GROUND CONTROL INC	4	070126-073126 SERVICE	111	21116	$ (27,910.93)
163778	10/02/2026	GROUND CONTROL INC	4	070126-073126 SERVICE	4118106	82405	$ 558,218.60
163778 Total							$ 530,307.67
163779	10/02/2026	HALEY & ALDRICH INC	9074593	SERVICES THRU 073126	4118106	82303	$ 7,077.50
163779	10/02/2026	HALEY & ALDRICH INC	9074595	SERVICES THRU 073126	4118106	82405	$ 61,916.43
163779	10/02/2026	HALEY & ALDRICH INC	9075824	SERVICES THROUGH 082826	4118106	82405	$ 48,684.75
163779	10/02/2026	HALEY & ALDRICH INC	9075825	SERVICES THROUGH 082826	4118106	82303	$ 14,263.75
163779 Total							$ 131,942.43
163780	10/02/2026	ICON APPAREL GROUP	15593	LG TOTES	1112201	64122	$ 2,617.63
163780 Total							$ 2,617.63
163781	10/02/2026	ISI INSPECTION SERVICES INC	265903	070126-073126 SERVICES	4118106	82405	$ 14,772.47
163781	10/02/2026	ISI INSPECTION SERVICES INC	266026	SERVICES THRU 083126	4118106	82405	$ 21,988.25
163781 Total							$ 36,760.72
163782	10/02/2026	JOHNSON, ROBERTS, & ASSOCIATES	159088	AUGUST 2026 BILLING	1114202	64432	$ 97.50
163782 Total							$ 97.50
163783	10/02/2026	JULIE LIN-FRISS	120	092726 LIBRARY PROGRAM	2617301	62424	$ 200.00
163783 Total							$ 200.00
163784	10/02/2026	LIEBERT CASSIDY WHITMORE	323918	070126-063027 MEMBERSHIP	1112201	63214	$ 5,675.00
163784 Total							$ 5,675.00
163785	10/02/2026	LISA WISE CONSULTING INC	5377	070126-073126 PERIOD	1113202	63219	$ 3,879.75
163785 Total							$ 3,879.75

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163786	10/02/2026	LOS GATOS TOWN EMPLOYEES FOUNDATION	112106	LGTEF PPE 09/26/26	111	21264	$ 456.00
163786 Total							$ 456.00
163787	10/02/2026	LYNX TECHNOLOGIES	10722	AUGUST 2026 SERVICES	6212502	63331	$ 6,825.00
163787 Total							$ 6,825.00
163788	10/02/2026	MIDWEST MOTOR SUPPLY CO., INC.	104830109	SUPPLIES	1115402	61265	$ 1,618.45
163788 Total							$ 1,618.45
163789	10/02/2026	MIDWEST TAPE	509398237	DVDS	1117201	61191	$ 187.19
163789	10/02/2026	MIDWEST TAPE	509398238	DVDS	1117201	61191	$ 246.16
163789 Total							$ 433.35
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	148ST1-2386968745	E MORT BOOTS CREDIT	1115401	61213	$ (177.64)
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	148ST1-2584481945	K SELFRIDGE	1115202	61213	$ 180.00
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	148ST1-2668829433	D MURDOCK	6335423	61213	$ 350.00
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	148ST1-5406875	N TURNER BOOTS CREDIT	1115402	61213	$ (304.36)
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-2722028185	A HERNANDEZ	1115301	61213	$ 180.00
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-2879694741	CREDIT MEMO	1115401	61213	$ (293.83)
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-2879766633	J COVARRUBIAS	1115401	61213	$ 350.00
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-3051504721	CREDIT MEMO	1115401	61213	$ (65.97)
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-3051545961	N KALPIN	1115401	61213	$ 350.00
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-5474512	J COVARRUBIAS BOOTS CREDIT	1115401	61213	$ (350.00)
163790	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	231ST1-2743605309	A HERNANDEZ	1115401	61213	$ 180.00
163790 Total							$ 398.20
163791	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-2690371165	N KALPIN	1115401	61213	$ 65.97
163791	10/02/2026	MULTI SERVICE TECHNOLOGY SOLUTIONS	160ST1-2879763405	CREDIT MEMO	1115401	61213	$ (56.17)
163791 Total							$ 9.80
163792	10/02/2026	NINYO & MOORE GEOTECHNICAL & ENVIRONMENTAL	325217	SERVICES THROUGH 073126	4218405	82405	$ 3,820.00
163792	10/02/2026	NINYO & MOORE GEOTECHNICAL & ENVIRONMENTAL	325219	SERVICES THRU 073126	4818155	82405	$ 7,680.00
163792	10/02/2026	NINYO & MOORE GEOTECHNICAL & ENVIRONMENTAL	325218B	SERVICES THROUGH 073126	4118120	82405	$ 4,250.00
163792 Total							$ 15,750.00
163793	10/02/2026	O'BRIEN CODE CONSULTING, INC,	2026001088	B26-0602 PLAN CHECK	1113999	68416	$ 358.85
163793	10/02/2026	O'BRIEN CODE CONSULTING, INC,	2026001089	B26-0615 PLAN CHECK SERVICES	1113999	68416	$ 1,447.96
163793	10/02/2026	O'BRIEN CODE CONSULTING, INC,	2026001094	B26-0653 PLAN CHECK	1113999	68416	$ 254.99
163793	10/02/2026	O'BRIEN CODE CONSULTING, INC,	2026001094TM	B25-1150 PLAN CHECK	1113999	68416	$ 450.00
163793	10/02/2026	O'BRIEN CODE CONSULTING, INC,	2026001095TM	B25-0732 PLAN CHECK SERVICES	1113999	68416	$ 225.00
163793 Total							$ 2,736.80
163794	10/02/2026	O'GRADY PAVING INC	9699	080126-090826 SERVICE	111	21116	$ (18,183.19)
163794	10/02/2026	O'GRADY PAVING INC	9699	080126-090826 SERVICE	4818101	82405	$ 363,663.70
163794 Total							$ 345,480.51
163795	10/02/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-119569	AUTO PARTS	1115402	61265	$ 11.71
163795	10/02/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-119572	AUTO PARTS	1115402	61265	$ 36.01
163795 Total							$ 47.72
163796	10/02/2026	OCLC, INC.	1000521396	080126-083126 EAUDIOBOOK	1117201	61191	$ 338.26
163796 Total							$ 338.26
163797	10/02/2026	ODP BUSINESS SOLUTIONS	481302152001	SUPPLIES	1111101	61111	$ 55.11
163797 Total							$ 55.11
163798	10/02/2026	ORCHARD CITY LOCK AND SAFE, INC.	88225	SUPPLIES	6335423	61214	$ 18.18
163798 Total							$ 18.18
163799	10/02/2026	PACIFIC GAS & ELECTRIC	07036-092426	081426-091426 SERVICE	1115401	62621	$ 243.81

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163799	10/02/2026	PACIFIC GAS & ELECTRIC	31221-092226	072426-082426 SERVICE	1115401	62621	$ 2,647.31
163799	10/02/2026	PACIFIC GAS & ELECTRIC	34109-092426	081826-091626 SERVICE	1115301	62611	$ 259.40
163799	10/02/2026	PACIFIC GAS & ELECTRIC	46335-092226	081426-091426 SERVICE	1115401	62621	$ 69.46
163799	10/02/2026	PACIFIC GAS & ELECTRIC	52897-092226	081426-091426 SERVICE	1115301	62611	$ 4,873.10
163799	10/02/2026	PACIFIC GAS & ELECTRIC	52897-092226	081426-091426 SERVICE	1115401	62621	$ 114.60
163799	10/02/2026	PACIFIC GAS & ELECTRIC	54633-092226	081726-091526 SERVICE	6335423	62611	$ 9.86
163799 Total							$ 8,217.54
163800	10/02/2026	POLICE MANAGEMENT ASSOCIATION	112107	PMA DUES PPE 09/26/26	111	21265	$ 90.00
163800 Total							$ 90.00
163801	10/02/2026	POLICE OFFICERS ASSOCIATION	112104	POA DUES PPE 09/26/26	111	21262	$ 1,740.00
163801 Total							$ 1,740.00
163802	10/02/2026	PRECISIONWORKS LLC	56874	070626-071726 SIDEWALK OFFSET REPAIR	4118120	82405	$ 90,000.00
163802 Total							$ 90,000.00
163803	10/02/2026	PREFERRED ALLIANCE INC	0212593-IN	AUGUST 2026 SERVICES	1112201	62321	$ 82.30
163803 Total							$ 82.30
163804	10/02/2026	QLM INC	6212	070126-071626 SERVICE	111	21116	$ (8,134.50)
163804	10/02/2026	QLM INC	6212	070126-071626 SERVICE	4118120	82405	$ 162,690.00
163804	10/02/2026	QLM INC	6233	070126-073126 PERIOD	111	21116	$ (7,788.45)
163804	10/02/2026	QLM INC	6233	070126-073126 PERIOD	4218405	82405	$ 155,769.00
163804	10/02/2026	QLM INC	6258	080126-083126 PERIOD	111	21116	$ (631.30)
163804	10/02/2026	QLM INC	6258	080126-083126 PERIOD	4218405	82405	$ 12,626.00
163804 Total							$ 314,530.75
163805	10/02/2026	RANEY PLANNING & MANAGEMENT INC	2511E-15	AUGUST 2026 SERVICE	1113999	68411	$ 150.00
163805	10/02/2026	RANEY PLANNING & MANAGEMENT INC	2622E-5	AUGUST 2026 SERVICES	1113999	68411	$ 395.00
163805	10/02/2026	RANEY PLANNING & MANAGEMENT INC	2622E-4	JULY 2026 SERVICE	1113999	68411	$ 428.75
163805 Total							$ 973.75
163806	10/02/2026	RICHARD J RONDEAU III	10/12/26-10/14/26	PER DIEM REIMBURSEMENT - OIS FOR FIELD SUPERVISORS	1114301	64111	$ 215.00
163806 Total							$ 215.00
163807	10/02/2026	RICHARDS, WATSON & GERSHON	260262	SERVICES THROUGH 083126	1111301	63215	$ 839.15
163807 Total							$ 839.15
163808	10/02/2026	RURAL SUPPLY HARDWARE INC	8218	SUPPLIES	1115301	61214	$ 191.12
163808	10/02/2026	RURAL SUPPLY HARDWARE INC	8227	SUPPLIES	1115401	61275	$ 12.08
163808 Total							$ 203.20
163809	10/02/2026	SAN JOSE BMW	287130	AUTO PARTS	1115402	61265	$ 529.10
163809	10/02/2026	SAN JOSE BMW	287130	AUTO PARTS	1115402	62392	$ 871.50
163809 Total							$ 1,400.60
163810	10/02/2026	SAN JOSE WATER COMPANY	05325-092226	082426-092226 SERVICE	6335423	62613	$ 174.10
163810	10/02/2026	SAN JOSE WATER COMPANY	09595-092226	082426-092226 SERVICE	1115301	62613	$ 359.67
163810	10/02/2026	SAN JOSE WATER COMPANY	15970-092226	081826-091826 SERVICE	1115301	62613	$ 438.60
163810	10/02/2026	SAN JOSE WATER COMPANY	27204-092226	082426-092226 SERVICE	6335423	62613	$ 174.10
163810	10/02/2026	SAN JOSE WATER COMPANY	28168-092226	082426-092226 SERVICE	2515408	62613	$ 221.61
163810	10/02/2026	SAN JOSE WATER COMPANY	60886-092226	081826-091726 SERVICE	1115301	62613	$ 793.61
163810	10/02/2026	SAN JOSE WATER COMPANY	66752-092226	081826-091726 SERVICE	1115301	62613	$ 266.25
163810	10/02/2026	SAN JOSE WATER COMPANY	70771-092226	082426-092226 SERVICE	1115301	62613	$ 174.10
163810	10/02/2026	SAN JOSE WATER COMPANY	80684-092226	081826-091826 SERVICE	1115301	62613	$ 438.60
163810	10/02/2026	SAN JOSE WATER COMPANY	82653-092226	082426-092226 SERVICE	6335423	62613	$ 174.10
163810	10/02/2026	SAN JOSE WATER COMPANY	83824-092226	081726-092226 SERVICE	1115301	62613	$ 509.35

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163810 Total							$ 3,724.09
163811	10/02/2026	SAN JOSE WATER COMPANY	41134-092226	082426-092226 SERVICE	1115301	62613	$ 110.80
163811	10/02/2026	SAN JOSE WATER COMPANY	42179-092226	082426-092226 SERVICE	6335423	62613	$ 110.80
163811	10/02/2026	SAN JOSE WATER COMPANY	73060-092226	082426-092226 SERVICE	1115301	62613	$ 110.80
163811	10/02/2026	SAN JOSE WATER COMPANY	85995-092226	082426-092226 SERVICE	6335423	62613	$ 110.80
163811 Total							$ 443.20
163812	10/02/2026	SCHAAF & WHEELER, CONSULTING CIVIL ENGINEERS	43735	BILLING THROUGH 073126	4618311	82303	$ 6,155.00
163812 Total							$ 6,155.00
163813	10/02/2026	SEQUOIA ECOLOGICAL CONSULTING INC	000002026489	070126-083126 SERVICES	4118507	82303	$ 790.50
163813 Total							$ 790.50
163814	10/02/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006982873	080126-083126 BILLING PERIOD	1113201	62311	$ 202.27
163814	10/02/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006982877	080126-083126 BILLING PERIOD	1113201	62311	$ 205.66
163814	10/02/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006983713	080126-083126 BILLING PERIOD	1113201	62311	$ 200.01
163814	10/02/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006984403	LEGAL AD	4118115	82103	$ 450.87
163814	10/02/2026	SILICON VALLEY COMMUNITY NEWSPAPERS	0006985287	080126-083126 BILLING PERIOD	1113202	62311	$ 516.10
163814 Total							$ 1,574.91
163815	10/02/2026	SPECIALIZED ELEVATOR CORP	531331	SERVICE AT 100 VILLA AVE	6335423	63353	$ 955.95
163815 Total							$ 955.95
163816	10/02/2026	SYN TECH SYSTEMS INC	340337	100126-093027 MAINTENANCE	1115402	61265	$ 600.00
163816 Total							$ 600.00
163817	10/02/2026	TOWN EMPLOYEES ASSOCIATION	112103	TEA DUES PPE 09/26/26	111	21261	$ 1,375.90
163817 Total							$ 1,375.90
163818	10/02/2026	TRAFFIC AND PARKING CONTROL CO LLC	I830403	SPEEDALERT 18 RADAR MESSAGE SIGN	6315421	81112	$ 15,448.20
163818 Total							$ 15,448.20
163819	10/02/2026	TRANSTECH ENGINEERS INC	20265310	BILLED THRU 073126	1115201	63264	$ 2,486.25
163819	10/02/2026	TRANSTECH ENGINEERS INC	20265311	BILLED THRU 073126	4118106	82303	$ 3,478.75
163819	10/02/2026	TRANSTECH ENGINEERS INC	20265312	BILLED THRU 073126	4118405	82303	$ 6,945.00
163819	10/02/2026	TRANSTECH ENGINEERS INC	20265313	BILLED THRU 073126	4118740	82303	$ 3,798.75
163819	10/02/2026	TRANSTECH ENGINEERS INC	20265314	BILLED THRU 073126	4618311	82303	$ 6,543.75
163819	10/02/2026	TRANSTECH ENGINEERS INC	20266057	BILLED THRU 083126	1115201	63264	$ 1,560.00
163819	10/02/2026	TRANSTECH ENGINEERS INC	20266058	BILLED THRU 083126	4118106	82303	$ 2,970.00
163819	10/02/2026	TRANSTECH ENGINEERS INC	20266059	BILLED THRU 083126	4118405	82303	$ 3,753.75
163819	10/02/2026	TRANSTECH ENGINEERS INC	20266060	BILLED THRU 083126	4118740	82303	$ 14,943.75
163819	10/02/2026	TRANSTECH ENGINEERS INC	20266061	BILLED THRU 083126	4618311	82303	$ 195.00
163819 Total							$ 46,675.00
163820	10/02/2026	TRIDENT K-9 CONSULTING	1811	K9 TRAINING	1114301	64282	$ 500.00
163820	10/02/2026	TRIDENT K-9 CONSULTING	1828	K9 TRAINING	1114301	64282	$ 500.00
163820 Total							$ 1,000.00
163821	10/02/2026	URBAN37 INC	2309	083126 SERVICE	1113999	68416	$ 3,105.35
163821	10/02/2026	URBAN37 INC	2310	083026 SERVICE	1113999	68416	$ 997.43
163821	10/02/2026	URBAN37 INC	2311	082826 SERVICE	1113999	68416	$ 1,210.84
163821	10/02/2026	URBAN37 INC	2312	082826 SERVICE	1113999	68416	$ 1,295.53
163821	10/02/2026	URBAN37 INC	2313	081726 SERVICE	1113999	68416	$ 334.42
163821	10/02/2026	URBAN37 INC	2315	090326 SERVICE	1113999	68416	$ 668.86
163821	10/02/2026	URBAN37 INC	2316	091026 SERVICE	1113999	68416	$ 3,105.35
163821	10/02/2026	URBAN37 INC	2317	090826 SERVICE	1113999	68416	$ 1,674.91
163821	10/02/2026	URBAN37 INC	2318	082826 SERVICE	1113999	68416	$ 330.00

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163821 Total							$ 12,722.69
163822	10/02/2026	VERIZON BUSINESS SERVICES	73808456	SV649545 SERVICES THROUGH 083126	6335423	62631	$ 324.32
163822	10/02/2026	VERIZON BUSINESS SERVICES	73809329	SV649539 SERVICES THROUGH 083126	6335423	62631	$ 715.36
163822	10/02/2026	VERIZON BUSINESS SERVICES	73809332	SV649543 SERVICES THROUGH 083126	6335423	62631	$ 820.17
163822	10/02/2026	VERIZON BUSINESS SERVICES	73809333	SV649544 SERVICES THRU 083126	6335423	62631	$ 1,366.00
163822 Total							$ 3,225.85
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	6335423	62632	$ 65.58
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1115401	62632	$ 352.77
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1115301	62632	$ 153.02
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1115201	62632	$ 21.86
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1115101	62632	$ 21.86
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1113401	62632	$ 21.86
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	1113301	62632	$ 109.30
163823	10/02/2026	VERIZON WIRELESS	6153308919	081326-091226 SERVICE	6212502	62632	$ 114.03
163823 Total							$ 860.28
163824	10/02/2026	VICKI L BLANDIN	LG18-26	TRANSCRIPTION SERVICES	1113999	68415	$ 612.50
163824 Total							$ 612.50
163825	10/02/2026	VISIONSCAPE IMAGERY INC	6032	15495 LOS GATOS	1113999	68428	$ 7,900.00
163825	10/02/2026	VISIONSCAPE IMAGERY INC	6033	16492 LOS GATOS	1113999	68428	$ 6,400.00
163825 Total							$ 14,300.00
163826	10/02/2026	WEX HEALTH INC	0002453757-IN	AUGUST 2026 BILLING PERIOD	1111201	62116	$ 110.70
163826 Total							$ 110.70
163827	10/02/2026	WILLIAM JEFFREY HEID	090826-15343	15343 SANTELLA COURT	1113999	68419	$ 1,125.00
163827	10/02/2026	WILLIAM JEFFREY HEID	090826-16501	011326-080726 SERVICE	1113999	68419	$ 1,425.00
163827 Total							$ 2,550.00
Grand Total							**$ 1,747,904.69**

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163828	10/09/2026	AMAZON CAPITAL SERVICES INC	19PK6DHDV6KG	SUPPLIES	2617301	62424	$ 74.75
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1GCVWHPJTKJ9	SUPPLIES	1117201	61191	$ 112.16
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1GV796LL1FYC	CREDIT MEMO	1117204	61132	$ (70.66)
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1JCFHDYKLHP9	SUPPLIES	6335423	61214	$ 36.64
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1M31DMVT1Q4T	SUPPLIES	6335423	61214	$ 39.58
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1Q1PRDLY6YLG	SUPPLIES	1114201	61111	$ 228.07
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1R3GQNPYMCLT	SUPPLIES	1117201	61191	$ 25.69
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1R3MJDY9JJLQ	SUPPLIES	2617301	62424	$ 40.17
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1V4H97FHQ9VL	SUPPLIES	1117201	61191	$ 40.95
163828	10/09/2026	AMAZON CAPITAL SERVICES INC	1YQTWJCVCNVG	SUPPLIES	6335423	61214	$ 70.63
163828 Total							$ 597.98
163829	10/09/2026	AMAZON CAPITAL SERVICES INC	11HFXYXVQ4R9	SUPPLIES	1117201	61191	$ 19.77
163829	10/09/2026	AMAZON CAPITAL SERVICES INC	139FKLQKPFMR	SUPPLIES	1117202	61192	$ 8.14
163829	10/09/2026	AMAZON CAPITAL SERVICES INC	17KVL379P7D6	SUPPLIES	1117101	61111	$ 8.78
163829	10/09/2026	AMAZON CAPITAL SERVICES INC	19VGKHYQQRVP	SUPPLIES	1117202	61192	$ 19.76
163829 Total							$ 56.45
163830	10/09/2026	AMERICAN PUBLIC WORKS ASSOCIATION	000959929	PUBLIC AGENCY MEMBERSHIP/SV CHAPTER DUES	1115101	62152	$ 948.75
163830	10/09/2026	AMERICAN PUBLIC WORKS ASSOCIATION	000959929-01	PUBLIC AGENCY MEMBERSHIP/SV CHAPTER DUES	1115201	62152	$ 316.25
163830 Total							$ 1,265.00
163831	10/09/2026	AT&T CALNET 3	000025868150	082026-091926 SERVICE	1114201	62622	$ 402.66
163831 Total							$ 402.66
163832	10/09/2026	BLACKSTONE AUDIO INC	2245598	AUDIOBOOKS	1117201	61191	$ 53.35
163832 Total							$ 53.35
163833	10/09/2026	BOETHING TREELAND FARMS INC	SI-1479842	TREES	1115999	68621	$ 2,657.27
163833	10/09/2026	BOETHING TREELAND FARMS INC	SI-1479843	TREES	1115999	68621	$ 1,307.16
163833 Total							$ 3,964.43
163834	10/09/2026	CALIFORNIA ROOFING CO., INC.	26-08-18	COMPLETE NEW TART GRAVEL	4128736	82405	$ 182,440.00
163834 Total							$ 182,440.00
163835	10/09/2026	CHAPLIN AND HILL INVESTIGATIVE SERVICES LLC	LCMSPD26_7	072226-072726 SERVICE	1114101	63215	$ 675.00
163835	10/09/2026	CHAPLIN AND HILL INVESTIGATIVE SERVICES LLC	LCMSPD26_8	080326-083126 SERVICE	1114101	63215	$ 2,098.03
163835 Total							$ 2,773.03
163836	10/09/2026	CLASSIC CAR WASH	0490	AUGUST 2026 CAR WASHES	1114301	62392	$ 180.00
163836 Total							$ 180.00
163837	10/09/2026	COMCAST	0185598-092826	100326-110226 SERVICE	1114201	62622	$ 623.77
163837 Total							$ 623.77
163838	10/09/2026	COUNTY OF SANTA CLARA	IN1385818	ID#FA0252069 ENVIRONMENTAL HEALTH FEE	6335423	62324	$ 922.00
163838 Total							$ 922.00
163839	10/09/2026	CSG CONSULTANTS, INC.	67994	080126-082826 SERVICES	1115999	68416	$ 5,203.25
163839	10/09/2026	CSG CONSULTANTS, INC.	67995	080126-082826 SERVICE	1115999	68416	$ 11,766.00
163839	10/09/2026	CSG CONSULTANTS, INC.	67996	080126-082826 SERVICES	1115999	68416	$ 7,500.50
163839	10/09/2026	CSG CONSULTANTS, INC.	67997	080126-082826 SERVICES	1115999	68416	$ 868.00
163839	10/09/2026	CSG CONSULTANTS, INC.	67998	080126-082826 SERVICES	1115999	68416	$ 738.00

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163839	10/09/2026	CSG CONSULTANTS, INC.	67999	080126-082826 SERVICES	1115999	68416	$ 14,994.00
163839 Total							$ 41,069.75
163840	10/09/2026	DEMCO, INC.	7854849	SUPPLIES	1117101	61111	$ 88.14
163840 Total							$ 88.14
163841	10/09/2026	DGDG 16 LLC	269316	AUTO PARTS	1115402	61265	$ 444.31
163841 Total							$ 444.31
163842	10/09/2026	DUDEK	202608833	072526-082126 SERVICES	1115401	63219	$ 4,326.60
163842 Total							$ 4,326.60
163843	10/09/2026	EAGLED'OR AM	100226	REIMBURSEMENT - CPA LICENSE RENEWAL	1112301	62153	$ 409.20
163843 Total							$ 409.20
163844	10/09/2026	ECOSANITATION LLC	1610	091826 SERVICE	1115401	63365	$ 5,000.00
163844 Total							$ 5,000.00
163845	10/09/2026	EWING IRRIGATION	31964362	SUPPLIES	1115301	61215	$ 1,073.19
163845 Total							$ 1,073.19
163846	10/09/2026	FRONTIER CALIFORNIA INC	1884819-092826	092826-102726 SERVICE	6335423	62631	$ 5,794.29
163846	10/09/2026	FRONTIER CALIFORNIA INC	1970036-100226	100226-110126 SERVICE	6212502	62614	$ 400.00
163846	10/09/2026	FRONTIER CALIFORNIA INC	3993048-092826	092826-102726 SERVICE	1114201	62622	$ 129.39
163846 Total							$ 6,323.68
163847	10/09/2026	GOLDFARB & LIPMAN	498276	SERVICES THROUGH 083126	1111301	63215	$ 577.50
163847	10/09/2026	GOLDFARB & LIPMAN	498354	SERVICES THROUGH 083126	1111301	63215	$ 6,462.10
163847 Total							$ 7,039.60
163848	10/09/2026	GOODYEAR AUTO SERVICE CENTER	0000110082	TIRES	1115402	61265	$ 793.57
163848 Total							$ 793.57
163849	10/09/2026	GRAINGER	9078177921	SUPPLIES	1115301	61214	$ 34.81
163849	10/09/2026	GRAINGER	9078177939	SUPPLIES	1115301	61214	$ 571.50
163849	10/09/2026	GRAINGER	9080633135	SUPPLIES	1115401	61275	$ 105.05
163849	10/09/2026	GRAINGER	9080633135	SUPPLIES	1115301	61214	$ 105.05
163849	10/09/2026	GRAINGER	9084134825	SUPPLIES	1115301	61214	$ 309.13
163849	10/09/2026	GRAINGER	9084134825	SUPPLIES	1115401	61275	$ 309.13
163849	10/09/2026	GRAINGER	9085159326	SUPPLIES	6335423	61214	$ 129.67
163849 Total							$ 1,564.34
163850	10/09/2026	HOUSEKEYS INC	LG260915	SEPTEMBER 2026 SERVICES	1113501	63383	$ 12,500.00
163850 Total							$ 12,500.00
163851	10/09/2026	KIER & WRIGHT	326918	072726-083026 110 JOHNSON AVE	1115999	68615	$ 1,467.50
163851	10/09/2026	KIER & WRIGHT	326933	072726-083026 SERVICE 50 LGS RD	1115999	68615	$ 1,371.50
163851 Total							$ 2,839.00
163852	10/09/2026	LOS GATOS MEATS & SMOKEHOUSE	41426	HEALTH AND WELLNESS FAIR EXPENSE	1112201	64122	$ 1,968.00
163852 Total							$ 1,968.00
163853	10/09/2026	LOS GATOS MUSEUM ASSOCIATION	16-6-3249	101526 SERVICE	2617301	62415	$ 250.00
163853 Total							$ 250.00
163854	10/09/2026	MIDWEST TAPE	509431827	DVDS	1117201	61191	$ 42.04
163854	10/09/2026	MIDWEST TAPE	509431828	DVDS	1117201	61191	$ 46.90

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163854	10/09/2026	MIDWEST TAPE	509433810	DVDS	1117201	61191	$ 17.08
163854 Total							$ 106.02
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2365506	63363	$ 140.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2355505	63363	$ 375.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2345504	63363	$ 559.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2335503	63363	$ 46.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2325502	63363	$ 609.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	2315501	63363	$ 93.00
163855	10/09/2026	NEW IMAGE LANDSCAPE COMPANY	155155	AUGUST 2026 LANDSCAPE MAINTENANCE	1115301	63363	$ 10,148.00
163855 Total							$ 11,970.00
163856	10/09/2026	NICHOLS CONSULTING ENGINEERS	58205536	SERVICES THRU 072426	4118106	82303	$ 2,577.50
163856 Total							$ 2,577.50
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120295	AUTO PARTS	1115402	61265	$ 23.34
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120360	AUTO PARTS	1115402	61265	$ 34.06
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120362	AUTO PARTS	1115402	61265	$ 155.36
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120381	AUTO PARTS	1115402	61265	$ 22.44
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120500	AUTO PARTS	1115402	61265	$ 23.19
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120635	AUTO PARTS	1115402	61265	$ 11.62
163857	10/09/2026	O'REILLY AUTO ENTERPRISES, LLC	2572-120964	AUTO PARTS	1115402	61265	$ 125.49
163857 Total							$ 395.50
163858	10/09/2026	OCCUPATIONAL HEALTH CENTERS OF CA	92398877	090326 SERVICE	1112201	64431	$ 136.00
163858 Total							$ 136.00
163859	10/09/2026	ODP BUSINESS SOLUTIONS	477582497001	SUPPLIES	1113201	61111	$ 91.11
163859	10/09/2026	ODP BUSINESS SOLUTIONS	477640205001	SUPPLIES	1113201	61111	$ 55.45
163859	10/09/2026	ODP BUSINESS SOLUTIONS	479683523001	SUPPLIES	1114201	61111	$ 53.10
163859	10/09/2026	ODP BUSINESS SOLUTIONS	479684205001	SUPPLIES	1114201	61111	$ 7.24
163859	10/09/2026	ODP BUSINESS SOLUTIONS	479694099001	SUPPLIES	1115201	61111	$ 68.50
163859	10/09/2026	ODP BUSINESS SOLUTIONS	479696112001	SUPPLIES	6335423	61112	$ 15.47
163859	10/09/2026	ODP BUSINESS SOLUTIONS	481308433001	SUPPLIES	1112401	61111	$ 14.46
163859	10/09/2026	ODP BUSINESS SOLUTIONS	481308433001	SUPPLIES	1111201	61111	$ 14.46
163859	10/09/2026	ODP BUSINESS SOLUTIONS	481308433001	SUPPLIES	1111101	61111	$ 14.46
163859	10/09/2026	ODP BUSINESS SOLUTIONS	479694099001-01	SUPPLIES	6335423	61112	$ 3.91
163859	10/09/2026	ODP BUSINESS SOLUTIONS	481308433001-01	SUPPLIES	1111301	61111	$ 119.25
163859 Total							$ 457.41
163860	10/09/2026	PACIFIC GAS & ELECTRIC	02259-100126	082726-092526 SERVICE	1115401	62621	$ 218.94
163860	10/09/2026	PACIFIC GAS & ELECTRIC	09379-100126	082626-092426 SERVICE	6335423	62611	$ 701.56
163860	10/09/2026	PACIFIC GAS & ELECTRIC	09379-100126	082626-092426 SERVICE	6335423	62612	$ 85.78
163860	10/09/2026	PACIFIC GAS & ELECTRIC	09379-100126	082626-092426 SERVICE	1111201	72111	$ 13,002.80
163860	10/09/2026	PACIFIC GAS & ELECTRIC	32085-092426	081826-091626 SERVICE	6335423	62611	$ 25,076.17
163860	10/09/2026	PACIFIC GAS & ELECTRIC	32085-092426	081826-091626 SERVICE	6335423	62612	$ 3,135.32
163860	10/09/2026	PACIFIC GAS & ELECTRIC	50296-100126	082626-092426 SERVICE	1115301	62611	$ 45.05
163860	10/09/2026	PACIFIC GAS & ELECTRIC	73663-092426	081926-091726 SERVICE	1115401	62621	$ 14,910.83

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 10-09-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163860 Total							$ 57,176.45
163861	10/09/2026	PACIFIC WATER ART INC	78696	SEPTEMBER 2026 SERVICES	1115301	62378	$ 7,668.00
163861 Total							$ 7,668.00
163862	10/09/2026	QUADIENT INC	18196193	POSTAGE METER INK	1111201	61111	$ 386.21
163862 Total							$ 386.21
163863	10/09/2026	QUADIENT LEASING USA INC	Q2530343	101526-011427 POSTAGE LEASE	1111201	62307	$ 1,557.25
163863 Total							$ 1,557.25
163864	10/09/2026	RURAL SUPPLY HARDWARE INC	8274	SUPPLIES	6335423	61214	$ 54.14
163864 Total							$ 54.14
163865	10/09/2026	SAFETY-KLEEN SYSTEMS, INC.	100863693	SUPPLIES	1115402	61265	$ 240.00
163865 Total							$ 240.00
163866	10/09/2026	SAN JOSE WATER COMPANY	04216-092226	081826-091726 SERVICE	1115301	62613	$ 5,492.67
163866	10/09/2026	SAN JOSE WATER COMPANY	06660-092226	081826-092226 SERVICE	6335423	62613	$ 3,507.20
163866	10/09/2026	SAN JOSE WATER COMPANY	08501-092226	081826-091726 SERVICE	1115301	62613	$ 1,691.50
163866	10/09/2026	SAN JOSE WATER COMPANY	10300-092226	082126-092126 SERVICE	2225203	62613	$ 845.07
163866	10/09/2026	SAN JOSE WATER COMPANY	22767-092226	081826-091726 SERVICE	1115301	62613	$ 10,591.64
163866	10/09/2026	SAN JOSE WATER COMPANY	26334-092226	081726-091526 SERVICE	1115301	62613	$ 7,383.03
163866	10/09/2026	SAN JOSE WATER COMPANY	36725-092226	081726-092226 SERVICE	1115301	62613	$ 1,841.64
163866	10/09/2026	SAN JOSE WATER COMPANY	49851-100126	073026-092926 SERVICE	6335423	62613	$ 2,059.30
163866	10/09/2026	SAN JOSE WATER COMPANY	55379-092226	081826-092226 SERVICE	1115301	62613	$ 4,060.26
163866	10/09/2026	SAN JOSE WATER COMPANY	69838-092226	081826-091726 SERVICE	1115301	62613	$ 4,461.71
163866 Total							$ 41,934.02
163867	10/09/2026	SIERRA BUILD GROUP	INV-001	LOS GATOS MOLD REMEDIATION	4128736	82405	$ 45,950.00
163867 Total							$ 45,950.00
163868	10/09/2026	STATE OF CALIFORNIA DEPT OF JUSTICE	070567	AUGUST 2026 FINGERPRINTING	6335423	63351	$ 64.00
163868 Total							$ 64.00
163869	10/09/2026	SUMMIT UNIFORMS LLC	42081-1	UNIFORMS REVISED INV TOTAL	1114301	61165	$ 128.70
163869	10/09/2026	SUMMIT UNIFORMS LLC	CM-20	CREDIT MEMO	1114301	61165	$ (111.10)
163869 Total							$ 17.60
163870	10/09/2026	T-MOBILE USA, INC	9664777339	TIMING ADVANCE	1114201	62622	$ 50.00
163870 Total							$ 50.00
163871	10/09/2026	URBAN37 INC	2326	080426 SERVICE	1113999	68416	$ 4,379.68
163871	10/09/2026	URBAN37 INC	2327	081026 SERVICE	1113999	68416	$ 3,642.28
163871	10/09/2026	URBAN37 INC	2328	082026 SERVICE	1113999	68416	$ 685.79
163871	10/09/2026	URBAN37 INC	2329	091426 SERVICE	1113999	68416	$ 668.86
163871	10/09/2026	URBAN37 INC	2347	091726 SERVICE	1113999	68416	$ 330.00
163871	10/09/2026	URBAN37 INC	2348	091726 SERVICE	1113999	68416	$ 397.87
163871	10/09/2026	URBAN37 INC	2349	091726 SERVICE	1113999	68416	$ 601.11
163871	10/09/2026	URBAN37 INC	2350	091726 SERVICE	1113999	68416	$ 939.85
163871 Total							$ 11,645.44
163872	10/09/2026	US BANK	9783-092226	SEPTEMBER 2026 CAL CARD PAYMENT	111	21115	$ 24,287.99
163872 Total							$ 24,287.99

ACCOUNTS PAYABLE CHECK REGISTER
CHECK DATE 10-09-26

CHECK NUMBER	CHECK DATE	VENDOR NAME	INVOICE	DESCRIPTION	ORG	OBJECT	AMOUNT
163873	10/09/2026	VICKI L BLANDIN	LG28-26	TRANSCRIPTION SERVICES	1113201	62310	$ 75.00
163873 Total							$ 75.00
163874	10/09/2026	WEST VALLEY SANITATION DISTRICT	SS2156	070126-063027 SERVICES	6335423	62171	$ 18,596.48
163874 Total							$ 18,596.48
163875	10/09/2026	WEST VALLEY STORMWATER AUTHORITY	2027-02	FY2026-27 WVSA ASSESSMENT	2225203	62151	$ 20,898.00
163875 Total							$ 20,898.00
163876	10/09/2026	WESTERN STATES OIL COMPANY	870657	FUEL DELIVERY 09-16-26	1115402	61262	$ 31,130.59
163876 Total							$ 31,130.59
Grand Total							$ 556,341.65

Town of Los Gatos | Check Date 10/02/26 | Total Number of Employees

Location	Total Payroll	
1101 - TOWN COUNCIL	1,425.00	5
1301 - TOWN ATTORNEY	11,983.00	1
2101 - TOWN MANAGER	39,385.00	7
2105 - EMERGENCY PREPAREDNESS	8,977.00	2
2106 - ECONOMIC VITALITY	6,005.00	1
2201 - HUMAN RESOURCES	22,825.00	3
2301 - FINANCE	50,670.00	8
2401 - CLERK ADMINISTRATION	17,098.00	3
2501 - INFORMATION TECHNOLOGY	18,024.00	3
3101 - COMMUNITY DEVELOPMENT	119,988.00	21
4101 - POLICE	424,251.00	58
5101 - PARKS AND PUBLIC WORKS	180,577.00	40
7101 - LIBRARY	67,762.00	8
	968,970.00	160

TOWN OF LOS GATOS

COUNCIL AGENDA REPORT

MEETING DATE:

ITEM NO: 6

DATE: October 7, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a First Amendment with Foster and Foster Consulting Actuaries, Inc., to Amend the Scope of Services**

RECOMMENDATION: Authorize the Town Manager to execute a First Amendment with Foster and Foster Consulting Actuaries, Inc., to amend the scope of services.

FISCAL IMPACT:

This First Amendment will increase the scope of services only. Sufficient budget is available in Administrative Services Townwide program (1111201) the FY 2026-2027 operating budget, and the $5,600 cost of the additional services will be covered by the $20,000 contingency included in the original agreement.

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:

In October 2021, the Town of Los Gatos sent a Request for Proposals (RFP) for actuarial consulting services to sixteen qualified firms known to provide actuarial services. The opportunity was also promoted on the Town's website, What's New, and other social media platforms. Three firms responded with proposals: Actuarial Retirement Consulting, Precision Actuarial Inc., and Bartel Associates, LLC.

PREPARED BY: Diane Howard
Finance Division Manager

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

A selection panel consisting of the Finance Commission Chair, the Finance Director, Assistant Town Manager, Finance and Budget Manager, and Finance Administrative Analyst reviewed and scored the three proposals. The firms were evaluated based on their technical expertise, qualified personnel, and responsiveness to the RFP. Based upon the firm's technical expertise, proposal, interview, and references, the panel selected Bartel Associates, LLC. This selection was approved by Town Council at its January 18, 2022 meeting. At the December 20, 2022 Council was informed that Bartel Associates, LLC had been acquired by Foster and Foster Consulting Actuaries, Inc. At that same Council meeting, an Assignment of Agreement was approved assigning the Bartel agreement to Foster and Foster.

DISCUSSION:

While working with Foster & Foster, staff identified a need to clarify the scope of work for the Fiscal Year 2025–26 reports. Although Section 1 on page 2 of the original agreement states that "The report for the year ending June 30, 2026, will be done after June 30, 2026," the GASB 78 and GASB 68 report fee sections on pages 15 and 17 did not include the fees associated with preparing these reports. This created uncertainty regarding whether the reports were included in the original scope of work.

The proposed First Amendment will clarify the scope of work by explicitly including preparation of the reports listed below and incorporating the associated fees. The additional costs will be covered by the contingency included in the original agreement; therefore, the amendment will not increase the total contract amount.

- June 30, 2026 GASB 68 report for Town's CalPERS cost-sharing plan
- June 30, 2026 GASB 75 report for Town's retiree healthcare plan

CONCLUSION:

Staff recommends authorizing the Town Manager to execute a First Amendment with Foster and Foster to amend the scope of services.

ENVIRONMENTAL ASSESSMENT:

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

ATTACHMENTS:
1. First Amendment to Foster and Foster Agreement
2. Assignment Agreement
3. Original Bartel Agreement

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled Foster and Foster Consulting Actuaries Inc Assignment Agreement dated December 20, 2022, made by and between the Town of Los Gatos, ("Town,") and Foster & Foster Consulting Actuaries, Inc. (“Contractor”), a Corporation and whose address is 13420 Parker Commons Boulevard, Suite 104 Fort Myers FL 33912.

A. Town and Contractor entered into an Assignment Agreement for Services on December 20, 2022 (“Agreement”).

B. The parties wish to amend the Agreement in order to add additional scope of work and increase compensation.

AMENDMENT

A. Section 2.1: Scope of Services is hereby amended to include the services listed in Exhibit A.

B. All other terms and conditions of the Agreement remain in full force and effect.

Attachments:

A - Additional Scope of Services Proposal

TOWN OF LOS GATOS	Foster and Foster Consulting Actuaries, Inc
SIGNATURE	**SIGNATURE**
Chris Constantin	Bradley Heinrichs
FULL NAME	**CONTRACTOR SIGNATORY'S FULL NAME**
Town Manager	CEO
TITLE	**CONTRACTOR SIGNATORY'S TITLE**
DATE SIGNED	**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.

Exhibits List

A - Additional Scope of Services Proposal

Exhibit A

Additional Scope of Services Proposal

August 25, 2026

Diane Howard
Finance Division Manager
Town of Los Gatos

Re: Actuarial Services – June 30, 2026 GASB 68 and GASB 75 Reporting

Dear Ms. Howard:

Foster & Foster, following Assignment of Agreement, entered into an actuarial services agreement on January 31, 2022 which remains in effect until January 31, 2027.

As part of this agreement, the fee schedule did not include performance of the following reports which are expected to be completed prior to expiration of the project:

- June 30, 2026 GASB 68 report for Town's CalPERS cost-sharing plan
- June 30, 2026 GASB 75 report for Town's retiree healthcare plan

Foster & Foster has prepared these reports for the Town for the past several years and is prepared to provide the Town with these actuarial consulting services with expected completion in September 2026.

FEES

The schedule below includes our fixed fee pricing for these reports which reflect the same pricing established under the current agreement for the June 30, 2025 reporting.

Project	Fees
June 30, 2026 GASB 75 report	3,800
June 30, 2026 GASB 68 Report for the CalPERS pension plan	1,800
Total	$ 5,600

Sincerely,

Drew Ballard, FSA, EA, MAAA
Senior Consulting Actuary

2215 Chestnut Street, Suite 2 San Francisco, CA 94123 · (650) 377-1600 · www.foster-foster.com

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ASSIGNMENT OF AGREEMENT

This ASSIGNMENT OF AGREEMENT is dated for identification this 20th day of December 2022 and assigns that certain agreement for professional actuarial services dated January 31, 2022, made by and between the Town of Los Gatos, ("Town,") , Bartel Associates, LLC.(“Consultant.”) to Foster and Foster Consulting Actuaries, Inc. (“Foster”).

RECITALS

A. Town and Consultant entered into an actuarial services Agreement on January 31, 2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Exhibit A.

B. Because Bartel Associates, LLC, was acquired by Foster and Foster Consulting Actuaries, Inc., the parties now wish to assign the Agreement to Foster.

ASSIGNMENT

1. The parties agree that the Agreement is assigned to Foster.
2. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement.

Town of Los Gatos:

DocuSigned by:
By: Laurel Prevetti
853FEEA2EB39470...
Laurel Prevetti, Town Manager

Foster and Foster Consulting Actuaries, Inc.:

DocuSigned by:
By: Bradley Heinrichs
4921D7D8B20B4C5...
Bradley Heinrichs
CEO

DocuSigned by:
By: Jonathan R. Davidson
FC415F9190FE415...
Jonathan R. Davidson, Esquire
Chief Legal Officer

Bartel:

DocuSigned by:
By:
7BF79CC0DA1F4EF...
Mary Beth Redding
Member for Manager-Managed LLC

DocuSign Envelope ID: F0E30F30-A54B-427B-A905-23C6ACA5E617

Foster and Foster Consulting Actuaries Inc.
Department Approval:

DocuSigned by:
Gitta Ungvari
8007F92FD1084FF...
Gitta Ungvari
Finance Director

Approved as to Form:

DocuSigned by:
Gabrielle Whelan
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood
BF6EBCBE2C214F8...
Wendy Wood, CMC, Town Clerk

DocuSign Envelope ID: F0E30F30-A54B-427B-A905-23C6ACA5E617

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on 01/31/22 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Bartel Associates, LLC, ("Consultant"), whose address is 411 Borel Avenue, Suite 620, San Mateo, CA 94402. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desire to engage Consultant to provide professional actuarial services.

1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on October 27, 2021, which is hereby incorporated by reference and attached as Attachment 1.

2.2 Term and Time of Performance. This contract will remain in effect from 01/31/22 to 01/31/27.

2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the these documents or information available to any

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

2.6 Compensation. Compensation for Consultant's professional services **shall not exceed $190,400**, inclusive of all costs. Payment shall be based upon Town approval of each task.

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

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

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655

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

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

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

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for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all

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certificates and endorsements are to be received and approved by the Town before work commences.

iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than $1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.

ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.

iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

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

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

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3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers 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 a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.

4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

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

Bartel Associates, LLC
411 Borel Avenue
Suite 620
San Mateo, CA 94402

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

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

Town of Los Gatos by:

DocuSigned by:
Laurel Prevetti 2/14/2022
853FEEA2EB39470...
Laurel Prevetti, Town Manager

Consultant, by:

DocuSigned by:
D56357BFE8A443E...
2/4/2022

Recommended by:

DocuSigned by:
Stephen Conway 2/4/2022
BB783C2D2B2243B...
Stephen Conway, Finance Director

Mary Elizabeth Redding
Bartel Associates, LLC

Approved as to Form:

DocuSigned by:
Robert W. Schultz 2/11/2022
2FE0938555B744C...
Robert Schultz, Town Attorney

Attest:

DocuSigned by:
Shelley Neis 2/14/2022
B96B6F65B1F34F6...
Shelley Neis, MMC, CPMC
Town Clerk

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Town of Los Gatos

Proposal for Actuarial Services

Bartel Associates, LLC
411 Borel Avenue, Suite 620
San Mateo, California 94402
Phone: 650-377-1600
October 27, 2021

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October 27, 2021

Stephen Conway
Finance Director
Town of Los Gatos
Finance Department
110 E. Main Street
Los Gatos, CA 95030

Re: Request for Proposals for Actuarial Services

Dear Mr. Conway:

We are pleased to provide our response to the Town of Los Gatos' Request for Proposals for Actuarial Services.

Our proposal includes our firm's background and qualifications, the project scope, references, our estimated fees, the staff assigned to the project, and our proposed timetable.

Please contact me if you have any questions regarding our proposal.

We look forward to hearing from you.

Sincerely,

Joseph R. D'Onofrio, FSA
Assistant Vice President

Bartel Associates
411 Borel Avenue, Suite 620
San Mateo, CA 94402
Phone: 650-377-1610
Fax: n/a
Email: jdonofrio@bartel-associates.com

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Background

Retiree Healthcare Plan (OPEB)

The Town provides healthcare benefits through the CalPERS Health Program (PEMHCA), providing a contribution equal to the PEMHCA minimum amount for employees who retire directly from the Town. The Town provides an additional amount through health reimbursement accounts for employees hired before October 1, 2018 (July 1, 2018 for AFSCME employees and August 22, 2018 for TEA employees) as follows:

The maximum additional Town contribution is:

- The Kaiser Region 1 single premium for retirees who elect single coverage, less the PEMHCA minimum amount.
- The Kaiser Region 1 single premium plus 90% of the Kaiser Region 1 premium for the coverage elected less the Kaiser Region 1 single premium for retirees who elect 2-party and family coverage, less the PEMHCA minimum amount.

The maximum amounts are determined as follows:

- Kaiser Basic premiums are used at all ages for employees who retired before February 1, 2016.
- Kaiser Basic premiums are used until Medicare eligibility and Kaiser Medicare premiums are used after Medicare eligibility for employees who retired on or after February 1, 2016.
- The total Town contribution, including the PEMHCA minimum, is subject to the "5% unequal method" PEMHCA rules. The Town joined PEMHCA in 1991.

As requested, our actuarial valuation reports will include recommended contributions and the plan's funded status. We will prepare roll-forward GASBS 75 accounting information reports and the CERBT actuarial information packet. We can meet with the Town and its auditors, as needed, to discuss and review our reports. We will assist the Town in implementing new GASB requirements and pronouncements related to the OPEB plan and will provide ongoing professional consultation.

The Town plans on entering into an agreement with the successful bidder for a period of five years starting with 2021/22 and ending with 2025/26. This period will include full biennial actuarial valuations as of June 30, 2021, June 30, 2023, and June 30, 2025.

Bartel Associates has prepared the Town's OPEB actuarial valuation reports since 2008 and its GASBS 75 accounting information reports since 2018.

CalPERS Valuation Reviews

The Town has requested the actuary provide annual reviews of its CalPERS Miscellaneous and Safety pension plans. These reviews will include projected contributions, projected funded status, and the impact of proposed Additional Discretionary Payments.

CalPERS issued its June 30, 2020 actuarial valuation reports during July 2021. It will also issue

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valuation reports as of June 30, 2021 through June 30, 2024 within the five-year contract period of 2021/22 through 2025/26. Our proposal includes CalPERS reviews for these five valuation dates. We will provide ongoing professional consultation for the Town's CalPERS pension plans.

Bartel Associates has prepared CalPERS valuation reviews for the Town since 2000.

CalPERS GASBS 68 Accounting Information Reports

CalPERS provides GASBS 68 accounting information reports for agent plans. However, it provides only information that can be used as the basis for GASBS 68 reporting but does not provide individual agency accounting information reports for risk pool plans. The Town's CalPERS Miscellaneous pension plan is an agent plan. The Town's CalPERS Safety Classic and PEPRA pension plans are risk pool plans.

The Town has requested the actuary to provide GASBS 68 accounting information reports for its Safety risk pool plans for the fiscal years ending within the five-year contract period of 2021/22 through 2025/26, that is for the four fiscal years ending June 30, 2022 through June 30, 2025. The Town has received a GASBS 68 accounting information report for the fiscal year ended June 30, 2021. The report for the year ending June 30, 2026 will be done after June 30, 2026. We will assist the Town in implementing new GASB requirements and pronouncements related to the risk pool plans and will provide ongoing professional consultation.

Bartel Associates has prepared the Town's Safety risk pool GASBS 68 accounting information reports since 2016.

Project Approach

OPEB Actuarial Valuation Process

Our OPEB actuarial valuation process includes the following steps:

- Data Collection - The Town will provide documentation of the plan provisions, healthcare providers, premiums, asset information, funding policy, and participant census information.
- Data Review - We will review the requested information and provide a list of any questions and recommendations to improve data quality, when appropriate.
- Methods and Assumptions - We will recommend the actuarial assumptions and methods with the Town's input. The actuarial assumptions used for the valuation may include discount rate, general inflation, payroll increases, healthcare trend, mortality, termination, disability, retirement, participation, healthcare plan, Medicare eligibility, marital status, spouse's age, and dependent coverage at retirement.
- Valuation Processing - We prepare actuarial valuations using ProVal software, a comprehensive and widely used and respected retirement benefit valuation system developed by Winklevoss Technologies, LLC.

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Our procedures for quality control include the checking of computer programs and calculations by a second actuary and the review of valuation results and presentation materials by senior actuaries. We keep client information secure by encrypting all files kept on our computers.

- Preliminary Results Meeting - We will meet with Town staff to review the preliminary actuarial valuation results. After the Town's review and comments, we will provide a final actuarial valuation report.
- CERBT Valuation Packet – We will provide a draft CERBT Valuation Packet required by CalPERS for agencies funding with the California Employers' Retiree Benefit Trust Fund (CERBT). Our actuarial valuation report meets all CERBT requirements.

Each OPEB valuation report we prepare includes a summary of plan provisions and participants, actuarial methods and assumptions, the valuation results and their financial impact. Our valuations include projections of costs and funding progress and studies of plan design and prefunding alternatives, when requested.

Our OPEB actuarial valuation reports include the following information:

- Summary of plan provisions
- Current funding policy
- Historical summary of benefit payments and trust contributions
- Reconciliation of trust assets since the prior valuation
- Actuarial Obligations
  - Present Value of Benefits
  - Actuarial Accrued Liability
  - Market Value and Actuarial Value of Assets
  - Unfunded Actuarial Accrued Liability
  - Normal Cost
  - Expected Benefit Payments
- Actuarial obligations broken down by cash subsidy and implicit subsidy
- Actuarially Determined Contributions
- Estimated gain/loss analysis showing the reasons for changes in the Actuarial Accrued Liability and funded status from the prior valuation
- Actuarial methods and assumptions
- Actuarial certification
- Summary of the participant data
  - Number of participants, average ages, service, payroll, etc.
  - Reconciliation of participant counts since the prior valuation
  - Active age/service distributions
  - Active employee and retiree healthcare plan and coverage elections
  - Retirement age distributions
  - Retiree coverage elections by age

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Our OPEB GASBS 75 accounting information reports include:

- Notes to Financial Statement
  - OPEB Expense
  - Changes in Net OPEB Liability
  - Net OPEB Liability Sensitivity
  - Deferred Outflows and Deferred Inflows of Resources Balances
  - Schedule of Recognition of Deferred Outflows and Inflows of Resources
  - Covered Employees
  - Significant Actuarial Assumptions
- Required Supplementary Information
  - Schedule of Changes in Total OPEB Liability
  - Schedule of Changes in Plan Fiduciary Net Position
  - Schedule of Net OPEB Liability
  - Schedule of Employer Contributions
- Actuarial Certification
- Supporting Calculations
- Draft Journal Entries

We generally need 6 to 8 weeks to complete an actuarial valuation after we receive all the requested information and the Town replies to any questions we may have after our review of the information provided. The Town should therefore provide the requested data early enough and in the format requested so we can complete the valuation in time to meet any needs the Town may have for the valuation results. We can usually provide GASBS 75 accounting information reports within 2 to 3 weeks after we have received all GASBS 75 requested information if the corresponding actuarial valuation has been completed.

CalPERS Review Process

Our CalPERS review process includes the following steps:

- Data Collection - The Town will provide the following information for both the Miscellaneous and Safety CalPERS pension plans:
  - Correspondence with CalPERS regarding any Additional Discretionary Payments made since the date of the last valuation report prepared by CalPERS.
  - Description of Employer Paid Member Contributions (EPMC) for Classic members, if any, by bargaining unit.
  - Details of any other cost-sharing arrangements, such as member-paid contributions for a portion of the employer's CalPERS contribution.
  - Budgeted payroll by CalPERS tier if the Town prefers we use their payroll projections for the report contribution projections rather than using CalPERS's assumed payroll increase assumption.
  - Debt service and its allocations between the Miscellaneous and Safety plans for any Pension Obligation Bonds issued by the Town.

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- Other CalPERS correspondence, if appropriate, to help us understand the Town's CalPERS pension commitment and any actions or changes since the date of the last actuarial valuation.

- Processing - We prepare our CalPERS reviews using the results provided in CalPERS' valuation reports and perform stochastic projections using proprietary software. We use ProVal to develop the economic scenarios used for the stochastic projections. Our asset class capital market assumptions are based on surveys of future return, volatility, and correlation expectations of a number of investment advisors.

  Our procedures for quality control include the checking of results by a second actuary and the review of the report and presentation materials by senior actuaries.
- Preliminary Results Meeting - We will meet with the Town to review the preliminary results. After the Town's review and comments, we will provide a final report.

Our CalPERS review reports contain:

- A summary of historical participant, contribution, and funded status information provided in past CalPERS's actuarial valuation reports, including liability and contribution changes between the two most recent actuarial valuation reports available.
- A projection of employer contributions, as a percentage of payroll and in dollars, showing the most likely results, along with the 25th and 75th percentiles, from 1,000 stochastic economic trials.
- Normal cost and amortization payments components of the 50th percentile results as a percentage of payroll and as dollar amounts.
- Funded status projection showing the 25th, 50th and 75th percentiles from the stochastic analysis.
- Saving impact of paying off selected short and long period amortization bases.
- Summary of actuarial assumptions used for the projections and analyses.

We generally need 4 to 5 weeks to complete a CalPERS review after we receive all the requested information and the Town replies to any questions we may have after our review of the information provided. The Town should therefore provide the requested data early enough so we can complete our report in time to meet any needs the Town may have for the results.

CalPERS GASBS 68 Accounting Information Process

Our GASBS 68 accounting information report preparation process includes the following steps:

- Data Collection - The Town will provide the following information available on my|CalPERS at the end of each fiscal year:
  - Fiscal year CalPERS contributions by rate group.
  - Fiscal year CalPERS covered payroll in Excel format.
- Processing - We will prepare a GASBS 68 accounting information report for the Town's risk pool plans after the end of each fiscal year using the data provided by the Town along with

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

CalPERS' "Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts."

Our procedures for quality control include the checking of calculations and the review of results by a senior actuary.

- Draft Results and Meeting - We will meet with the Town by conference call to review the preliminary report, if needed.
- Final Report - After the Town and its auditor have reviewed our draft report, we will provide a final report.

Our CalPERS GASBS 68 accounting information reports include:

- Notes to Financial Statement
  - Pension Expense
  - Proportionate Share of Net Pension Liability
  - Net Pension Liability Sensitivity
  - Deferred Outflows and Deferred Inflows of Resources Balances
  - Schedule of Recognition of Deferred Outflows and Inflows of Resources
  - Significant Actuarial Assumptions
- Required Supplementary Information
  - Schedule of Proportionate Share of Net Pension Liability
  - Schedule of Employer Contributions
- Supporting Calculations
- Draft Journal Entries

We generally need 3 to 4 weeks to prepare a GASBS 68 report after we receive all the requested information and the Town replies to any questions we may have after our review of the information provided.

Project Team

The senior staff on our project teams will include:

- OPEB Projects
  - Joseph D'Onofrio
  - Katherine Moore
- CalPERS Reviews
  - Joseph D'Onofrio
  - Bianca Lin
- CalPERS GASBS 68 Report
  - Mary Elizabeth Redding
  - Kateryna Doroshenko

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

All senior project team members have worked on prior similar projects for the Town in the past. They will be assisted by our actuarial analyst staff. We manage our workflow based on agree-upon timetables. Since all our clients are important to us, the Town should plan on providing requested information in the format requested per an agreed-upon timetable in order for us to meet deliverable deadlines.

The actuaries assigned to the project team are qualified to undertake the project in accordance with the Code of Professional Conduct of the American Academy of Actuaries and the Society of Actuaries and to issue Statements of Actuarial Opinion in accordance with the Qualification Standards of the American Academy of Actuaries.

Biographies of project team members are included below. Information about our firm and other staff member biographies can be found on our website at www.bartel-associates.com.

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Joseph R. D'Onofrio, Assistant Vice President

Experience/Responsibilities

With over 40 years in employee benefits, Joe has served as retirement consultant for numerous public agencies, private sector corporations, governmental employers, governmental contractors, nonprofit organizations, and professional corporations.

Joe's experience includes:

- Public sector and corporate pension and OPEB plan consulting, plan design, administration
- Pension and OPEB plan actuarial valuations
- Supplemental plan design and valuations
- GASB, FASB, and CAS accounting
- CalPERS consulting including:
  - Stochastic contribution projections
  - Additional funding studies
  - 115 trust analyses
  - Golden handshake costing
  - Replacement benefit plan costing
  - Pension obligation bond success analyses
  - Pension override tax estimates
- Qualified retirement plan design and valuations
- Nonqualified executive retirement plans
- Asset liability modeling
- Corporate merger and acquisition issues
- Plan terminations

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Member of the American Academy of Actuaries
- Enrolled Actuary under ERISA
- Fellow of the Conference of Consulting Actuaries
- BS Physics, The Cooper Union for the Advancement of Science and Art, New York City

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Katherine Moore, Associate Actuary

Experience/Responsibilities

Katherine has been with Bartel Associates for 14 years. All of her work is with plans sponsored by public employers. Her experience includes:

- Pension and OPEB actuarial valuations
- GASB accounting
- Cost analysis for benefit changes
- Forecasting future contributions and benefit levels
- Benefit calculations
- Actuarial audits
- Actuarial experience studies

Affiliations/Designations/Education

- Associate of the Society of Actuaries
- Member of the American Academy of Actuaries
- BA in Economics, Washington University, St. Louis
- MS in Statistics, California State University, East Bay

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Bianca Lin, Assistant Vice President

Experience/Responsibilities

With over 25 years in employee benefit consulting, Bianca specializes in:

- Governmental pension and retiree medical plan consulting
- Actuarial valuations for private and public sector pension plans
- GASB and FASB accounting valuations
- Cost analysis and projections of various post-employment benefit programs
- Review and analysis of CalPERS valuations
- Cost analysis for CalPERS agency

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Member of the American Academy of Actuaries
- Enrolled Actuary under ERISA
- Fellow of the Conference of Consulting Actuaries
- MS Statistics, National Tsing Hwa University, Taiwan

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Mary Elizabeth Redding, Vice President

Experience/Responsibilities

With over 30 years in employee benefits, Mary Elizabeth has served as retirement consultant for a wide range of public agencies, corporations, government contractors, and nonprofit organizations. Mary Elizabeth excels in understanding her client's benefit programs and communicating clearly so clients can make the best decisions possible for their organizations.

Mary Elizabeth's work includes:

- Government and corporate pension and retiree medical plan consulting, valuation and financial modeling and analysis
- Experience studies and actuarial audits
- Employee communications, plan amendments, and summary plan descriptions
- GASB, FASB, CASB, and IAS accounting valuations
- Stochastic asset/liability modeling
- Presentations to Retirement Boards, City Councils, District Boards and Finance Committees on actuarial issues
- Assistance with implementation of GASB Statements 67, 68, 74, and 75 including GASB 68 reporting information CalPERS cost sharing public agencies
- Current event communication through articles and website postings
- Actuarial consulting for CalPERS agencies including contribution projections, special benefit costing, funding analyses including and POBs.

Professional Activities

- Assisted the CCMA (California Committee on Municipal Accounting, a joint committee comprised of representatives of the League of California Cities and the California Society of Certified Public Accountants) with the 2015 GASB 68 White Paper and its 2016 Update.
- Speaker on actuarial issues relating to GASB accounting rules and CalPERS costs for CSMFO (California Society of Municipal Finance Officers) state-wide and local chapter meetings, CalCPA Government Accounting training class, CALPELRA, and client educational seminars sponsored by several California accounting firms.

Affiliations/Designations/Education

- Fellow of the Society of Actuaries
- Member of the American Academy of Actuaries
- Enrolled Actuary under ERISA
- Fellow of the Conference of Consulting Actuaries
- BS Geology and Geophysics, Yale University, New Haven, CT.

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SECTION 1
PROJECT UNDERSTANDING AND PLAN

Kateryna Doroshenko

Experience/Responsibilities

Kateryna will be the actuarial analyst assigned to prepare the CalPERS GASBS 68 reports.

Kateryna has been managing the GASB 68 report preparation, checking work, and handling client communications since the implementation of the GASB 68 Statement in 2016. In addition, she works on different aspects of OPEB actuarial valuations, such as data analysis, review of plan benefits, valuation programming, as well as determination of liabilities and costs under the guidelines of GASBS 74, 75, 67 and 68. She is familiar with PEMHCA medical plans and plans that prefund benefits. All of Kateryna's work is with plans sponsored by public agencies.

Affiliations/Designations/Education

- Pursuing membership in the Society of Actuaries. Completed 5 exams.
- BS, MS in Applied Statistics, Taras Shevchenko National University of Kyiv, Ukraine

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SECTION 2
FIRM PROFILE AND EXPERIENCE

Bartel Associates, LLC is an actuarial consulting firm specializing in providing California counties, cities, districts, and other public agencies with actuarial consulting services:

- OPEB Plans - We prepare OPEB actuarial valuations and studies to provide recommended prefunding contributions, projections showing the effectiveness of an agency's funding policy, and accounting information for GASB Statement Nos. 74 and 75 financial reporting.
- Pension Plans - We prepare actuarial valuations and help with the administration of defined benefit pension plans for public agencies and retirement systems, along with accounting information for GASB Statement Nos. 67 and 68 financial reporting.
- CalPERS Plans - We provide CalPERS pension consulting services including stochastic contribution projections, additional contribution analyses, 115 trust studies, golden handshake costing, replacement benefit plan costing, pension obligation bond success analyses, and pension override tax estimates. We also assist with GASBS 68 reporting for CalPERS risk pool pension plans.
- Plan Design - We work with public agencies to redesign existing OPEB and pension plans and implement new retirement programs.
- Retirement System Audits - We review actuarial valuations, experience studies, actuarial assumptions, and actuarial methods for state, county, city, and district retirement plans and retirement systems.

Our focus is on California public agencies:

- We provide actuarial consulting for both OPEB plans and CalPERS pension plans and can coordinate discussions and presentations for both types of plans, including agencies' funding priorities and financial disclosure requirements.
- We have consulted with about 500 California counties, cities, special districts, and other public agencies on OPEB and CalPERS issues.
- Our staff devotes 100% of their time to public sector actuarial work.
- Our office is located in California.

You can visit our website at www.bartel-associates.com to learn more about us and access the information we post regarding California pension and OPEB plans.

Bartel Associates was established in July 2003. Our office is located in San Mateo, California. We currently have 22 employees, including 8 senior actuaries, 3 associate actuaries, 9 actuarial analysts, and 2 administrative staff members. Ten of our actuaries are Fellows or Associates of the Society of Actuaries, 11 are Members of the American Academy of Actuaries, 7 are Enrolled Actuaries, and 9 are Fellows of the Conference of Consulting Actuaries. You can visit our website at www.bartel-associates.com to learn more about us.

We have done hundreds of projects similar to those requested by the Town and have included three references for agencies for whom we have done similar projects. We recommend the Town contact our references to understand the quality of our work.

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SECTION 2
FIRM PROFILE AND EXPERIENCE

Client	Project	Contact
City of Sunnyvale	OPEB Valuations GASBS 75 Accounting CalPERS Consulting 2004-2021	Timothy Kirby Director of Finance 650 W. Olive Avenue, P.O. Box 3707 Sunnyvale, CA 94088-3707 Phone: 408-730-7603 Email: tkirby@ci.sunnyvale.ca.us
City of Vallejo	OPEB Valuations GASBS 75 Accounting CalPERS Consulting 2006-2021	Florita Cruz Assistant Finance Director 555 Santa Clara Street Vallejo, CA 94590 Phone: 707-648-5542 Email: florita.cruz@cityofvallejo.net
City of Malibu	OPEB Valuations GASBS 75 Accounting CalPERS Consulting GASBS 68 Accounting 2011-2021	Lisa Soghor Assistant City Manager 23825 Stuart Ranch Road Malibu, CA 90265-4861 310-456-2489 x224 Email: lsoghor@malibucity.org

We can provide additional references at the Town's request.

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SECTION 3
COST PROPOSAL

Our fees are a function of the hours worked by each professional on a project and their hourly billing rates. Our current hourly rates are as follows:

President	$370
Vice President	300
Assistant Vice President	270
Associate Actuary	220
Senior Actuarial Analyst	200
Actuarial Analyst	160

OPEB Valuation and GASBS 75 Accounting Information Report Fees

Our fixed fees for the OPEB actuarial valuations, including draft CERBT valuation packets, one meeting with the Finance Commission, and one meeting with the Town Council, if needed, to review each valuation's results, and GASBS 75 accounting information reports within the five-year contract period starting with 2021/22 and ending with 2025/26 are as follows:

Project	Valuation Date	Fiscal Year-End	Valuation Fee	Commission Meeting	Council Meeting	Work Period
Actuarial Valuation	6/30/21		$21,000	$2,000	$1,500	2021/22
GASBS 75 Report		6/30/22	3,500	n/a	n/a	2022/23
GASBS 75 Report		6/30/23	3,600	n/a	n/a	2023/24
Actuarial Valuation	6/30/23		22,000	2,200	1,700	2023/24
GASBS 75 Report		6/30/24	3,700	n/a	n/a	2024/25
GASBS 75 Report		6/30/25	3,800	n/a	n/a	2025/26
Actuarial Valuation	6/30/25		23,000	2,400	1,900	2025/26

Please note below what will be included in the actuarial valuation and GASBS 75 reports and what will require an additional fee. Fees might be higher, for example, if the project scope changes or the Town needs additional work.

Our fee assumes:

- Participant census data requested will be provided completely and accurately in an Excel workbook with one record per participant.
- OPEB costs and liabilities will be provided using one funding method and one set of assumptions.
- We will provide a draft of the CERBT Valuation Packets required by CalPERS. The CERBT Valuation Packet includes a Certification of Funding Policy, a Summary of Actuarial Information, and a Certification of Actuarial Information.
- We will provide GASBS 75 accounting information reports using the prior fiscal year-ends as measurement dates.
  - Our GASBS 75 estimated fees assume there will be no changes in OPEB plan provisions, healthcare plan providers, or funding policy, investment policy, or OPEB trust between the actuarial valuation date and the financial statement dates.

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SECTION 3
COST PROPOSAL

- GASBS 75 information will be presented for the plan as a whole with no breakdowns by benefit or by employee group.
- Our GASBS 75 information reports will include the actuarial information needed by the Town and its auditor to assist in preparing the Town's financial statements. Our estimated fees do not include draft OPEB footnotes.
- Our GASBS 75 reports will not contain information about the number of covered employees on measurement dates that are not valuation dates or total covered employee compensation in all years if that information is not provided to us. Our estimated fees do not include an amount for reviewing census data files for fiscal years between valuation dates. If the Town would like us to do so, our fees will be higher.

Our fees may be higher if:

- Participant census data is not complete, accurate, or not provided in an Excel workbook with one record per participant.
- Results are needed separately for employee groups.
- Results are needed for alternative actuarial assumptions, funding policies, or plan designs.
- The Town makes any healthcare provider, plan provision, funding policy, investment policy, or OPEB trust changes between the actuarial valuation dates and the financial statement dates.
- The Town requests assistance with its OPEB footnotes.
- The Town requests additional meetings. Our fee for additional meetings will be based on our billing rates, the time needed for the meetings, any additional presentation material, and meeting preparation time.
- The Town makes changes that will affect the valuation results after the valuation is begun or requests additional work after the valuation is completed, including changing OPEB plan provisions, actuarial assumptions, healthcare plan options, funding policy, investment policy, OPEB trust, or any of the data provided for the valuation.
- Time for consultation and questions after delivering the actuarial valuation report or GASBS 75 accounting information reports, as applicable, will be billed as additional time, outside the budget for the projects addressed in this proposal, based on time spent and our hourly billing rates. The Town should therefore set up an appropriate budget for any additional anticipated or potential consultation needed.

CalPERS Consulting Review Fees

Our fixed fee for each CalPERS review includes a presentation outline of our study results and one meeting with the Finance Commission and one meeting with the Town Council, if needed, to review our report. Our fees for the five-year contract period starting with 2021/22 and ending with 2025/26 are as follows:

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SECTION 3
COST PROPOSAL

Project	Valuation Date	CalPERS Review	Commission Meeting	Council Meeting	Work Period
CalPERS Review	6/30/20	$9,500	$2,000	$1,500	2021/22
CalPERS Review	6/30/21	10,000	2,100	1,600	2022/23
CalPERS Review	6/30/22	10,500	2,200	1,700	2023/24
CalPERS Review	6/30/23	11,000	2,300	1,800	2024/25
CalPERS Review	6/30/24	11,500	2,400	1,900	2025/26

Our fees may be higher if:

- The Town needs us to prepare meeting presentation materials in addition to our reports or review its meeting materials.
- The Town requests additional meetings to review results. Our fee for additional meetings will be based on our billing rates, the time needed for the meetings, any additional presentation material, and meeting preparation time.
- Additional projection scenarios.
- Section 115 trust analyses.

CalPERS GASBS 68 Accounting Information Report Fees

Our fixed fee cost for each CalPERS GASBS 68 accounting information report includes one conference call with staff to review the report. Our fees for the five-year contract period starting with 2021/22 and ending with 2025/26 are as follows:

Project	Fiscal Year-End	Fixed Fee	Work Period
GASBS 68 Report	6/30/22	$1,500	2022/23
GASBS 68 Report	6/30/23	1,600	2023/24
GASBS 68 Report	6/30/24	1,700	2024/25
GASBS 68 Report	6/30/25	1,800	2025/26

Fees for all projects include any report preparation, printing, and other incidental expenses involved in production and delivery.

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SECTION 4
CONFLICTS OF INTEREST

Our firm and none of our employees have a conflict of interest with any activity requested in the Request for Proposal for Actuarial Services.

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SECTION 5
EXCEPTIONS

We have no exceptions, alternations, or amendments to the scope of services or other requirements of the Request for Proposal for Actuarial Services.

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ATTACHMENT 1
CONFLICT OF INTEREST STATEMENT

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

PROFESSIONAL ACTUARIAL SERVICES

The undersigned declares:

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

Bartel Associates and its employees have no financial, business, or other relationship with the Town of Los Gatos that may have an impact on the contract or project.

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

No clients of Bartel Associates other than the Town have a financial interest that may have an impact on the contract or project.

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

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ATTACHMENT 1
CONFLICT OF INTEREST STATEMENT

immediately notify the Town if it becomes aware of any facts concerning the contract to be awarded that constitute a violation of said provisions.

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on October 27, 2021 [date], at San Mateo [city], California [state].

Bartel Associates, LLC	Vice President
Proposer Name (Person, Firm, Corp.)	Title of Authorized Representative
411 Borel Ave., Ste. 620	Doug Pryor
Address	Name of Authorized Representative
San Mateo, CA 94420	
City, State, Zip	
October 27, 2021	
Date	Signed

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ATTACHMENT 2
NON-COLLUSION DECLARATION

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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

PROFESSIONAL ACTUARIAL SERVICES

The undersigned declares:

I am the Vice President [Insert Title] of Bartel Associates, LLC ,[Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

The proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The proposal is genuine and not collusive or sham. The Respondent has not directly or indirectly induced or solicited any other respondent to put in a false or sham proposal. The Respondent has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or to refrain from responding. All statements contained in the proposal are true.

Any person executing this declaration on behalf of a respondent that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the respondent.

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ATTACHMENT 3
REFERENCES

ATTACHMENT 3 - REFERENCES

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

PROFESSIONAL ACTUARIAL SERVICES

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

1.

City of Sunnyvale	650 W. Olive Avenue, P.O. Box 3707, Sunnyvale, CA 94088-3707
Name of Agency	Agency Address
Timothy Kirby	Director of Finance
Contact Name	Contact Title
408-730-7603	tkirby@ci.sunnyvale.ca.us
Contact Telephone	Contact Email Address
2004-2021	n/a
Contract Period	Contract Amount

The Town can contact the reference for contract amounts

OPEB Valuations, GASBS 75 Accounting, CalPERS Consulting

Description of services performed including costs.

2.

City of Vallejo	555 Santa Clara Street, Vallejo, CA 94590
Name of Agency	Agency Address
Florita Cruz	Assistant Finance Director
Contact Name	Contact Title
707-648-5542	florita.cruz@cityofvallejo.net
Contact Telephone	Contact Email Address
2006-2021	n/a
Contract Period	Contract Amount

The Town can contact the reference for contract amounts

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ATTACHMENT 3
REFERENCES

OPEB Valuations, GASBS 75 Accounting, CalPERS Consulting

Description of services performed including costs.

3.

City of Malibu	23825 Stuart Ranch Road, Malibu, CA 90265-4861
Name of Agency	Agency Address
Lisa Soghor	Assistant City Manager
Contact Name	Contact Title
310-456-2489 x224	lsoghor@malibucity.org
Contact Telephone	Contact Email Address
2011-2021	n/a
Contract Period	Contract Amount

The Town can contact the reference for contract amounts

OPEB Valuations, GASBS 75 Accounting, CalPERS Consulting, GASBS 68 Accounting

Description of services performed including costs.

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

	Doug Pryor	October 27, 2021
Signature of Proposer	Name	Date

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 10/27/2021 [date], at San Mateo [city], CA [state].

By:

Name: Doug Pryor

Title: Vice President

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ATTACHMENT 4
STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION INSURANCE ACKNOWLEDGEMENT CERTIFICATE

ATTACHMENT 4 - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION INSURANCE ACKNOWLEDGMENT CERTIFICATE

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

PROFESSIONAL ACTUARIAL SERVICES

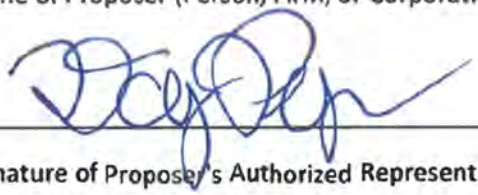
PROPOSER HEREBY CERTIFIES that the Proposer has reviewed and understands the insurance coverage requirements specified in the RFP. Should the Proposer be awarded a contract for Services, Proposer further certifies that the Proposer can meet the specified requirements for insurance, including insurance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

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

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

Bartel Associates, LLC

Name of Proposer (Person, Firm, or Corporation)



Signature of Proposer's Authorized Representative

Doug Pryor, Vice President

Name & Title of Authorized Representative

October 27, 2021

Date of Signing

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/18/2022
ITEM NO: 6

DATE: January 11, 2022

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Actuarial Services Agreement:

a. Authorize the Town Manager to Execute a Five-Year Agreement with Bartel Associates, LLC to Provide Actuarial Services for the Town of Los Gatos in Amount of $170,400, Plus an Additional $20,000 for Other Services as Required for a Total Agreement Amount Not to Exceed $190,400; and,
b. Approve an Expenditure Budget Adjustment in the Amount of $11,000 from Available Capital/Special Projects Reserve.

RECOMMENDATION:

Staff recommends that the Town Council take the following actions regarding an actuarial services agreement:

a. Authorize the Town Manager to execute a five-year agreement with Bartel Associates, LLC to provide actuarial services for the Town of Los Gatos in amount of $170,400, plus an additional $20,000 for other services as required for a total agreement amount not to exceed $190,400; and,
b. Approve an expenditure budget adjustment in the amount of $11,000 from available Capital/Special Projects Reserve.

BACKGROUND:

Bartel Associates, LLC has been the Town's actuarial consultant since 2007. Bartel Associates, LLC is a reputable firm with extensive knowledge performing Governmental Accounting Standards Board (GASB) studies for similar sized California cities. Over the years, Bartel Associates, LLC provided the Town additional analyses for the Town's Pension and Other Post-Employment Benefits (OPEB) Trusts Oversight Committee, on the effects of additional discretionary payments (ADPs) to the pension plan, prefunding the OPEB plan, and other items related to labor negotiations. Starting in 2018 The firm also provided an annual review of the CalPERS generated actuarial valuations for the Town's pension plans.

PREPARED BY: Stephen Conway
Finance Director

Reviewed by: Assistant Town Manager, and Town Attorney

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DISCUSSION:

In October 2021, the Town of Los Gatos sent a Request for Proposals (RFP) for actuarial consulting services to sixteen qualified firms known to provide actuarial services. The opportunity was also promoted on the Town's website, What's New, and other social media platforms. Three firms responded with proposals: Actuarial Retirement Consulting, Precision Actuarial Inc., and Bartel Associates, LLC.

A selection panel consisting of the Finance Commission Chair, the Finance Director, Assistant Town Manager, Finance and Budget Manager, and Finance Administrative Analyst reviewed and scored the three proposals. The firms were evaluated based on their technical expertise, qualified personnel, and responsiveness to the RFP. These qualities were weighted at seventy percent and proposed fees weighted at thirty percent. Based upon the firm's technical expertise, proposal, interview, and references, the panel selected Bartel Associates, LLC.

With this new contract, the Town will change its project lead to Vice President Mary Elizabeth Redding who has over 30 years experience in employee benefits. She is a fellow of the Society of Actuaries, member of the American Academy of Actuaries, and fellow of the Conference of Consulting Actuaries. She has assisted the California Committee on Municipal Accounting (CCMA) with the 2015 GASB 68 White Paper and its 2016 Update. The firm's current client list includes: City of Sunnyvale, City of Vallejo, and City of Malibu amongst other California cities.

The firm will provide the following services for the Town:

- Prepare actuarial valuation reports, including recommended contributions and the plan's funded status;
- Prepare roll forward GASB 75 accounting information reports and the California Employers' Retiree Benefit Trust (CERBT) actuarial information packet;
- Assist the Town in implementing new GASB requirements and pronouncements related to the Town's OPEB plan;
- Provide annual reviews of the Town's CalPERS Miscellaneous and Safety pension plans;
- Provide GASBS 68 accounting information reports for the Town's Safety risk pool plans; and
- Complete other consulting services as needed.

CONCLUSION:

Staff recommends that the Town Council take the following actions regarding an actuarial services agreement:

a. Authorize the Town Manager to execute a five-year agreement with Bartel Associates, LLC to provide actuarial services for the Town of Los Gatos in amount of $170,400, plus an additional $20,000 for other services as required for a total agreement amount not to exceed $190,400, and

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CONCLUSION (continued):

b. Approve an expenditure budget adjustment in the amount of $11,000 from available Capital/Special Project Reserve.

FISCAL IMPACT:

The expected expenditure for the first year of the contract is $37,500 of which $26,500 is available in the Adopted Operating Budget for Fiscal Year 2021/22. An additional $11,000 is needed to fund the needed services for the first year, requiring the recommended budget adjustment. The Capital/Special Project Reserve has funds available for the proposed expenditure budget adjustment in the amount of $11,000. Budgeting for future years services will be addressed through the annual budget process.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:
1. Agreement to provide actuarial and optional services with Bartel Associates, LLC.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 7

DATE: October 8, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager or Designee to Enter into a Three-Year Agreement with ClearGov for Budget and Planning Suite and Personnel Budgeting Software in an Amount Not to Exceed $175,366**

RECOMMENDATION: Authorize the Town Manager or designee to execute a three year agreement with ClearGov for Budget and Planning Suite and Personnel Budgeting Software in an amount not to exceed $175,366; and approve a FY 2026-27 budget adjustment of $75,090, including the necessary transfer from the General Fund and corresponding expenditure appropriation in the Information Technology Internal Service Fund, funded by General Fund unassigned fund balance. Expenditures in subsequent fiscal years shall be subject to annual appropriations.

FISCAL IMPACT:

The proposed action will authorize a contract in the amount of $175,366 for the budgeting and planning suite and personnel budgeting software for October 2026 through 2029. A budget adjustment for the costs related to the first year of the contract of $75,090 is recommended for the first year of these services, including implementation costs, in the Information Technology budget from General Fund unassigned fund balance. If approved, the second and third year costs will be included in the IT Internal Service Fund budget for those subsequent years and charged out to the Finance Department.

STRATEGIC PRIORITY:

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Information Technology Director

SUBJECT: Authorize the Town Manager or designee to enter into a Three-Year Agreement with ClearGov for the Budget Planning Suite and Personnel Budgeting Software not to exceed $175,366

DATE: October 20, 2026

Efficient, and accurate budget and salary reports supports the Council's Strategic Priority of Fiscal Stability by ensuring the most effective use of staff resources and ensuring accuracy in financial reporting.

BACKGROUND:

Finance Commission at their September 14, 2026 meeting recommended that staff proceed with the recommended purchase of the ClearGov Budget and Planning Suite and consider the addition of the ACFR or Financial Reporting module after the successful implementation of the budget software. They requested that staff return after implementation to share any efficiencies gained by the implementation. The personnel budgeting component was not included in the Finance Commission review. The decision to include that component was made after the item was presented to the Commission and is discussed later in this report.

The Town of Los Gatos Finance Department creates and collates robust and informative operating and capital improvement program (CIP) budgets that include annual adoption of the Town's revenues and expenditures for all its funds and the capital improvement program for the upcoming year's budget. The Town's budget document is over 400 pages of informational, narrative, and budgetary material, coming from the Town's Enterprise Resource Planning (ERP) software, Tyler Munis. Additionally, salary projections and personnel budgeting were completed in Tyler Munis for the FY 2026-27 budget.

After the new ERP Software implementation was complete, Finance staff began to research the ability to automate the budget document and CIP.

In addition, as part of past Finance Commission meetings, staff were asked to research the possibility of bringing the production of the Annual Comprehensive Financial Report (ACFR) in house. Staff had originally explored the use of the Town's new ERP add-on ACFR Builder product. However, after a review of the product, it was determined that this product would not meet the Town's needs. As part of the review of ClearGov's suite of products staff were informed they also had an ACFR (Financial Report) product. Staff then included this product in their review.

The Town's current ERP system as purchased does not include the modules necessary to produce a budget/CIP book or ACFR.

DISCUSSION:

Currently, the annual budget is entered into Excel and then into the Town's ERP software, then downloaded back and organized with Excel and Word and then organized again into one Adobe PDF document, with page numbers and table of contents placed manually. ClearGov software

would modernize the budget preparation process by preparing the budget with the software and transferring the information directly from Tyler to the Town's website into one document without all of the additional steps. The CIP could also be compiled and completed with the software.

In preparation for the FY 2027-28 budgetary process, the Finance Department reviewed ClearGov's and two other vendors' entire suite of solutions with a focus on the budget and CIP document solutions. ClearGov, in tandem with the Town's new ERP system, Tyler, could produce, condense, consolidate, and share the Town's budgetary and CIP financial information seamlessly on the Town's website and create a forward-thinking budget. The Town's Finance budget webpage would provide a menu for easy access to all information related to the budget. The webpage would also contain an "Al-assistant" to aid the public in accessing all the Town's budgetary and capital improvement program information. ClearGov software would also track those capital improvement projects. By transforming information directly from Tyler to the budget book on the webpage, room for error would drop significantly. This information would keep up to date with budgetary changes as it's adaptive with the ERP system. Of the other two systems reviewed, one no longer offers the budget document software as a stand-alone purchase, the Town would need to purchase its' entire enterprise resource planning system. The other only offered budget document software and not the full integrative suite offered by Cleargov.

The Finance Department believes that ClearGov budget book software, working with Tyler, will accomplish transparency by presenting the Town's annual budget in a more informative, adaptive, user-friendly manner on the Town's website. The Table of Contents, PDF, and Share menu structure on the left side of the screen page is a common website menu structure and is user-friendly. The budget is completely searchable, shareable, and contains a Reader's Guide for the website guest. The ClearGov budget book software allows the public to ask specific questions in the Town of Los Gatos Assistant Al-generated box and finds answers in less than two seconds or points you to a Google search if it is unable to find a particular subject.

The intent of the purchase of ClearGov Budgeting and Planning Suite software is to modernize the Town of Los Gatos's budgetary processes and presentation to the Finance Commission, Town Council, Town Departments, and the public, and to create an interactive, transparent budget book on the Town's website. The Finance Department will also utilize the ClearGov book software to present the FY 2027-28 and all upcoming years' budget books. ClearGov budget book will be helpful when the Town submits the budget for a future GFOA's Budget Distinction Award, as it includes a checklist to ensure compliance. Two examples of budget books produced with ClearGov are from the City of Campbell and the City of Manteca, and they are linked below:

- City of Campbell FY 2026-27 Proposed Budget
- City of Manteca FY 2026-27 Final Proposed Budget

Personnel Budgeting
ClearGov's suite of products also includes personnel budgeting. Staff had used the ERP's salary projections module in completing projections for FY 2026-27. However, the software is not intuitive or user friendly, this results in significant staff time to complete updates or run different forecasts.

After viewing real-life experiences with the software, staff is recommending the purchase of this module due to the ease of use, modeling capabilities, and time savings that will be gained by completing salary projections with ClearGov.

Financial Reporting (ACFR)
ClearGov's suite of products also includes a Financial Reporting solution for the ACFR. Although staff found the software easy to use and implement, this change to internal reporting would result in additional costs related to the software implementation and annual software costs and additional staff time that might result in a reporting delay in the first year of ACFR production.

If purchased, staff estimates the first ACFR to be produced by the ClearGov software would be the FY 2027-28 ACFR. Cost for this solution is $21,440 for the first year, including a one-time deployment fee and $14,000+ in annual costs when a 5% escalation is included.

The proposed new Financial Auditor contract, also on the agenda this evening, has costs related to the production of $3,998.50 that could be reduced annually should the Town decide to proceed with ACFR product. This would result in a net increase in contract costs to produce the ACFR in house of $17,441.50 in the first year. Subsequent years would see estimated net cost to produce the ACFR from $10,072 to $10,775.

Finance Commission and our current and future financial auditors all agreed it is the best practice for an agency to produce their own ACFR. You will note that pricing for the ACFR module is included but is not part of the current contract request. Instead, staff will stagger the implementations and proceed with the ACFR module only after a successful budget planning software implementation as an initial assessment of the vendor. Should staff choose to proceed with building the ACFR using the ClearGov software, staff will return for a contract and budget amendment at that time. This decision is currently estimated to occur in the early spring.

The ClearGov solution is being brought forward based on prior recommendations that staff look for a solution to bring the ACFR preparation in-house to mitigate independence concerns from the Finance Commission. This is due to the Town's external auditors preparing and reviewing

the ACFR. It is important to note that the Town's auditors do have mitigating controls to maintain independence. This includes having an independent third-party review of the ACFR.

CONCLUSION:

Staff recommends the purchase of the budget and planning suite and personnel budgeting.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. ClearGov Service Order - Town of Los Gatos
2. ClearGov Agreement

ClearGov®

2 Mill & Main; Suite 630; Maynard, MA 01754

Service Order

Created By	Kirsten Holle
Contact Phone	(858) 239-0891
Contact Email	kholle@cleargov.com

Order Date	**Oct 8, 2026**
Order Valid If Signed By	**Oct 31, 2026**

Customer Information

Customer	Los Gatos	**Customer Annual Budgeted Expenditures - All Funds Total**			**$82,000,000**
Address	110 E. Main Street	**Contact**	Chris Constantin	**Billing Contact**	Kristina Alfaro
City, St, Zip	Los Gatos, CA 95030	**Title**	Town Manager	**Title**	Administrative Services Director
Phone	408-354-6835	**Email**	CConstantin@losgatosca.gov	**Email**	KAlfaro@losgatosca.gov
				PO (Y/N)	

The One-time Fees & Professional Services you will receive are:	**Net Service Fees**
ClearGov Implementation: Includes activation, onboarding, and training for ClearGov solutions	$ 28,504
Total ClearGov One-Time Net Service Fee - Billed ONE-TIME	**$ 28,504**

The Subscription Services you will receive and the Fees for those Services are:	**Net Service Fees**
ClearGov Platform	
ClearGov Operational Budgeting	
ClearGov Personnel Budgeting	
ClearGov Capital Budgeting	
ClearGov Digital Budget Book	
Data Connection: ERP	
Total ClearGov Subscription Net Service Fee - Billed ANNUALLY IN ADVANCE	**$ 46,586**

ClearGov will provide your Services according to this schedule:

Period	Start Date	End Date	Description
Setup	Nov 1, 2026	Nov 1, 2026	ClearGov Setup Services
Initial	Nov 1, 2026	Oct 31, 2029	ClearGov Subscription Services

To be clear, you will be billed as follows:

Billing Date(s)	Amount(s)	Notes
Nov 1, 2026	$75,090	Annual Subscription Fee ($46,586) + One time Services ($28,504)
Nov 1, 2027	$48,915	Annual Subscription Fee
Nov 1, 2028	$51,361	Annual Subscription Fee

Additional subscription years and/or renewals will be billed annually in accordance with pricing and terms set forth herein.

Billing Terms & Conditions

Valid Until	**Oct 31, 2026**	Pricing set forth herein is valid only if ClearGov Service Order is executed on or before this date.
Payment	**Net 30**	All invoices are due Net 30 days from the date of invoice.
Rate Increase	5% per annum	The Annual Subscription Service Fee shall automatically increase by this amount.

ATTACHMENT 1

General Terms & Conditions	
Statement of Work	ClearGov and Customer mutually agree to the ClearGov Service activation and onboarding process set forth in the Statement of Work. Please note that ClearGov will not activate and/or implement services for any Customer with (ce past due over 90 days for any previous subscription services.
Taxes	The Service Fees and Billing amounts set forth above in this ClearGov Service Order **DO NOT** include applicable taxes. In accordance with the laws of the applicable state, in the event that sales, use or other taxes apply to this transaction, ClearGov shall include such taxes on applicable invoices and Customer is solely responsible for such taxes, unless documentation is provided to ClearGov demonstrating Customer's exemption from such taxes.
Pricing Conditions	All fees listed herein reflect Net Service Fees after application of bundled and/or discretionary discounts. Pricing is interdependent therefore the removal or modification of any product or service may result in the recalculation of pricing.
Term & Termination	Subject to the termination rights and obligations set forth in the ClearGov BCM Service Agreement, this ClearGov Service Order commences upon the Order Date set forth herein and shall continue until the completion of the Service Period(s) for the Service(s) set forth herein. Each Service shall commence upon the Start Date set forth herein and shall continue until the completion of the applicable Service Period.
Renewal Option	After the Initial Period, Customer shall have the option to renew this Service Order on an annual basis in accordance with the terms set forth herein by providing written notice of such renewal prior to the end of the then current annual term.
Appropriations	Customer shall have the option to terminate this ClearGov Service Order in advance of any annual renewal in the event that the applicable appropriating body does not appropriate funds for such upcoming renewal period.
Agreement	The signature herein affirms your commitment to pay for the Service(s) ordered in accordance with the terms set forth in this ClearGov Service Order and also acknowledges that you have read and agree to the terms and conditions set forth in the ClearGov BCM Service Agreement found at the following URL: http://www.ClearGov.com/terms-and-conditions. This Service Order incorporates by reference the terms of such ClearGov BCM Service Agreement.

Customer	
Signature	
Name	Chris Constantin
Title	Town Manager

ClearGov, Inc.	
Signature	
Name	Amita Rostamian
Title	Chief Financial Officer

Please e-mail signed Service Order to Orders@ClearGov.com or Fax to (774) 759-3045

Order Type (ClearGov Internal Use Only)			
Select Order Type for this Service Order	NL	**If XS: Original Service Order Date**	

Statement of Work

This Statement of Work outlines the roles and responsibilities by both ClearGov and Customer required for the activation and onboarding of the ClearGov Service. ClearGov will begin this onboarding process upon execution of this Service Order. All onboarding services and communications will be provided through remote methods - email, phone, and web conferencing.

ClearGov Responsibilities

- ClearGov will activate ClearGov Service subscription(s) as of the applicable Start Date(s). ClearGov will create the initial Admin User account, and the Customer Admin User will be responsible for creating additional User accounts.

- ClearGov will assign an Implementation Manager (IM) responsible for managing the activation and onboarding process. ClearGov IM will coordinate with other ClearGov resources, as necessary.

- ClearGov IM will provide a Kickoff Call scheduling link to the Customer's Primary Contact. Customer should schedule Kickoff Call within two weeks after the Service Order has been executed.

- If Customer is subscribing to any products that require data onboarding:
  - ClearGov IM will provide a Data Discovery Call scheduling link to the Customer's Primary Contact. Customer should schedule Data Discovery Call based on the availability of Customer's staff.
  - ClearGov will provide Customer with financial data requirements and instructions, based on the ClearGov Service subscription(s).
  - ClearGov will review financial data files and confirm that data is complete, or request additional information, if necessary. Once complete financial data files have been received, ClearGov will format the data, upload it to the ClearGov platform and complete an initial mapping of the data.
  - After initial mapping, ClearGov will schedule a Data Review call with a ClearGov Data Onboarding Consultant (DOC), who will present how the data was mapped, ask for feedback, and address open questions. Depending upon Customer feedback and the complexity of data mapping requests, there may be additional follow-up calls or emails required to complete the data onboarding process.

- ClearGov will inform Customer of all training, learning, and support options. ClearGov recommends all Users attend ClearGov Academy training sessions and/or read Support Center articles before using the ClearGov Service to ensure a quick ramp and success. As needed, ClearGov will design and deliver customized remote training and configuration workshops for Admins and one for End Users - via video conference - and these sessions will be recorded for future reference.

- ClearGov will make commercially reasonable efforts to complete the onboarding/activation process in a timely fashion, provided Customer submits financial data files and responds to review and approval requests by ClearGov in a similarly timely fashion. Any delay by Customer in meeting these deliverable requirements may result in a delayed data onboarding process. Any such delay shall not affect or change the Service Period(s) as set forth in the applicable Service Order.

Customer Responsibilities

- Customer's Primary Contact will coordinate the necessary personnel to attend the Kickoff and Data Discovery Calls within two weeks after the Service Order has been executed. If Customer needs to change the date/time of either of these calls, the Primary Contact will notify the ClearGov IM at least one business day in advance.

- If Customer is subscribing to any products that require data onboarding:
  - Customer will provide a complete set of requested financial data files (revenue, expense, chart of accounts, etc.) to ClearGov in accordance with the requirements provided by ClearGov.
  - Customer's Primary Contact will coordinate the necessary personnel to attend the Data Discovery and Data Review calls. It is recommended that all stakeholders with input on how data should be mapped should attend. Based on these calls and any subsequent internal review, Customer shall provide a detailed list of data mapping requirements and requested changes to data mapping drafts in a timely manner, and Customer will approve the final data mapping, once completed to Customer's satisfaction.

- Customer will complete recommended on-demand training modules in advance of customized training & configuration workshops.

- Customer shall be solely responsible for importing and/or inputting applicable text narrative, custom graphics, performance metrics, capital requests, personnel data, and other such information for capital budget, personnel budget, budget books, projects, dashboards, etc.

ClearGov BCM Service Agreement

This ClearGov BCM Service Agreement (the ***"Agreement"***) is made and entered into by and between ClearGov, Inc. (***"ClearGov"***), a Delaware corporation with its principal offices at 2 Mill & Main; Suite 630, Maynard, MA 01754 and ***Customer*** (as defined in the applicable ClearGov Service Order) (each a ***"Party"*** and collectively the ***"Parties"***). This Agreement governs the terms and conditions under which Customer may utilize the ClearGov Service as set forth herein and as specified in one or more applicable ClearGov Service Order(s) executed by Customer in connection herewith and incorporated herein (the ***"ClearGov Service Order(s)"***). In event of any conflict between the terms set forth in this Agreement and any terms or conditions of any applicable ClearGov Service Order, the terms of the applicable ClearGov Service Order shall prevail.

WHEREAS ClearGov owns and operates the ClearGov Service, a Web-based SaaS solution that includes a variety of ClearGov App(s) and provides various features and functionality via such ClearGov App(s); and

WHEREAS Customer wishes to utilize the ClearGov Service in order to convey fiscal budget, key metrics and other information to the public as well as to leverage the functionality of such ClearGov App(s);

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ClearGov and Customer hereby agree as follows:

1) **Definitions.** Capitalized terms used in this Agreement, and not otherwise defined herein, shall have the following meanings:
   - 1.1) ***"Account"*** means an access point for the ClearGov Service that requires registration by the Customer.
   - 1.2) ***"ClearGov API"*** means an application programming interface that provides access to specified content and functionality within certain ClearGov Apps.
   - 1.3) ***"ClearGov Apps"*** means collectively all of the Web applications hosted by ClearGov and available via the ClearGov Service, including but not limited to the applications listed in any applicable ClearGov Service Order. All features, functionality, reports, etc. for each ClearGov App are included as material elements of the applicable ClearGov App. ClearGov may modify, combine, add or delete ClearGov Apps from the ClearGov Service from time to time at its sole discretion, provided that in the event that ClearGov terminates or deletes any ClearGov App to which Customer is actively subscribing, ClearGov shall provide a pro-rata refund for the applicable portion of the Subscription Service Fee for the remainder of the then current Service Period.
   - 1.4) ***"ClearGov Data"*** means any aggregated and normalized key metrics and benchmarking data collected by ClearGov for the delivery of the ClearGov Service.
   - 1.5) ***"ClearGov Service"*** means the complete set of ClearGov software and related materials including but not limited to the ClearGov Apps, ClearGov Data, ClearGov Web Site, the Documentation and the Software.
   - 1.6) ***"ClearGov Web Site"*** means the Web site owned and operated by ClearGov and made available at the following URL: http://www.ClearGov.com and/or any successor site(s).
   - 1.7) ***"Customer PDF"*** means one or more PDF files of Customer's digital documents created by Customer using the ClearGov Apps.
   - 1.8) ***"Customer Data"*** means any data provided to ClearGov by or on behalf of Customer or any data entered or uploaded into the ClearGov Service by or on behalf of Customer, including Sensitive Data entered or provided by Customer. Customer Data specifically excludes ClearGov Data as well as any anonymized, customized, modified or derivative works related to the Customer Data.
   - 1.9) ***"Customer State"*** means the state, commonwealth or territory in which the Customer is located.
   - 1.10) ***"Customer Web Site"*** means any Web site owned and operated by Customer.
   - 1.11) ***"Documentation"*** means any accompanying proprietary documentation made available to Customer by ClearGov for use with the ClearGov Service, including any documentation available online or otherwise.
   - 1.12) ***"Sensitive Data:*** means any Customer Data that may reasonably be deemed sensitive and/or private in nature, including but not limited to personal wage garnishments, individual healthcare-related expenses, data protected by HIPAA, etc.
   - 1.13) ***"Software"*** means the source code and/or other code which are material elements of the ClearGov Apps and ClearGov Service.

2) **Service Usage & Licenses.**
   - 2.1) Account Password and Security. Customer shall protect its passwords and take full responsibility for Customer's own, as well as any third-party, use of the Customer Account(s). Customer is solely responsible for any and all activities that occur under such Customer Account(s), except for any activities performed by ClearGov as set forth herein. Customer agrees to notify ClearGov immediately upon learning of any unauthorized use of a Customer Account or any other breach of security. From time to time, ClearGov's support staff may log in to the Customer Account in order to maintain or improve service, including providing Customer assistance with technical or billing issues. Customer hereby acknowledges and consents to such access.
   - 2.2) ClearGov License. Subject to the terms and conditions of this Agreement and as specifically set forth in the applicable ClearGov Service Order(s), ClearGov grants Customer a limited, revocable, non-exclusive, non-transferable, non-distributable, worldwide license to utilize the ClearGov Service for the following functionality:
     - a) Content Delivery. Customer may integrate, link and publish applicable public-facing content from the applicable ClearGov Apps within one or more Customer Web Site(s);
     - b) Application Access. Customer may access the ClearGov Apps via Customer's Account to utilize the functionality provided within such ClearGov Apps; and
     - c) API Access. Customer may access the ClearGov API to distribute and display public-facing content from the ClearGov Apps within one or more Customer Web Site(s).

3) **Term and Termination.**
   - 3.1) Term. The duration of this Agreement shall be defined in accordance with the Term set forth in all applicable Service Order(s). The Term shall commence upon the Start Date set forth in the first ClearGov Service Order executed between the Parties and shall continue in full force and effect until the termination or expiration of all applicable ClearGov Service Order(s) (the ***"Term"***).
   - 3.2) Termination. This Agreement and/or any applicable ClearGov Service Order may be terminated prior to the expiration of the term as follows:
     - a) Either Party may terminate this Agreement if the other Party fails to cure a material breach of the Agreement within fifteen (15) days after receipt of written notice

ATTACHMENT 1 EXHIBIT

thereof.

b) Either Party may terminate this Agreement if the other Party is involved in insolvency proceedings, receivership, bankruptcy, or assignment for the benefit of creditors.

3.3) Obligations. Upon expiration or termination of this Agreement:

a) Each Party shall promptly return to the other all of the Confidential Information of the other Party in its possession or control;

b) Customer shall cease use of the ClearGov Service and shall remove all links from the Customer Web Site(s) to any content provided by the ClearGov Apps, provided that Customer may continue to provide access to any Customer PDF(s). Customer shall be solely responsible for hosting and delivering such Customer PDF(s) as well as any ongoing costs for doing so; and

c) Any outstanding fees shall become immediately due and payable, and termination of this Agreement shall not relieve Customer from its obligation to pay to ClearGov any such fees.

3.4) Survival. Sections 3.3, 3.4 and 4 through 8 inclusive shall survive any termination or expiration of this Agreement.

4) Fees and Billing.

4.1) Fees. Customer shall pay the Fees in accordance with the terms set forth in the applicable ClearGov Service Order.

4.2) Interest and Collections. Customer will be charged $50 for payments by checks that are returned due to insufficient funds. Any late payments will accrue interest equal to one and one-half percent (1.5%) per month, or the maximum amount allowable under law, whichever is less, compounded monthly. ClearGov shall be entitled to recover all reasonable costs of collection (including agency fees, attorneys' fees, in-house counsel costs, expenses and costs) incurred in attempting to collect payment from Customer.

4.3) Taxes. Customer is solely responsible for all applicable sales, use and other taxes and similar charges based on or arising from this Agreement or any ClearGov Service Order. In the event that Customer is exempt from sales tax, Customer will provide ClearGov with a tax-exempt certificate upon request.

5) Intellectual Property.

5.1) General. Both Parties may only use the other Party's intellectual property as expressly set forth herein. Nothing in this Agreement shall be construed in any manner to affect or modify either Party's ownership rights in any preexisting or future works, trademarks, copyrights or technologies developed or created by either Party, including without limitation, their respective proprietary software used in connection with the development and provision of their respective Web sites, databases, systems, products and/or services. Unless specifically agreed by the Parties in writing, all intellectual property, including without limitation information that could become the subject of a patent, copyright or trade secret, developed by a Party in the context of performing its obligations under this Agreement shall be exclusively owned by that Party and the other Party shall cooperate with any reasonable requests to execute documents confirming such ownership.

5.2) Data Ownership and License.

a) Customer represents and warrants that it has obtained all data subjects' consent or otherwise has the full legal right necessary to provide the Customer Data to ClearGov for ClearGov's use as contemplated by this Agreement. Customer acknowledges that ClearGov shall have no legal liability for its use and/or the display of the Customer Data as contemplated by this Agreement.

b) Customer represents and warrants that Customer shall not provide or enter Sensitive Data to be displayed in any publicly available element of the ClearGov Service. To the extent that Customer enters or uploads any Sensitive Data into the ClearGov Service, Customer shall assume full responsibility for the disclosure of such Sensitive Data. ClearGov is under no obligation to review and/or verify whether or not Customer Data includes Sensitive Data.

c) Customer Data shall remain the property of Customer, and Customer hereby grants ClearGov a limited, perpetual, irrevocable and royalty-free right to use, copy, modify, and display the Customer Data within any ClearGov App(s) and for the purpose of providing the ClearGov Service.

5.3) Proprietary Rights Notice. The ClearGov Service and all intellectual property rights in the ClearGov Service are, and shall remain, the property of ClearGov. All rights in and to the ClearGov Service not expressly granted to Customer in this Agreement are hereby expressly reserved and retained by ClearGov without restriction, including, without limitation, ClearGov's right to sole ownership of the ClearGov API, ClearGov Apps, ClearGov Data, ClearGov Web Site, Documentation and Software. Without limiting the generality of the foregoing, Customer agrees not to (and to not allow any third party to): (a) sublicense, copy, distribute, rent, lease, lend or use the ClearGov Service outside of the scope of the license granted herein or make the ClearGov Service available to any third party or use the ClearGov Service on a service bureau time sharing basis; (b) copy, modify, adapt, translate, prepare derivative works from, reverse engineer, disassemble, or decompile the ClearGov Service or otherwise attempt to discover or reconstruct any source code, underlying ideas, algorithms, file formats, program interfaces or other trade secrets related to the ClearGov Service; (c) use the trademarks, trade names, service marks, logos, domain names and other distinctive brand features or any copyright or other proprietary rights associated with the ClearGov Service for any purpose without the express written consent of ClearGov; (d) register, attempt to register, or assist anyone else to register any trademark, trade name, service marks, logos, domain names and other distinctive brand features, copyrights or other proprietary rights associated with ClearGov other than in the name of ClearGov; or (e) modify, remove, obscure, or alter any notice of copyright, trademark, or other proprietary right or legend appearing in or on any item included with the ClearGov Service. If the use of the ClearGov Service is being purchased by or on behalf of the U.S. Government or by a U.S. Government prime contractor or subcontractor (at any tier), in accordance with 48 C.F.R. 227.7202-4 (for Department of Defense (DOD) acquisitions) and 48 C.F.R. 2.101 and 12.212 (for non-DOD acquisitions), the Government's rights in the ClearGov Service, including its rights to use, modify, reproduce, release, perform, display or disclose any elements of the ClearGov Service, will be subject in all respects to the commercial license rights and restrictions provided in this Agreement.

6) Representations, Warranties, Indemnification and Liability.

6.1) By ClearGov. ClearGov represents and warrants that: (i) the ClearGov Service shall be provided in accordance with, and shall not violate applicable laws, rules or regulations; and (ii) by using the ClearGov Service, Customer will not violate or in any way infringe upon the personal or proprietary rights of any third party, (iii) to ClearGov's knowledge, the ClearGov Service does not contain any virus, worm, Trojan horse, time bomb or similar contaminating or destructive feature; and (iv)

ClearGov holds all necessary rights to permit the use of the ClearGov Service and all components thereof provided to Customer under this Agreement.

6.2) By Customer. Customer represents and warrants that: (i) it has all right, title, and interest in and to the Customer Data necessary for its use in connection with the ClearGov Service; and (ii) it shall not use the ClearGov Service in a manner or in connection with any activity that would violate this Agreement or any law, rule or regulation or rights of any third party.

6.3) By Both. ClearGov and Customer both represent and warrant that (i) each has full power and authority to enter into and perform its obligations under this Agreement; (ii) this Agreement is a legal, valid and binding obligation, enforceable against each Party in accordance with its terms; and (iii) entering into this Agreement will not knowingly violate the Agreement or any laws, regulations or third-party contracts.

6.4) Indemnification by ClearGov. At ClearGov's cost, ClearGov agrees to indemnify, hold harmless and defend Customer against any cost, loss or expense (including attorney's fees) resulting from any claims by third parties for loss, damage or injury (each, a ***"Claim"***) arising out of or relating to (i) ClearGov's breach of any term, condition, representation or warranty of this Agreement, (ii) ClearGov's violation of any third party rights in connection with the ClearGov Service or (iii) ClearGov's violations of applicable laws, rules or regulations in connection with the ClearGov Service. In such a case, Customer will provide ClearGov with written notice of such Claim. Customer shall cooperate as fully as reasonably required in the defense of any Claim. Customer reserves the right, at its own expense, to assume the exclusive defense and control of any matter subject to indemnification by ClearGov. Notwithstanding the foregoing, unless the settlement involves no cost, loss or continuing liability to Customer, ClearGov shall not settle any Claim, without the written consent of Customer, such consent not to be unreasonably withheld.

6.5) Limited Warranty. ClearGov warrants that the ClearGov Service will be delivered in a professional and workmanlike manner substantially in accordance with the statement of work set forth in the applicable ClearGov Service Order and that the ClearGov Service will operate in all material respects as described in its product descriptions and/or documentation. EXCEPT FOR THE EXPRESS WARRANTIES STATED IN THIS AGREEMENT, INCLUDING ANY APPLICABLE CLEARGOV SERVICE ORDER, CLEARGOV MAKES NO ADDITIONAL WARRANTY, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, GUARANTEES, REPRESENTATIONS, PROMISES, STATEMENTS, ESTIMATES, CONDITIONS, OR OTHER INDUCEMENTS.

6.6) Limitation of Liability. NEITHER CLEARGOV NOR CUSTOMER WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOST PROFITS), OR INCIDENTAL DAMAGES, WHETHER BASED ON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR OTHER TORT, BREACH OF ANY STATUTORY DUTY, INDEMNITY OR CONTRIBUTION, OR OTHERWISE, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE EXCLUSION CONTAINED IN THIS PARAGRAPH SHALL APPLY REGARDLESS OF THE FAILURE OF THE EXCLUSIVE REMEDY PROVIDED IN THE FOLLOWING SENTENCE. BOTH PARTIES' TOTAL CUMULATIVE LIABILITY TO THE OTHER PARTY FOR ANY LOSS OR DAMAGES RESULTING FROM ANY CLAIMS, DEMANDS OR ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL NOT EXCEED THE CUMULATIVE FEES PAID BY CUSTOMER TO CLEARGOV IN THE PRECEDING TWELVE (12) MONTHS. THE FOREGOING SHALL NOT LIMIT A PARTY'S (A) PAYMENT OBLIGATIONS UNDER THE AGREEMENT; (B) LIABILITY FOR INDEMNIFICATION OBLIGATIONS UNDER SECTION 6.4; (C) LIABILITY FOR ANY BREACH OF ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTION 7; (D) LIABILITY FOR ANY BREACH OF ITS REPRESENTATIONS, WARRANTIES, OR OBLIGATIONS UNDER SECTION 5.2; OR (E) LIABILITY FOR ITS INFRINGEMENT OR MISAPPROPRIATION OF ANY PROPRIETARY RIGHTS OF THE OTHER PARTY. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS EXCLUDING OR LIMITING A PARTY'S LIABILITY FOR FRAUD OR ITS LIABILITY FOR DEATH OR PERSONAL INJURY ARISING FROM ITS NEGLIGENCE.

6.7) Essential Element. The provisions of this Section 6 are an essential element of the benefit of the consideration reflected in this Agreement.

7) Confidentiality.

7.1) Subject to any applicable open public records laws in the Customer State, each Party will keep the specific terms of this Agreement confidential, including the contents of the schedules and exhibits, and not disclose any portion of them to any third party (other than to its attorneys, accountants, advisors and potential investors who are bound to keep such information confidential) without the other Party's prior written consent, except as required by law, including but not limited to open public record laws.

7.2) In addition, in connection with the negotiation and performance of this Agreement, a Party (the ***"Receiving Party"***) may receive information from the other Party (the ***"Disclosing Party"***) which is confidential or proprietary in nature, including without limitation information about a Party's products, systems and services (***"Confidential Information"***). The Receiving Party agrees that, during the term of this Agreement and for a period of three (3) years thereafter, it will keep the Confidential Information in strictest confidence and protect such Confidential Information by similar security measures as it takes to protect its own Confidential Information of a similar nature, but in no event shall the Receiving Party take less than reasonable care with the Confidential Information of the Disclosing Party. The Receiving Party also agrees that it will not use any Confidential Information for any purpose other than in connection with the performance of its obligations under this Agreement.

7.3) The term ***"Confidential Information"*** shall not include information which A) is or becomes generally available to the public without breach of this Agreement, B) is in the possession of the Receiving Party prior to its disclosure by the Disclosing Party, C) becomes available from a third party not in breach of any obligations of confidentiality, D) is independently developed by the Receiving Party, or E) is required to be disclosed by the Receiving Party pursuant to law, rule, regulation, subpoena or court order, including but not limited to open public record laws.

7.4) The Parties recognize that the disclosure or use of a Disclosing Party's Confidential Information by the Receiving Party in violation of the provisions of this Section 7 may cause irreparable injury to the Disclosing Party; therefore, in the event either Party breaches the provisions of this Section 7, the other Party, in addition to any other remedies it may have, shall be entitled to seek preliminary and permanent

injunctive relief without the necessity of posting a bond.

8) Miscellaneous.

8.1) General. If any provision of this Agreement is held to be unenforceable for any reason, such provision shall be reformed to the extent necessary to make it enforceable to the maximum extent permissible so as to implement the intent of the Parties, and the remainder of this Agreement shall continue in full force and effect. A waiver of any default is not a waiver of any subsequent default. The relationship between ClearGov and Customer is one of independent contractors, not partnership, joint venture or agency. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties hereto. The United Nations Convention on Contracts for the International Sale of Goods and the Uniform Computer Information Transactions Act shall not apply to this Agreement. The Software is controlled by U.S. Export Regulations, and it may not be exported to or used by embargoed countries or individuals.

8.2) Entire Agreement. This Agreement and the accompanying ClearGov Service Order(s), together, constitute a valid and binding agreement between the Parties and are intended to be the Parties' complete, integrated expression of the terms of their agreement with respect to the ClearGov Service, and any prior agreements or understandings with respect to such subject matter are superseded hereby and fully merged herein.

8.3) Assignment. Neither Party will assign this Agreement in whole or in part to any third party without the prior written consent of the other Party; provided, however, either Party may assign this Agreement without such consent to any subsidiary or parent company of such Party or to any successor by way of any merger, consolidation or other corporate reorganization of such Party or sale of all or substantially all of the assets of such Party or to an entity that assumes, by sale, license or otherwise, the business activities that are the subject of this Agreement, provided that such subsidiary or parent company or successor assumes or is otherwise fully bound by all of the obligations of the assigning Party under this Agreement.

8.4) Marketing Materials. Customer agrees that ClearGov may utilize Customer's name solely to identify it as a ClearGov Customer on the ClearGov Web site, in client lists and other marketing materials. Any other uses of Customer's name and/or logo (other than as included in the content and/or other items furnished to ClearGov by Customer) shall require Customer's prior written consent.

8.5) Insurance. ClearGov shall maintain commercial general liability insurance, cybersecurity insurance, product liability insurance and auto liability insurance in amounts that are consistent with industry standards. ClearGov shall maintain Worker's Compensation insurance as required by law.

8.6) No Boycott of Israel. ClearGov hereby certifies that ClearGov is not currently engaged in and shall not, for the duration of the Term of this Agreement, engage in a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel.

8.7) Jurisdiction. This Agreement shall be governed by the applicable laws in the Customer State, without regard to conflict of laws rules. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined exclusively by arbitration in the Customer State before a panel of three arbitrators. Such arbitration shall be administered by JAMS pursuant to JAMS' Streamlined Arbitration Rules and Procedures. Judgment on an award, if any, may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The Parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the provision with respect to applicable substantive law, any arbitration conducted pursuant to the terms of this Agreement shall be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16).

8.8) Modification. ClearGov shall have the right to modify this Agreement at any time by posting revised terms and conditions at the following URL: http://www.ClearGov.com/terms-and-conditions. Changes will be binding on the date they are posted. Continued use of the ClearGov Service will be considered acceptance by Customer of the then current Agreement.

8.9) Force Majeure. If the performance of this Agreement or any obligations hereunder is prevented or interfered with by reason of fire or other casualty or accident, strikes or labor disputes, war or other violence, any law, proclamation, regulation, or requirement of any government agency, or any other act or condition beyond the reasonable control of a Party hereto, that Party upon giving prompt notice to the other Party shall be excused from such performance during such occurrence.

8.10) Notices. All notices, requests, or other communications between the Parties that are required or permitted hereunder will be in writing and will be given by: (a) delivery in person or by prepaid courier service with a nationally recognized courier company, (b) delivery by registered or certified mail, postage prepaid, return receipt requested, (c) by confirmed fax, or (d) email to the address and/or fax number set forth in the applicable ClearGov Service Order. A Party may change the street or email address or fax number to which notice is to be sent by giving written notice of such change. Notices will be deemed given when received as evidenced by verification from the courier company, the mail or confirmation of email receipt or fax confirmation.

8.11) Titles & Subtitles. The titles and subtitles in this Agreement are used for convenience only and are not to be considered in construing it.

AGREEMENT FOR SERVICES

ClearGov - Software Services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and ClearGov Inc. ("Contractor"), a Corporation and whose address is 2 Mill & Main Place Suite 630, Maynard MA 01754. This Agreement is made with reference to the following facts.

I. RECITALS

A. For the services described in this Agreement, the Contractor is the only Contractor who provides this service.

B. Contractor represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

C. Town desires to engage Contractor to provide software services.

D. Contractor warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Contractor acknowledges Town has relied upon these warranties to retain the Contractor.

II. AGREEMENT

A. Scope of Services. Contractor shall provide budgeting and planning suite services as described in the vendor proposal, which is hereby incorporated by reference and attached as Exhibit A.

B. Term. The term of this Agreement shall be from upon execution to Wednesday, October 31, 2029.

C. Compliance with Laws. The Contractor shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Contractor represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Contractor to practice its profession. Contractor 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. Contractor 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 the Contractor by the Town and all reports and supportive data prepared by the Contractor 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 the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor 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 Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Contractor which is and has been confirmed in writing by Contractor to be a trade secret of the Contractor.

F. Compensation: Compensation for services at the rates set forth in Exhibit A and in the amount **not to exceed $175,366.00**, inclusive of all costs subject to appropriation of funds, notwithstanding any other provision in this agreement.

G. Billing. Subscription fees shall be invoiced annually in advance, and any one-time implementation fees shall be invoiced as set forth in Exhibit A. 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. Contractor shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Contractor shall make these records available to authorized personnel of the Town at the Contractor 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 Contractor. 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 Contractor, 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 Contractor 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. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor 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 Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

K. Conflict of Interest. Contractor understands that its professional responsibilities are solely to the Town. The Contractor has and shall not obtain any holding or interest within the Town of Los Gatos. Contractor 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, the Contractor 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. Contractor 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 Contractor discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Contractor shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such

employment relationship. Contractor's provision of the same or similar software services to other pub agencies shall not be deemed a conflict of interest under this Section.

L. Non-Discrimination. Contractor warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither the Contractor 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. Contractor 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: one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) in the aggregate for bodily injury, personal injury and property damage.

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

B. General Liability:

1. The Town, its elected and appointed officials, employees, and agents are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor, premises owned or used by the Contractor.

2. The Contractor'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 Contractor'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. The Contractor'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, Contractor 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, Contractor shall ensure that all subcontractors employed by Contractor 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 Contractor 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 under this Agreement, to the extent caused by the negligent act or omissions or willful misconduct of the Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor 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. Either party may terminate this Agreement for the other party's material breach not cured within thirty (30) days after written notice. The Town may also terminate without cause (i) during the Client Satisfaction Period in the Service Order, for a full refund of fees paid, (ii) effective at the end of any annual subscription period, on thirty (30) days' prior written notice, or (iii) effective at the end of the then-current annual subscription period if funds for the following fiscal year are not appropriated. In the event of termination, the Contractor shall make Town's data available for export. Fees for the then-current annual subscription period are non-refundable, except that if the Town terminates for Contractor's uncured material breach, Contractor shall refund prepaid fees for the remainder of that period.

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 Contractor.

F. Limitation of Liability. Except for (i) Contractor's indemnification obligations under Section III.E, (ii) liab infringement of a third party's proprietary rights, (iii) fraud, and (iv) personal injury or death, neither party shall be liable for indirect, incidental, consequential, special or punitive damages or lost profits, and each party's total liability under this Agreement shall not exceed the fees paid or payable by the Town in the twelve (12) months preceding the event giving rise to the claim.

G. 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
ClearGov Inc.
2 Mill & Main Place Suite 630, Maynard MA 01754

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

H. 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.

I. Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and the Contractor. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

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

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

ClearGov Inc.

SIGNATURE

VENDOR SIGNATORY'S FULL NAME

VENDOR 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.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 8

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Negotiate and Execute an Amendment to the Lease Agreement with the Friends of the Los Gatos Library**

RECOMMENDATION: Authorize the Town Manager to negotiate and execute an amendment to the Lease Agreement with the Friends of the Los Gatos Library.

FISCAL IMPACT:

This lease amendment allows the cost of utilities to be included in the Friends of the Los Gatos Library's (Friends) annual funding commitment rather than through separate payments. The current lease requires the Friends to provide an annual minimum funding commitment of $35,000 and to separately pay the Town for their associated utility expenses through invoices the Town issues. The proposed amendment redefines the minimum funding commitment to be $35,000 plus the cost of utilities so that utility costs can be covered through one annual contribution. There is no net difference in total revenue from the Friends to the Town with this amendment. The amendment will increase efficiency and reduce the administrative burden associated with invoicing and processing multiple payments.

STRATEGIC PRIORITY:

This item supports the strategic priority of prudent financial management, leveraging efficiencies and partnerships.

BACKGROUND:

The Friends of the Los Gatos Library (Friends) is a 501(c)3 non-profit organization with the dedicated mission of fundraising support for the Los Gatos Library. The Friends support this mission with an annual monetary donation to the Town to support the Library, including its

PREPARED BY: Katy Nomura
Assistant Town Manager

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

services and programs. The donation amount varies each year and has not been less than $70,000 annually for the past eight years; however, this amount is not guaranteed, as the actual amount is tied to the success of their fundraising for each year.

The primary source of fundraising is generated through the operation of the Friends Bookstore. The Friends have been operating the Friends Bookstore at 108 East Main St in the Civic Center Complex as a tenant of the Town since July of 2015. This lease set the actual "rent" at $1 per year with the understanding that the Friends would make a monetary donation to the Town for Library services of a minimum of $35,000 per year.

On November 4, 2025, this amendment was originally published on the Town Council agenda but later removed as the Friends of the Library wished to discuss further.

DISCUSSION:

The proposed amendment (Attachment 1) allows the Friends to include their cost of utilities within their annual monetary donation. This change allows the Friends to provide a larger sum in their annual contribution while reducing utility invoicing and transaction processing by Town staff.

CONCLUSION:

Staff recommends authorizing the Town Manager to negotiate and execute the amendment to the lease agreement with the Friends of the Los Gatos Library.

COORDINATION:

This item was coordinated with the Library, the Town Attorney, the Town Manager's Office, and the Friends of the Los Gatos Library.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Draft Amendment

FIRST AMENDMENT TO LEASE AGREEMENT BETWEEN THE TOWN OF LOS GATOS AND FRIENDS OF THE LOS GATOS PUBLIC LIBRARY

This AMENDMENT TO AGREEMENT is dated for this 23rd day of September, 2026, and amends that certain Lease Agreement between the Town of Los Gatos ("Town") and Friends of the Los Gatos Public Library, a California nonprofit corporation ("Lessee") dated July 1, 2024.

RECITALS

A. The Town and Lessee entered into a Lease Agreement for the property located at 108 E. Main Street effective July 1, 2024, and extending through April 30, 2029 with options to extend ("2024 Lease Agreement"), a copy of which is attached hereto and incorporated by reference as **Exhibit A** to this Amendment.

B. Now, therefore, the parties hereto agree as follows:

AMENDMENT

A. Section 4 FUNDING COMMITMENT is amended to read as follows:

Lessee shall be obligated to contribute a minimum of $35,000 plus the cost of utility expenses (see Section 6.1 of this Lease Agreement) to the Town on an annual basis based on proceeds from the Lessee's efforts to support the Town of Los Gatos Public Library as established in Lessee's Library Trust Fund Account. All funds paid by the Friends of the Los Gatos Public Library per the funding commitment will be used solely for the Los Gatos Library. All payments shall be made payable annually to the Town the day after the second Town Council meeting in August. The Town will provide an opportunity for the Friends of the Los Gatos Public Library to ceremonially present the contribution at a regular meeting of the Town Council in August.

B. Section 6.1 Lessee Obligations is amended to read as follows:

Lessee is responsible for all expenses associated with the operation of the Premises, including but not limited to, the furnishing of gas, water, sewer, electricity, garbage pickup and disposal, and other public utilities ("utility expenses"). Lessee shall be responsible for a pro-rated share, based on square footage, of utility expenses provided by or through the Town. Lessee's utility expenses will be considered included in Lessee's funding commitment contribution (see Section 4 of this Lease Agreement) so long as the annual contribution amount exceeds the total of the cost of the utility expenses added to the minimum $35,000 funding commitment paid to the Town by Lessee.

Lessee shall be obligated to pay their own direct costs for telephone, technology, audio-visual, custodial, or other specialized services, including any initial costs for those services.

Town shall maintain all exterior landscaping.

C. All other terms, covenants, and conditions of the original 2024 Lease Agreement remain in full force and effect except as expressly modified herein.

TOWN OF LOS GATOS:

SIGNATURE
Chris Constantin
FULL NAME
Town Manager
TITLE
DATE SIGNED

LESSEE: Friends of the Los Gatos Public Library

SIGNATURE
Vicki Wendell
FULL NAME
President
TITLE
DATE SIGNED

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

SIGNATURE
Wendy Wood
FULL NAME
DATE SIGNED
Town Clerk
TITLE

Attachments:

A - Friends of Library Lease Agreement 2024

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LEASE AGREEMENT

BETWEEN
TOWN OF LOS GATOS
AND
FRIENDS OF THE LOS GATOS PUBLIC LIBARY

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LEASE AGREEMENT
BETWEEN
TOWN OF LOS GATOS
AND
FRIENDS OF THE LOS GATOS PUBLIC LIBRARY

This lease agreement (herein "Lease") is made and entered into July 1, 2024, by and between the Town of Los Gatos, a California municipal corporation (herein "Town") and Friends of the Los Gatos Public Library, a California nonprofit corporation (herein "Lessee"). Town and Lessee may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Lease." The Town Manager serves as Contract Administrator for this Lease on behalf of the Town Council.

In consideration of these recitals and the following covenants, terms, and conditions, Lessee and Town mutually agree as follows:

LEASE PROVISIONS

1. PREMISES.

Town hereby leases to Lessee, certain real property located in the Town of Los Gatos, County of Santa Clara, State of California, commonly known as 108 E. Main Street (herein the "Premises") and more particularly described in Exhibit A attached hereto and incorporated herein by reference. The Premises consists of approximately one thousand eight hundred and sixty (1,860) square feet of space for retail book sales. Unless specifically provided, Lessee accepts the Premises "as-is" on the date of execution of this Lease.

2. TERM.

2.1 Original Term. The term of this Lease shall be for five (5) years, commencing on July 1, 2024 ("Delivery Date") and ending on April 30, 2029. Lessee shall, at the expiration of the term of this Lease, or upon its earlier termination, surrender the Premises in as good condition as it is now at the date of this lease. The Parties expect reasonable wear and tear.

2.2 Option to Extend. Provided Lessee is not in default hereunder, either at the time of exercise or at the time the extended term commences, Lessee shall have the option to extend the initial term of this Lease for two (2) additional periods of five (5) years ("Option Period") with the same terms, covenants and conditions provided herein by letter agreement. Lessee's option shall be exercised by Lessee providing Town with request for an extension in writing no less than sixty (60) days prior to the expiration of the then current term.

Early Termination by Town. If Town in its sole discretion determines that it requires the Premises for any public purpose, Town may terminate this Lease upon ninety (90) days written notice.

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3. RENT.

3.1 Base Rent. The rent to be paid by Lessee shall be in the amount of One Dollar ($1.00) per year.

3.2 Payment Date. Rent shall be payable on the first day of July commencing on the Delivery Date, and each July 1st thereafter during the term of the Lease and any Lease extension at Town Hall Finance Department.

4. FUNDING COMMITMENT.

Lessee shall be obligated to contribute a minimum of $35,000 to Town on an annual basis based on proceeds from the Lessee's efforts to support the Town of Los Gatos Public Library as established in Lessee's Library Trust Fund account. All funds paid by the Friends of the Los Gatos Public Library per the funding commitment will be used as enhancements to the Library budget and are not intended to offset the general fund contributions to the Library budget. All payments shall be made payable annually to the Town the day after the second Town Council meeting in August. The Town will provide an opportunity for the Friends of the Los Gatos Public Library to ceremonially present the contribution at a regular meeting of the Town Council in August.

5. USE OF PREMISES AND OPERATING HOURS.

5.1 Required Uses. Throughout the term of this Lease, Lessee shall provide the following uses, services and activities ("Required Uses"):

5.1.1 Uses consistent with Lessee's business purposes which includes retail sales of used and new books, ancillary items (cards, t-shirts, paper, and similar products), and museum merchandise.

5.1.2 1,860 square feet of space on the upper level of the old Town of Los Gatos Library located at 108 Main Street, Los Gatos, CA, as shown on Exhibit A.

5.1.3 Lessee may request to reserve the conference room once a month in the new public library and the outdoor Town deck adjacent to Lessee's space in accordance with the Town's Facility Use Policy

5.2 Hours of Operations.

5.2.1 Public Hours. Lessee may set reasonable hours of operation.

5.2.2 Special Events. Lessee shall be obligated to apply for a Special Events Permit in accordance with Town rules and regulations and pay all associated costs and fees for any

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event that meets the criteria set forth by Town Code. Alcohol (beer & wine only) may be allowed in conjunction with approval of a Special Events Permit, subject to all regulations required by the Los Gatos Police Department. For those events that do not meet the criteria requiring a Special Event Permit, but do impact parking at the Civic Center, Lessee shall coordinate with the Town Manager's office to avoid conflicts during business hours or when Town events or meetings are scheduled.

5.3 Prohibited Uses. Lessee shall not use Premises for any purpose not expressly permitted hereunder. Lessee shall not create, cause, maintain or permit any nuisance or waste in, on, or about the Premises, or permit or allow the Premises to be used for any unlawful or immoral purpose. Lessee shall not do or permit to be done anything in any manner which unreasonably disturbs the users of the Town Property or the occupants of neighboring property. Specifically, and without limiting the above, Lessee agrees not to cause any unreasonable odor, noise, vibration, power emission, or other item to emanate from the Premises. No materials or articles of any nature shall be stored outside upon any portion of the Premises. Lessee will not use Premises in a manner that increases the risk of fire, cost of fire insurance or improvements thereon. No unreasonable sign or placard shall be painted, inscribed or placed in or on said Premises; and no tree or shrub thereon shall be destroyed or removed or other waste committed of said Premises. No bicycles, motorcycles, automobiles or other mechanical means of transportation shall be placed or stored anywhere on the Premises. No repair, overhaul or modification of any motor vehicle shall take place on the Premises or the street in front of said Premises. Lessee, at his/her expense, shall keep the Premises in as good condition as it was at the beginning of the terms hereof, except damage occasioned by ordinary wear and tear, and except damage to the roof, sidewalks and underground plumbing, which is not the fault of Lessee.

5.4 Condition, Use of Premises. Town makes no warranty or representation of any kind concerning the condition of the Premises, or the fitness of the Premises for the use intended by Lessee, and hereby disclaims any personal knowledge with respect thereto, it being expressly understood by the parties that Lessee has personally inspected the Premises, knows its condition, finds it fit for Lessee's intended use, accepts it as is, and has ascertained that it can be used exclusively for the limited purposes specified in Section 5.1.

5.5 Parking. Town will provide Olive Zone parking to Lessee for their volunteers.

5.6 Coordination with Town. Lessee shall schedule, attend, and fully participate in annual meetings with Town Manager and/or Manager's designee to address any and all conditions of this Agreement or any other matter which arises in conjunction with the use of the Premises. Lessee shall also be required to participate in Town Emergency Preparedness training and exercises.

6. UTILITIES AND OPERATING EXPENSES.

6.1 Lessee Obligations. Lessee at Lessee's sole expense shall fully and promptly pay for all expenses associated with the operation of the Premises, including but not limited to the

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furnishing of gas, water, sewer, electricity, telephone service, garbage pickup and disposal, other public utilities and custodial service. Lessee shall be obligated to pay a pro-rated share based on square footage for gas, water, sewer, electricity, garbage service and other public utilities provided by or through the Town. Lessee shall be obligated to pay their own direct costs for telephone, technology, audio-visual, custodial or other specialized services, including any initial costs for those services. Town shall maintain all exterior landscaping.

6.2 Custodial Services. Lessee at Lesses's sole expense shall fully maintain and pay for all custodial services to maintain the interior premises in a clean and safe manner. All vendors for custodial services shall be bonded, insured, and the Town named as an additional insured. Proof of bond and insurance including the additional insured certificate shall be provided to Town prior to any custodial services being performed.

7. TAXES.

7.1 Payment of Real Property Taxes. Town shall pay Lessee's share of all real property taxes which become due and payable.

7.2 Revenue and Taxation Code. Lessee specifically acknowledges it is familiar with section 107.6 of the California Revenue and Taxation Code. Lessee realizes that a possessory interest subject to property taxes may be created, agrees to pay any such tax, and hereby waives any rights Lessee may have under said California Revenue and Taxation Code section 107.6.

7.3 Personal Property Taxes. Lessee shall pay before delinquent, or if requested by Town, reimburse Town for, any and all taxes, fees, and assessments associated with the Premises, the personal property contained in the premises and other taxes, fees, and assessments regarding any activities which take place at the Premises. Lessee recognizes and understands in accepting this Lease that its interest therein may be subject to a possible possessory interest tax that Town or County may impose on such interest and that such tax payment shall not reduce any rent due Town hereunder and any such tax shall be the liability of and be paid by Lessee.

8. MAINTENANCE.

8.1 Town and Lessee Responsibilities. Lessee at Lessee's expense, shall perform all interior maintenance and repairs, including all painting, necessary to keep the Premises in good order, repair, and condition, and shall keep the Premises in a safe, clean, and sanitary condition to the complete satisfaction of Town, and in compliance with all applicable laws, throughout the term of this Lease. In addition, Lessee shall maintain, at Lessee's expense, all equipment, furnishings and trade fixtures upon the Premises required for the maintenance and operation of public services of the type to be conducted pursuant to this Lease. Routine interior plumbing and electrical maintenance (e.g., plugged toilets/sinks, faulty switches/lights) will be the responsibility of the Lessee. Town shall be responsible for the routine maintenance and repair of the exterior structure of the Premises and main support systems, including roof repair, exterior painting and structural repairs, excluding any

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maintenance or repairs resulting from Lessee's actions or activities. Windows broken or cracked will be the responsibility of the Town, excluding broken windows resulting from Lessee's actions or activities.

8.2 Waiver of Civil Code. Lessee expressly waives the benefit of any statute now or hereinafter in effect, including the provisions of sections 1941 and 1942 of the Civil Code of California, which would otherwise afford Lessee the right to make repairs at Town's expense or to terminate this Lease because of Town's failure to keep Premises in good order, condition and repair. Lessee further agrees that if and when any repairs, alterations, additions or betterments shall be made by Lessee as required by this paragraph, Lessee shall promptly pay for all labor done or materials furnished and shall keep the Premises free and clear of any lien or encumbrance of any kind whatsoever. If Lessee fails to make any repairs or perform any maintenance work for which Lessee is responsible within a reasonable time (as determined by the Town Manager in the Town Manager's sole discretion) after demand by the Town, Town shall have the right, but not the obligation, to make the repairs at Lessee's expense; within ten (10) days of receipt of a bill, Lessee shall reimburse Town for the cost of such repairs, including a fifteen percent (15%) administrative overhead fee. The making of such repairs or performance of maintenance by Town shall in no event be construed as a waiver of the duty of Lessee to make repairs or perform maintenance as provided in this Section.

8.3 Maintenance of Common Areas. Town shall maintain or cause to be maintained, including repair and replacement as necessary, the exterior grounds, exterior shared deck, and the parking lot adjacent to the Premises. If Lessee uses the shared deck for activities or a special event, Lessee shall promptly remove all structures, fixtures, accessories, decorations and trash associated with the activity or event.

9. CASP INSPECTION.

Landlord states that the Premises have not been inspected by a Certified Access Specialist (CASp). Accordingly, this notice is provided by Landlord pursuant to California Civil Code Section 1938:

> "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or Landlord may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of the construction-related accessibility standards within the premises."

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Unless otherwise expressly stated in this Lease and subject to the terms of this Lease: (a) Lessee may elect at any time to perform a CASp inspection of the Premises at Lessee's expense; (b) any repairs or modifications necessary to correct violations of applicable construction-related accessibility standards within or about the Premises are the responsibility of Lessee; and (c) any construction-related accessibility improvements by Lessee or alterations of or improvements to the Premises are the responsibility of the Lessee.

10. AMERICANS WITH DISABILITIES ACT.

Throughout the term of the Lease, Lessee acknowledges and expressly accepts full responsibility and shall incur all costs and expenses (whether structural or non-structural in nature) for compliance with the requirements of the Americans with Disabilities Act (ADA) and any other law regarding the accessibility of the Premises (and the improvements located or to be located thereon) by disabled individuals. Lessee agrees to release, indemnify, defend and hold harmless Landlord (and its officials, officers, directors, employees, agents, representatives, volunteers, contractors, successors and assigns) from and against any claim, loss, expense or liability arising from Lessee's failure to fully comply with all such applicable laws and/or this Section 10 (Americans with Disabilities Act).

11. TENANT IMPROVEMENTS.

11.1 Improvements Permitted. Subject to prior written approval of the Town Manager, which shall not be unreasonably withheld, Lessee shall be entitled to install improvements in an efficient and workmanlike manner within the Premises, at no cost to Town. All costs of plans, improvements, and permits shall be the sole responsibility of the Lessee. All structural improvements and improvements in excess of $5,000 must be approved in writing by the Town Manager.

11.2 Cost of Improvements. All tenant improvements shall be made at Lessee's sole expense.

11.3 Ownership of Improvements. All improvements constructed, erected, or installed upon the Premises must be free and clear of all liens, claims, or liability for labor or material and shall become the property of Town, at its election, upon expiration or earlier termination of this lease and upon Town's election, shall remain upon the Premises upon termination of this Lease. Title to all free standing equipment, furniture, furnishings, and trade fixtures placed by Lessee upon the Premises shall remain in Lessee's ownership, and replacements, substitutions and modifications thereof may be made by Lessee throughout the term of this Lease.

11.4 Indemnity for Claims Arising Out of Construction. Lessee shall defend and indemnify Town against all claims, liabilities, and losses of any type arising out of work performed on the Premises by Lessee, together with reasonable attorneys' fees and all costs and expenses reasonably incurred by Town in negotiating, settling, defending or otherwise protecting

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against such claims.

11.5 Certificate of Inspection. Upon completion of construction of any building, Lessee shall submit to the Town Manager a Certificate of Inspection, verifying that the construction was completed in conformance with Title 20 of the California Code of Regulations for residential construction, or in conformance with Title 24 of the California Code of Regulations for non-residential construction.

11.6 As Built Plans. Lessee shall provide the Town Manager with a complete set of reproducible "as built plans" reflecting actual construction within or upon the Premises upon completion of any: (i) new construction; (ii) structural alterations; or, (iii) non-structural alterations costing more than $25,000.

12. ALTERATIONS BY LESSEE

Lessee shall not make any alterations or improvements to the Premises without obtaining the prior written consent of the Town Manager. Lessee may, at any time and at its sole expense, install and place business fixtures and equipment within the Premises, provided such fixtures and installation have been reviewed and approved by the Town Manager.

13. HOLD HARMLESS/INDEMNIFICATION.

13.1 Indemnification. To the fullest extent permitted by law, Lessee agrees to protect, defend, hold harmless and indemnify Town, its Town Council, commissions, officers, agents, volunteers, and employees from and against any claim, injury, liability, loss, cost, and/or expense or damage, however same may be caused, including all costs and reasonable attorney's fees in providing a defense to any claim arising therefrom for which Town shall become legally liable arising from Lessee's negligent, reckless, or wrongful acts, errors, or omissions with respect to or in any way connected with this Lease. Lessee shall give Town immediate notice of any claim or liability hereby indemnified against. This indemnity shall be in addition to the Hazardous Materials indemnity contained in this Lease and shall survive the expiration of or early termination of the Lease Term.

13.2 Waiver of Claims. Lessee waives any claims against Town for injury to Lessee's business or any loss of income therefrom, for damage to Lessee's property, or for injury or death of any person in or about the Premises or the Town Property, from any cause whatsoever, except to the extent caused by Town's active negligence or willful misconduct.

14. DAMAGE, DESTRUCTION AND TERMINATION.

14.1 Force Majeure. Prevention, delay or stoppage due to strikes, lockouts, labor disputes, Acts of God, inability to obtain labor, inability to obtain materials or reasonable substitutes, governmental restrictions, governmental regulation, governmental controls, judicial orders, enemy or hostile governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of Lessee (financial inability excepted), shall excuse

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the performance by Lessee for a period equal to the prevention, delay, or stoppage, except the obligations imposed with regard to rent to be paid by Lessee pursuant to this Lease. In the event any work performed by Lessee or Lessee's contractors results in a strike, lockout, and/or labor dispute, the strike, lockout, and/or labor dispute shall not excuse the performance by Lessee of the provisions of this Lease.

14.2 Restoration of Premises Termination. If, during the term of the Lease, the Premises are totally or partially destroyed, rendering the Premises totally or partially inaccessible or unusable, Lessor may restore the Premises to substantially the same condition as it was in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Either party can also choose to terminate this Lease by giving reasonable notice to the other party.

15. SIGNS AND MARKETING.

15.1 Lessee shall not place, construct, maintain, or allow any signs affixed to the building or to the exterior of the Premises without prior written consent of the Town following Town Council review and approval. Lessee shall submit an application to the Community Development Department and, be obligated to pay all costs associated with any application process required to obtain approval for any signs.

15.2 Lessee shall not place, construct, maintain, or allow any other signs, including minor ones, visible to the exterior of the Premises without prior written consent of the Town Manager. Lessee shall submit an application to the Community Development Department and, be obligated to pay all costs associated with any application process required to obtain approval for any signs. Exterior or otherwise visible signage shall be subject to the Town's naming policy and donation policy.

15.3 Town shall include references to Lessee on signs and marketing programs prepared by or for Town in association with Lessee's operations on the Premises.

16. ASSIGNMENT AND SUBLETTING.

16.1 Town's Consent Required. Lessee shall not assign this Lease, nor any interest therein, and shall not sublet or encumber the Premises or any part thereof, nor any right or privilege appurtenant thereto, nor allow or permit any other person(s) to occupy or use the Premises, or any portion thereof, without the prior written consent of Town. This Lease shall be binding upon any permitted assignee or successor of Lessee. Consent by Town to one assignment, subletting, occupation or use by another person shall not be deemed to be consent to any subsequent assignment, subletting, occupation or use by another person. No assignment, subletting, or encumbrance by Lessee shall release it from or in any way alter any of Lessee's obligations under this Lease. Lessee may have the Premises delivered to a subsidiary company of Lessee, but such arrangement shall in no way alter Lessee's responsibilities hereunder with respect to the Premises. Any assignment, subletting, encumbrances,

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occupation, or use contrary to the provisions of this Lease shall be void and shall constitute breach of this Lease. Town may assign any of its rights hereunder without notice to Lessee.

16.2 No Release of Lessee. No subletting or assignment as approved by Town shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations by Lessee hereunder. The acceptance of rent by Town from any other person shall not be deemed to be a waiver by Town of any provision hereof. In the event of default by any assignee of Lessee or any successor of Lessee in the performance of any of the terms hereof, Town may proceed directly against Lessee without the necessity of exhausting remedies against said assignee.

17. DEFAULTS; REMEDIES.

17.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default, or breach of this Lease, by Lessee:

17.1.1 Abandonment of the Premises by Lessee as defined by California Civil Code section 1951.3;

17.1.2 Failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as provided in this Lease, where such failure shall continue for a period of ten (10) business days after written notice thereof from Town to Lessee. In the event Town serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph;

17.1.3 Failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease in any material respect where such failure shall continue for a period of thirty (30) days after written notice thereof from Town to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion;

17.1.4 Making by Lessee of any general arrangement or assignment for the benefit of creditors; Lessee's becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); the appointment of a bankruptcy trustee or receiver to take possession of all or substantially all of Lessee's assets located at or on the Premises or of Lessee's interest in this Lease where possession is not restored to Lessee within thirty (30) days; or the attachment, execution or other judicial seizure of all or substantially all of Lessee's assets located at or on the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

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17.1.5 Failure to make the Funding Commitment payments as required under this Lease Agreement for a period of six (6) months or more.

17.2 Remedies. In the event of any material default or breach by Lessee, Town may at any time thereafter, following any notice required by statute, and without limiting Town in the exercise of any right or remedy which Town may have by reason of such default or breach:

17.2.1 Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises and Improvements to Town. In such event, Town shall be entitled to recover from Lessee all damages incurred by Town by reason of Lessee's default including but not limited to: the cost of recovering possession of the Premises and Improvements; expenses of reletting, including necessary renovation and alteration of the Premises and Improvements; reasonable attorneys' fees; the worth at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease and the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

17.2.2 Maintain Lessee's right to possession, in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event, Town shall be entitled to enforce all of Town's rights and remedies under this Lease, including the right to recover rent and other payments as they become due hereunder.

17.2.3 Pursue any other remedy now or hereafter available to Town under the laws or judicial decisions of the State of California. Town shall have all remedies provided by law and equity.

17.3 No Relief from Forfeiture After Default. Lessee waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present or future law, in the event Lessee is evicted or Town otherwise lawfully takes possession of the Premises by reason of any default or breach of this Lease by Lessee.

17.4 Disposition of Abandoned Personal Property. If the Lessee fails to remove any personal property belonging to Lessee from the Premises after forty-five (45) days of the expiration or termination of this Lease, such property shall at the option of Town be deemed to have been transferred to Town. Town shall have the right to remove and to dispose of such property without liability to Lessee or to any person claiming under Lessee, and the Town shall have no need to account for such property.

18. INTEREST ON PAST-DUE OBLIGATIONS.

Except as expressly provided herein, any amount due Town when not paid when due shall bear interest at the lesser of ten percent (10%) per year or the maximum rate then allowable by law from

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the date due.

19. HOLDING OVER.

If Lessee remains in possession of the Premises or any part thereof after the expiration of the term or option term hereof, such occupancy shall be a tenancy from month to month with all the obligations of this Lease applicable to Lessee and at a monthly rental obligation at the market rate in effect at the time of expiration. Nothing contained in this Lease shall give to Lessee the right to occupy the Premises after the expiration of the term, or upon an earlier termination for breach.

20. TOWN'S ACCESS.

20.1 Access for Inspection. Town and Town's agents shall have the right to enter the Premises at reasonable times, upon not less than twenty-four (24) hours prior notice to Lessee, for the purpose of inspecting same, showing same to prospective purchasers, lenders or lessees, and making such alterations, repairs, improvements, or additions to the Premises as Town may deem necessary.

20.2 Intentionally omitted

20.3 New Locks. Lessee may not install new locks on any doors without the express written consent of the Town. Lessee shall advise Town of such action and shall provide Town with keys to said locks. Lessee shall also deliver to Town the old locks with keys. Upon termination, Lessee shall leave new locks that shall become the property of Town.

21. INSURANCE.

Lessee shall purchase and maintain in full force and effect during the entire term of this Lease insurance coverage in amounts and in a form acceptable to Town as set forth in Exhibit B attached hereto and incorporated herein by reference.

Lessee shall be responsible for all losses incurred for any reason of its personal property or contents on Premises. Lessee may want to consider securing renter's liability insurance.

Lessee shall deposit with the Town Manager, on or before the effective date of this Lease, certificates of insurance necessary to satisfy Town that the insurance provisions of this Lease have been complied with, and to keep such insurance in effect and the certificates therefore on deposit with Town during the entire term of this Lease. Should Lessee not provide evidence of such required coverage at least three (3) days prior to the expiration of any existing insurance coverage, Town may purchase such insurance, on behalf of and at the expense of Lessee to provide six months of coverage.

Town shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of the Town's Risk Manager (or comparable official), the insurance provisions in this Lease do not provide adequate protection for Town and for members of

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the public using the Premises, the Town Manager may require Lessee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection as determined by the Risk Manager. Town's requirements shall be reasonable and shall be designed to assure protection from and against the kind and extent of risk that exists at the time a change in insurance is required.

The Town Manager or designee shall notify Lessee in writing of changes in the insurance requirements. If Lessee does not deposit copies of acceptable insurance policies with Town incorporating such changes within sixty (60) days of receipt of such notice, or in the event Lessee fails to maintain in effect any required insurance coverage, Lessee shall be in default under this lease without further notice to Lessee. Such failure shall constitute a material breach and shall be grounds for immediate termination of this Lease at the option of Town.

The procuring of such required policy or policies of insurance shall not be construed to limit Lessee's liability hereunder nor to fulfill the indemnification provision and requirements of this Lease. Notwithstanding the policy or policies of insurance, Lessee shall be obligated for the full and total amount of any damage, injury, or loss caused by or connected with this Lease or with use or occupancy of the Premises.

22. DISPUTE RESOLUTION.

22.1 Unless otherwise mutually agreed to, any controversies between Lessee and Town regarding the construction or application of this Lease, and claims arising out of this Lease or its breach shall be submitted to mediation within thirty (30) days of the written request of one Party after the service of that request on the other Party.

22.2 The Parties may agree on one mediator. If they cannot agree on one mediator, the Party demanding mediation shall request the Superior Court of Santa Clara County to appoint a mediator. The mediation meeting shall not exceed one day (eight (8) hours). The Parties may agree to extend the time allowed for mediation under this Lease.

22.3 The costs of mediation shall be borne by the Parties equally.

22.4 Mediation under this section is a condition precedent to filing an action in any court. In the event of litigation arising out of any dispute related to this Lease, the Parties shall each pay their respective attorney's fees, expert witness costs and cost of suit, regardless of the outcome of the litigation.

23. NON-LIABILITY OF OFFICIALS AND EMPLOYEES OF THE TOWN.

No official or employee of Town shall be personally liable for any default or liability under this agreement.

24. NON-DISCRIMINATION

26.1 Non-discrimination in Lease Activities. Lessee agrees that in the performance of this

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Lease and in connection with all of the activities Lessee conducts on the Premises, it shall not discriminate, harass, or retaliate against any person or class of persons regardless of race, religious creed (including religious dress and grooming practices), color, national origin (including language use restrictions), ancestry, religion, disability (mental and physical), medical condition, sex, gender (including gender identity and gender expression), physical characteristics, marital status, age, sexual orientation, genetic information (including family health history and genetic test results), organizational affiliation, and military or veteran status, or any other consideration made unlawful by local, State or Federal law. Tenant shall make its accommodations and services available to all persons on equal and reasonable terms.

25. INDEPENDENT CONTRACTOR.

It is agreed that Lessee shall act and be an independent contractor and not an agent nor employee of Town.

26. CONFLICT OF INTEREST.

Lessee shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Lease. Lessee warrants and covenants that no official or employee of Town nor any business entity in which any official or employee of Town is interested: (1) has been employed or retained to solicit or aid in the procuring of this agreement; or (2) will be employed in the performance of this Lease without the divulgence of such fact to Town. In the event that Town determines that the employment of any such official, employee or business entity is not compatible with such official's or employee's duties as an official or employee of Town, Lessee upon request of Town shall immediately terminate such employment. Violation of this provision constitutes a serious breach of this Lease and Town may terminate this Lease as a result of such violation.

27. ESTOPPEL CERTIFICATE.

Lessee shall, from time to time, upon at least thirty (30) days prior written notice from Town, execute, acknowledge and deliver to Town a statement in writing: (i) certifying this Lease is unmodified and in full force and effect, or, if modified, stating the nature of the modification and certifying that the Lease, as modified, is in full force and effect, and the date to which the rental and other charges, if any, have been paid; and, (ii) acknowledging that there are not to Lessee's knowledge, any defaults, or stating if any defaults are claimed, any statement may be relied upon by any prospective purchaser or encumbrance of the Town Property. Lessee's failure to deliver such statements within such time shall be conclusive upon the Lessee that this Lease is in full force and effect, except as and to the extent any modification has been represented by Town, and that there are no uncured defaults in Town's performance.

28. LIENS.

Lessee agrees at its sole cost and expense to keep the Premises free and clear of any and all claims, levies, liens, encumbrances or attachments.

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29. VACATING.

Upon termination of the tenancy, Lessee shall completely vacate the Premises, including the removal of any and all of its property. Before departure, Lessee shall return keys and personal property listed on the inventory to Town in good, clean and sanitary condition, reasonable wear and tear excepted. Lessee shall allow Town to inspect the Premises to verify the condition of the Premises and its contents.

30. ABANDONMENT.

Lessee's absence from the Premises for three (3) consecutive days, without prior notice, during which time rent or other charges are delinquent, shall be deemed abandonment of the Premises. Such abandonment will be deemed cause for immediate termination without notice. Town shall thereupon be authorized to enter and take possession and to remove and dispose of the property of Lessee or its guests without any liability whatsoever to Town.

31. NOTICES.

All notices to the Parties shall, unless otherwise requested in writing, be sent to Town addressed as follows:

Town of Los Gatos
Attention: Town Manager
110 E. Main Street
Los Gatos, CA 95030

And to Lessee addressed as follows:

Friends of the Los Gatos Public Library
Attn: Friends of the Library President
100 Villa Ave.
Los Gatos, CA 95030

Notices may be served upon Lessee in person, by first class mail, or by certified mail whether or not said mailing is accepted by Lessee. If notice is sent via facsimile or e-mail, a signed, hard copy of the material shall also be mailed. The workday the facsimile was sent shall control the date notice was deemed given if there is a facsimile machine generated document on the date of transmission. A facsimile transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following Monday. These addresses shall be used for service of process.

32. TIME.

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Time shall be of the essence in this Lease.

33. AMENDMENTS.

It is mutually agreed that no oral Leases have been entered into and that no alteration or variation of the terms of this Lease shall be valid unless made in writing and signed by the Parties to this Lease.

34. SIGNING AUTHORITY.

If this Lease is not signed by all Lessees named herein, the person actually signing warrants that he/she has the authority to sign for the others.

35. CAPTIONS.

The captions of the various sections, paragraphs and subparagraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

36. SURRENDER OF LEASE NOT MERGER.

The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Town, terminate all or any existing subleases or subtenancies, or may, at the option of Town, operate as an assignment of any and all such subleases or subtenancies.

37. INTEGRATED DOCUMENT.

This Lease, including any exhibits attached hereto, embodies the entire agreement between Town and Lessee. No other understanding, agreements, conversations or otherwise, with any officer, agent or employee of Town prior to execution of this Lease shall affect or modify any of the terms or obligations contained in any documents comprising this Lease. Any such verbal agreement shall be considered as unofficial information and in no way binding upon Town. All agreements with Town are subject to approval of the Town Council before Town shall be bound thereby.

38. WAIVER.

Waiver by Town of one or more conditions of performance or any breach of a condition under this Lease shall not be construed as a waiver of any other condition of performance or subsequent breaches. The subsequent acceptance by a Party of the performance of any obligation or duty by another Party shall not be deemed to be a waiver of any term or condition of this Lease. The exercise of any remedy, right, option or privilege hereunder by Town shall not preclude Town from exercising the same or any and all other remedies, rights, options and privileges hereunder and Town's failure to exercise any remedy, right, option or privilege at law or equity, or otherwise which Town may have, shall not be construed as a waiver.

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39. INTERPRETATIONS.

In construing or interpreting this Lease, the word "or" shall not be construed as exclusive and the word "including" shall not be limiting. The Parties agree that this Lease shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against any other Party.

40. SEVERABILITY CLAUSE.

If any provision of this Lease is held to be illegal, invalid or unenforceable in full or in part, for any reason, then such provision shall be modified to the minimum extent necessary to make the provision legal, valid and enforceable, and the other provisions of this Lease shall not be affected thereby.

41. GOVERNING LAW.

This Lease shall be governed and construed in accordance with the statutes and laws of the State of California.

42. VENUE.

In the event that suit shall be brought by any Party to this Lease, the Parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara.

43. COMPLIANCE WITH LAWS.

The Parties hereto shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments in the performance of their rights, duties and obligations under this Lease.

44. BROKERS.

Each party represents that neither has had dealings with any real estate broker, finder, or other person, with respect to this lease in any manner. Each Party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the Indemnifying Party has or purportedly has dealt.

45. ATTACHMENTS TO LEASE.

The following exhibits are attached to and made a part of this Agreement:

"A" – Description of Subject Premises
" B" – Standard Insurance Requirements

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IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

TOWN:

TOWN OF LOS GATOS (LESSOR)

Signed by:
Chris Constantin 3/25/2025
3EF03F232F1B428...
Chris Constantin, Town Manager

TENANT:

FRIENDS OF THE LOS GATOS PUBLIC LIBRARY

DocuSigned by:
Celia Bakke 3/13/2025
180AA3D70E6243C...
Celia Bakke, President

APPROVED AS TO FORM:

Signed by:
Gabrielle Whelan 3/18/2025
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

ATTEST:

Signed by:
Wendy Wood 3/25/2025
26A726C4AE6A4D9...
Wendy Wood, Town Clerk

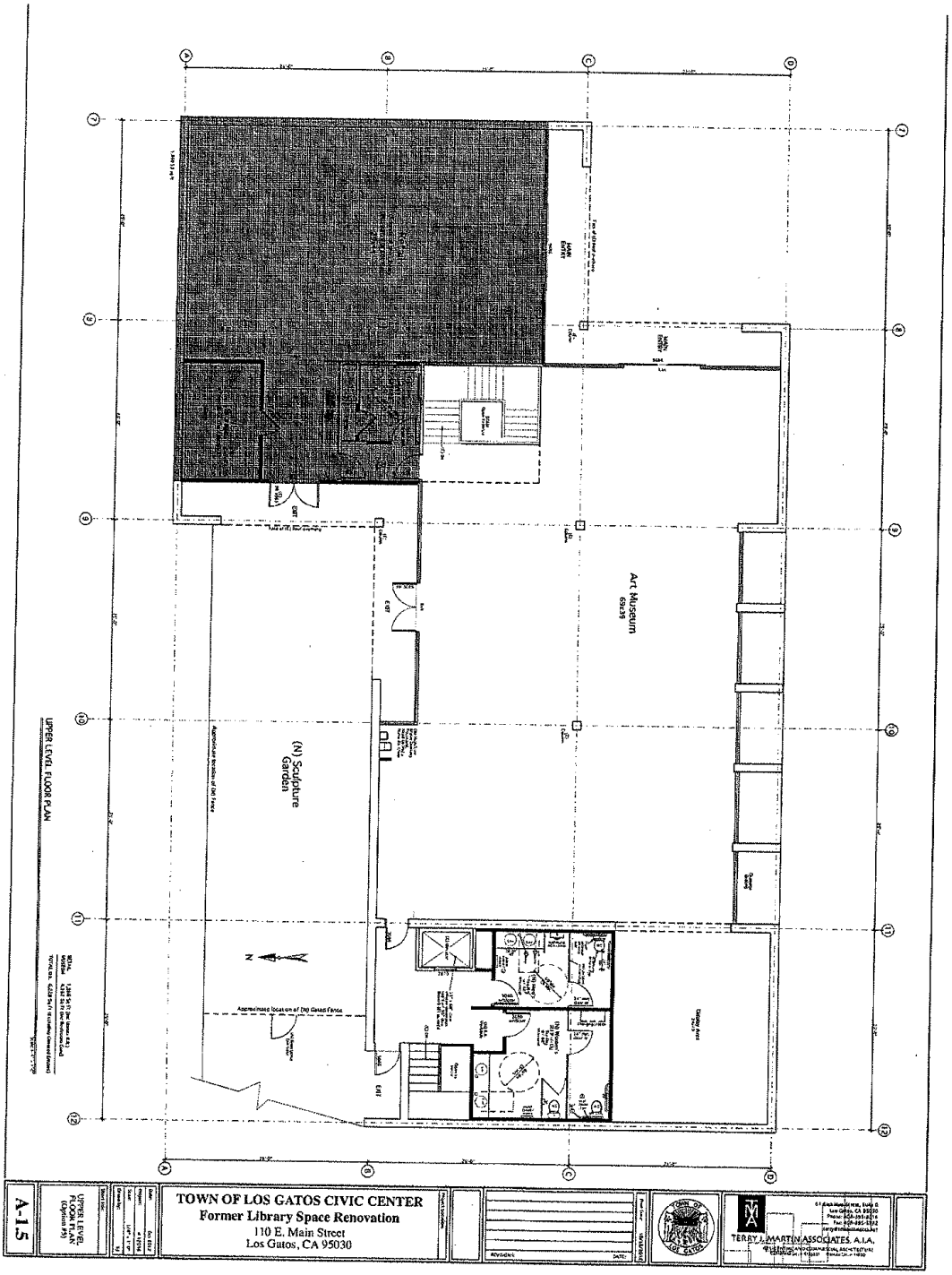
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LEASE AGREEMENT

BETWEEN
TOWN OF LOS GATOS
AND
FRIENDS OF THE LOS GATOS PUBLIC LIBRARY
EXHIBIT A

DESCRIPTION OF SUBJECT PREMISES

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LEASE AGREEMENT BY AND BETWEEN TOWN OF LOS GATOS, CALIFORNIA AND FRIENDS OF THE LIBRARY

EXHIBIT B
INSURANCE REQUIREMENTS

Upon executing this Lease Agreement, Tenant shall procure and maintain for the duration of the Lease and for so long as may be necessary to fully protect Landlord, insurance against claims for injuries to persons and/or damages to property which may arise from or in connection with the Tenant's operations on, access to, and/or use of the Premises and Property. The cost of such insurance shall be borne by the Tenant.

A. CERTIFICATE REQUIREMENTS

The Town will be issued a Certificate of Insurance (a Memorandum of Understanding will not be accepted) with the following minimum requirements:

- Certificate(s) will show current policy number(s) and effective dates,
- Coverage and policy limits will meet, or exceed, requirements below,
- The Certificate Holder will be Town of Los Gatos, 110 E Main Street, Los Gatos, CA 95030,
- Certificate will be signed by an authorized representative,
- An endorsement, if required below, will be provided to show the Town, its officers, officials, employees, and volunteers as additional insureds, and
- Coverages must be maintained during the term of the Lease with the Town, unless a longer duration is required.

B. MINIMUM SCOPE AND LIMIT OF INSURANCE

Tenant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. If Tenant maintains broader insurance coverage and/or higher limits than the minimums shown below, Landlord shall be entitled to the broader insurance coverage and/or higher limits maintained by Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Landlord.

Coverage shall be at least as broad as the following:

1. **Commercial General Liability (CGL)**: During the term of this Lease, including any extensions or renewals thereof, Tenant, at its sole cost, shall keep in full force and effect a policy of standard form commercial general liability insurance, including coverage for contractual liability, personal injury, property damage, products liability, acts of independent contractors, with a single combined liability limit of not less than **One Million Dollars ($1,000,000.00) per occurrence; Two Million Dollars ($2,000,000) in the aggregate**, for bodily injury and property damage insuring against all liability of Tenant and its employees, agents, representatives, subtenants, assignees and

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concessionaires arising out of and in connection with Tenant's use or occupancy of the Premises.

The liability insurance policy required herein shall insure Tenant's performance of the indemnity provisions of this Lease, and **Landlord, and its officials, officers, employees, and agents shall be named as additional insureds with cross-liability endorsements**. The Landlord, and any person, firms or corporations designated by Landlord, by reason of their inclusion under said policy, shall not incur liability for payment of any premium for any policy of insurance required herein. If available, any policy of insurance required herein shall contain a provision requiring the insurer to give the Landlord **thirty (30) days' prior written notice before canceling or changing any such coverage**.

2. **Automobile Liability**: Tenant shall procure automobile insurance on an "Any Auto" Basis: ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than $1,000,000 combined single limit each occurrence/per accident for bodily injury and property damage.

3. **Workers' Compensation and Employer's Liability Insurance.** Tenant shall obtain policies as required by applicable law against liability arising on account of injuries or death to workers or employees on the Premises or any improvement of Tenant. Such workers' compensation insurance shall be in amounts at least equal to the maximum liability of Tenant, its agents, and contractors under the Workers' Compensation Insurance and Safety Act of the State of California and the Federal Longshore and Harbor Workers' Compensation Act, as applicable. Tenant shall also maintain Employer's Liability insurance with limits no less than **One Million Dollars ($1,000,000) per accident for bodily injury or disease, $1,000,000 disease – policy limit, $1,000,000 disease – each employee**. Such insurance shall include a waiver of subrogation in favor of Landlord.

4. **Property Insurance**

Tenant shall, at Tenant's sole expense, obtain and keep in full force and effect an insurance policy covering all of Tenant's personal property, trade fixtures, equipment and merchandise located in or upon the leased Premises, and including tenant improvements and betterments in an amount sufficient to cover not less than **one hundred percent (100%) of the replacement value** of the personal property. Tenant shall be solely responsible for any uninsured loss or damage caused to Tenant's personal property, trade fixtures, equipment and merchandise located in or upon the leased Premises for any reason.

C. OTHER INSURANCE PROVISIONS

1. Primary Coverage:

For any claims related to this Lease, the Tenant's insurance coverage shall be primary and non-contributory and at least as broad as ISO CG 20 01 04 13 as respects the Town, its officers,

officials, employees, and volunteers. Any insurance or self-insurance maintained by the Landlord, its

officers, officials, employees, or volunteers shall be excess of the Tenant's insurance and shall not

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contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

2. Insurance Limits, Rating, and Proof of Coverages:

All insurance policies required hereunder shall be issued by an insurance company having not less than a financial rating of Class A VIII or better as rated in the most current available Best's Key Rating Guide.

Prior to the commencement of the term of this Lease, Tenant shall provide Landlord with evidence of any insurance policies required herein and shall continue to provide such evidence of insurance upon the request of Landlord during the remaining term of this Lease, including all extensions and renewals thereto. All public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of coverage which the Landlord may carry.

3. Review of Coverage:
Landlord may increase or decrease the amount of commercial general liability insurance and other policies required herein, based upon a general review by Landlord of the standard insurance requirements. Changes in insurance amounts shall occur not more frequently than once a year. Landlord will notify Tenant of any changes under this provision of this Lease. Landlord may also require Tenant's contractor or subcontractor to obtain insurance sufficient in coverage, form and amount to provide adequate protection for Landlord, Tenant, and/or those using the Premises or Property.

4. Contractors:
Tenant shall require and verify that all contractors and subcontractors maintain insurance meeting all the requirements stated herein, and Tenant shall ensure that Town, its officers, officials, employees, agents, and volunteers are named as additional insureds on insurance required from its contractor(s) and subcontractor(s).

D. SPECIAL RISKS/CIRCUMSTANCES

Landlord reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances and provide notice to Tenant.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 9

DATE: September 22, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to execute an Amendment to the Annual Agreement for Services with the Los Gatos Chamber of Commerce, for a One-Time Increase in Funding From $88,000 to a Not to Exceed Amount of $108,000 for FY 2026-27, to Further Support Visitor Attraction and Engagement Services Provided by the Los Gatos Chamber of Commerce.**

RECOMMENDATION: Authorize the Town Manager to execute an amendment to the FY 2026-27 Agreement for Services with the Los Gatos Chamber of Commerce, increasing the total agreement amount by $20,000, from $88,000 to an amount not to exceed $108,000, for visitor attraction and engagement services; and authorize a $20,000 increase in expenditure appropriations for Account 2106-67102, funded by the General Fund unassigned fund balance.

FISCAL IMPACT:

The proposed amendment increases the FY 2026-27 Agreement for Services with the Los Gatos Chamber of Commerce by $20,000, from $88,000 to a total amount not to exceed $108,000. At its June 16, 2026, meeting, the Town Council approved the original agreement in an amount not to exceed $88,000 and directed staff to return with a proposed amendment for the additional funding. The recommended action includes an additional expenditure appropriation of $20,000 for Account 2106-67102, funded by the General Fund unassigned fund balance. This is a one-time increase for FY 2026-27 and does not establish an ongoing funding commitment.

STRATEGIC PRIORITY:

The services provided by the Chamber of Commerce related to Visit Los Gatos and the Town's Visitors Information Center support the Town's goals of Community Character and Civic

PREPARED BY: Monica Renn
Economic Vitality Manager

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

Engagement as well as the strategic priorities to fostering the economic vitality of businesses and ensuring that residents and visitors feel welcome in Los Gatos.

BACKGROUND:

The Chamber of Commerce has long been a valued partner with the Town of Los Gatos in supporting the business community and providing visitor information and destination marketing services, with formal agreements for service beginning in 2001.

The scope and compensation for services have fluctuated over the years to meet the dynamic economic and community vitality trends of the Los Gatos business community, balanced with the capacity of the Chamber of Commerce to provide services and the availability of funding within the Town's annual budgets.

In 2024, the Town Council discussed various levels of financial support for the FY 2024-25 annual agreement for services with the Chamber of Commerce. The Council then voted unanimously to approve the continued increased amount of $88,000 for FY 2024-25 and FY 2025-26. The increased funding was supported by the General Fund.

The FY 2025-26 Agreement for Services requires the Chamber of Commerce to provide an annual report on the services rendered that provides quantitative data for services provided under the proposed agreement, illustrating the services rendered and the impact the services have on engagement with the Visit Los Gatos platform and general visitor engagement and increased vitality. The Chamber may utilize a variety of data points that are on trend with the most up to date engagement channels, such as website traffic, social media, phone applications and widgets, influencer relationships, direct services rendered, and similar destination marketing tools.

On June 3, 2026, the Chamber of Commerce provided a year-end report accounting for the services rendered throughout FY 2025-26 under the agreement for services and requested an increase in funding for FY 2026-27 from $88,000 to $108,000. Prior to this date, Town staff had conversations with the Chamber of Commerce during the budget process. At that time, the Chamber agreed to maintain the existing scope of services and compensation, in the amount of $88,000 for Visit Los Gatos Destination Marketing and Town Visitors Information Center services for FY 2026-27. These terms are reflected in the Agreement for Services with Exhibit A – Scope of Services.

DISCUSSION:

At the June 16, 2026, Town Council meeting, the Chamber of Commerce made a verbal request, asking the Town Council to increase the funding for the Scope of Services related to the Annual Agreement for Services for FY 2026-27, from $88,000 to $108,000, stating that the actual cost

to execute the Scope of Services related to the FY2025-26 agreement was approximately $154,494.

The Town Council discussed the Chamber of Commerce's request and approved the FY 2026-27 Agreement for Services in an amount not to exceed $88,000 (Attachment 1). The Council also directed staff to return with a proposed amendment increasing the agreement amount by $20,000, to a total not to exceed $108,000, for Council consideration and approval. The proposed amendment (Attachment 2) increases compensation without changing the existing Scope of Services. Under the agreement, the Chamber of Commerce is required to submit monthly invoices with a detailed accounting of the services performed and associated charges.

The proposed one-time funding increase of $20,000 is intended to provide additional financial support for the Chamber of Commerce's existing visitor attraction, destination marketing, and community engagement services during FY 2026-27. The amendment does not expand or otherwise modify the Scope of Services previously approved by the Town Council. All existing performance, reporting, and monthly invoicing requirements remain in effect, and total compensation under the amended agreement will not exceed $108,000.

During the June 16, 2026 discussion, Town staff noted that the scope of services and agreement terms the Town looks to have delivered in future years, by the Chamber of Commerce, is evolving. Thus, Town staff will meet with the Chamber of Commerce leadership to discuss and draft a restructured scope of services and funding amount for future years.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute an amendment to the FY 2026-27 Agreement for Services with the Los Gatos Chamber of Commerce, increasing the total agreement amount by $20,000, from $88,000 to an amount not to exceed $108,000, for visitor attraction and engagement services, and authorize an additional $20,000 expenditure appropriation for Account 2106-67102, funded by the General Fund unassigned fund balance.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:
1. Original Agreement for Services with the Los Gatos Chamber of Commerce for Visit Los Gatos and Destination Marketing Services, including Exhibit A, Scope of Services.
2. Amendment to the original agreement, increasing the funding for the Scope of Services from $88,000 to a not to exceed amount of $108,000.

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AGREEMENT FOR SERVICES

Agreement for Services with the Los Gatos Chamber of Commerce

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Los Gatos Chamber of Commerce ("Contractor"), a Corporation and whose address is 10 Station Way, Los Gatos, CA 95030. This Agreement is made with reference to the following facts.

I. RECITALS

A. Contractor represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

B. Town desires to engage Contractor to provide the Annual Agreement for Services with the Los Gatos Chamber of Commerce to manage the Town's Destination Marketing Services, Visit Los Gatos, and the Town's Visitors Information Center.

C. Contractor warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Contractor acknowledges Town has relied upon these warranties to retain the Contractor.

II. AGREEMENT

A. Scope of Services. Contractor 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 July 1, 2026 to Wednesday, June 30, 2027.

C. Compliance with Laws. The Contractor shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Contractor represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Contractor to practice its profession. Contractor 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. Contractor 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 the Contractor by the Town and all reports and supportive data prepared by the Contractor 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 the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor 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 Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Contractor which is and has been confirmed in writing by Contractor to be a trade secret of the Contractor.

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F. Compensation: Compensation for services at the rates set forth in Exhibit A and in the amount **not to exceed $88,000.00**, inclusive of all costs subject to appropriation of funds, notwithstanding any other provision in this agreement. 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 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. Contractor shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Contractor shall make these records available to authorized personnel of the Town at the Contractor 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 Contractor. 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 Contractor, 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 Contractor 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. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor 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 Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

K. Conflict of Interest. Contractor understands that its professional responsibilities are solely to the Town. The Contractor has and shall not obtain any holding or interest within the Town of Los Gatos. Contractor 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, the Contractor 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. Contractor 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 Contractor discovers it has employed a person

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with a direct or indirect interest that would conflict with its performance of this Agreement, Contractor shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

L. Non-Discrimination. Contractor warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither the Contractor 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. Contractor 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. Contractor 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. Contractor shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Contractor agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

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 Contractor; products and completed operations of the Contractor, premises owned or used by the Contractor.

2. The Contractor'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 Contractor'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. The Contractor'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.

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D. Workers' Compensation. In addition to these policies, Contractor 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, Contractor shall ensure that all subcontractors employed by Contractor 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 Contractor 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 Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor 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 Contractor 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 Contractor shall deliver to the Town all plans, files, documents, reports, performed to date by the Contractor. In the event of such termination, Town shall pay the contractor 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 Contractor.

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F. Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed post prepaid, and addressed to:
Town of Los Gatos
Attn: Town Clerk
110 E. Main Street, Los Gatos, CA 95030

Los Gatos Chamber of Commerce
10 Station Way, Los Gatos, CA 95030

or personally delivered to the Contractor to such address or such other address as the Contractor 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 the Contractor. 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.

Attachments:

A - Exhibit A Scope of Services for Chamber AGR FY 26 27

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

TOWN OF LOS GATOS:

Signed by:
Chris Constantin
03E5E4869B5C461...
SIGNATURE

Chris Constantin
FULL NAME

Town Manager
TITLE

8/17/2026
DATE SIGNED

CONTRACTOR: Jennifer Lin

Signed by:
CA684DB8E87546C...
SIGNATURE

Jennifer Lin
VENDOR SIGNATORY'S FULL NAME

CEO
VENDOR SIGNATORY'S TITLE

8/16/2026
DATE SIGNED

Approved as to form:

Signed by:
Gabrielle Whelan
BB433AD84396437...
SIGNATURE

Gabrielle Whelan
FULL NAME

Town Attorney
TITLE

8/17/2026
DATE SIGNED

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

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Exhibits List

A - Exhibit A Scope of Services for Chamber AGR FY 26 27

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Exhibit A

Exhibit A Scope of Services for Chamber AGR FY 26 27

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Exhibit
Scope of Services FY 26/27

LOS GATOS VISITOR INFORMATION CENTER, VISIT LOS GATOS WEBSITE, SOCIAL MEDIA AND DESTINATION MARKETING SERVICES FOR $88,000

All services rendered as a part of this scope of services under the function of the Los Gatos Visitor Information Center shall be to the benefit and promotion of Town-wide stakeholders including businesses, residents, and visitors.

The following services and information will be coordinated and provided by the Chamber of Commerce as a part of the operations of the Los Gatos Visitor Information Center, Visit Los Gatos Website, and Visit Los Gatos Social Media and Destination Marketing Services:

1. Provide services to manage and maintain Visit Los Gatos as follows:
    a. Maintain branded website, https://visitlosgatosca.com, that is easily accessible, simple to navigate, and appears within the top online keyword searches; and
    b. Ensure the services, promotions, content, etc. under the umbrella of Visit Los Gatos is open to and inclusive of all Los Gatos businesses regardless of their membership status at the Los Gatos Chamber of Commerce; and
    c. Ensure the branding and messaging of content related to Visit Los Gatos is reflective of the Town's goals and objectives; and
    d. Include language on the website that clearly reflects the partnership of the Town of Los Gatos and Chamber of Commerce as partners/sponsors of the website (the Town continues to provide a direct link from its website to Visit Los Gatos); and
    e. Provide marketing such as digital and printed materials to visitors at the hotels, restaurants, shops, Chamber of Commerce Office, Town Hall, Library, etc. that identifies and promotes the Visit Los Gatos website, social media, and related activities; and
    f. Maintain and update the information on the website in a timely manner to ensure the information provided is accurate and up to date, with a minimum of once monthly updates; and
    g. Provide dedicated staffing to support the social media and destination marketing efforts of Visit Los Gatos, including Visit Los Gatos focused posts published regularly across social media and similar platforms.
    h. When feasible, engage with cross-promotional opportunities, mobile applications/ widgets, social media tags, or influencer engagement to increase the visibility of the Visit Los Gatos brand and destination marketing efforts on a variety of platforms.

2. Continue to support the Town's business outreach efforts for events, meetings, and programs through social media, email, etc.
    a. Promote Town events in Chamber of Commerce marketing materials including email notifications and newsletters. Content will be provided by Town staff for distribution.

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Exhibit
Scope of Services FY 26/27

3. Offer in-person Los Gatos Visitor Information Center services at the Chamber of Commerce offices.
    a. Respond to walk-in and call-in inquiries, and encourage engagement with the Visit Los Gatos website and social media platforms; and
    b. Allow Town meetings with the business community to be conducted at the Chamber of Commerce offices during mutually agreed upon times and days.

4. Provide Annual Written Reports and Monthly Invoicing.
    a. The annual written reports shall be provided to the Economic Vitality Manager of the Town no later than May 1, 2027 by the Chamber of Commerce that quantifies services rendered and accounts for all funds expended to meet this Scope of Services, and the attached Agreement. The report shall include data points for three different time periods, at least three months apart and within the time frame of the attached agreement that quantifies the services provided and specifies the various marketing collateral, applications, social media channels, staffing, and any other channels utilized to provide destination marketing and Visitor Information Center services; and
    b. Invoice the Town for payment of services monthly, as described in the attached Agreement.

AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT amends that certain agreement titled Agreement for Services with the Los Gatos Chamber of Commerce dated July 1, 2026, made by and between the Town of Los Gatos, ("Town,") and the Los Gatos Chamber of Commerce, Corporation (“Contractor”), and whose address is 10 Station Way, Los Gatos, CA 95030

A. Town and Contractor entered into an Agreement for Services on July 1, 2026 (“Agreement”).

B. The parties wish to amend the Agreement in order to increase the funding as a one-time increase from a not to exceed amount of $88,000 to a not to exceed amount of $108,000 for the services outlined in Exhibit A.

AMENDMENT

A. Section II AGREEMENT, F is amended to read: Compensation: Compensation for services at the rates set forth in Exhibit A and in the **amount not to exceed $108,000**, inclusive of all costs subject to appropriation of funds, notwithstanding any other provisions in this agreement. Payment shall be based on Town approval of each task.

B. Exhibit A has been Amended to reflect the amended to reflect the change in the funding. No other amendments were made to the Scope of Services contained within Exhibit A.

C. All other terms and conditions of the Agreement remain in full force and effect.

TOWN OF LOS GATOS	CONTRACTOR: Enter name of contractor
SIGNATURE	**SIGNATURE**
Chris Constantin	Jennifer Lin
FULL NAME	**CONTRACTOR SIGNATORY'S FULL NAME**
Town Manager	CEO, Los Gatos Chamber of Commerce
TITLE	**CONTRACTOR SIGNATORY'S TITLE**
DATE SIGNED	**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.

Exhibit
Scope of Services FY 26/27

LOS GATOS VISITOR INFORMATION CENTER, VISIT LOS GATOS WEBSITE, SOCIAL MEDIA AND DESTINATION MARKETING SERVICES FOR $108,000

All services rendered as a part of this scope of services under the function of the Los Gatos Visitor Information Center shall be to the benefit and promotion of Town-wide stakeholders including businesses, residents, and visitors.

The following services and information will be coordinated and provided by the Chamber of Commerce as a part of the operations of the Los Gatos Visitor Information Center, Visit Los Gatos Website, and Visit Los Gatos Social Media and Destination Marketing Services:

1. Provide services to manage and maintain Visit Los Gatos as follows:
    a. Maintain branded website, https://visitlosgatosca.com, that is easily accessible, simple to navigate, and appears within the top online keyword searches; and
    b. Ensure the services, promotions, content, etc. under the umbrella of Visit Los Gatos is open to and inclusive of all Los Gatos businesses regardless of their membership status at the Los Gatos Chamber of Commerce; and
    c. Ensure the branding and messaging of content related to Visit Los Gatos is reflective of the Town's goals and objectives; and
    d. Include language on the website that clearly reflects the partnership of the Town of Los Gatos and Chamber of Commerce as partners/sponsors of the website (the Town continues to provide a direct link from its website to Visit Los Gatos); and
    e. Provide marketing such as digital and printed materials to visitors at the hotels, restaurants, shops, Chamber of Commerce Office, Town Hall, Library, etc. that identifies and promotes the Visit Los Gatos website, social media, and related activities; and
    f. Maintain and update the information on the website in a timely manner to ensure the information provided is accurate and up to date, with a minimum of once monthly updates; and
    g. Provide dedicated staffing to support the social media and destination marketing efforts of Visit Los Gatos, including Visit Los Gatos focused posts published regularly across social media and similar platforms.
    h. When feasible, engage with cross-promotional opportunities, mobile applications/ widgets, social media tags, or influencer engagement to increase the visibility of the Visit Los Gatos brand and destination marketing efforts on a variety of platforms.

2. Continue to support the Town's business outreach efforts for events, meetings, and programs through social media, email, etc.
    a. Promote Town events in Chamber of Commerce marketing materials including email notifications and newsletters. Content will be provided by Town staff for distribution.

3. Offer in-person Los Gatos Visitor Information Center services at the Chamber of Commerce offices.
    a. Respond to walk-in and call-in inquiries, and encourage engagement with the Visit Los Gatos website and social media platforms; and
    b. Allow Town meetings with the business community to be conducted at the Chamber of Commerce offices during mutually agreed upon times and days.

4. Provide Annual Written Reports and Monthly Invoicing.
    a. The annual written reports shall be provided to the Economic Vitality Manager of the Town no later than May 1, 2027 by the Chamber of Commerce that quantifies services rendered and accounts for all funds expended to meet this Scope of Services, and the attached Agreement. The report shall include data points for three different time periods, at least three months apart and within the time frame of the attached agreement that quantifies the services provided and specifies the various marketing collateral, applications, social media channels, staffing, and any other channels utilized to provide destination marketing and Visitor Information Center services; and
    b. Invoice the Town for payment of services monthly, as described in the attached Agreement.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 10

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the Finance Commission's Recommendation and Authorize the Town Manager to Execute an Agreement with Badawi & Associates to Provide Auditing Services for the Town of Los Gatos**

RECOMMENDATION: Receive the Finance Commission's Recommendation and authorize the Town Manager to execute a three-year agreement with Badawi & Associates and include the option to extend for two additional one-year terms in an amount of $163,094 for the three-year term, $57,660 for the first year extension, $59,389 for the second year extension, and a $5,000 contingency.

FISCAL IMPACT:

The proposed agreement would include three years of auditing services for a total amount of $163,094 with the option to extend for two (2) additional one-year terms for $57,660 for the first year extension, $59,389 for the second year extension, and a $5,000 contingency. Sufficient funds for auditing services are included in the Town's Adopted FY 2026-27 Operating Budget. Funding for additional years will be budgeted on an annual basis.

STRATEGIC PRIORITY:

Auditing services support the Council's Strategic Priority of Fiscal Stability by ensuring accuracy in financial reporting.

BACKGROUND:

The Finance Commission received the auditor contract at their September 14, 2026, regular meeting and recommended unanimously that the Town Council approve the agreement. The

PREPARED BY: Eric Lemon
Finance & Accounting Manager

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

Town made a few changes to the agreement term and amount after the Finance Commission approved the agreement. The changes were to include the total amount for the full five years that were in the bid and to adjust the agreement term to include the optional years.

With the passage of Measure A, the Finance Commission has been tasked with several mandated duties as described in the provisions of the adopted Ordinance. Section 2.50.225. – Duties states that:

(a) The Finance Commission shall:
(9) Provide written comments and recommendations regarding the selection of auditors for the Comprehensive Annual Financial Report (now called the Annual Comprehensive Financial Report).

For the past five years, the Town's annual audits were completed by Chavan and Associates. Consistent with Governmental Accounting Standards Board best practices and State law, it is the Town's practice to solicit audit proposals every five years to ensure audit independence and competitive prices. If the Town is satisfied with the current audit firm's work, then that firm may submit a proposal but must propose with an alternate audit engagement partner.

DISCUSSION:

The Town of Los Gatos sent Requests for Proposals (RFP) to qualified independent certified public accounting firms to audit its financial statement for three fiscal years, with an option to extend the agreement an additional two fiscal years with Town Council approval. The RFP was sent to thirty-seven qualified firms known to provide local government auditing services. Five firms responded with proposals.

The initial scoring panel consisted of the Administrative Services Director, Finance and Accounting Manager, Senior Administrative Analyst, and Accountant / Finance Analyst. The firms were evaluated based on their technical expertise with local government audits, qualified personnel, and responsiveness to the RFP. The top three proposals were moved forward in the evaluation process, and they had dollar cost bids that were comparable. They were Badawi & Associates, Eide Bailly, and Vasquez & Company.

The interview selection panel consisted of one Finance Commissioner, the Administrative Services Director, and the Finance and Accounting Manager. Based upon the proposals and interviews, Town staff selected the firm of Badawi & Associates.

The managing partner at Badawi & Associates is Mr. Ahmed Badawi, who has over 25 years of municipal audit experience with a special focus on cities. He is a licensed CPA in California and is a member of the Government Accounting and Auditing Committee of the California Society of Certified Public Accountants. He has participated in the audits of numerous Town,

county and special district governments, as well as non-profit entities. The firm's clients that are close to the Town of Los Gatos include Mountain View, Scotts Valley, Foster City, and Millbrae.

The firm will provide the following services for the Town:

- The annual audit of the basic financial statements in accordance with Governmental Accounting Standards and preparation of the Town's Annual Comprehensive Financial Report;
- A report communicating information related to the audit to those in charge of governance (Town Council) at the conclusion of the audit;
- A management letter containing any comments or recommendations resulting from the review of systems of internal controls in connection with the financial audit;
- A Single Audit for grant funding if required under the Title 2 U.S. Code of Federal Regulations;
- Measure G district sales tax Agreed-upon Procedures;
- GANN Limit Agreed Upon Procedures; and
- Optional additional services, include the preparation of the annual report of financial transactions to the State Controller, TDA Audit, and Annual Street Report Preparation.

CONCLUSION:

Receive the Town Finance Commission recommendation and authorize the Town Manager to execute a three-year agreement with Badawi & Associates and include two optional one-year terms to provide auditing services for the Town of Los Gatos in the amount of $163,094 for the three-year term, $57,660 for the first year extension, $59,389 for the second year extension, and a $5,000 contingency for a five year total of $285,143.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:
1. Agreement to provide auditing and optional services with Badawi & Associates, LLP.

AGREEMENT FOR SERVICES

Badawi & Associates - Professional Auditing Services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Badawi & Associates ("Contractor"), a Corporation and whose address is 5901 Christie Avenue, Suite 307 Emeryville CA 94608. This Agreement is made with reference to the following facts.

I. RECITALS

A. Town issued a Request for Proposal for services described in this Agreement.

B. Contractor represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

C. Town desires to engage Contractor to provide professional auditing services.

D. Contractor warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Contractor acknowledges Town has relied upon these warranties to retain the Contractor.

II. AGREEMENT

A. Scope of Services. Contractor shall provide services as described in the technical proposal, which is hereby incorporated by reference and attached as Exhibit A.

B. Term. The term of this Agreement shall be from April 1, 2027, to March 31, 2030. At the Town's option, the Agreement may be extended for two additional one-year terms, from April 1, 2030, through March 31, 2031, and from April 1, 2031, through March 31, 2032.

C. Compliance with Laws. The Contractor shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Contractor represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Contractor to practice its profession. Contractor 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. Contractor 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 the Contractor by the Town and all reports and supportive data prepared by the Contractor 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 the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor 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 Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly

consents to such use in writing. Town further agrees that it will not appropriate any methodology or of Contractor which is and has been confirmed in writing by Contractor to be a trade secret of the Contractor.

F. Compensation: Compensation for services at the rates set forth in Exhibit B with amounts not to exceed $163,094 for the three-year term, $57,660 for the first year extension, $59,389 for the second year extension, and a $5,000 contingency. These amounts are inclusive of all costs subject to appropriation of funds, notwithstanding any other provision in this agreement. 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 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. Contractor shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Contractor shall make these records available to authorized personnel of the Town at the Contractor 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 Contractor. 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 Contractor, 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 Contractor 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. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor 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 Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

K. Conflict of Interest. Contractor understands that its professional responsibilities are solely to the Town. The Contractor has and shall not obtain any holding or interest within the Town of Los Gatos. Contractor 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, the Contractor 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 has done so and shall, at the Town's sole discretion, divest itself of such interest. Contractor 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 Contractor discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Contractor shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

L. Non-Discrimination. Contractor warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither the Contractor 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. Contractor 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. Contractor 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. Contractor shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Contractor agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

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 Contractor; products and completed operations of the Contractor, premises owned or used by the Contractor.

2. The Contractor'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 Contractor'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. The Contractor'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 sh 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, Contractor 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, Contractor shall ensure that all subcontractors employed by Contractor 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 Contractor 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 Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor 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 Contractor 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 Contractor shall deliver to the Town all plans, files, documents, reports, performed to date by the Contractor. In the event of such termination, Town shall pay the contractor 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 effe made in writing and signed by the Town and the Contractor.

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

Badawi & Associates
5901 Christie Avenue, Suite 307 Emeryville CA 94608

or personally delivered to the Contractor to such address or such other address as the Contractor 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 the Contractor. 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.

Attachments:

A - Technical Proposal - Badawi and Associates

B - Dollar Cost Proposal - Badawi and Associates

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

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

Badawi & Associates

SIGNATURE

Ahmed Badawi

VENDOR SIGNATORY'S FULL NAME

President

VENDOR 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.

Exhibits List

A - Technical Proposal - Badawi and Associates

B - Dollar Cost Proposal - Badawi and Associates

Exhibit A

Technical Proposal - Badawi and Associates

Town of Los Gatos

TECHNICAL PROPOSAL

For Professional Auditing Services for the Town of Los Gatos

For fiscal years ending June 30, 2027 through 2029, with the option to extend for two (2) additional one-year terms.

June 12, 2026

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
5901 Christie Avenue, Suite 307
Emeryville, CA 94608
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com

BADAWI & ASSOCIATES
Certified Public Accountants

Town of Los Gatos

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BADAWI & ASSOCIATES
Certified Public Accountants

June 12, 2026

Mr. Eric Lemon
Finance and Accounting Manager
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Dear Mr. Lemon:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the Town of Los Gatos (the "Town") for the fiscal years ending June 30, 2027 through 2029, with the option to extend for two (2) additional one-year terms. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the Town in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1984, as amended in 1996, and the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, Uniform Administrative Requirements, as well as any other applicable federal, state, local or programmatic audit requirements.

We will also perform the following as part of our engagement:

- Single Audit
- Optional and additional services:
  - Gann Limit Agreed-upon Procedures
  - Measure G Agreed-upon Procedures
  - Transportation Development Act (TDA) Audit
  - State Controller's Report Preparation
  - Street Report Preparation

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the Town.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the Town on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
5901 Christie Avenue, Suite 307
Emeryville, CA 94608
Telephone: (510)768-8244
E-mail: abadawi@b-acpa.com

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous cities throughout California. We will be responsive to the needs of the Town, we understand the Town's operational environment, and pledge to you our complete commitment to providing a quality product that meets the Town's requirements.

The approach to the audit has been designed to meet the audit requirements of the Town with the least disruption to the Town's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of Town operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and Town Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the Town. Our past experience provides us with a thorough understanding of the needs and requirements of the Town, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi
Partner
Badawi & Associates
Certified Public Accountants

Firm Qualifications and Experience

Independence

The Firm is independent of the Town of Los Gatos as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

Insurance

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as the Town's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to the Town which shows the minimum requirements identified by Town have been met.

License to Practice in California

The Firm and all key professional staff assigned to the Town's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO *Government Auditing Standards*.

The Firm is registered with the California State Board of Accountancy. Its State number is 6823.

The Firm has met all required State and local laws, rules, and regulations.

Conflict of Interest

The Firm has no conflicts of interest in connection with providing the services described in this proposal. The Firm does not have any financial, business, or other professional relationships with the Town or any member of Town staff.

Firm Qualifications

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 25 years of experience working with state and local government with a special focus on cities. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Emeryville, CA, the Firm serves a variety of cities and towns throughout California as well as conducting financial related services for numerous special districts and authorities. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Emeryville office will be the Engagement Office assigned to the Town.

In addition to specific Town financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements.

The Engagement Partner assigned to the Town will be Mr. Ahmed Badawi. Mr. Badawi has over 25 years of government audit experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the Town's finance department.

Technical Approach

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the Town's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of Town operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and Town Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

1) **Initial Planning Meeting:**
The Engagement Partner and Manager will meet with Town Management to discuss the audit approach, identify specific needs of Town Management, and familiarize themselves with Town policies and practices.

2) **Interim:**
The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, evaluate compliance with Single Audit Act requirements, identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and Town Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the Town on providing a list of those tasks that we will target to complete during interim and work with the Town on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the Town in meeting its goal of issuing the Annual Comprehensive Financial Report.**

3) **Year-end:**
The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

4) **Reporting:**
Auditor's reports for all Town reporting entities and compliance requirements will be finalized along with Single Audit Reports and Management Letter comments. The Partner and Manager will be available to make presentations to the Town Council and/or designated bodies.

Firm Experience

The Firm provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the Town's operational needs. Additionally, this situation provides the Town with an auditing firm that has depth in capabilities to address any financial issue the Town may need assistance with, and the quality audit approach that you expect.

Our Emeryville office will be the Engagement Office assigned to the Town.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the Town that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of Town processes, and benefiting the Town with his broad municipal experience. We have found that this effort benefits the Town and the Firm through developing a thorough knowledge of the Town's practices and issues and establishing a close working relationship with the Town's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- Cities
- Redevelopment Agencies
- Financing Authorities
- Housing Authorities
- Special Districts
- Water Districts
- Waste Management Authorities and Operations
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Investment Activities
- Landfills
- Enterprise Funds
- Airports
- Transportation Operations
- Federal and State Grants

Additional Activities

We offer a full range of accounting and finance services to the governmental sector. These services include:

- Financial audits
- Compliance audits
- Tax advice
- Development of financial and accounting policies and procedures
- Investment review and compliance evaluation
- Operational reviews
- Technical guidance on existing and upcoming accounting issues
- Training seminars
- Pension/profit-sharing plans
- Performance audits
- Business consulting

Consequently, Firm personnel are well qualified to perform the services expected by the Town.

Client Training Seminar

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in the Bay Area.

GASB 68 Firm Developed Tools and Assistance

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

Flowcharting Documentation

As part of our risk assessment procedures, we prepare flowcharts for documenting our understanding of the Town's significant accounting and financial processes. Flowcharts are updated annually for any changes in the Town's processes and copies can be provided upon request for the Town's internal use. Flowcharted processes may include:

- Financial Reporting, Closing, and Manual Journal Entries
- Cash Receipts, Billing, and Accounts Receivable/Revenues
- Cash Disbursements, Purchasing, and Accounts Payable/Expenditures
- Payroll and Human Resources

Quality Control Review

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.

Report on the Firm's System of Quality Control

BADAWI & ASSOCIATES
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Badawi & Associates (the firm) in effect for the year ended February 28, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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CPAmerica
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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 28, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Badawi & Associates has received a peer review rating of *pass*.

GYL LLP

Ontario, California
July 24, 2025

The Firm has policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources. All members of the Firm are very familiar with the stringent quality control standards established by the AICPA.

The Firm is a member of the AICPA Government Audit Quality Center.

The Firm is a member of the AICPA Private Companies Practice Section.

Federal or State Desk Reviews

The Firm has had no negative federal or state reviews in the past three (3) years.

Disciplinary Action

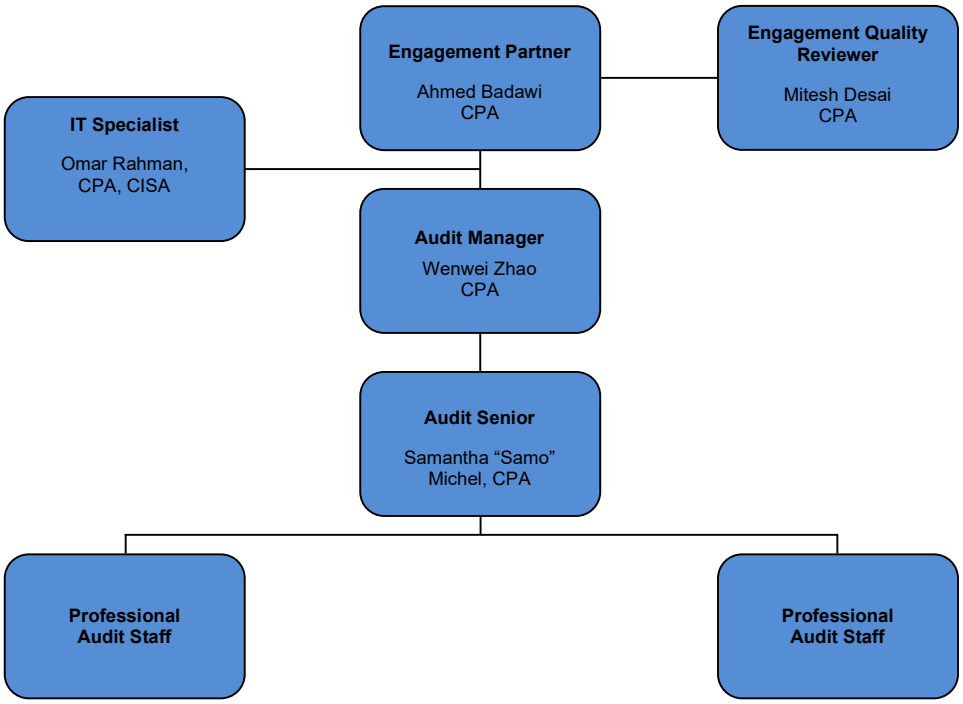
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

Litigations

The Firm has not experienced any lawsuits or legal actions that have been resolved or are currently pending in the prior five years.

Partner, Supervisory, and Staff Qualifications and Experiences

The Engagement Team will normally consist of seven individuals who provide a broad business perspective and significant experience in governmental auditing. This team will provide access to a wide range of technical capabilities which will provide the Town with not only the technical support necessary to perform the audit, but also the broad business background to interpret findings and observations to offer effective solutions to issues, and the personal involvement of the Engagement and Compliance Partners of the Firm.



The Engagement Team will be led by Ahmed Badawi, CPA. Mr. Badawi's background includes over twenty-five years of municipal auditing experience with a special focus on cities. Mr. Badawi is a member of the Government Accounting and Auditing Committee of the California Society of Certified Public Accountants. He has participated in the audits of numerous Town, county and special district governments, as well as non-profit entities. His diversified background offers the technical qualities required of the governmental and non-profit areas and the necessary wherewithal to properly evaluate the entire accounting process, develop opportunities to improve the accounting process, and to offer practical business recommendations.

The second member of the Engagement Team will be Wenwei Zhao, CPA. Ms. Zhao's background includes ten years of accounting and auditing experience. She has participated in the audits of numerous governmental entities and assisted in their efforts to publish their financial statements in compliance with various regulations and is a volunteer member of the GFOA Special Review Committee. Ms. Zhao will be the Audit Manager of this engagement.

The third member of the Engagement Team will be Samantha "Samo" Michel, CPA. Ms. Michel's background includes seven years of accounting and auditing experience. She has participated in the audits of numerous governmental entities and assisted in their efforts to publish their financial statements in compliance with various regulations. Ms. Michel will be the Audit Senior of this engagement.

The fourth member of the Engagement Team will be Omar Rahman, CPA, CISA. Mr. Rahman has over ten years of experience in the field of Information Technology (IT) audit and risk management at the senior and executive management level. He has worked extensively with government agencies, private organizations, and public companies, providing external and internal audit services in support of financial statement audits. Mr. Rahman will serve as the I.T. Specialist of this engagement.

The fifth member of the Engagement Team will be Mitesh Desai, CPA. Mr. Desai's background includes eighteen years of experience in municipal auditing. Mr. Desai has participated in the audits of numerous governmental agencies, assisted in their efforts to publish their Annual Comprehensive Financial Reports in compliance with GASB 34, and a volunteer member of the GFOA Special Review Committee. Mr. Desai is responsible for conducting in-house trainings for staff auditors and is credentialed with the Advanced Single Audit Certificate offered by the AICPA. He will serve as the Engagement Quality Reviewer.

Each member of the Engagement Team participates in continuing education programs offered by the AICPA and California State Society of Certified Public Accountants, and each has met the continuing education requirements for municipalities. In addition, the firm offers at least 60 hours of in-house CPE annually focused mainly on municipal audits.

Professional Development:

The Firm maintains a comprehensive training program targeted at appropriate professional staff levels. It utilizes in-house developed educational programs, AICPA and California CPA Foundation educational programs, and on-the-job training.

The Firm's annual training schedule which officially begins in April for all professional staff and administrative staff includes comprehensive in-house training sessions on such topics as:

- Review of principles of accounting and financial reporting for state and local governments
- Review of governmental fund types and account groups
- Review of newly issued generally accepted auditing standards and GAO auditing standards
- Review of Internal Control evaluation approaches including COSO principles
- Updates on recent governmental accounting and reporting guidelines
- Review of Single Audit requirements and approaches
- Review of financial audit approaches
- Overview of audit and internal control work paper techniques
- Review of GASB reporting requirements
- Review of current issues facing the governmental community

During the year, professional staff members are sent to various educational sessions sponsored by the AICPA and California State Society of CPAs, as considered appropriate for the level and need of the individual. These classes include, among others:

- Governmental Financial Reporting Standards and Practices
- Yellow Book: Government Auditing Standards
- Financial Accounting Standards: Comprehensive Review
- Single Audit
- Governmental Auditing & Accounting Update
- Governmental Accounting Principles
- Comprehensive Review of Generally Accepted Auditing Standards

The result of the Firm's training program is the production of a highly educated and competent municipal audit group capable of performing an efficient and effective audit for the Town.

The Engagement Team members will continue their professional development efforts.

Staff Retention and Continuity:

The Firm's policy on providing service to our clients includes a commitment to maintaining continuity of audit personnel. We cannot guarantee that our staff will remain with the Firm. However, to encourage our staff to remain with us, we pay competitive wage rates; offer promotional opportunities; provide state-of-the-art equipment and excellent working conditions; and offer various benefits, such as retirement plans, medical plans, profit sharing programs, educational benefits, and other such benefits. We can also guarantee that the partner will be involved in future years. Continuity of audit staff is of prime concern to us and because of the hands-on involvement of the partner; we can assure you that future years' audits will be conducted in an efficient and effective manner with qualified and experienced professionals.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

Resumes of each member of the Engagement Team follow.

Ahmed Badawi, Certified Public Accountant – Engagement Partner

Length of Career

- Over twenty-five years of experience in municipal auditing and accounting with a special focus on cities
- Certified Public Accountant for the State of California

Professional Experience

- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	RDA Audit	Enterprise Fund	Other
Cities/Towns:						
Antioch	x	x	x	x	x	x
Atwater	x	x		x		x
Azusa	x	x		x	x	x
Berkeley	x	x	x	x	x	x
Chino	x	x			x	x
Compton						x
Crescent City	x	x		x	x	x
Dinuba	x	x		x	x	x
Dublin	x	x	x			x
Folsom	x	x		x	x	x
Foster City	x	x		x	x	x
Glendora	x	x		x	x	x
Guadalupe	x	x		x	x	x
Healdsburg	x	x		x	x	x
La Verne	x			x	x	x
Lafayette	x			x	x	x
Larkspur	x	x			x	x
Lathrop	x	x			x	x
Lemon Grove	x	x		x		x
Millbrae	x	x		x	x	x
Mountain View	x	x			x	x
Ontario	x	x		x	x	x
Petaluma	x	x	x	x	x	x
Pomona	x	x		x	x	x
Richmond	x	x	x	x	x	x
San Bruno	x	x	x		x	x
San Carlos	x	x	x	x	x	x
San Luis Obispo	x	x	x			x
Sausalito	x		x		x	x
Scotts Valley	x	x		x	x	x
Wasco	x	x	x	x	x	x
Counties:						
Contra Costa County	x	x		x	x	x
Santa Cruz County	x	x		x	x	x
Special Districts and Other:						
Alameda County Water District	x				x	x
East Bay Regional Park District	x	x				x

- Has performed numerous financial audits, Single Audits, Transportation Development Act audits, housing audits, electrical utility audits, RDA audits, PFA audits, and Trust Fund audits, and has prepared numerous Annual Comprehensive Financial Reports

Education

- BS Degree in Accounting from the University of Alexandria, Egypt

Professional Activities

- Member, CALCPA Government Accounting and Auditing Committee
- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Member, Government Finance Officers Association
- Member, California Society of Municipal Finance Officers

Continuing Education

- Has met the current CPE educational requirements to perform audits on governmental agencies

Wenwei Zhao, Certified Public Accountant – Professional Audit Manager

Length of Career

- Ten years of experience in auditing
- Certified Public Accountant for the State of California

Professional Experience

- Has performed numerous financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits
- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	Gann Limit	SCO Report	Other
Cities/Towns:						
Antioch	x	x	x	x		x
Berkeley	x	x	x	x		x
Crescent City	x	x		x		x
East Palo Alto	x	x		x		x
El Cerrito	x	x		x		
Folsom	x	x		x		x
Lafayette	x	x	x	x	x	x
Larkspur	x	x		x		x
Los Gatos	x			x	x	
Mountain View	x	x		x		x
Millbrae	x	x		x		x
Newark	x	x		x		x
Oakdale	x	x	x	x		x
Pomona	x	x		x	x	x
Richmond	x	x	x	x	x	x
San Luis Obispo	x	x	x	x		x
San Mateo	x	x		x		x
Susanville	x			x		
Union City	x	x	x	x	x	x
Waterford	x			x		x
Yuba City	x	x		x	x	x
Yountville	x			x	x	x
Child Care Programs:						
Contra Costa County Child Care	x					
Special Districts:						
Elk Grove Water District	x				x	
Hayward Area Recreation and Park District	x				x	
Marin Municipal Water District	x					
San Gabriel Valley Council of Governments	x	x			x	
San Mateo County Mosquito and Vector Control District	x					
Santa Cruz Regional 9-1-1	x					

Education

- Master of Accounting from University of Pittsburgh, PA

Professional Activities

- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Samantha "Samo" Michel, Certified Public Accountant – Professional Audit Senior

Length of Career

- Seven years of experience in municipal auditing
- Three seasons of experience in personal tax preparation
- Certified Public Accountant for the State of California

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits, PFA audits, Transportation Development audits, and housing audits
- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	Gann Limit	SCO Report	Other
Cities/Towns:						
Antioch	x	x	x	x		x
Barstow	x			x		x
Berkeley	x	x	x	x		x
Buena Park	x	x	x	x		x
Crescent City	x	x		x		x
East Palo Alto	x	x		x		x
Folsom	x	x		x		x
Guadalupe	x	x		x		x
Lathrop	x	x		x	x	x
Los Gatos	x	x		x	x	
Menlo Park	x	x		x		x
Millbrae	x	x		x		x
Pacifica	x	x	x	x	x	x
Pismo Beach	x		x	x	x	
San Bruno	x	x	x	x	x	x
San Carlos	x	x	x	x	x	x
San Luis Obispo	x	x	x	x		x
San Mateo	x	x		x		x
Sausalito	x			x	x	x
Union City	x	x	x	x	x	x
Waterford	x			x		x
Yuba City	x	x		x	x	x
Special Districts and Other:						
Amador County Transportation Commission	x					x
Amador Transit	x					x
Central County Fire District	x					
Elk Grove Water District	x					
Hayward Area Recreation District	x	x			x	x
Port of San Luis Harbor	x					
StopWaste	x				x	

Education

- BS, University of Washington, Seattle, WA
- Accounting, Foothill College, Los Altos Hills, CA

Professional Activities

- Member, California Society of Certified Public Accountants
- Member, Forensic Services Section, California Society of Certified Public Accountants

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Omar Rahman, Certified Public Accountant, Certified Information System Auditor – Information Technology Specialist

Length of Career

- Over ten years of experience auditing information technology (IT) processes and controls
- Certified Public Accountant for the State of California
- Certified Information System Auditor

Areas of Expertise

- IT risk consulting and audit services for governmental entities, private/public companies, nonprofits, and professional service organizations
- External and internal IT audit services in support of financial statement audits
- Technical guidance/support on IT risks and controls in relation to SOX 404a and SOX 404b compliance, NIST 800-53/171a, Cyber Security Framework, HIPAA Technical Safeguards, CCPA/GDPR compliance, COBIT 2019 Framework
- Managed entire life cycle of IT internal and external audit engagements from planning research, audit program development, fieldwork and reporting
- Assess risks related to IT processes/assets and corresponding applications/tools
- IT control testing over business automated controls, general IT controls, and cyber security controls as well as IT substantive testing over information systems.

Partial list of governmental clients served:

- City of Berkeley
- City of Chino
- City of Dinuba
- City of Dublin
- City of Healdsburg
- City of Jurupa Valley
- City of Lathrop
- City of Laverne
- City of Lemon Grove
- City of Ontario
- City of Mountain View
- City of Pomona
- City of Richmond
- City of San Carlos
- City of Sausalito
- City of San Luis Obispo
- City of Foster City
- City of Victorville
- Sacramento Metropolitan Fire District
- Sacramento Employment and Training Agency
- Union Sanitary District

Presentations

- November 2017 - Institute of Internal Auditors - General IT Controls for Internal Audit
- December 2018 - Institute of Internal Auditors - SDLC Process and Audit/Risk Considerations
- February 2019 - IT Audit for Business Process Professionals
- May 2019 - IT Internal Audit Emerging Technologies: Data Analytics
- September 2019 - Information Systems Audit and Control Association

Education

- B.S. Degree in Economics, University of California, Los Angeles, CA.

Professional Activities

- Certified Public Accountant - California
- Certified Public Accountant - Ohio
- Certified Information System Auditor

Mitesh Desai, Certified Public Accountant – Engagement Quality Reviewer

Length of Career

- Eighteen years of experience in municipal auditing with a special focus on cities
- Certified Public Accountant for the State of California

Professional Experience

- Has performed numerous financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	TDA Audit	RDA Audit	Enterprise Fund	Other
Cities/Towns:						
Antioch	x	x	x	x	x	x
Azusa	x	x		x	x	x
Albany	x					
Berkeley	x	x	x	x	x	x
Buena Park	x	x	x		x	x
Calimesa	x			x		x
Crescent City	x	x		x	x	x
Dublin	x	x	x			x
East Palo Alto	x	x			x	x
El Cerrito	x	x		x		
Foster City	x	x		x	x	x
Fremont	x	x		x	x	x
Lemon Grove	x	x		x		x
Lindsay	x				x	x
Menlo Park	x	x		x	x	x
Merced	x				x	x
Millbrae	x	x		x	x	x
Newark	x	x		x		x
Oakdale	x	x	x	x	x	x
Pittsburg	x	x		x	x	x
Placerville	x	x			x	x
Scotts Valley	x	x		x	x	x
Sebastopol	x			x	x	x
Solvang	x					x
Union City	x	x	x	x	x	x
Waterford	x			x	x	x
Yuba City	x	x		x	x	x
Child Care Programs:	x					
Contra Costa County Childcare	x					x
Menlo Park Child Care	x					x
Counties:						
Contra Costa	x	x	x	x	x	
Santa Cruz	x	x	x	x	x	
Special Districts and Other:						
Marin Municipal Water District	x					
West County Wastewater District	x				x	

Education

- BS Degree in Business Economics with an emphasis in Accounting from University of California, Santa Barbara

Professional Activities

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
  - Governmental Financial Reporting Standards and Practices
  - Yellow Book: Government Auditing Standards
  - Municipal Accounting
  - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Similar Engagements with Other Governmental Entities

The tables below and on the following page are a partial listing of our clients similar to the Town, and illustrates the many different types of components involved in each audit engagement that present very difficult and complex auditing and accounting challenges (in order of audit hours).
* Indicates cities with population over 50,000
** Indicates cities with governmental revenues over $100 million and population over 50,000
(A) Indicates audit completed for city that uses Tyler Technologies

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
** (A)	Richmond	2020	2,338	Ahmed Badawi	Jerry Chak Accounting Manager (510) 620-6569 jerry_chak@ci.richmond.ca.us	X		X	X	X		X	X	X	X	X
** (A)	Berkeley	2008	1,505	Mitesh Desai	Henry Oyekanmi Finance Director (510) 981-7300 hoyekanmi@ci.berkeley.ca.us	X	X	X	X	X		X			X	X
** (A)	Victorville	2024	950	Ahmed Badawi	Carmen Cun Finance Director/City Treasurer (760) 955-3170 ccun@victorvilleca.gov	X		X	X		X	X			X	
(A)	San Carlos	2023	865	Ahmed Badawi	Paul Harris Financial Services Manager (650) 802-4217 pharris@cityofsancarlos.org	X	X	X	X	X		X	X		X	
**	Folsom	2019	786	Mitesh Desai	Stacey Tamagni Finance Director (916) 461-6712 stamagni@folsom.ca.us	X	X	X	X		X	X			X	
**	Pomona	2023	756	Ahmed Badawi	Andrew Mowbray Finance Director/City Treasurer (909) 620-2353 Andrew.mowbray@pomonaca.gov	X	X	X	X		X	X	X		X	
**	Mountain View	2024	741	Ahmed Badawi	Derek Rampone Finance & Administrative Services Director (650) 903-6316 derek.rampone@mountainview.gov	X	X		X	X	X	X	X		X	
* (A)	Petaluma	2019	691	Mitesh Desai	Corey Garberolio Assistant Finance Director (707) 778-4357 cgarbero@cityofpetaluma.org	X	X	X	X	X	X	X	X		X	
	La Verne	2023	691	Ahmed Badawi	Christy Lopez Finance Director (909) 596-8752 clopez@cityoflaverne.org	X		X			X	X			X	
(A)	Pittsburg	2024	683	Ahmed Badawi	Elena Adair Finance Director (925) 252-4848 eadair@pittsburgca.gov	X	X	X	X	X	X	X	X	X	X	
*	San Luis Obispo	2019	638	Mitesh Desai	Emily Jackson Finance Director (805) 781-7125 ejackson@slocity.org	X	X		X	X	X	X				

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
(A)	Chino	2023	621	Ahmed Badawi	Kim Sao Director of Finance/City Treasurer (909) 334-3354 ksao@cityofchino.org	X	X		X		X	X			X	
	Lafayette	2020	586	Ahmed Badawi	Tim Przybyla Finance Manager (925) 299-3213 tprzybyla@ci.lafayette.ca.us	X	X	X					X		X	
(A)	Lathrop	2023	585	Ahmed Badawi	Cari James Finance Director (209) 941-7320 cjames@ci.lathrop.ca.us	X			X		X	X	X		X	X
	Sausalito	2023	559	Ahmed Badawi	Angeline Loeffler Finance Director (415) 289-4150 aloeffler@sausalito.gov							X	X		X	
(A)	Pacifica	2024	559	Ahmed Badawi	Lucy Xie Deputy Finance Director (650) 738-7392 lxie@pacifica.gov	X	X		X			X			X	
(A)	Dinuba	2023	556	Ahmed Badawi	Karina Solis Administrative Services Director (559) 591-5900 ksolis@dinuba.ca.gov	X	X	X	X		X	X	X		X	
(A)	Millbrae	2015	550	Mitesh Desai	Mike Sung Finance Director (650) 259-2433 msung@ci.millbrae.ca.us	X	X	X	X		X	X			X	
** (A)	Dublin	2018	546	Mitesh Desai	Jay Baksa Finance Director (925) 833-6648 Jay.Baksa@dublin.ca.gov	X	X		X	X			X			
	Azusa	2017	540	Mitesh Desai	Talika Johnson Administrative Services Director (626) 812-5202 tjohnson@AzusaCa.Gov	X	X	X	X		X	X			X	
	Foster City	2023	540	Ahmed Badawi	Waqas Hassan Assistant Finance Director (650) 286-3204 w hassan@fostercity.org	X	X	X	X		X	X			X	
(A)	Jurupa Valley	2023	498	Ahmed Badawi	Susan Paragas Finance Director (951) 332-6464 sparagas@jurupavalley.org	X		X								
(A)	Glendora	2022	487	Ahmed Badawi	Kyle Johnson Finance Director (626) 914-8245 kjohnson@cityofglendora.org	X	X	X	X		X		X	X	X	
(A)	San Bruno	2022	486	Ahmed Badawi	Nick Pegueros Chief Financial Officer (650) 616-7054 NPegueros@sanbruno.ca.gov	X	X		X	X	X	X	X		X	

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
(A)	Healdsburg	2023	452	Ahmed Badawi	Katie Edgar Finance Director (707) 431-3184 kedgar@healdsburg.gov			X	X		X	X	X		X	
*	Yuba City	2017	450	Mitesh Desai	Diona Pope Finance Director (530) 822-4615 dpope@yubacity.net	X	X	X	X		X	X	X		X	
(A)	Larkspur	2019	437	Mitesh Desai	Emilia Gabriele Administrative Services Director (415) 927-5016 Finance@cityoflarkspur.org				X					X	X	
	Wasco	2021	428	Ahmed Badawi	Rocio Mosqueda Accounting Manager (661) 758-7234 romosqueda@cityofwasco.org	X		X	X	X	X	X	X			
	Piedmont	2024	400	Ahmed Badawi	Kiran Bawa Finance Director (510) 420-3045 kbawa@piedmont.ca.gov					X			X		X	
	Pismo Beach	2022	389	Ahmed Badawi	Vanessa Garris Finance Manager (805) 773-7085 VGarris@pismobeach.org	X	X				X	X		X	X	
	Atwater	2021	380	Ahmed Badawi	Anna Nicholas Finance Director (209) 357-6310 anicholas@atwater.org			X	X		X	X	X	X		
	Orinda	2024	378	Ahmed Badawi	Douglas Alessio Assist. City Manager/Admin. Serv. Dir. (925) 253-4220 DAlessio@cityoforinda.org	X	X		X	X			X			
	Lemon Grove	2022	377	Ahmed Badawi	Stacey Tang Finance Director (619) 825-3803 stang@lemongrove.ca.gov	X		X	X				X			
	Scotts Valley	2019	311	Mitesh Desai	Stephanie Hill Administrative Services Director (831) 440-5614 shill@scottsvalley.org	X	X	X					X		X	
	Waterford	2018	311	Mitesh Desai	Tina Envia Finance Manager (209) 874-2328 Ext: 104 tenvia@cityofwaterford.org			X			X	X			X	
(A)	Solvang	2019	308	Mitesh Desai	Wendy Berry Administrative Services Director (805) 688-5575 x 205 wendyb@cityofsolvang.com	X	X		X		X	X	X		X	
	Guadalupe	2017	303	Mitesh Desai	Janice Davis Finance Director (805) 356-3895 Jdavis@ci.guadalupe.ca.us			X	X		X	X			X	

	City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	SCO Report	Housing Authority	Enterprise Funds	Pension Trust Fund
	Crescent City	2014	227	Ahmed Badawi	Linda Leaver Finance Director (707) 464-7483 x224 lleaver@crescentcity.org			X	X		X	X		X	X	

The table below lists all special district engagements (in order of audit hours):

Special District	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	Single Audit	Enterprise Funds
San Gabriel Valley Council of Governments	2021	532	Ahmed Badawi	Rey Alimoren Director of Finance (626) 962-9292 ralimoren@sgvcog.org	No	N/A	X	X
Sacramento Metropolitan Fire District	2023	519	Ahmed Badawi	Ronald Empedrad Controller (916) 859-4510 empedrad.ronald@metrofire.ca.gov	Yes	Yes	X	
County of Contra Costa Community Services Bureau Child Development Program	2013	505	Mitesh Desai	Alexandra Heinitz Department Fiscal Officer (925) 608-4948 aheinitz@ehsd.cccounty.us	No	N/A		
El Dorado Irrigation District	2024	403	Ahmed Badawi	Penny Buchman Finance Director (530) 642-4139 pbuchman@eid.org	Yes	Yes	X	X
Union Sanitary District	2023	362	Ahmed Badawi	Mark Carlson, CPA CFO/Business Services Manager (510) 477-7510 markc@unionsanitary.ca.gov	Yes	Yes		X
Florin Resource Conservation District/ Elk Grove Water District	2015	350	Ahmed Badawi	Patrick Lee Finance Manager / Treasurer (916) 685-3556 plee@egwd.org	Yes	Yes		X
Hayward Area Recreation and Park District	2017	350	Mitesh Desai	Anne Maze Administrative Services Director (510) 881-6707 maza@haywardrec.org	No	N/A	X	
San Ramon Valley Fire Protection District	2021	285	Ahmed Badawi	Davina Hatfield Chief Financial Officer (925) 838-6668 dhatfield@srvfire.ca.gov	Yes	Yes	X	
Alameda County Waste Management Authority (StopWaste)	2018	212	Mitesh Desai	Jennifer Luong Finance Services Manager (510) 891-6500 jluong@stopwaste.org	Yes	Yes		
Monterey Bay Unified Air Pollution Control District	2016	225	Mitesh Desai	Rosa Rosales Administrative Services Manager (831) 718-8019 rrosales@mbard.org	No	N/A		
Ross Valley Fire Department	2021	190	Ahmed Badawi	Jeff Zuba Finance & Admin. Services Director (262) 989-2208 jzuba@townofsananselmo.org	No	N/A		
Southern Marin Fire Protection District	2020	160	Ahmed Badawi	Ken Campo Interim Finance Manager (925) 570-4447 accounting@smfd.org	No	N/A		
Central County Fire Department	2012	150	Mitesh Desai	Jan Cooke Finance Director (650) 375-7408 jcooke@hillsborough.net	Yes	Yes		
Central Fire Protection District of Santa Cruz County	2018	150	Mitesh Desai	Nancy Dannhauser Finance Director (831) 479-6842 nancy.dannhauser@centralfiresc.org	No	N/A		

Special District	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	Single Audit	Enterprise Funds
Victorville Valley Water District	2024	129	Ahmed Badawi	Carmen Cun Finance Director/City Treasurer (760) 955-3170 ccun@victorvilleca.gov	No	N/A		X
Marin Wildfire Prevention Authority	2021	106	Ahmed Badawi	Ken Campo Interim Finance Manager (SMFPD) (925) 570-4447 accounting@smfd.org	No	N/A		

Understanding of Services to be Provided

The Town desires an audit of the financial records for the Town and an expression of an opinion in accordance with generally accepted accounting principles on the fairness of presentation of financial statements for the fiscal years ending June 30, 2027 through 2029, with the option to extend for two (2) additional one-year terms.

The Firm will:

- Express an opinion on the fair presentation of its basic financial statements which includes but is not limited to the financial statements of governmental activities, each major fund and all aggregate remaining fund information in conformity with generally accepted accounting principles in the United States of America.
- Express an "in-relation-to" opinion on the fair presentation of its combining and individual non-major and fiduciary fund financial statements and schedules in conformity with generally accepted accounting principles. The Firm will provide an “in-relation-to” report on the supporting schedules contained in the Annual Comprehensive Financial Report based on the auditing procedures applied during the audit of the basic financial statements and schedules.
- Provide an “in-relation-to” report on the schedule of expenditures of federal awards based on the auditing procedures applied during the audit of the financial statements.
- Perform the audit in accordance with generally accepted auditing standards accepted in the United States of America, applicable to the financial audit contained in the Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations.
- Perform limited procedures on supplementary information required by the Government Accounting Standards Board.
- Issue the following reports, following the completion of the audit of the fiscal year’s financial statements:
  - Independent Auditor’s Report on Financial Statements and Schedule of Expenditure of Federal Awards
  - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  - Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance
  - Schedule of Findings and Questioned Costs
  - Auditor’s Communication with Those Charged with Governance
  - Annual Comprehensive Financial Report following the requirements and guidelines of the GFOA award program
  - Gann Limit Agreed-upon Procedures
  - Measure G Agreed-upon Procedures
  - TDA Audit
  - State Controller’s Report
  - Street Report
- Provide special assistance to the Town as needed.
- Retain all working papers and reports at the audit firm’s expense for a minimum of 7 years. In addition, make working papers available to the Town and/or any government agency as appropriate.

Should any conditions be discovered requiring corrective action, the Firm will provide a detailed description of the findings and recommended actions as to their resolution.

The Firm will submit a report to the Town's Council and management detailing auditor's responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting statements, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, difficulties encountered during the audit, and any significant deficiencies or material weaknesses found during the audit. Non-material instances of noncompliance will be reported in a separate management letter, if appropriate, along with any other observations or recommendations determined to be informative to Town Management.

The Firm will be available to provide advice and counsel regarding significant matters during the year.

The Firm's Partner and Staff welcome the opportunity to make presentations to the Town Council and will be ready to respond to questions from the Council and citizens of the Town.

Specific Audit Approach

Objectives of Our Services

The basic objective of our audit of the Town is to conduct an examination of the financial statements in accordance with generally accepted auditing standards and to express our opinion on the fairness of presentation of such financial statements in conformity with generally accepted accounting principles.

Additionally, we believe that another real value of our audit lies in meeting other objectives at no additional cost. The following are other objectives of our services that have important benefits to the Town:

- To offer substantive observations and recommendations relating to accounting and operating control policies and procedures.
- To identify opportunities for operating efficiencies and isolate candidate activities for cost reduction opportunities.
- To perform a professional audit in an efficient and effective way to minimize disruption to the office operations.
- To offer ongoing advisory services to assist in the running of the operation and implementation of improved operating procedures.

The engagement will be conducted within the framework of the Firm's quality control program which includes the use of audit programs, careful planning, use of computerized audit software and internal control evaluation and documentation software, and objective review procedures. On-site staff will use Firm supplied portable computers and printers.

Audit Approach

The specific audit approach has been designed to efficiently and effectively address the audit requirements of the Town, to perform the audit of the Town's financial records in a timely manner with minimal disruptions to office operations, and to meet the Town's timeline.

The audit will be conducted in accordance with:

1) Generally accepted auditing standards established by the AICPA.
2) The standards contained in Government Auditing Standards issued by the GAO.
3) Provisions of the Single Audit Act and the Uniform Guidance.
4) Requirements issued by the California State Controller's office.
5) Other requirements as required.

We will conduct the necessary audit steps to perform:

- Planning of the engagement
- Evaluation of the existing internal control environment to determine degree of risk of material misstatement
- Determination of degree of compliance with laws, regulations, grant provisions, and Town approved policies
- Assessment of potential fraudulent issues
- Validation of account balances
- Verification of reasonableness of management estimates

Technical Approach

We use an industry specific audit approach tailored to governmental entities. Our governmental audit approach addresses the special risks and circumstances of local governments. As a result, the audit is conducted efficiently and effectively with minimal disruption to your staff.

The core of our governmental technical audit approach can be summarized as follows:

1. **Planning, Understanding and Communication:**

   Based on our previous audit experience, using the budget, organizational charts, manuals and other financial information systems and our knowledge of how governments work, we will obtain an insight to the specific concerns and sensitivities of the Town. Our understanding is updated continuously through our year-round contact and communication efforts. We will agree on common audit objectives and expectations with management before audit work begins and, throughout the audit, will meet regularly with management to discuss audit issues and to gather feedback.

2. **In-Depth Review of Systems and Controls:**

   We have developed diagnostic reviews which enable us to evaluate your systems and controls, and to provide management with constructive feedback. Combined with our knowledge of the Town and understanding and experience with the Town's accounting software, our control review will form the basis of our audit risk assessment. We will utilize the COSO approach in our evaluation of the Town's internal processes to identify potential control deficiencies. In future years, we will update our understanding through similar procedures.

3. **Risk-Based Customized Testing Program:**

   Our audit approach is tailored to governmental applications. We will use audit programs specifically designed to address the operational environment of governmental entities. Our approach will identify potential control risks and the opportunities for risk of material misstatements and fraud. We will evaluate the various risk assessments and identify the potential risks relating to the:

   - Balance Sheets / Statement of Net Position
   - Statement of Revenues and Expenditures / Statement of Activities
   - Presentation
   - Disclosure

   Our audit procedures will then be developed to address these risk areas.

4. **Expanded Interim Fieldwork:**

   Timeliness and audit efficiency is enhanced by performing extensive interim work. Partners, managers and senior staff work with Town staff to identify and resolve potential audit issues early. Accordingly, the amount of audit work to perform at year end is minimized. Because our audit staff is familiar with the operations before year-end fieldwork begins, disruption of accounting staff is minimized.

5. **Smooth Transition:**

Our testing program focuses on audit risks identified by our understanding of the Town's operations. We will work with the accounting staff to identify the most effective ways to address our objectives. Communication between the members of the audit engagement team and Town staff will be fluid and continuous.

6. **Sample Size and Sampling Techniques:**

Our audit approach will include sampling activities. Population size and the level of assurance to be derived from a particular test will dictate the sample size. We use sampling in our audit approach to compliment skilled judgment and knowledge of the particular situation. Our sample size will range normally from 25 to 60 items.

7. **Automated Systems:**

We will evaluate controls over the IT functions to assess control risk. We intend to test controls for purposes of reliance. Our review procedures will evaluate controls over:

- Security Management
- Logical and Physical Access
- Configuration Management
- Segregation of Duties
- Contingency Planning

In addition, we will review controls over:

- Input, processing, output, master data
- Application interface
- Data management system interface

Our information Technology Specialists will evaluate the IT operating control environment.

8. **Analytical Procedures:**

We use analytical procedures in several aspects of our audit. Extensive knowledge and industry background are required for effective analytics, and our staff possesses the appropriate experience and knowledge for the Town to benefit from these procedures.

9. **Approach to be Taken in Determining Laws and Regulations Subject to Audit Test Work:**

We continuously refer to specific regulations, compliance supplements, state guidelines and contracts currently in force. We perform the procedures required related to laws and regulations, using inquiries, observations and sampling techniques. Some of the laws and regulations that we believe may be applicable to the Town are the requirements of the California Public Utilities Commission, Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable Grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Child Care Program compliance requirements, etc.

10. **Report Format:**

We will meet with Town Management to review report formats. Any report format changes will be made in conjunction with approval from Town Management.

11. **Work Plans:**

The detailed work plans will be designed to efficiently and effectively address the audit requirements of the Town in accordance with generally accepted auditing standards, to perform the audit of the Town's financial records in a timely manner with minimal disruptions to office operations, and to meet the Town's timeline.

12. **Adjusting Journal Entries:**

We will discuss and explain proposed audit adjusting entries with the Town's designated Finance Department personnel prior to recording. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the Town's general ledger system.

13. **Listing of Schedules and Tables (anticipated to be prepared by the Town):**

Based on preliminary inquiries made with management and Town staff and review of documents, we will tailor a list of schedules, tables, and other reconciliations required for the audit. We will take into account as much as possible reconciliations already prepared by the Town for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional Town staff hours. We have included a sample such prepared by client (PBC) list on page 37.

Use of Technology in the Audit

The Firm maintains a variety of specialized software packages during the audit that enable us to perform an efficient, thorough, and timely audit and keeping time demands on Town staff to a minimum.

Trial Balance Management and Financial Statement Preparation

Axcess Engagement allows us to import and manage multiple years of trial balance data including budgetary information, create multiple account groupings, generate reports, post journal entries proposed during the audit (including GASB 34 conversion entries), and link information directly to the financial statements. This gives us the ability to:

- Generate immediate trend and other comparative analysis of trial balance and budget data prior to the start of the audit. This allows us to identify potential issues and make inquiries early in the audit
- Link the financial statements and footnotes prior to the start of the audit allowing us to have majority of the financial statements (including budgetary comparison schedules and other supplementary information) prepared at the time the trial balance is uploaded
- Audit adjustments or Town adjustments provided during the audit are automatically reflected in the financial statements

Audit Request Management and Document Exchange

Teamwork Project Management ("Teamwork") is a secure, cloud-based collaboration platform that our Firm now uses to manage the "Prepared by Client (PBC) List" that streamlines the process of requesting, receiving, and keeping track of documents. Teamwork helps to facilitate the engagement through seamless collaboration between the Firm and our clients. By utilizing Teamwork, the Town can do all of the following in one secure virtual environment:

- Attach files of any type to document requests
- Easily track the status of document requests
- Access templates and documents from us that require completion
- Have multiple Town staff get involved and assist in the audit process
- Participate in a dialog for questions and notes

We have found that the use of the PBC List in Teamwork has helped our clients be always informed as to the status of their audit, and not be surprised with new requests or follow up on outstanding requests previously provided.

Audit Reporting Phase Management

Teamwork is also used by our Firm to manage the reporting phase of the audit, including timeline, key milestones, draft reviews, and final deliverables. With Teamwork, the entire reporting process and related communications are organized within one centralized project space. Using Teamwork, the Town can:

- View the reporting timeline and track upcoming due dates and milestones
- Easily see which items are pending, under review, or completed.
- Access and review draft versions of reports in a single location
- Receive notifications when new drafts or updated versions are uploaded
- Participate in proof and review workflows for report approvals prior to final issuance.

We have found that managing the reporting phase of the audit using Teamwork has helped our clients always be informed as to the status of their reports and deliverables.

Computer Aided Audit Tools (CAATs)

The Firm's data analytics software enables our Engagement Team to perform more than 150 Computer Aided Audit Tools (or "CAATs"). CCH Teammate Analytics gives us the ability to perform advanced data analysis and increase efficiency. By utilizing this software, we can:

- Immediately visualize and analyze 100% of account populations with graphs, charts and statistics to identify anomalies
- Make fewer sample selections that are targeted to problematic areas
- Quickly analyze transactional data for:
  - Duplicate records
  - Missing transactions
  - Transaction sequence
  - Unusual items
- Compare excel worksheets for changes or differences
- Generate immediate testing samples
- Perform regression analysis
- Filter and extract data from Town reports

Audit Planning, Risk Assessment, and Audit Programs

Our firm utilizes CCH Knowledge Coach, which is an expert system that adapts and customizes our audit approach specifically based on the Town's structure, operating environment, specific transactions, and identified risks or matters to be addressed in the audit. The software is frequently updated for new industry trends and audit requirements. Included in the software is a continuous diagnosis of audit forms that identifies missing information, procedures, or any conflicts that need to be addressed prior to issuance of the audit report. We have found that this audit tool greatly benefits our audit clients in the following ways:

- Removal of standardized audit steps and procedures that do not add value to the audit
- Targeted audit procedures focusing on risks and accounts specific to the Town's operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less Town staff time dedicated to gathering information or responding to inquiries by focusing on material issues
- Automatic self-diagnostics ensure no audit steps are missed, guaranteeing a quality audit

Research Tools

We maintain multiple research software packages that are always kept up to date to ensure compliance with accounting and auditing standards and are also a resources for us to provide guidance to our clients. In addition to accounting and audit literature, we have access to interactive disclosure checklists that include sample footnote disclosures and financial statements.

Audit Schedule

2027 Period	Audit Tasks

April - ***Planning and Administration***

- Review and obtain copies of key work papers of prior audit firm.
- The entrance conference shall be held with Town staff. The purpose of this meeting will be to discuss prior audits and the interim work to be performed. This meeting will also be used to establish overall liaison for the audits and to make arrangements for workspace and other needs
- Review and evaluate the Town's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements
- Prepare overall memo to the Town confirming audit procedures, timing, and assistance
- Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by the Town staff
- Send the PBC List to the Town that will include all request items considered to be necessary for the audit

May - ***Internal Control Evaluation***

- Meeting with Town Manager and Department Heads of other departments with large operating budgets or which have significant federal grant expenditures
- Attending Town Council meetings
- Meeting with off-site locations
- Meeting with key Finance Department personnel
- Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation
    - General ledger system
    - Budgeting system
    - Revenue, accounts receivable, and cash collections
    - Purchasing, expenditures, accounts payable, and cash disbursements
    - Payroll
    - Federal Financial Assistance
    - Other systems
- Identify control risks
- Evaluate IT control environment
- Perform testing of the internal control system and evaluate the effectiveness of the Town's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with Town policies
- Conduct fraud assessment procedures
- Assess degree of risk for material misstatement
- Provide to the Town's management a memo concerning management letter points and identify issues, if any

2027 Period		Audit Tasks
May	-	***Other Tasks***

- Review minutes of Town Council meetings and other key committees
- Perform preliminary substantive procedures, which would include tests of:
  - Vendor and contractor payments
  - Payroll expense
  - Pension and OPEB testing
  - Capital asset acquisitions
  - Journal entries
  - Retrospective review of accounting estimates
- Financial statement database management and other setup, in addition to drafting of all necessary report templates
- Preliminary Single Audit and other compliance testing
- Coordinate with Town staff and prepare of all appropriate confirmation requests including:
  - Bank accounts
  - Investment pool accounts
  - Accounts receivable
  - Federal grants
  - Revenue from governmental agencies
  - Bond and other debts
  - Pension plan
  - Attorney letters
  - Others, as required
- Update the PBC List with any additional requests that will be needed for the Town's audit
- Provide the Town with audit plan and list of year-end audit schedules
- Hold progress conference with Town Management
- Hold exit conference with Town Management

September – October - ***Final Fieldwork***

- Entrance conference with Town Management
- Follow-up on all outstanding confirmations
- Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required
- Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual
- Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing Town staff
- Perform review of subsequent events by discussions with Town Management and update all minutes of Town Council and key committees

2027 Period	Audit Tasks
	- ***Single Audit Compliance*** ▶ Entrance conference with Town Management ▶ Obtain Federal Financial Assistance Schedule ▶ Determine grants to be considered as major programs including clusters ▶ Perform audit tests of major grant programs and compliance with Federal Law and Regulations ▶ Review grant documents, select sufficient number of transactions to test for compliance of Federal Requirements ▶ Coordinate Single Audit efforts with the Financial Audit efforts ▶ Communicate findings to Town Management ▶ Other Compliance
October – November	- ***Audit Reports*** ▶ Complete drafts of Town's Annual Comprehensive Financial Report ▶ Prepare draft of Single Audit Reports concerning internal control structure, compliance with laws and regulations, and administering of federal financial assistance programs ▶ Prepare other reports as required ▶ Provide revised final drafts of all required reports to the Town for approval
December	- ***Final Town Audit Reports, Financial Statements, Single Audit Reports, and other reports delivered.*** - ***Audit Presentation to Council (if requested)***
January 2027	- ***State Controller's Reports delivered and submitted*** - ***Single Audit Report package submitted to Federal Audit Clearinghouse***

Note: the proposed audit schedule above can be adjusted as necessary based on the needs of the Town.

Estimated Hours by Audit Phase

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	7	9	18	6	40
Audit Manager	5	24	21	9	59
Audit Senior	2	27	51	14	94
Professional Audit Staff	-	55	104	14	173
IT Specialist	-	7	-	-	7
Administrative Assistant	5	1	8	9	23
Total	19	123	202	52	396

Discussion of Relevant Accounting Issues

Identification of Anticipated Potential Audit Problems

We do not anticipate that there will be any audit problems at the Town. However, the following are some areas that we will carefully investigate and monitor during our audit procedures:

- Financial Reporting:
  - Review and evaluate that the Town's Annual Comprehensive Financial Report is in compliance with current reporting and disclosures requirements issued by the GASB and GFOA.
  - Review the Annual Comprehensive Financial Report for financial reporting conformance awards issued by CSMFO and GFOA.
  - Review and evaluate degree of compliance with the various GASBs in effect.
  - Review degree of compliance with infrastructure obligations and regulatory provisions.
- Internal Control Structure:
  - Review and evaluate the Town's internal control functions and ascertain compliance with proper internal control philosophies.
  - Review computer system processes and controls and evaluate adequacy of the control environment.

Several new GASB pronouncements will become effective over the time period of this proposal. As such, specific attention will be provided to determine the proper implementation of these new pronouncements. A list of known new pronouncements with implementation dates that fall within this proposal period are as follows:

2026

- Statement 103 – Financial Reporting Model Improvements
- Statement 104 – Disclosure of Certain Capital Assets

2027

- Statement 105 – Subsequent Events

Conclusion

A client relationship with the Town will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the Town. We are committed to:

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the Town
- Assisting the Town in operational issues
- Producing a quality end-product

We have the technical qualifications and experience to provide the level of service desired and expected by the Town and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the Town and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

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Appendix

Exceptions to the Contract

With regard to the sample contract, we would like to edit the below paragraphs as follows:

2.5 Information/Report Handling. Unless such property is proprietary in nature, all documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers 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 a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant, excluding such damages or liabilities that arise from the sole or willful negligence or misconduct of the Town.

Prepared by Client (PBC) List

The following is the Prepared by Client (PBC) List for the Town. The PBC List may be update as needed prior to the start of fieldwork.

INTERIM

General

- Year-to-date Trial Balance (Balance Sheet and Revenues and Expenditure Reports) for all funds for most recently closed month with comparison to prior year
- Internal policies/guidelines for closing and reporting, payroll check runs, cash receipts, AP processes, and others
- Year-to-date Journal entry report for manual journal entries
- Most recent budget-to-actual financial reports submitted to Town Council or Town Management
- Form 700s from the Council Members and Town Manager
- Conflict of interest codes
- List of any new funds with description (fund name, purpose, how it should be reported in the ACFR, etc.)
- Memo summarizing the FY2027 status of prior year findings (GAGAS and management comments), and processes/controls implemented to address items (if any prior year audit findings)
- Brief memo summarizing management's analysis of new accounting standards to be implemented in FY2027
- Copy of the Town's organizational chart applicable to FY2027
- Any reports provided by Federal or State grantors or other regulators during FY2027 to date on reviews or audits that may impact the FY2027 audit.
- Detail of legal expenses for FY2027 (as of date)
- Copy of the internal timeline used to execute all tasks for closing and report preparation and indicating responsible Town personnel.
- Complete General Ledger for Year-to-Date FY2027 (in excel), if possible
- Prior Year Trial Balance for FY2025
- Prior Year ACFR Account Mapping and Fund Rollup for FY2025
- Prior Year Audit Confirmation Letters
- Chart of Accounts from Accounting System including legend for each part of GL account strings

Budget

- Resolutions for adopting the 2027 budget
- Electronic report of FY2027 budget adjustments to-date (appropriation changes, object/line item transfers etc.)

Component Units/Potential Component Units

- Provide agreement/formation documents for component units and potential component units (agencies or other entities for which the Town is accountable, etc.) (if amended, or new or newly identified)

Cash

- Most recent bank reconciliation for all bank accounts
- List of all bank accounts (Bank Names, Bank Account Numbers and Authorized Signers)

Investments

- Investment Report for the most recent period submitted to Council
- Annually adopted Investment Policy for FY2027
- Agreements with bank and custodians

Loan/Note receivables

- List of new loans given out in FY2027
- Most recent listing of loan receivables outstanding
- Loan agreements

Capital Assets

- Most recent capital asset policy
- Detailed listing of assets additions, including CIPs (if available)
- Detailed listing of assets deletions (if available)

Payroll

- List of locations and number of employees at each location
- Payroll Register for the most recent pay period in June 2027 (with employee detail)
- Payroll calendar for FY2027
- System-generated report of Town employee hires, terminations, promotions during FY2027
- Copies (PDF) of or access to MOU labor agreements, and other benefit agreements applicable to payroll periods covered in FY2027
- FY2027 941 Forms
- Prior Year FY2025 941 Forms (for use in analytics)

Long-term Debt

- Debt/Bond agreements
- Bond payment schedules
- Bond issuance premium or discount amortization schedule
- Journal entries for recording of new debt
- Lease payment schedules

Risk Management

- Agreements with Third Party Claim Administrators
- Detailed claim expenditure reports (General Liability and Workers Comp)
- Listing of attorneys utilized by the Town during FY2027

Computer Controls

- Contingency plans for the IT department, if available
- Policies and procedures manual for the IT department

Revenue

- Revenue transaction detail report for all funds
- Grant revenue reports
- Listing of all sites where cash (and checks) is collected with approximate daily or annual dollar amount

Expenditures

- Expenditure transaction detail report for all funds
- Single excel listing of all Town active contracts during FY2027 (if available). Please ensure the report includes the following fields: contract number, date contract executed, contract amount, and amount spent in FY2027 (if possible)
- Listing of contract change orders executed during FY2027
- Listing of purchase card (i.e. p-card, CalCard, etc.) holders during FY2027 with Credit Limits and single purchase amounts (if applicable)
- Town procurement policy(ies)
- Travel and credit card policy(ies).

Pension

- CalPERS Appointment Status Change Report - instructions for generating are attached.
- List of new hires in FY2025 (note: FY2025 will be actuarial valuation year for FY2027 reporting)
- Census data provided to actuary for Misc. Plan GASB 68 Valuation

Fund Balance

- Fund balance/GASB 54 Policies
- Listing of special revenue funds with fund description and special revenue fund justification (i.e. major revenue source and whether revenue is restricted/committed on what basis (specific law, contract, ordinance/resolution, measure, etc.)

YEAR-END

General

- Final Trial Balance as of 6/30/2027
- Original and Final Budget for revenue and expenditure accounts for FY2027 for RSI schedules
- Detailed by transaction revenue report for FY2027
- Detailed by transaction expenditure report for FY2027
- ACFR rollup (updated for FYE 6/30/2027)
- ACFR Account rollup (i.e. account coding classifications) updated for FYE 6/30/2027
- Any monitoring/audit reports received during FY2027 (from other auditors or agencies)
- List of all manual journal entries posted to the General Ledger for FY2027 (in Excel format, listing JE numbers, date posted, account posted and the amounts)
- Complete General Ledger for FY2027 (in excel), if possible

Cash and Investments

- Cash and investment summary by bank account
- Bank reconciliations as of 6/30/2027 for all bank accounts with support for reconciling items.
- Bank and Investment statements for all Town accounts as of 6/30/2027
- Interest Income Fund Allocation Worksheet for FY2027
- Schedule of investments held with book values and fair value as of 6/30/2027 (GASB 31 Worksheet and Investment rollforward worksheet) along with the credit rating for each investment.
- GASB 72 Levelling information
- Bank statements for all cash with fiscal agents at 6/30/2027
- Bank and Investment Statements for July and August 2027

Accounts Receivable and Revenues

- Allowance for doubtful accounts calculations as of 6/30/2027 (if any for FY2027)
- A/R aging reports by account numbers/names for all billed receivables for each fund as of 6/30/2027 (if any)
- Listing of A/R accruals by account name for each fund (include nature of revenue and when received)
- Property Tax Allocation FY2027

Interest Receivable

- Interest receivable listing with calculations as of 6/30/2027

Taxes Receivable

- Listing of all Taxes Receivable by type of revenues for each fund (please indicate the date that the cash receipt was received for each tax receivable accrual)

Loan Receivable

- Listing of loans receivable by borrower as of 6/30/2027
- Agreements for all loans/notes receivable

Leases Receivable

- Listing of leases by lessee as of 6/30/2027
- Copies of all lease agreements
- Leases receivable calculation as of 6/30/2027 (in accordance with GASB 87)
- Intergovernmental Receivable
- Listing of all Intergovernmental Receivable for each fund (please indicate the date that the cash receipt was received for each revenue accrual)

Other Assets

- Listing of Prepayments as of 6/30/2027
- Listing of Inventory as of 6/30/2027

Capital Assets

- Capital Assets Roll forward Schedule for FY2027, including any right to use leased assets
- Capital Asset Detail Listings as of FY2027
- Depreciation expense by function for FY2027
- Roll forward schedule of Construction in Progress (CIP) from 7/1/2025 to 6/30/2027. Please include schedule showing CIP placed in service (transferred from CIP to asset accounts) during fiscal year
- Detail schedule of CIP Projects by Project number as of 6/30/2027 (accumulated costs by Project)

Interfund Transactions

- Due to/Due from schedule
- Advance to/Advance from schedule
- Interfund Transfers In/Transfers Out schedule
- Resolutions approving all interfund advances with repayment schedules

Accounts Payable and Expenditures

- Accounts Payable Listing as of 6/30/2027 by fund/transaction.
- Check Register for all checks written on and after 7/1/2027 through current date (by fund).
- Listing of payments made by ACH/wire transfer on and after 7/1/2027
- Open encumbrance listing for each fund as of 6/30/2027

Payroll

- Town's calculation of accrued payroll as of 6/30/2027
- Payroll register(s) for last pay period of FY2027 used in accruals

Compensated Absences

- Compensated Absence Payable as of 6/30/2027 by employee
- Roll forward Schedule of Compensated Absences (i.e. list beginning balance as of 7/1/2025, additions, deletions, and ending balance as of 6/30/2027
- Schedule of short-term portion and long-term portion, and calculation of short-term portion.
- For the governmental activities, provide a schedule which details compensated absences by fund and expenditure function. Please reflect prior year amounts by function to determine current year adjustment required in the government-wide statement of activities.

Risk Management

- Actuarial Valuation Reports for claims payable (General Liability, Workers Comp, Others) to be used for FY2027 reporting
- Loss/Run Reports as of June 30, 2027, July 2027, and August 2027 for general liability and workers' compensation
- Memorandum of Coverage for policies in effect for FY2027 (e.g. Workers Compensation and General Liability)

Other Liabilities

- Detailed listing by fund of unearned revenues with description for each as of 6/30/2027
- Detailed listing of all deposits payable for each fund as of 6/30/2027

Leases Payable

- Listing of leases by lessor as of 6/30/2027
- Copies of all lease agreements
- Leases payable calculation as of 6/30/2027 (in accordance with GASB 87)

Pension

- MyCalPERS Billing and Payment Summary for FY2027
- Actuarial Valuation Report for agent-multiple employer Misc. Plan
- GASB 68 Calculation for cost-sharing Safety Plan
- Pension Journal Entries allocating pension amounts to the Town's various funds
- Support for covered payroll amount to support Pension RSI for FY2027. Can use CalPERS' Reported Member Summary Report.

Long-Term Debt

- Long-term Debt roll forward schedule
- Interest payable calculation
- Amortization schedule for bond premiums
- Debt service schedules

Commitments and Contingencies

- Listing of Commitments and Contingencies as of 6/30/2027

Fund Balances/Net Position

- GASB 54 roll forward schedule detailing listing of additions and deletions to fund balance classifications
- Any new agreements/resolutions/ordinances/laws supporting assignments/commitments/restrictions on fund balance
- Net Position worksheet, classifying reported fund balance to Net Assets/Net Position

GANN LIMIT

- FY2028 Appropriation Limit Calculation
- FY2028 Council Resolution and Approval of Appropriation Limit

TDA

- Revenue and expenditure transaction detail for FY2027
- Copies of all reimbursement requests submitted for FY2027

MEASURE G

- Measure G revenue and expenditure transaction detail for FY2027

STREET REPORT

- Login credentials
- Street Report Project Expenditure Summary Report(s) for FY2027

SCO REPORT

- Login credentials
- SCO Report Nonfinancial Info Workbook – to be provided for completion.
- Prior year SCO Report Account Mapping

SINGLE AUDIT

Interim

- Preliminary Schedule of Expenditure of Federal Awards for FY2027 (if available)

Year End

- Schedule of all expenditures of federal awards, state grants, and local grants for FY2027
- General ledger detail expenditure report for all programs (listing of individual transactions that make up the program expenditures)
- Copies of grant agreements and applicable amendments
- Copies of monitoring reports and resulting action plans
- Schedule of sub-recipients expenditures (if applicable)
- Copies of reimbursement requests submitted

RFP Forms and Attachments

In accordance with the Town's Request for Proposals (RFP), the below required form and attachments have been included as part of this proposal submission on the pages that follow.

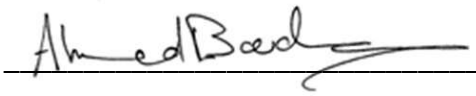
- RFP Appendix A: Proposer Warranties
- Attachment 1 – Conflict of Interest Statement
- Attachment 2 – Non-Collusion Declaration
- Attachment 3 – References
- Attachment 4 – Statement Regarding Insurance Coverage and Worker's Compensation Insurance Acknowledgement Statement

APPENDIX A: PROPOSER WARRANTIES

The proposer warrants that it can and will provide and make available, at a minimum, all of the services and deliverables set forth in this RFP.

The proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Town.

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature: 

Printed Name: Ahmed Badawi

Title: President

Firm: Badawi & Associates

Date: June 12, 2026

ATTACHMENT 1 - CONFLICT OF INTEREST STATEMENT

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

PROFESSIONAL AUDITING SERVICES

The undersigned declares:

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

None

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

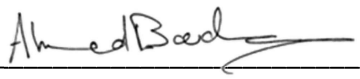
None

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

immediately notify the Town if it becomes aware of any facts concerning the contract to be awarded that constitute a violation of said provisions.

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on June 12, 2026 [date], at Emeryville [city], California [state].

Ahmed Badawi	President
Proposer Name (Person, Firm, Corp.)	Title of Authorized Representative
5901 Christie Ave., Suite 307	Ahmed Badawi
Address	Name of Authorized Representative
Emeryville, CA 94608	
City, State, Zip	
June 12, 2026	
Date	Signed

ATTACHMENT 2 – NON-COLLUSION DECLARATION

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

PROFESSIONAL AUDITING SERVICES

The undersigned declares:

I am the _President_____ [Insert Title] of _Badawi & Associates_____,[Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

The proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The proposal is genuine and not collusive or sham. The Respondent has not directly or indirectly induced or solicited any other respondent to put in a false or sham proposal. The Respondent has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or to refrain from responding. All statements contained in the proposal are true.

Any person executing this declaration on behalf of a respondent that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the respondent.

ATTACHMENT 3 - REFERENCES

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

PROFESSIONAL AUDITING SERVICES

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

1.

City of Lafayette	3675 Mount Diablo Blvd., #210, Lafayette, CA 94549
Name of Agency	Agency Address
Mr. Tim Przybyla	Finance Manager
Contact Name	Contact Title
(925) 299-3213	tprzbyla@ci.lafayette.ca.us
Contact Telephone	Contact Email Address
(2020 - Present)	Approximately $60K
Contract Period	Contract Amount

City Audit including ACFR, Single Audit, Gann Limit, TDA Audit, State Controller's Report, Lamorinda Fee and Finance Authority Audit, Lamorinda School Bus Transportation Authority Audit

Description of services performed including costs.

2.

City of San Carlos	600 Elm Street, San Carlos, CA 94070
Name of Agency	Agency Address
Mr. Paul Harris	Financial Services Manager
Contact Name	Contact Title
(650) 802-4217	pharris@cityofsancarlos.org
Contact Telephone	Contact Email Address
(2023 - Present)	Approximately $85K
Contract Period	Contract Amount

City Audit including ACFR, Gann Limit, Measure A/M/W Examinations, C/CAG Audit, C/CAG Single Audit, Commute.org Audit, State Controller's Report

Description of services performed including costs.

3. City of Mountain View — Name of Agency
500 Castro Street, Mountain View, CA 94039 — Agency Address
Mr. Derek Rampone — Contact Name
Finance and Administrative Services Director — Contact Title
(650) 903-6316 — Contact Telephone
derek.rampone@mountainview.gov — Contact Email Address
(2024 - Present) — Contract Period
Approximately $110K — Contract Amount

City Audit including ACFR, Single Audit, Gann Limit, TDA Audit, Shoreline Regional Park Community Audit, Lease Agreed-upon Procedures, Purchasing Card Agreed-upon Procedures

Description of services performed including costs.

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

Signature of Proposer	Name	Date
	Ahmed Badawi	June 12, 2026

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on June 12, 2026, at Emeryville [city], CA [state].

By:

Name: Ahmed Badawi

Title: President

ATTACHMENT 4 - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION INSURANCE ACKNOWLEDGMENT CERTIFICATE

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

PROFESSIONAL AUDITING SERVICES

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

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

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

Badawi & Associates

Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Ahmed Badawi, President

Name & Title of Authorized Representative

June 12, 2026

Date of Signing

Exhibit B

Dollar Cost Proposal - Badawi and Associates

Town of Los Gatos

SEALED DOLLAR COST BID PROPOSAL

For Professional Auditing Services for the Town of Los Gatos

For fiscal years ending June 30, 2027 through 2029, with the option to extend for two (2) additional one-year terms.

June 12, 2026

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
5901 Christie Avenue, Suite 307
Emeryville, CA 94608
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com

BADAWI & ASSOCIATES
Certified Public Accountants

Name of Firm and Certification

Name of Firm: Badawi & Associates

Address: 5901 Christie Avenue, Suite 307

City, State, Zip: Emeryville, CA 94608

Contact Name: Ahmed Badawi

Contact Telephone Number(s): 510-768-8244

Contact Fax Number(s): 510-768-8249

Contact E-mail Address: abadawi@b-acpa.com

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the Town of Los Gatos on behalf of the above named firm. The Firm will honor the prices listed in this proposal for 180 days from the submittal deadline.

Signature	Title	Date
	President	June 12, 2026

Ahmed Badawi
Name

Summary Schedules of Professional Fees

Description	2027 Hours	2026-27	2027-28	2028-29	Optional Year 2029-30	Optional Year 2030-31
Basic Services						
Financial Statements Audit [1]	300	$ 39,985	$ 41,185	$ 42,421	$ 43,694	$ 45,005
Single Audit	23	3,055	3,147	3,241	3,338	3,438
Total Basic Services	323	43,040	44,332	45,662	47,032	48,443
Optional and Additional Services:						
Gann Limit Agreed-upon Procedures	5	745	767	790	814	838
Measure G Agreed-upon Procedures	18	2,415	2,487	2,562	2,639	2,718
TDA Audit	20	2,650	2,730	2,812	2,896	2,983
State Controller's Report Preparation	21	2,750	2,833	2,918	3,006	3,096
Annual Street Report Preparation	9	1,165	1,200	1,236	1,273	1,311
Total, including All Services	396	$ 52,765	$ 54,349	$ 55,980	$ 57,660	$ 59,389

[1] *Includes ACFR preparation and Management Letter*

Position	2026-27		2027-28		2028-29		Optional Year 2029-30		Optional Year 2030-31	
	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates
Partner	40	$ 350	39	$ 360	38	$ 370	37	$380	37	$390
Audit Manager	59	250	55	260	52	270	52	280	52	290
Audit Senior	94	200	91	205	87	210	87	215	86	220
Professional Audit Staff	173	150	153	155	148	160	147	165	146	170
IT Specialists	7	250	6	260	6	270	6	280	6	290
Administrative Assistant	23	125	20	130	20	135	20	140	19	145
Total Hours	396		364		351		349		346	
Total Cost	$	78,125	$	74,870	$	74,370	$	76,060	$	77,745
Discount		(25,360)		(20,521)		(18,390)		(18,400)		(18,356)
Total not to exceed fees	$	52,765	$	54,349	$	55,980	$	57,660	$	59,389

In accordance with the requirements of the Town's request for proposals, detail schedules for each service to support the above summary schedules have been included on the pages that follow.

Schedule of Fees and Services
Fiscal Year 2026-27

Financial Statements Audit

	Hours	Hourly Rates	Total
Partners	30	$ 350	$ 10,500
Audit Manager	44	250	11,000
Audit Senior	71	200	14,200
Audit Staff	130	150	19,500
I.T. Specialist	7	250	1,750
Administrative	18	125	2,250
Subtotal			59,200
Discount			(19,215)
Total Not to Exceed Fees			$ 39,985

Single Audit

	Hours	Hourly Rates	Total
Partners	2	$ 350	$ 700
Audit Manager	4	250	1,000
Audit Senior	6	200	1,200
Audit Staff	10	150	1,500
I.T. Specialist	-	250	-
Administrative	1	125	125
Subtotal			4,525
Discount			(1,470)
Total Not to Exceed Fees			$ 3,055

Gann Limit AUP

	Hours	Hourly Rates	Total
Partners	1	$ 350	$ 350
Audit Manager	1	250	250
Audit Senior	1	200	200
Audit Staff	2	150	300
Administrative	-	125	-
I.T. Specialist	-	250	-
Subtotal			1,100
Discount			(355)
Total Not to Exceed Fees			$ 745

Schedule of Fees and Services
Fiscal Year 2026-27
(Continued)

Measure G AUP

	Hours	Hourly Rates	Total
Partners	2	$ 350	$ 700
Audit Manager	3	250	750
Audit Senior	4	200	800
Audit Staff	8	150	1,200
I.T. Specialist	-	250	-
Administrative	1	125	125
Subtotal			3,575
Discount			(1,160)
Total Not to Exceed Fees			$ 2,415

TDA Audit

	Hours	Hourly Rates	Total
Partners	2	$ 350	$ 700
Audit Manager	3	250	750
Audit Senior	5	200	1,000
Audit Staff	9	150	1,350
I.T. Specialist	-	250	-
Administrative	1	125	125
Subtotal			3,925
Discount			(1,275)
Total Not to Exceed Fees			$ 2,650

SCO Report Preparation

	Hours	Hourly Rates	Total
Partners	2	$ 350	$ 700
Audit Manager	3	250	750
Audit Senior	5	200	1,000
Audit Staff	10	150	1,500
I.T. Specialist	-	250	-
Administrative	1	125	125
Subtotal			4,075
Discount			(1,325)
Total Not to Exceed Fees			$ 2,750

Schedule of Fees and Services
Fiscal Year 2026-27
(Continued)

Street Report Preparation

	Hours	Hourly Rates	Total
Partners	1	$ 350	$ 350
Audit Manager	1	250	250
Audit Senior	2	200	400
Audit Staff	4	150	600
I.T. Specialist	-	250	-
Administrative	1	125	125
Subtotal			1,725
Discount			(560)
Total Not to Exceed Fees			$ 1,165

Schedule of Fees and Services
Fiscal Year 2027-28

Financial Statements Audit

	Hours	Hourly Rates	Total
Partners	29	$ 360	$ 10,440
Audit Manager	41	260	10,660
Audit Senior	69	205	14,145
Audit Staff	116	155	17,980
I.T. Specialist	6	260	1,560
Administrative	16	130	2,080
Subtotal			56,865
Discount			(15,680)
Total Not to Exceed Fees			$ 41,185

Single Audit

	Hours	Hourly Rates	Total
Partners	2	$ 360	$ 720
Audit Manager	3	260	780
Audit Senior	5	205	1,025
Audit Staff	9	155	1,395
I.T. Specialist	-	260	-
Administrative	1	130	130
Subtotal			4,050
Discount			(903)
Total Not to Exceed Fees			$ 3,147

Gann Limit AUP

	Hours	Hourly Rates	Total
Partners	1	$ 360	$ 360
Audit Manager	1	260	260
Audit Senior	1	205	205
Audit Staff	2	155	310
Administrative	-	130	-
I.T. Specialist	-	260	-
Subtotal			1,135
Discount			(368)
Total Not to Exceed Fees			$ 767

Schedule of Fees and Services
Fiscal Year 2027-28
(Continued)

Measure G AUP

	Hours	Hourly Rates	Total
Partners	2	$ 360	$ 720
Audit Manager	3	260	780
Audit Senior	4	205	820
Audit Staff	7	155	1,085
I.T. Specialist	-	260	-
Administrative	1	130	130
Subtotal			3,535
Discount			(1,048)
Total Not to Exceed Fees			$ 2,487

TDA Audit

	Hours	Hourly Rates	Total
Partners	2	$ 360	$ 720
Audit Manager	3	260	780
Audit Senior	5	205	1,025
Audit Staff	8	155	1,240
I.T. Specialist	-	260	-
Administrative	1	130	130
Subtotal			3,895
Discount			(1,165)
Total Not to Exceed Fees			$ 2,730

SCO Report Preparation

	Hours	Hourly Rates	Total
Partners	2	$ 360	$ 720
Audit Manager	3	260	780
Audit Senior	5	205	1,025
Audit Staff	8	155	1,240
I.T. Specialist	-	260	-
Administrative	1	130	130
Subtotal			3,895
Discount			(1,062)
Total Not to Exceed Fees			$ 2,833

Schedule of Fees and Services
Fiscal Year 2027-28
(Continued)

Street Report Preparation

	Hours	Hourly Rates	Total
Partners	1	$ 360	$ 360
Audit Manager	1	260	260
Audit Senior	2	205	410
Audit Staff	3	155	465
I.T. Specialist	-	260	-
Administrative	-	130	-
Subtotal			1,495
Discount			(295)
Total Not to Exceed Fees			$ 1,200

Schedule of Fees and Services
Fiscal Year 2028-29

Financial Statements Audit

	Hours	Hourly Rates	Total
Partners	28	$ 370	$ 10,360
Audit Manager	39	270	10,530
Audit Senior	66	210	13,860
Audit Staff	111	160	17,760
I.T. Specialist	6	270	1,620
Administrative	16	135	2,160
Subtotal			56,290
Discount			(13,869)
Total Not to Exceed Fees			$ 42,421

Single Audit

	Hours	Hourly Rates	Total
Partners	2	$ 370	$ 740
Audit Manager	3	270	810
Audit Senior	5	210	1,050
Audit Staff	9	160	1,440
I.T. Specialist	-	270	-
Administrative	1	135	135
Subtotal			4,175
Discount			(934)
Total Not to Exceed Fees			$ 3,241

Gann Limit AUP

	Hours	Hourly Rates	Total
Partners	1	$ 370	$ 370
Audit Manager	1	270	270
Audit Senior	1	210	210
Audit Staff	2	160	320
Administrative	-	135	-
I.T. Specialist	-	270	-
Subtotal			1,170
Discount			(380)
Total Not to Exceed Fees			$ 790

Schedule of Fees and Services
Fiscal Year 2028-29
(Continued)

Measure G AUP

	Hours	Hourly Rates	Total
Partners	2	$ 370	$ 740
Audit Manager	2	270	540
Audit Senior	4	210	840
Audit Staff	7	160	1,120
I.T. Specialist	-	270	-
Administrative	1	135	135
Subtotal			3,375
Discount			(813)
Total Not to Exceed Fees			$ 2,562

TDA Audit

	Hours	Hourly Rates	Total
Partners	2	$ 370	$ 740
Audit Manager	3	270	810
Audit Senior	4	210	840
Audit Staff	8	160	1,280
I.T. Specialist	-	270	-
Administrative	1	135	135
Subtotal			3,805
Discount			(993)
Total Not to Exceed Fees			$ 2,812

SCO Report Preparation

	Hours	Hourly Rates	Total
Partners	2	$ 370	$ 740
Audit Manager	3	270	810
Audit Senior	5	210	1,050
Audit Staff	8	160	1,280
I.T. Specialist	-	270	-
Administrative	1	135	135
Subtotal			4,015
Discount			(1,097)
Total Not to Exceed Fees			$ 2,918

Schedule of Fees and Services
Fiscal Year 2028-29
(Continued)

Street Report Preparation

	Hours	Hourly Rates	Total
Partners	1	$ 370	$ 370
Audit Manager	1	270	270
Audit Senior	2	210	420
Audit Staff	3	160	480
I.T. Specialist	-	270	-
Administrative	-	135	-
Subtotal			1,540
Discount			(304)
Total Not to Exceed Fees			$ 1,236

Schedule of Fees and Services
Optional Fiscal Year 2029-30

Financial Statements Audit

	Hours	Hourly Rates	Total
Partners	27	$ 380	$ 10,260
Audit Manager	39	280	10,920
Audit Senior	66	215	14,190
Audit Staff	110	165	18,150
I.T. Specialist	6	280	1,680
Administrative	16	140	2,240
Subtotal			57,440
Discount			(13,746)
Total Not to Exceed Fees			$ 43,694

Single Audit

	Hours	Hourly Rates	Total
Partners	2	$ 380	$ 760
Audit Manager	3	280	840
Audit Senior	5	215	1,075
Audit Staff	9	165	1,485
I.T. Specialist	-	280	-
Administrative	1	140	140
Subtotal			4,300
Discount			(962)
Total Not to Exceed Fees			$ 3,338

Gann Limit AUP

	Hours	Hourly Rates	Total
Partners	1	$ 380	$ 380
Audit Manager	1	280	280
Audit Senior	1	215	215
Audit Staff	2	165	330
Administrative	-	140	-
I.T. Specialist	-	280	-
Subtotal			1,205
Discount			(391)
Total Not to Exceed Fees			$ 814

Schedule of Fees and Services
Optional Fiscal Year 2029-30
(Continued)

Measure G AUP

	Hours	Hourly Rates	Total
Partners	2	$ 380	$ 760
Audit Manager	2	280	560
Audit Senior	4	215	860
Audit Staff	7	165	1,155
I.T. Specialist	-	280	-
Administrative	1	140	140
Subtotal			3,475
Discount			(836)
Total Not to Exceed Fees			$ 2,639

TDA Audit

	Hours	Hourly Rates	Total
Partners	2	$ 380	$ 760
Audit Manager	3	280	840
Audit Senior	4	215	860
Audit Staff	8	165	1,320
I.T. Specialist	-	280	-
Administrative	1	140	140
Subtotal			3,920
Discount			(1,024)
Total Not to Exceed Fees			$ 2,896

SCO Report Preparation

	Hours	Hourly Rates	Total
Partners	2	$ 380	$ 760
Audit Manager	3	280	840
Audit Senior	5	215	1,075
Audit Staff	8	165	1,320
I.T. Specialist	-	280	-
Administrative	1	140	140
Subtotal			4,135
Discount			(1,129)
Total Not to Exceed Fees			$ 3,006

Schedule of Fees and Services
Optional Fiscal Year 2029-30
(Continued)

Street Report Preparation

	Hours	Hourly Rates	Total
Partners	1	$ 380	$ 380
Audit Manager	1	280	280
Audit Senior	2	215	430
Audit Staff	3	165	495
I.T. Specialist	-	280	-
Administrative	-	140	-
Subtotal			1,585
Discount			(312)
Total Not to Exceed Fees			$ 1,273

Schedule of Fees and Services
Optional Fiscal Year 2030-31

Financial Statements Audit

	Hours	Hourly Rates	Total
Partners	27	$ 390	$ 10,530
Audit Manager	39	290	11,310
Audit Senior	65	220	14,300
Audit Staff	109	170	18,530
I.T. Specialist	6	290	1,740
Administrative	15	145	2,175
Subtotal			58,585
Discount			(13,580)
Total Not to Exceed Fees			$ 45,005

Single Audit

	Hours	Hourly Rates	Total
Partners	2	$ 390	$ 780
Audit Manager	3	290	870
Audit Senior	5	220	1,100
Audit Staff	9	170	1,530
I.T. Specialist	-	290	-
Administrative	1	145	145
Subtotal			4,425
Discount			(987)
Total Not to Exceed Fees			$ 3,438

Gann Limit AUP

	Hours	Hourly Rates	Total
Partners	1	$ 390	$ 390
Audit Manager	1	290	290
Audit Senior	1	220	220
Audit Staff	2	170	340
Administrative	-	145	-
I.T. Specialist	-	290	-
Subtotal			1,240
Discount			(402)
Total Not to Exceed Fees			$ 838

Schedule of Fees and Services
Optional Fiscal Year 2030-31
(Continued)

Measure G AUP

	Hours	Hourly Rates	Total
Partners	2	$ 390	$ 780
Audit Manager	2	290	580
Audit Senior	4	220	880
Audit Staff	7	170	1,190
I.T. Specialist	-	290	-
Administrative	1	145	145
Subtotal			3,575
Discount			(857)
Total Not to Exceed Fees			$ 2,718

TDA Audit

	Hours	Hourly Rates	Total
Partners	2	$ 390	$ 780
Audit Manager	3	290	870
Audit Senior	4	220	880
Audit Staff	8	170	1,360
I.T. Specialist	-	290	-
Administrative	1	145	145
Subtotal			4,035
Discount			(1,052)
Total Not to Exceed Fees			$ 2,983

SCO Report Preparation

	Hours	Hourly Rates	Total
Partners	2	$ 390	$ 780
Audit Manager	3	290	870
Audit Senior	5	220	1,100
Audit Staff	8	170	1,360
I.T. Specialist	-	290	-
Administrative	1	145	145
Subtotal			4,255
Discount			(1,159)
Total Not to Exceed Fees			$ 3,096

Schedule of Fees and Services
Optional Fiscal Year 2030-31
(Continued)

Street Report Preparation

	Hours	Hourly Rates	Total
Partners	1	$ 390	$ 390
Audit Manager	1	290	290
Audit Senior	2	220	440
Audit Staff	3	170	510
I.T. Specialist	-	290	-
Administrative	-	145	-
Subtotal			1,630
Discount			(319)
Total Not to Exceed Fees			$ 1,311

Manner of Payment:

Each Engagement Team member maintains detailed time sheets describing work performed, date of work, and amount of time spent on each task for the Engagement. The Firm will bill the Town after completion of each phase of the audit and bill the Town up to a maximum of 90%. The remaining 10% of the proposal amount will not be due until all final reports are delivered and accepted by the Town. The Town can anticipate three billings as follows:

Work Performed	% of Proposal Amount
For interim work	45%
For year-end work	45%
At presentation and acceptance of final reports	10%
Total	100%

Rates for Additional Professional Services:

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

Position	Hourly Rate
Partner	$ 350
EQR	350
Manager	250
Senior	200
Staff	150
I.T.	250
Admin.	125

Our Standard Hourly Rates are adjusted annually by 3% for Cost of Living and Inflation Adjustments

Conclusion:

A client relationship with the Town will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the Town. We are committed to:

* Rendering the highest standard of service.
* Developing a long-term working relationship dedicated to meeting the needs of the Town.
* Assisting the Town in operational issues.
* Producing a quality end-product.

We have the technical qualifications and experience to provide the level of service desired and expected by the Town and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the Town and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

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TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 11

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution Authorizing the Town Manger to Execute an AB 130 Tolling Agreement for a Townhome Project Located at 15495 Los Gatos Boulevard**

RECOMMENDATION: Adopt a resolution authorizing the Town Manager to execute an AB 130 tolling agreement with the applicant for a townhome project located at 15495 Los Gatos Boulevard.

FISCAL IMPACT:

There are no Town fiscal impacts related to executing the proposed tolling agreement.

STRATEGIC PRIORITY:

This item is not associated directly with a specific strategic priority; however, it aligns with the Town's core goal of good governance.

BACKGROUND:

Government Code Section 65950, as amended by Assembly Bill 130 ("AB 130"), establishes an expedited review timeline and requires notice providing California Native American tribes an opportunity to consult with the Town. Staff is requesting Town Council authorization for the Town Manager to execute an AB 130 tolling agreement between the Town and the applicant for a townhome project at 15495 Los Gatos Boulevard. The proposed agreement would extend the otherwise applicable statutory deadline by mutual agreement.

PREPARED BY: Gabrielle Whelan
Town Attorney

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

The planning application for this project is complete. Once a planning application has been deemed complete, AB 130 requires the Town to provide notice of an opportunity for California Native American tribes to consult on the project. Several tribes wish to consult.
Pursuant to Government Code Section 65950(a)(7), the Town is required to consider the project for approval or disapproval within 30 days of concluding the tribal consultation, or within 30 days from the expiration of the Town's deadline to conduct its consistency review.

Town Code Sections 29.20.750-755 require both Planning Commission and Town Council review of the townhome project. Based on the legal requirement that the Town Council meeting notice include the Planning Commission's recommendation, there is insufficient time to notice and conduct both meetings and render a decision within the 30-day deadline.

DISCUSSION:

The applicant has agreed to toll the AB 130 deadline so that the Town has up to 45 days after the Planning Commission's review in which to hold the Town Council hearing.

CONCLUSION:

Staff recommends that the Town Council adopt a resolution authorizing the Town Manager to execute the AB 130 Tolling Agreement.

COORDINATION:

This staff report was coordinated with the Community Development Department.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required (CEQA Guidelines Section 15378.)

Attachments:
1. Resolution
2. AB 130 Tolling Agreement

RESOLUTION 2026-xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AUTHORIZING THE TOWN MANAGER TO EXECUTE AN AB 130 TOLLING AGREEMENT FOR A TOWNHOME PROJECT LOCATED AT 15495 LOS GATOS BOULEVARD

WHEREAS, the Town Council of the Town of Los Gatos is considering a townhome project proposed for 15495 Los Gatos Boulevard (the "Project"); and

WHEREAS, the planning application for the Project has been deemed complete, and Town Code Sections 29.20.750–755 require review of the Project by both the Planning Commission and the Town Council; and

WHEREAS, the Town is required to provide California Native American tribes an opportunity to consult on the Project, and several tribes wish to consult; and

WHEREAS, pursuant to Government Code Section 65950(a)(7), the Town is required to consider the Project for approval or disapproval within 30 days of concluding tribal consultation, or within 30 days from the expiration of the Town's deadline to conduct its consistency review; and

WHEREAS, because the Town Council meeting notice must include the Planning Commission's recommendation, there is insufficient time to notice and conduct both meetings and render a decision within the 30-day deadline, and the applicant has agreed to toll the AB 130 deadline to allow the Town up to 45 days after the Planning Commission's review to hold the Town Council hearing; and

WHEREAS, the Town Council finds that authorizing the Town Manager to execute the AB 130 tolling agreement for the Project is appropriate;

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order that the Town Manager is authorized to execute the AB 130 tolling agreement on behalf of the Town.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of October, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:
NAYS:
ABSENT:
ABSTAIN:

DRAFT

SIGNED:

_____
MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

_____
TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DRAFT

Docusign Envelope ID: 9B222E95-8C6D-8114-8059-3DE745307372

TOLLING AGREEMENT FOR AB 130 DEADLINES
15495 Los Gatos Boulevard ("Newtown"), Los Gatos, CA
Townhome Project

This Tolling Agreement (the "Agreement"), dated as of the date all parties sign this Agreement (the "Effective Date"), is entered into by and among Green Valley Corporation dba Swenson (the "Applicant") and the Town of Los Gatos ("Town"). Applicant and the Town are individually referred to herein as a "Party," and collectively referred to as the "Parties."

RECITALS

WHEREAS, on November 4, 2025, the Applicant submitted an application(s) (the "Application") (Architecture and Site Application-S-25-050, Conditional Use Permit Application-U-25-009, and Vesting Tentative Map Application-M-25-009) to demolish the existing commercial/retail structures located at 15495 Los Gatos Boulevard, Los Gatos, CA 95032 (APN 424-22-030) (the "Property") and construct townhomes thereon (the "Townhome Project").

WHEREAS, the Town deemed the Application complete on June 24, 2026.

WHEREAS, the Applicant has invoked the provisions of State Density Bonus Law (Gov. Code §65915), the Housing Accountability Act (Gov. Code §65589.5), and AB 130 (Gov. Code § 65950 and Pub. Res. Code § 21080.66), which limit the Town's discretion, exempt the Townhome Project from CEQA, and limit the time in which the Town must act on the Townhome Project.

WHEREAS, the Town deemed the Townhome Project eligible for AB 130 on August 19, 2026.

WHEREAS, pursuant to AB 130, the Town must provide notice of the opportunity for California Native American Tribes to consult on the Townhome Project within 14 days of the Application being deemed complete and determined eligible for AB 130 pursuant to Government Code Section 65589.5.

WHEREAS, the Town sent out all required tribal consultation requests on September 1, 2026.

WHEREAS, the deadline for tribes to request tribal consultation is October 31, 2026, and, as of the Effective Date, two tribes have contacted the Town to request a tribal consultation and the Town has initiated each consultation.

WHEREAS, if a tribe requests a tribal consultation, the Town has 14 days to initiate the consultation, and the Town must complete each tribal consultation within 45 days of initiation, with one 15-day extension if requested by the tribe.

WHEREAS, pursuant to Government Code Section 65950(a)(7), the Town is required to consider the Townhome Project for approval or disapproval within 30 days of concluding the tribal consultation, or 30 days from expiration of the applicable time limit to conduct a consistency review pursuant to Government Code Section 65589.5(j)(2) (the "AB 130 Deadline").

Docusign Envelope ID: 9B222E95-8C6D-8114-8059-3DE745307372

WHEREAS, pursuant to Town Code Sections 29.20.750-755, the Town requires the Planning Commission to review each project and make a recommendation to Town Council, which makes the final determination on the Townhome Project.

WHEREAS, the Town is unable to conduct both public hearings (Planning Commission and Town Council) with the required legal noticing and lead time within the required 30-day AB 130 Deadline, and has requested that this deadline be tolled for the Townhome Project.

WHEREAS, Government Code Sections 65950(b) and 65957 allow a one-time extension of the deadline to approve or disapprove a project upon mutual written agreement of the Applicant and the Town for a period not to exceed 90 days from the date of the AB 130 Deadline.

Now therefore, with reference to the foregoing recitals, which are incorporated into this Agreement, and for good and valuable consideration, sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS AND CONDITIONS

1. **Tolling.** The AB 130 Deadline for the Town to act on the Townhome Project Application shall be extended beyond the statutory 30-day period as follows:

a. The Planning Commission shall review the Townhome Project Application at the next soonest scheduled hearing date at which a quorum will be present after tribal consultation is concluded or deemed concluded, subject to the Town's standard noticing requirements. Attached as Exhibit A to this Agreement is the current status of the Town's tribal consultations.

b. Town Council shall review the Townhome Project Application at the next soonest scheduled hearing date at which a quorum will be present immediately following Planning Commission review, subject to the Town's standard noticing requirements; provided that in any event, no more than 45 days shall elapse between the Planning Commission hearing and the Town Council hearing.

c. Subject to the Town's compliance with this Agreement, Applicant hereby waives any right it may have to claim the Town violated the AB 130 Deadline.

d. Nothing herein shall modify the required timeframes for the Town to provide comments on any resubmitted materials for the Application.

2. **Each Party's Role in Drafting the Agreement.** Each Party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither Party shall rely upon Civil Code Section 1654 in order to interpret any uncertainty in the meaning of the Agreement.

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3. **Governing Law; Venue.** This Agreement shall be governed by the laws of the State of California, excluding its conflict of laws principles. Any suit, claim or legal proceeding of any kind related to this Agreement shall be heard and filed in a court of competent jurisdiction in the County of Santa Clara.

IN WITNESS WHEREOF, the Parties do hereby agree to the full performance of the terms set forth herein.

TOWN OF LOS GATOS

By: _____
Chris Constantin, Town Manager

Dated: _____

APPROVED AS TO FORM:

By: Signed by: Gabrielle Whelan EFD6738A5534428...
Gabielle Whelan, Town Attorney

Dated: 10/15/2026

GREEN VALLEY CORPORATION,
a California corporation

By: DocuSigned by: 5D646058DE9A4DB...
Case Swenson, President

Dated: 10/15/2026

APPROVED AS TO FORM:

By: DocuSigned by: Summer Ludwick 66046A3051A14BC...
Summer Ludwick, Esq.
Situs Law, PC

Dated: 10/15/2026

Docusign Envelope ID: 9B222E95-8C6D-8114-8059-3DE745307372

Exhibit A

Subject: **Tribal Consultation Schedule for 15495 Los Gatos Boulevard ("Newtown"), Los Gatos, CA Townhome Project – Tolling Agreement for AB 130 Deadlines**

As of October 8, 2026, the Town has received four responses. As a reminder, the tribes have until October 31, 2026 to respond, requesting consultation.

- Amah Mutsun Tribal Band of Mission San Juan Bautista responded via email on September 1, 2026. They sent recommendations but did not request consultation. Consultation is closed.
- Indian Canyon Mutsun Band of Costanoan responded via email on September 24, 2026. They sent recommendations. Staff responded on September 29, 2026, asking for confirmation that no formal consultation is required. No response has been received as of October 8, 2026.
- Muwekma Ohlone Tribe of SF Bay Area responded via email on September 2, 2026. They requested consultation. Staff scheduled for the first available date on their calendar of October 21, 2026. However, this date is beyond the 45-day consultation deadline. Staff informed the tribe they must either request a 15-day extension or propose earlier dates to consult within the AB 130 timelines. The 45-day window was mutually agreed to be extended until November 1, 2026.
- Tamien Nation responded via email on September 3, 2026. They requested consultation. Staff scheduled for the first available date on their calendar of October 1, 2026. On September 29, 2026, they emailed staff stating no consultation is required after further review.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 12

DATE: October 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Two-Year Professional Services Agreement with Transtech Engineers, Inc. for CIP Program Management; Authorize Re-assignment of the Kennedy Road Sidewalk and Bike Lanes Project to Tier 1; and Authorize a Budget Adjustment from the Available Unassigned GFAR Fund Balance**

RECOMMENDATION: Authorize the Town Manager to execute a two-year Agreement for Professional Services with Transtech Engineers, Inc. for an amount not to exceed $1,018,000 for FY26-27 Capital Improvement Program (CIP) Management and Engineering Support Services in the general form provided here; authorize the Town Manager to re-assign the Kennedy Sidewalk and Bike Lanes Project from Tier 2 to Tier 1; and authorize a budget adjustment in the amount of $150,000 to fund the Kennedy Road Sidewalk and Bike Lanes Project (4118146) Feasibility Analysis.

FISCAL IMPACT:

The proposed recommendation requests an increase in expenditure appropriation of $150,000 in the General Fund Appropriations Reserve (GFAR) for the Kennedy Road Sidewalk and Bike Lanes Project 8146. The $150,000 increase is funded from the GFAR fund balance. The current year end estimated GFAR balance is $2,731,913. If the proposed transfer is approved the estimated GFAR ending fund balance will be $2,581,913.

The proposed Agreement for Professional Services with Transtech Engineers, Inc. has a total not-to-exceed amount of $1,018,000. Of this amount, $150,000 would be associated with

PREPARED BY: Gary Heap
Town Engineer

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

Kennedy Sidewalk and Bike Lanes Project for feasibility analysis and requires the budget adjustment described above. This project was assigned to Tier 2 in the FY 2026-27 Capital Improvement Program budget due to lack of staffing and no budget was assigned. Staff are recommending an initial phase of work be funded with the enhanced staff resources afforded by this contract. If reallocating this project to Tier 1, and the associated budget transfer are not approved, then this project will be removed from the agreement. This is discussed in detail in the discussion section of this staff report.

STRATEGIC PRIORITY:

This item supports the Core Goals of Quality Public Infrastructure by advancing adopted capital improvement projects and Fiscal Stability by advancing the CIP in a financially responsible manner.

BACKGROUND:

The Town CIP consists of transportation, storm drainage, parks, facilities, and infrastructure improvement projects. Delivery of this program requires engineering resources to augment existing Town Staff.

To maintain project schedules, provide specialized technical expertise, and ensure efficient delivery of the adopted CIP, the Town solicited qualifications from firms experienced in municipal capital program management. On June 5, 2026, Parks and Public Works issued a Request for Qualifications for CIP Management Services. The RFQ closed on June 26, 2026, with eight firms submitting proposals. The proposals were evaluated by a scoring committee based on the capital improvement program delivery approach, qualifications of the firm and project personnel, references, and similar program management experience. The two top firms were invited to an interview on July 24, 2026. Transtech was selected as the most qualified firm to provide these services. Transtech was determined to provide the best overall value based upon demonstrated municipal program management experience, qualifications of key personnel, understanding of the Town's CIP, project delivery approach, and interview performance.

DISCUSSION:

The proposed agreement would allow Transtech to provide engineering resources that will supplement Town Staff in delivering the adopted CIP Projects. Services by Transtech may include:

- Capital project management
- Engineering design support

- Preparation of plans, specifications, and estimates (PS&E)
- Construction support
- Technical engineering assistance
- General engineering services
- Other engineering services as assigned by the Town

Transtech's proposed work program includes support for numerous transportation, storm drainage, parks, facilities, and general engineering projects identified in Table 1. The proposal establishes an estimated budget for each project, allowing the Town to authorize work based upon project schedules and development of detailed scoping for each project. The total contract NTE amount is $1,018,000. The level of service provided will vary for each project depending on its funding level and work plan outlined in the CIP.

With this action, staff is requesting that funding be allocated to the Kennedy Road Sidewalk and Bike Lanes Project and the project be moved from Tier 2 to Tier 1. This request is being made because the project has $1,861,816 in Measure B funding that can be used for Final Design and Construction (the grant cannot be used for Project Feasibility). Within this fiscal year, the Town must either advance the final design of the project using the grant funds, request that the Measure B funds be reallocated to a different Town project or return the grant funding to the granting agency (Valley Transportation Authority).

The project had been moved to Tier 2 due to lack of staffing in the CIP program, and lack of clarity regarding the project scope. Staff recommends that a feasibility study be completed to assess constructability of the project concept. If the study reveals the project is not feasible, staff can discuss next steps and recommend reallocation of the grant resources. As noted above, the Town must discuss the future of this grant funding with the granting agency in this fiscal year and so is seeking to move this project forward outside of the capital budget process.

PPW Staff and the Human Resources Director have also met multiple times with the Town Employee Association (TEA) leadership regarding the provisions of this agreement, and TEA has no objection to this agreement with Transtech moving forward for approval.

Table 1. Agreement Funding by Project

Project #	Project Name	Scope	Costs	Org Code
8101	2027 Street Repair & Resurfacing	Transtech to PS&E & construction support	$ 20,000	4118104
8103	Annual Street Restriping	Transtech to provide PS&E support	$ 2,000	4118104
8116	East Main Street Crosswalk Improvements	Transtech to provide Project Management	$ 30,000	4118116
8120	Curb, Gutter, & Sidewalk Maintenance	Transtech to PS&E & construction support	$ 20,000	4118120
8146	Kennedy Sidewalk and Bike Lanes (Los Gatos Blvd - Englewood)	Feasibility analysis and preliminary design including topography and boundary survey	$ 150,000	4118146
8151	Unanticipated Repairs - Annual	Transtech to provide support as requested	$ 25,000	4118151
8156	Roadway Reconstruction of Santa Cruz Ave (BHR to Hwy 9)	Transtech to provide PS&E	$ 200,000	4118156
8304	Annual Storm Drain Imp	Transtech to provide support as requested	$ 25,000	4638306
8311	Loma Street Drainage	Transtech to provide Project Management	$ 5,000	4618311
8315	Storm Drainage Mapping	Transtech to provide technical support	$ 5,000	4618315
8317	Green Stormwater Infrastructure	Transtech to provide general and PS&E support	$ 10,000	4118317
8405	Oak Meadow Bandstand Area Improvements	Transtech to provide Project Management	$ 5,000	4118405
8511	Timber Bridge Inspection	Transtech to provide evaluation and design recommendations by a licensed structural	$ 50,000	4118511
8739	Condition Assessment of Civic Center	Transtech to provide space assessment for existing and future staffing needs, and baseline asset management	$ 250,000	4118739
8740	Fleet Service Outdoor Work Area (Design Phase)	Transtech to provide PS&E. Deliverable as preliminary design	$ 11,000	4118740
8743	Downtown Restroom Design	Transtech to provide concept sketches to two locations, lifecycle cost analysis and PS&E	$ 100,000	4118743
8744	41 Miles Emergency Management Improvement	Transtech to PS&E & construction support	$ 50,000	4118744
8745	Library Lighting Controls Renovation	Transtech to support town staff in correcting lighting issues	$ 10,000	4118745
5201	GENERAL ENGINEERING	General Engineering support	$ 50,000	1115201
		TOTAL	**$ 1,018,000**	

CONCLUSION:

Approval of the recommended actions will provide the engineering resources necessary to deliver the FY 2026/27 Capital Improvement Program.

SUBJECT: Authorize Agreement with Transtech Engineers, Inc. for Program Management; Authorize Re-assignment of the Kennedy Sidewalk and Bike Lanes Project to Tier 1; and Authorize Budget Adjustments from the Available Unassigned GFAR Fund Balance
DATE: October 20, 2026

ALTERNATIVES

Alternative 1 – Do Not Approve the Agreement

- Council could decline to authorize the agreement.

This alternative is not recommended because existing staffing resources are insufficient to deliver the adopted Capital Improvement Program within desired schedules and service levels.

Alternative 2 – Direct Staff to Re-Solicit Consultant Services

- Council could direct staff to conduct a new consultant selection process.

This alternative is not recommended because it would delay delivery of numerous capital projects, increase administrative costs, and postpone implementation of Town Council adopted infrastructure improvements.

Alternative 3 – Approve the Agreement without the Kennedy Road Sidewalks and Bike Lanes Project Funding

- Council could authorize the agreement without including this project. In this scenario, staff would amend the agreement to remove that project before executing the agreement.

This alternative is not recommended because the Kennedy Road project was the fourth ranked project in the Town's Bicycle and Pedestrian Master Plan (Master Plan) which is why grant funding was sought. Completing a feasibility study will determine if the project should ever move forward; without completing the feasibility study it will never be clear whether this project should remain in the Master Plan. It would have been ideal for the feasibility assessment to be completed before construction grants were sought but that was not the case for this project, so staff recommend completing this task now.

COORDINATION:

This report and the proposed agreement were coordinated with the Town Attorney and the Administrative Services Department.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Agreement for Professional Services with Transtech Engineers, Inc.

AGREEMENT FOR PROFESSIONAL SERVICES

Capital Improvement Program Management Services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Transtech Engineers, Inc. ("Contractor"), a Corporation whose address is 13367 Benson Avenue, Chino, CA 91710. This Agreement is made with reference to the following facts.

I. RECITALS

A. Town desires to engage Consultant to provide management and oversight of the Town's Capital Improvement Program.

B. Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

C. 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 for the projects defined in the Scope of Services, which is hereby incorporated by reference and attached as Exhibit A. For each of the projects listed, Consultant and Town will agree on a list of tasks and deliverables prior to the start of the work.

B. Term. The term of this Agreement shall be from upon execution to Wednesday, November 1, 2028.

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 $1,018,000.00** 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 and work item. Any services and compensation for any future projects will be authorized through a written amendment signed by the Town and the Consultant.

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 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 Service Provider. 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

Transtech Engineers, Inc.
13367 Benson Avenue, Chino, CA 91710

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.

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

TOWN OF LOS GATOS:	TRANSTECH ENGINEERS, INC.:
SIGNATURE	**SIGNATURE**
Chris Constantin	Melissa Demirci
FULL NAME	**ENTER CONSULTANT SIGNATORY'S NAME**
Town Manager	Chief Executive Officer
TITLE	**ENTER CONSULTANT SIGNATORY'S TITLE**
DATE SIGNED	**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.

Attachments:

A - Scope and Fee Schedule for Services

Exhibits List

A - Scope and Fee Schedule for Services

Exhibit A

Scope and Fee Schedule for Services

September 23, 2026

Town of Los Gatos
41 Miles Ave
Los Gatos, CA 95030
Attn.: Gary Heap, PE,
Town Engineer
Email: gheap@losgatosca.gov

SUBJECT: SCOPE AND FEE – CAPITAL IMPROVEMENTS PROJECT MANAGEMENT

Dear Mr. Heap,

Thank you for selecting Transtech to provide project management and engineering support services for the Town of Los Gatos' Capital Improvement Program. We sincerely appreciate the Town's confidence in our team and value the opportunity to continue supporting the delivery of important capital improvement projects throughout the community.

Attached is Transtech's proposed scope and fee for supporting the Town's Capital Improvement Program. The proposal identifies the Tier 1 projects in the Town's approved Fiscal Year 2026/27 CIP Budget to be supported by Transtech, along with our proposed level of involvement and corresponding estimated fees.

Services may include:

- Project Management - Overall project coordination, schedule and budget oversight, and support through project delivery.
- Engineering & Design Support – Technical assistance and engineering support based on the needs of each project.
- PS&E Development - Preparation and support of plans, specifications, and estimates for identified projects. This may include coordination of and subcontracting for field survey, architectural services, geotechnical or other engineering services not provided by Transtech staff.
- Deliverables will include bid ready engineering documents for the Town's use. This would not include construction management services unless specifically stated herein or stipulated in an amendment to this scope of services and agreement.
- Technical & General Engineering Support - Assistance with project-specific technical needs and other general engineering services requested by the Town.
- Other tasks as assigned.

As an extension of Town staff, Transtech will work closely with the Town to provide responsive and proactive project management and engineering support throughout project delivery. We value our partnership with the Town and look forward to continuing our collaboration and contributing to the successful delivery of the Town's Capital Improvement Program.

Thank you for the opportunity to submit this proposal. Should you have any questions, please contact the undersigned.

Sincerely

Okan Demirci, PE, QSD/P, MBA, Principal Project Manager
E: Okan.demirci@transtech.org; C: 714-319-6137

Ahmad Ansari, PE, Contract Principal
E: ahmad.ansari@transtech.org; C: 949-702-5612

Transtech Fee Proposal
for
Town of Los Gatos Parks Public Works Department

PrjNo.	PROJECT NAME	SCOPE	MAX FEE
8101	2027 Street Repair & Resurfacing	Transtech to PS&E & construction support	$ 20,000
8103	Annual Street Restriping	Transtech to provide PS&E support	$ 2,000
8116	East Main Street Crosswalk Improvements	Transtech to provide Project Management	$ 30,000
8120	Curb, Gutter, & Sidewalk Maintenance	Transtech to PS&E & construction support	$ 20,000
8146	Kennedy Sidewalk and Bike Lanes (Los Gatos Blvd - Englewood)	Feasibility analysis and preliminary design including topography and boundary survey	$ 150,000
8151	Unanticipated Repairs - Annual	Transtech to provide support as requested	$ 25,000
8156	Roadway Reconstruction of Santa Cruz Ave (BHR to Hwy 9)	Transtech to provide PS&E	$ 200,000
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8739	Condition Assessment of Civic Center	Transtech to provide space assessment for existing and future staffing needs, and baseline asset management	$ 250,000
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8743	Downtown Restroom Design	Transtech to provide concept sketches to two locations, lifecycle cost analysis and PS&E	$ 100,000
8744	41 Miles Emergency Management Improvement	Transtech to PS&E & construction support	$ 50,000
8745	Library Lighting Controls Renovation	Transtech to support town staff in correcting lighting issues	$ 10,000
GEN	GENERAL ENGINEERING	General Engineering support	$ 50,000
TOTAL			**$ 1,018,000**

7. Proposed Fee

Principal Engineer, Project/Program Manager (on-site)	**$295/hr**
Principal Engineer, Project/Program Manager (off-site/virtual)	**$275/hr**
Sr. Engineer, Project/Program Manager (on-site)	**$260/hr**
Sr. Engineer, Project/Program Manager (off-site/virtual)	**$240/hr**
Project Controls/Management Support Staff (off-site/virtual)	**$220/hr**

Note: The fees are adjusted annually on July 1st by the percentage change in the Local Area Consumer Price Index for All Urban Consumers (CPI-U) for the preceding twelve-month period, as calculated for February by the U.S. Department of Labor, Bureau of Labor Statistics, and published by the Bureau of Labor Statistics.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: 13

DATE: October 15, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Consider a Recommendation by the Planning Commission to Introduce an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. The Proposed Amendments to the Town Code are Not Subject to CEQA Review Pursuant to CEQA Section 15061(b)(3) Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Make Minor Changes to the Regulations and Design Review Process Applicable to New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. Town Code Amendment Application A-26-003. Project Location: Town Wide. Applicant: Town of Los Gatos. Project Planner: Ryan Safty.**

RECOMMENDATION: Accept the Planning Commission's recommendation, conduct a public hearing, and introduce an Ordinance amending Chapter 29 (Zoning Regulations) of the Town Code regarding objective design standards for single-family and two-family residential dwelling units and second-story additions.

FISCAL IMPACT:

There is no fiscal impact associated with this action. Adopting the draft Ordinance would not in itself result in an impact on the Town's budget.

PREPARED BY: Ryan Safty
Associate Planner

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

STRATEGIC PRIORITY:

The amendments to Chapter 29 of the Town Code regarding new objective design standards for single-family and two-family residential dwelling units and second-story additions supports the Town's core goal of Community Character and the strategic priority to preserve the Town's small-town charm and provide a range of housing opportunities and historic neighborhoods, while diligently maintaining and implementing the Housing Element.

BACKGROUND:

In September 2021, Governor Newsom signed a new state law, Senate Bill 9 (SB 9), which went into effect on January 1, 2022. SB 9 requires ministerial approval of certain housing development projects and lot splits on a single-family zoned parcel, with the intent to increase residential densities within single-family neighborhoods across the State.

The law allows for two new types of development activities that must be reviewed ministerially, without any discretionary action or public input:

- **Two-unit housing development** – Two residences on an eligible single-family residential parcel.
- **Urban lot split** – A one-time subdivision of an existing single-family residential parcel into two parcels.

On December 21, 2021, the Town Council adopted an Urgency Ordinance to implement local objective design standards for SB 9 applications. On November 15, 2022, the Town Council approved Ordinance 2334, which established the permanent SB 9 Ordinance within Chapter 29 (Zoning Regulations) of the Town Code. On May 21, 2024, the Town Council approved Ordinance 2359 (Attachment 3, Exhibit 2), which included modifications to the previous ordinance to modify design review standards and make clarifying revisions. Ordinance 2359 is the Town's current SB 9 Ordinance, which is found in Division 10 of Article 1 of Chapter 29 of the Town Code.

Previous SB 9 law allowed jurisdictions to adopt objective zoning, subdivision, and design standards specific to two-unit housing development and urban lot split applications so long as they would not preclude the construction of two, 800-square foot units with four-foot side and rear setbacks. As a reminder, objective design standards are development regulations that involve no personal or subjective judgment by a public official. They must be uniformly verifiable using an external, measurable benchmark known to both the applicant and the public official before application submittal. The Town's current SB 9 Ordinance includes a Design Review Standards Section applicable to two-unit development applications [Town Code Section 29.10.630 (2)] and a Subdivision Standards Section applicable to urban lot split applications

[Town Code Section 29.10.650 (1)]. Since SB 9 applications allow reduced side and rear setbacks and require ministerial review, and since design guidelines aren't enforceable on these projects, the objective design standards for SB 9 projects were created to protect neighbor privacy and enforce some of the Town's residential and hillside design guidelines to encourage orderly development and neighborhood compatibility.

In September of 2024, Governor Newsom signed a new state law, Senate Bill 450 (SB 450), which went into effect on January 1, 2025 (Attachment 3, Exhibit 3). SB 450 updates and expands the required provisions of SB 9. The most significant change from SB 450 is that it now prohibits the Town from adopting specific zoning, subdivision, or design standards for SB 9 projects that do not already apply uniformly to development in the underlying zoning district. Instead, the Town can only apply objective zoning, subdivision, and design standards to SB 9 projects if those standards are applicable to or are more permissive than standards within the underlying zone. As a result, many of the Town's existing objective SB 9 standards are no longer enforceable. Attachment 3, Exhibit 4, includes a strike-through version of the Town's current SB 9 Ordinance, showing which provisions are no longer enforceable based on SB 450.

Several neighboring jurisdictions have recently updated their SB 9 process following the adoption of SB 450, which highlights the array of options available to the Town. On one end of the spectrum is the City of Campbell, who reduced their objective standards across the majority of their jurisdiction to line up with the increased allowances of SB 9, essentially removing their standard discretionary process and reducing setbacks for all new single-family units down to four feet side and rear. The City of Berkeley took a different approach, essentially eliminating single-family zoning altogether, and therefore removed the ability to use SB 9 since it is only applicable in single-family zones. Lastly, the cities of Cupertino, Sunnyvale, and Palo Alto have created new objective design standards to be applicable to all new single- and two-family dwelling units and second-story additions; therefore, allowing them to apply to SB 9 projects as well as those units created through their discretionary processes. Palo Alto and Cupertino took their previous SB 9 design standards and made them applicable across all residential zones. Therefore, the cities can continue to apply the previous standards to SB 9 projects while providing an exception process for standard discretionary applications that do not meet these new standards. Sunnyvale took their existing, subjective residential design guidelines and, with the support of a consultant, completed an extensive update to turn them into modernized, objective design standards within City Code and applicable across all residential zones. The following hyperlink includes the council reports for the various approaches for each of the neighboring jurisdictions listed above:
https://www.losgatosca.gov/DocumentCenter/Index/2977

In March of this year, staff met with the local architect and design community to discuss the new changes to state law and the need to create objective design standards. The group of roughly ten architects and designers discussed what they have seen work well in other jurisdictions and, in summary, concluded that "less is more" when it comes to objective design standards. They noted that jurisdictions that tried to overly control architectural styles and detailing tended to result in poor design, and that if new standards are necessary, they prefer options rather than one set standard.

In addition to the architect and design community input, staff has received input from the public since SB 9 was first adopted in 2021. The primary concerns, both before and after SB 450 was adopted, have largely been centered around privacy as SB 9 allows reduced four-foot side and rear setbacks. Now that SB 450 has removed some of the previous attempts to protect neighborhood privacy, there is a need to modify Town Code to introduce protections applicable to all new single- and two-family residential dwelling units and second-story additions, including those created through SB 9. Specifically, as detailed in the Planning Commission report in Attachment 3, staff recommends new objective design standards related to porches, patios, decks, platforms, balconies, and other open, unenclosed areas; and window restrictions when over a certain height and within a certain distance of a shared property line.

In developing the draft Ordinance, staff considered the feedback from the architects and design community and Town residents; conducted research on the approaches used by neighboring jurisdictions; and drafted a new Town Code section as discussed below. Staff recommends an approach similar to Palo Alto and Cupertino, where many of the existing SB 9 standards, and some commonly used design guidelines, are added into Town Code to apply across all residential zones and be applicable to all single-family and two-family projects.

On August 12, 2026, the Planning Commission received the staff report and considered public comments on the draft Ordinance (Attachment 2). The Planning Commission discussed the matter and forwarded suggested edits in their recommendation of approval to Town Council (see Verbatim Minutes in Attachment 4).

DISCUSSION:

On August 12, 2026, the Planning Commission forwarded a recommendation of approval of the draft Ordinance to the Council (Attachments 3 and 4). The recommendation included suggested edits to the draft Ordinance, which included the following:

- Add material specifications to the mechanical equipment screening standard in Section 29.40.090 (5) of the draft Ordinance, ensuring that new screening proposed will be of a permanent material used on the adjacent residence; and

- Correct a typo regarding allowed building heights (25 feet instead of 30 feet) for the height definitions in Sections 29.40.410 and 29.40.745 of the draft Ordinance for R-1 and R-1D zoned properties located within the Town's Hillside Area.

Following consideration by the Planning Commission, staff made a clarifying revision to the draft Ordinance to address public comment regarding mandatory Building and Fire Code access and site standards. Specifically, the site grading standard in Section 29.40.090 (b) would be amended to clarify that both "drainage" and "required minimum access" were also intended to be allowed when grading a site in the Hillside Area.

The recommended edits from the Planning Commission are included in the draft Ordinance in Attachment 2.

The Town's existing SB 9 regulations are contained in Division 10 of Article I of Chapter 29. Staff anticipates bringing forward separate amendments to those regulations to address changes in State law and reconcile applicable standards. The proposed ordinance in Attachment 2 establishes the new objective design standards, while the separate SB 9 ordinance update will address the existing provisions specific to two-unit housing developments and urban lot splits.

PUBLIC OUTREACH:

In addition to the in-person meeting with local architects and designers in March of this year, staff has conducted outreach through the following media and social media resources, as well as direct communication with stakeholders prior to Planning Commission review in August and prior to this Town Council review, as summarized below:

- The Town's website home page, What's New;
- The Town's Facebook page;
- The Town's Twitter account;
- The Town's Instagram account;
- The Town's NextDoor page; and
- Direct email communication to local architects and designers.

No public comments were received prior to the deadline for the August 12, 2026, Planning Commission meeting. Public comments received between 11:01 a.m. Wednesday, August 12, 2026, and 3:00 p.m. Thursday, October 15, 2026, are included as Attachment 5.

CONCLUSION:

In response to recent changes to state law, the Town must rely on objective design standards in the review of certain types of applications, including SB 9 applications. The draft Ordinance in Attachment 2 takes current SB 9 standards that were removed through SB 450, as well as some existing design guidelines, and makes them objective and applicable to all single-family and two-family residential dwelling units and second-story additions.

COORDINATION:

This report was coordinated with the offices of the Town Manager and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

The proposed amendments establish design and development standards for future residential projects but do not approve or authorize the construction of any specific residential development. The amendments include provisions addressing building placement, hillside grading, building height, exterior materials, architectural details, and privacy screening. In determining the applicability of CEQA Guidelines Section 15061(b)(3), the Town has considered the nature and scope of these amendments and their potential direct and reasonably foreseeable indirect physical environmental effects. A Notice of Exemption will not be filed.

ATTACHMENTS:

1. Required Findings
2. Draft Ordinance
3. August 12, 2026, Planning Commission Staff Report with Exhibits
4. August 12, 2026, Planning Commission Verbatim Minutes
5. Public Comments Received Between 11:01 a.m. Wednesday, August 12, 2026, and 3:00 p.m. Thursday, October 15, 2026

TOWN COUNCIL – *October 20, 2026*
REQUIRED FINDINGS FOR:

Town Code Amendment Application A-26-003
Consider a Recommendation by the Planning Commission to Introduce an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. The Proposed Amendments to the Town Code are Not Subject to CEQA Pursuant to CEQA Section 15061(b)(3), Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Make Minor Changes to the Regulations and Design Review Process Applicable to New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. Project Location: Town Wide. Applicant: Town of Los Gatos.

FINDINGS

Required Findings for CEQA:

- The proposed amendments establish design and development standards for future residential projects but do not approve or authorize the construction of any specific residential development. The amendments include provisions addressing building placement, hillside grading, building height, exterior materials, architectural details, and privacy screening. In determining the applicability of CEQA Guidelines Section 15061(b)(3), the Town has considered the nature and scope of these amendments and their potential direct and reasonably foreseeable indirect physical environmental effects. A Notice of Exemption will not be filed.

Required Findings for General Plan:

- The amendments to Chapter 29 of the Town Code regarding these new objective design standards applicable to new single-family and two-family residential dwelling units and second-story additions are consistent with the General Plan.

ATTACHMENT 1

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Draft Ordinance modified by Town Council deliberations and direction.

DRAFT ORDINANCE

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING CHAPTER 29, ZONING REGULATIONS, OF THE TOWN CODE REGARDING OBJECTIVE DESIGN STANDARDS FOR SINGLE-FAMILY AND TWO-FAMILY RESIDENTIAL DWELLING UNITS AND SECOND-STORY ADDITIONS.

TOWN CODE AMENDMENT APPLICATION A-26-003.

WHEREAS, the Town of Los Gatos (Town) has adopted a General Plan to ensure a well-planned and safe community; and

WHEREAS, protection of public health, safety, and welfare is fully articulated in the General Plan; and

WHEREAS, state law requires that the Town's Zoning Code conform with the General Plan's goals and policies; and

WHEREAS, in 2021, the California Legislature approved, and the Governor signed into law Senate Bill (SB) 9, which among other things, added Government Code Sections 65852.21 and 66411.7 to impose new limits on local authority to regulate two-unit housing development and urban lot splits; and

WHEREAS, SB 9 requires the Town to provide for the ministerial (or "by right") approval of a housing development containing no more than two residential units of at least 800 square feet in floor area (two-unit housing development) and a parcel map dividing one existing lot into two approximately equal parts (urban lot split) within a single-family residential zone; and

WHEREAS, SB 9 eliminates discretionary review and public oversight of proposed two-unit housing developments and urban lot splits by removing public notice and hearings by the Development Review Committee or Planning Commission, by requiring only administrative review of the project, and by requiring ministerial approval of two-unit housing developments and/or urban lot splits that meet objective design or subdivision standards; and

WHEREAS, original SB 9 law from 2021 allowed the Town to adopt objective zoning, design, and subdivision standards for two-unit housing developments and urban lot splits; and

WHEREAS, the Town desired to amend its local regulatory scheme to comply with and implement Government Code Sections 65852.21 and 66411.7 and to appropriately regulate projects under SB 9; and

WHEREAS, on November 15, 2022, Town Council adopted Ordinance 2334 to regulate SB 9 projects within the Town by creating objective design and subdivision standards applicable to SB 9 projects; and

WHEREAS, the Town Council of the Town of Los Gatos adopted the 2023-2031 Housing Element on January 30, 2023, which includes policies that promote SB 9 units as a means to increase access to opportunity for lower-income households by encouraging infill of smaller units in single-family neighborhoods (Policy HE-1.7); and

WHEREAS, on May 21, 2024, Town Council adopted Ordinance 2359 to modify certain design provisions of previous SB 9 Ordinance 2334; and

WHEREAS, in 2024, the California Legislature approved, and the Governor signed into law Senate Bill (SB) 450, which among other things, amended Government Code Sections 65852.21 and 66411.7 to prohibit local jurisdictions from adopting specific zoning, subdivision, or design standards for SB 9 two-unit housing development and urban lot split projects that do not already apply uniformly to development in the underlying zoning district; and

WHEREAS, SB 450 eliminated many of the Town's SB 9 standards for two-unit housing developments as the standards in Ordinance 2359 are more restrictive than the standards in the underlying zone; and

WHEREAS, the previous standards in Ordinance 2359 must first be made applicable and applied uniformly to all development in the underlying zoning district in order to apply to SB 9 projects; and

WHEREAS, the Town researched state law and analyzed how other neighboring jurisdictions have addressed the changes from SB 450 and has drafted new objective design standards applicable to all new single-family and two-family residential dwelling units and second-story additions, along with other clarifying revisions; and

WHEREAS, this matter was regularly noticed in conformance with state and Town law and came before the Planning Commission for public hearing on August 12, 2026; and

WHEREAS, the Planning Commission at its meeting on August 12, 2026, reviewed the proposed amendments in the draft Ordinance, held a public hearing, and forwarded a recommendation of approval to the Town Council with suggested modifications; and

WHEREAS, this matter was regularly noticed in conformance with state and Town law and came before the Town Council for public hearing on October 20, 2026; and

WHEREAS, on October 20, 2026, the Town Council accepted the report of the Planning Commission's recommendation of approval on the draft Ordinance regarding new Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions, held a public hearing, and voted to introduce the Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Los Gatos as follows:

SECTION I. Section 29.10.020, "Definitions," of Division 1, "Miscellaneous", of Article I, "In General", of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to include the following definitions in alphabetical order:

Sec. 29.10.020. Definitions.

[…]

Hillside Area means all properties zoned Hillside Residential or properties located within the Hillside Area Map of the Town's Hillside Development Standards and Guidelines.

[…]

Landscaping means an area devoted to plantings, lawn, ground cover, gardens, trees, shrubs, and other plant materials.

[…]

SECTION II. Section 29.40.070, "Projections allowed into yards", of Division 1, "Generally," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to read as follows:

Sec. 29.40.070. Projections allowed into yards.

(a) A porte cochere may be permitted over a driveway in a side yard, provided that it is not more than one (1) story high and twenty-four (24) feet long, with supporting columns a minimum of three (3) feet from the side lot line with a maximum eave length of twelve (12) inches, and is entirely open on at least three (3) sides, except for the necessary supporting columns and customary architectural features.

(b) Cornices, eaves, belt courses, sills, canopies, bay windows, chimneys or other similar architectural features may extend or project into a required side yard not more than twenty-four (24) inches and may extend or project into a required front or rear yard not more than thirty (30) inches.

(c) Porches, patios, decks, platforms, balconies, and other open, unenclosed areas, not covered by a roof or canopy:

(1) Less than one (1) foot above grade, may project into front, side or rear yards. The maximum projection into the front or street-side yard shall be six (6) feet, and in no case shall the projection be closer than ten (10) feet from a front or street-side property line.

(2) Less than four (4) feet above grade may project into front, side, or rear yards or into any court up to six (6) feet. In no case shall the projection into a side or rear yard be

closer than six (6) feet to the property line, or into a front or street-side yard be closer than ten (10) feet from the property line, or into a court exceed a distance of more than twenty (20) percent of the width of such court.

SECTION III. Division 1, "Generally," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to include the following sections in numerical order:

[…]

Sec. 29.40.080. Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions.

Sec. 29.40.085. Purpose and applicability.

The purpose of these Objective Design Standards is to ensure that new single-family and two-family residential dwelling units and second-story additions meet minimum design standards to maintain privacy and neighborhood compatibility with surrounding use(s). These standards apply to both ministerial and discretionary application types for any new single- or two-family residential dwelling unit(s), whether attached or detached; a new second story; an addition to an existing second-story; or any new porches, patios, decks, platforms, balconies, and other open, unenclosed areas four (4) feet above grade or greater.

These standards are subject to the following application types, and are in addition to other, existing Town standards:

Ministerial Applications: Projects invoking a ministerial approval process for a new residential dwelling unit (such as two-unit housing developments) shall comply with these standards except to the extent that State law requires minimum unit sizes of 800 square feet, pursuant to Government Code Section 65852.21 (b)(2)(A).

Discretionary Applications: In addition to these standards, discretionary applications (architecture and site and minor residential project applications) are also reviewed for compliance with the Town's Single- and Two-Family Residential Design Guidelines and Hillside Development Standards and Guidelines (when applicable) by the Town's Consulting Architect, and/or the Historic Preservation Committee, depending on if the existing structure or property is considered historic. Projects proceeding with an architecture and site application may request exceptions from these standards during the discretionary review process, pursuant to Town Code Section 29.40.100.

Sec. 29.40.090. Site Planning and Architectural Detail Standards.

(a) *Building sites*. The footprint of the proposed residential unit(s) and garage(s) shall not be located on lands with slopes exceeding thirty (30) percent.

(b) *Site grading*. In the Hillside Area, site grading shall not extend beyond the minimum areas necessary for the footprint of the house, driveway, drainage, parking, required minimum

access, and vehicular turnaround areas. Required minimum access includes pedestrian access, ingress, egress, and emergency access required by applicable building and fire codes.

(c) *Material changes*. Exterior material changes shall occur at the inside corner of two walls and not the outside corner. See Section 3.8.4 of the Town's Single- and Two-Family Residential Design Guidelines for an example diagram.

(d) *Exterior materials*. For properties in the Hillside Area, exterior material colors for dwelling units and garages shall comply with the requirements in Chapter V, Section I, Standard 2 of the Town's Hillside Development Standards and Guidelines for maximum light reflectivity value (LRV).

(e) *Mechanical equipment screening*. Heating, ventilation, and air conditioning (HVAC) units, generators, energy storage systems (ESS) and other similar ground mounted mechanical equipment shall be screened from view from any adjacent street. If not already located out of view behind a building or solid fence, the equipment shall be screened with an exterior building material used on the adjacent residence. The screening shall be at least the same height as the item being screened.

Sec. 29.40.095. Massing and Privacy Standards.

(a) Porches, patios, decks, platforms, balconies, and other open, unenclosed areas, with or without a roof or canopy cover.

(1) See Town Code Section 29.40.070 for projection allowances for unroofed areas under four (4) feet in height.

(2) If four (4) feet above grade or greater, including rooftops, the underlying setbacks of the zone shall be met, and in no case shall they be located less than twenty (20) feet from a rear property line and ten (10) feet from any other property line. Additionally, each area shall also include a minimum of one of the following screening techniques along the entire portion of the open area that faces existing residential use(s) or zone(s). The additional screening techniques are not required when these open areas are proposed facing a public right-of-way.

a. Solid or opaque privacy wall of at least six (6) feet in height, measured from the deck surface below, blocking direct visibility along the edges of the deck or open, unenclosed area; or

b. Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least

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fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be located on the subject property, adjacent to the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the furthest edges of the deck or open, unenclosed area.

(b) *Windows.* All new second-story windows less than twenty (20) feet from a rear property line or ten (10) feet from any other property line, and all new first-story windows less than six (6) feet from a property line where the finished floor is three (3) feet or more above grade, shall comply with at least one of the following. This standard does not apply to windows facing a public right-of-way.

(1) Clerestory, with the bottom of the glass at least six (6) feet above the finished floor;

(2) Opaque glazing, blocking direct visibility; or

(3) Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be located on the subject property, adjacent to the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the furthest side window jamb.

(c) Second story location. A new second story, whether a new second-story added above an existing single-story structure, addition to an existing second-story, or new two-story structure, shall meet the underlying setbacks of the zone, and in no case be less than eight (8) feet from a property line except as allowed in Section 29.10.245.

(d) Plate height. The maximum plate height of the first story shall be limited to ten (10) feet, and the maximum plate height of the second story shall be limited to eight (8) feet. This standard does not apply to additions to existing first and second stories where the existing plate height exceeds these limits.

(e) Two-story articulation. A new second-story which is not stepped-back from the single-story wall below and creates a two-story wall shall include at least one of the following to provide visual relief along that two-story wall:

(1) Bellyband extending the full width of the two-story elevation;

(2) Projections or bay windows;

(3) Material and color changes;

(4) Chimneys;

(5) Overhangs with projecting brackets;

(6) Juliet balconies;

(7) Window boxes; or

(8) Landscaped trellis or lattice.

Sec. 29.40.100. Exceptions.

An exception to any of these Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second Story Additions may be granted if the project is submitted as a discretionary architecture and site application. In granting an exception, the applicable deciding body shall make a finding, based on the circumstances of the proposed project, that the exception is consistent with the purposes of these standards and that the proposed design provides adequate consideration of neighborhood compatibility and neighboring privacy. In making this finding, the deciding body shall consider the Town's Single- and Two-Family Residential Design Guidelines and Hillside Development Standards and Guidelines, when applicable.

[…]

SECTION IV. Section 29.40.170 (a), "Development Standards", of Division 2, "RC or Resource Conservation Zone," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to read as follows:

Sec. 29.40.170. Development standards.

(a) *Height.* The maximum height of any principal building in a RC zone is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is twenty-five (25) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in Section 29.10.090.

[…]

SECTION V. Section 29.40.275, "Height", of Division 3, "HR or Hillside Residential Zone," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to read as follows:

Sec. 29.40.275. Height.

The maximum height of any principal building in an HR zone is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum

height is twenty-five (25) feet. The height shall be measured as provided in Section 29.40.045 and is subject to the exception listed in section 29.10.090.

SECTION VI. Section 29.40.410, "Height", of Division 4, "R-1 or Single-Family Residential Zone," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to read as follows:

Sec. 29.40.410. Height.

The maximum height of any principal building in a R-1 or single-family residential zone is thirty (30) feet. For properties located within the Hillside Area, the maximum height of any principal building is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is twenty-five (25) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in Section 29.10.090.

SECTION VII. Section 29.40.745, "Height", of Division 7, "R-1D or Single-Family Residential Downtown Zone," of Article IV, "Residential Zones," of Chapter 29, "Zoning Regulations," of the Town of Los Gatos Town Code is amended to read as follows:

Sec. 29.40.745. Height.

The maximum height of any building in a R-1D or single-family residential downtown zone is thirty (30) feet. For properties located within the Hillside Area, the maximum height of any principal building is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is twenty-five (25) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in Section 29.10.090.

SECTION VIII. California Environmental Quality Act (CEQA) Considerations.

The Town Council finds that the proposed amendments are not subject to CEQA review pursuant to CEQA, Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they make only minor changes to the regulations and design review process applicable to single-family and two-family residential dwelling units and second-story additions.

SECTION IX. Severability.

In the event that a court of competent jurisdiction holds any Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance unconstitutional, preempted, or

otherwise invalid, the invalid portion shall be severed from this Ordinance and shall not affect the validity of the remaining portions of this Ordinance. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases in this Ordinance might be declared unconstitutional, preempted, or otherwise invalid.

SECTION X. Publication.

In accordance with Section 36937 of the Government Code of the State of California, this Ordinance takes effect 30 days from the date of its passage. The Town Council hereby directs the Town Clerk to cause this Ordinance or a summary thereof to be published or posted in accordance with Section 36933 of the Government Code of the State of California.

SECTION XI. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the 20th day of October 2026, and adopted by the Town Council of the Town of Los Gatos at its regular meeting on the ____ day of _____ 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

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TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT

MEETING DATE: 08/12/2026

ITEM NO: 4

DATE: August 7, 2026

TO: Planning Commission

FROM: Joel Paulson, Community Development Director

SUBJECT: Forward a Recommendation to the Town Council on an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. The Proposed Amendments to the Town Code are Not Subject to CEQA Pursuant to CEQA Section 15061(b)(3), Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Make Minor Changes to the Regulations and Design Review Process Applicable to New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. Town Code Amendment Application A-26-003. **Project Location: Town Wide**. Applicant: Town of Los Gatos.

RECOMMENDATION:

Forward a recommendation to the Town Council on an ordnance amending Chapter 29 (Zoning Regulations) of the Town Code regarding objective design standards for single-family and two-family residential dwelling units and second-story additions.

CEQA:

The proposed amendments are not subject to CEQA review, pursuant to CEQA Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and new second-story additions.

PREPARED BY: Ryan Safty
Associate Planner

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

FINDINGS:

- The proposed amendments are not subject to CEQA review pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3); and
- The amendments to Chapter 29 of the Town Code are consistent with the General Plan.

BACKGROUND:

In September 2021, Governor Newsom signed new state law, Senate Bill 9 (SB 9), which went into effect on January 1, 2022. SB 9 requires ministerial approval of certain housing development projects and lot splits on a single-family zoned parcel, with the intent to increase residential densities within single-family neighborhoods across the State.

The law allows for two new types of development activities that must be reviewed ministerially without any discretionary action or public input:

- **Two-unit housing development** – Two homes on an eligible single-family residential parcel.
- **Urban lot split** – A one-time subdivision of an existing single-family residential parcel into two parcels.

On December 21, 2021, the Town Council adopted an Urgency Ordinance to implement local objective design standards for SB 9 applications. On November 15, 2022, the Town Council approved Ordinance 2334, which established the permanent SB 9 Ordinance within Chapter 29 (Zoning Regulations) of the Town Code. On May 21, 2024, the Town Council approved Ordinance 2359 (Exhibit 2), which included modifications to the previous ordinance to modify design review standards and make clarifying revisions. Ordinance 2359 is the Town's current SB 9 Ordinance.

Previous SB 9 law allowed jurisdictions to adopt objective zoning, subdivision, and design standards specific to two-unit housing development and urban lot split applications so long as they would not preclude the construction of two, 800-square foot units with four-foot side and rear setbacks. As a reminder, objective design standards are development regulations that involve no personal or subjective judgment by a public official. They must be uniformly verifiable using an external, measurable benchmark known to both the applicant and the public official before application submittal. The Town's current SB 9 Ordinance includes a Design Review Standards Section applicable to two-unit development applications [Exhibit 2, Town Code Section 29.10.630 (2)] and a Subdivision Standards Section applicable to urban lot split applications [Exhibit 2, Town Code Section 29.10.650 (1)]. Since SB 9 applications allow reduced side and rear setbacks and require ministerial review, and since design guidelines aren't enforceable on these projects, the objective design standards for SB 9 projects were created to

protect neighbor privacy and enforce some of the Town's residential and hillside design guidelines to encourage orderly development and neighborhood compatibility.

In September of 2024, Governor Newsom signed new state law, Senate Bill 450 (SB 450), which went into effect on January 1, 2025 (Exhibit 3). SB 450 updates and expands the required provisions of SB 9. The most significant change from SB 450 is that it now prohibits the Town from adopting specific zoning, subdivision, or design standards for SB 9 projects that do not already apply uniformly to development in the underlying zoning district. Instead, the Town can only apply objective zoning, subdivision, and design standards to SB 9 projects if those standards are applicable to or are more permissive than standards within the underlying zone. As a result, many of the Town's existing objective SB 9 standards are no longer enforceable. Exhibit 4 includes a strike-through version of the Town's current SB 9 Ordinance, showing which provisions are no longer enforceable based on SB 450.

Several neighboring jurisdictions have recently updated their SB 9 process following the adoption of SB 450, which highlights the array of options available to the Town. On one end of the spectrum is the City of Campbell, who reduced their objective standards across the majority of their jurisdiction to line up with the increased allowances of SB 9, essentially removing their standard discretionary process and reducing setbacks for all new single-family units down to four feet side and rear. The City of Berkeley took a different approach, essentially eliminating single-family zoning altogether, and therefore removed the ability to use SB 9 since it is only applicable in single-family zones. Lastly, the cities of Cupertino, Sunnyvale, and Palo Alto have created new objective design standards to be applicable to all new single- and two-family dwelling units and second-story additions; therefore, allowing them to apply to SB 9 projects as well as those units created through their discretionary processes. Palo Alto and Cupertino took their previous SB 9 design standards and made them applicable across all residential zones. Therefore, the cities can continue to apply the previous standards to SB 9 projects while providing an exception process for standard discretionary applications that do not meet these new standards. Sunnyvale took their existing, subjective residential design guidelines and, with the support of a consultant, completed an extensive update to turn them into modernized, objective design standards within City Code and applicable across all residential zones. The following hyperlink includes the council reports for the various approaches for each of the neighboring jurisdictions listed above:
https://www.losgatosca.gov/DocumentCenter/Index/2977

In March of this year, staff met with the local architect and design community to discuss the new changes to State law and the need to create objective design standards. The group of roughly ten architects and designers discussed what they have seen work well in other jurisdictions and, in summary, concluded that "less is more" when it comes to these objective design standards. They noted that jurisdictions that tried to overly control architectural styles and detailing tended to result in poor design, and that if new standards are necessary, they prefer options rather than one set standard.

In addition to the architect and design community input, staff has received input from the public since SB 9 was first adopted in 2021. The primary concerns, both before and after SB 450 was adopted, have largely been centered around privacy as SB 9 allows reduced four-foot side and rear setbacks. Now that SB 450 has removed some of the previous attempts to protect neighborhood privacy, there is a need to modify Town Code to introduce protections applicable to all new single- and two-family residential dwelling units and second-story additions, including those created through SB 9. Specifically, as detailed below, staff recommends new objective design standards related to porches, patios, decks, platforms, balconies, and other open, unenclosed areas; and window restrictions when over a certain height and within a certain distance of a shared property line.

In developing the draft Ordinance, staff considered the feedback from the architects and design community and Town residents; conducted research on the approach used by neighboring jurisdictions; and drafted a new Town Code section as discussed below. Staff recommends an approach similar to Palo Alto and Cupertino, where many of the existing SB 9 standards, and some commonly used design guidelines, are added into Town Code to apply across all residential zones and be applicable to all single-family and two-family projects.

DISCUSSION:

To address changes made to SB 9 processing by SB 450, staff drafted amendments to portions of Chapter 29 (Zoning Regulations). The proposed amendments would take many of the existing SB 9 standards, as well as the more common design guidelines from the Town's Single and Two Family Residential Design Guidelines (RDG) and Hillside Development Standards and Guidelines (HDS&G) documents, and make them uniformly applicable to the underlying residential zones. Specifically, the standards are drafted to be applicable to all new single-family units; two-family units; and second-story additions, whether new or an addition to an existing second-story. Additionally, there are clean-up and consistency items proposed. Details on the proposed amendments and new standards are provided below.

A. New Objective Design Standards Process Overview

The draft Ordinance introduces a new Town Code Section, titled "Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second Story Additions," which would be within Article VI – Residential Zones; Division 1 – Generally (Exhibits 5). This new Town Code section is divided into four parts: purpose and applicability; design standards for site planning and architectural details; design standards for massing and privacy; and an exception process. These standards are in addition to other objective Town Code standards, such as setbacks, height, floor area ratio, lot coverage, etc., and are applicable to all new single- and two-family residential dwelling units and second-story additions. This includes both ministerial applications, such as SB 9 two-unit housing

developments, and discretionary applications, such as architecture and site and minor residential project applications.

Projects proceeding under a ministerial process would not have an option for exceptions to any of these standards. Projects proposed under a discretionary process could request an exception through the standard architecture and site application process. As noted in Town Code Section 29.40.100 (Exceptions), the findings to be considered include compliance with the Town's RDG (and corresponding report by the Town's Consulting Architect), HDS&G (when applicable), neighborhood compatibility, and neighboring privacy protections.

B. Previous SB 9 Standards

Many of the new standards in Town Code Sections 29.40.090 and 29.40.095 were derived from the Town's previous SB 9 regulations in Ordinances 2359 (2024) and 2334 (2022). The following standards that were previously applicable only to SB 9 two-unit housing developments are now proposed to apply to all new single- and two-family dwelling units and second-story additions. A brief staff explanation is provided in *italics* below each new standard.

- Sec. 29.40.090 (1) - Building sites. The footprint of the proposed residential unit(s) and garage(s) shall not be located on lands with slopes exceeding thirty (30) percent.
  - *Staff explanation: This standard was derived from the Town's HDS&G and has been in the Town's SB 9 Ordinance since 2022.*
- Sec. 29.40.090 (4) - Exterior materials. For properties in the Hillside Area, exterior material colors for dwelling units and garages shall comply with the requirements in Chapter V, Section I, Standard 2 of the Town's Hillside Development Standards and Guidelines for maximum light reflectivity value (LRV).
  - *Staff explanation: This standard was derived from the Town's HDS&G and has been in the Town's SB 9 Ordinance since 2022.*
- Sec. 29.40.090 (5) - Mechanical equipment screening. Heating, ventilation, and air conditioning (HVAC) units, generators, energy storage systems (ESS) and other similar ground mounted mechanical equipment shall be screened from view from any adjacent street if not already located out of view behind a building or solid fence.
  - *Staff explanation: This standard has been in the Town's SB 9 Ordinance since 2024.*
- Sec. 29.40.095 (3) - Second story location. A new second story, whether a new second-floor added above an existing single-story structure, addition to an existing second-floor, or a new two-story structure, shall meet the underlining setbacks of the zone, and in no case be less than eight (8) feet from a property line.
  - *Staff explanation: This standard is similar to the standard that has been in place since 2022, which first required a five-foot second-story step-back from the first floor below and then was amended in 2024 to instead require a nine-foot setback*

of the second-floor from the property line. It has been slightly revised down to eight feet to match R-1:8 side setback standards. This standard helps limit massing, while the window and patio, porch, deck, platforms, balconies, and other open, unenclosed areas standards listed below help control neighboring privacy.

- Sec. 29.40.095 (4) - Plate height. For two-story homes, the maximum plate height of the first floor shall be limited to ten (10) feet, and the maximum plate height of the second floor shall be limited to eight (8) feet.
  - *Staff explanation: This standard has been in the Town's SB 9 Ordinance since 2022.*

C. Design Guidelines Added

The following standards in Town Code Sections 29.40.090 and 29.40.095 were derived from the Town's existing design guideline documents, including the RDG and HDS&G. Since design guidelines cannot be enforced with ministerial applications, they must be made objective to be applicable. A brief staff explanation is provided in *italics* below each new standard.

- Sec. 29.40.090 (2) – Site grading. In the Hillside Area, site grading shall not be larger than the area of the footprint of the house, driveway, parking, and vehicular turnaround areas.
  - *Staff explanation: This standard was derived from HDS&G Chapter III-Section A-Standard 5 and ensures that grading in the hillsides is limited to the minimum amount necessary to develop the residential unit and required access.*
- Sec. 29.40.090 (3) – Material changes. Exterior material and siding changes shall occur at the inside corner of two walls and not the outside corner. See Section 3.8.4 of the Town's Single and Two Family Residential Design Guidelines for an example diagram.
  - *Staff explanation: This standard was derived from RDG Section 3.8.4.*
- Sec. 29.40.095 (1) – Patios, porches, decks, platforms, balconies, and other open, unenclosed areas.
  a. See Town Code Section 29.40.070 for projection allowances for areas under four (4) feet in height above grade.
  b. If four (4) feet above grade or greater, including rooftops, the underlining setbacks of the zone shall be met, and in no case shall they be located less than twenty (20) feet from a rear property line and ten (10) feet from any other property line. Additionally, each area shall also include a minimum of one of the following screening techniques along the entire portion of the open area that faces existing residential use(s) or zone(s). The additional screening techniques are not required when these areas are proposed facing a public right-of-way.
     i. Solid or opaque privacy wall of at least six (6) feet in height, blocking direct visibility along the edges of the deck or open area; or

ii. Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be placed at the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the furthest edges of the deck or open unenclosed area.

- *Staff explanation: This standard is derived from RDG 3.11.2. As noted above, privacy was the primary concern received from the public over the past few years, which is why additional standards are proposed. Screening standards "i" and "ii" are derived from RDG 3.11.2. The size and height requirements of the landscape screen are derived from Palo Alto's standards. As requested by the architect community, this "new" standard has compliance options.*

- Sec. 29.40.095 (2) – Windows. All second-story windows less than twenty (20) feet from a rear property line or ten (10) feet from any other property line, and all first-story windows less than six (6) feet from a property line where the finished floor is three (3) feet or more above grade, shall comply with at least one of the following. This standard does not apply to windows facing a public right-of-way.
  a. Clerestory, with the bottom of the glass at least six (6) feet above the finished floor;
  b. Opaque glazing, blocking direct visibility; or
  c. Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be placed at the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the furthest edges of the deck or open unenclosed area.
     - *Staff explanation: The intent of this standard has been in the Town's SB 9 Ordinance since 2022. The previous standard stated that windows must be*

clerestory if within 10 feet of a side or rear property line. However, staff found that the majority of neighboring jurisdictions increase the rear setback standard, similar to how rear setbacks of the zone are generally greater than the sides. RDG 3.11.8 lists option "b" as a recommended mitigation technique for two-story windows, and lists option "c" as a recommended mitigation technique for decks, which can also be applied to windows. Staff found all three techniques used within neighboring jurisdictions. Additionally, as requested by the architect community, this revised standard has compliance options.

- Sec. 29.40.095 (5) – Two-story articulation. A new second-story that is not stepped-back from the single-story wall below and creates a two-story wall shall include at least one of the following to provide visual relief along that two-story wall:
  a. Bellyband extending the full width of the two-story elevation;
  b. Projections or bay windows;
  c. Material and color changes;
  d. Chimneys;
  e. Overhangs with projecting brackets;
  f. Juliet balconies;
  g. Window boxes; or
  h. Landscaped trellis or lattice.
    - *Staff explanation: This standard is derived from RDG 3.3.3, and as requested by the architect community, this "new" standard has compliance options.*

D. Clean-Up Items

In addition to the items listed above, staff recommends additional revisions to Town Code to further support the proposed objective design standards. This includes new definitions, clarifying and modifying some existing standards and processes, and clarifying the building height allowances in Town Code for consistency with the HDS&G. A brief staff explanation is provided in *italics* below each clean-up item.

- Sec. 29.10.020 – Definitions.
  Hillside Area means all properties zoned Hillside Residential or properties located within the Hillside Area Map of the Town's Hillside Development Standards and Guidelines.
    - *Staff explanation: This definition is added to Chapter 29 (Zoning Regulations) to enforce certain hillside-related requirements on R-1 and RC zoned properties within the HDS&G defined "Hillside Area," as not all properties subject to the HDS&G are zoned HR.*

  Landscaping means an area devoted to plantings, lawn, ground cover, gardens, trees, shrubs, and other plant materials.

- *Staff explanation: This definition is added to Chapter 29 (Zoning Regulations) as new standards related to landscaping are being proposed, and landscaping is not defined in Town Code. The definition was taken from the Town's Objective Design Standards for Qualifying Multi-Family and Mixed-Use Residenti8al Development document.*

- Sec. 29.40.070 (c - e) – Projections allowed into yards. (see Exhibit 5 for proposed modifications)
  - *Staff explanation: In summary, subsections (c)-(e) of Town Code Section 29.40.070 are proposed to be amended to clarify existing Town Code and to ensure that new SB 9 applications are not allowed projection into the required reduced setback areas that would create privacy concerns. Edits are proposed to this Town Code Section to ensure consistency with new Town Code Section 29.40.095 (1) and to clean-up existing portions that were not clear: i.e. current Town Code Section 29.40.070 allows a four-foot tall, uncovered porch to project six feet into the required front setback, while a one-foot tall deck could not project.*
- Sections 29.40.095(5), 29.40.170, 29.40.275, 29.40.410, and 29.40.745 – Height limitations. (see Exhibit 5 for proposed modifications)
  - *Staff explanation: In summary, modifications to the height limitations in the RC, HR, R-1, and R-1D zones are proposed for consistency with HDS&G. Although the Town's HDS&G provides a maximum height for residences within the Hillside Area to 25 feet, or 18 feet if determined to be visible from one of the established viewing platforms, Town Code provides for 30 feet in the zones that are included within the HDS&G. This change would make the height limitations consistent between the HDS&G and zoning code for properties in the HDS&G Hillside Area.*

PUBLIC COMMENTS:

Staff conducted outreach through the following media and social media resources, as well as direct communication with stakeholders as summarized below:

- The Town's website home page, What's New;
- The Town's Facebook page;
- The Town's Twitter account;
- The Town's Instagram account;
- The Town's NextDoor page;
- In-person meeting with local architects and designers to obtain feedback in March 2026; and
- Direct email communication to local architects and designers.

At the time this report was published, no public comments were received.

ENVIRONMENTAL ASSESSMENT:

The proposed amendments are not subject to CEQA review, pursuant to CEQA Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and new second-story additions.

CONCLUSION:

A. Summary

In response to recent changes to State law, the Town must rely on objective design standards in the review of certain types of application, including SB 9 applications. The draft Ordinance in Exhibit 5 takes current SB 9 standards that were removed through SB 450, as well as some existing design guidelines, and makes them objective and applicable to all single- and two-family residential dwelling units and second-story additions.

B. Recommendation

Staff recommends that the Planning Commission review the information included in the staff report and forward a recommendation to the Town Council for approval of the amendments to Chapter 29 of the Town Code in the draft Ordinance (Exhibit 5). The Planning Commission should also include any comments or recommended changes to the draft Ordinance in taking the following actions:

1. Make the finding that the proposed amendments are not subject to CEQA pursuant to CEQA, Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and second-story additions (Exhibit 1);
2. Make the required finding that the amendments to Chapter 29 of the Town Code in the draft Ordinance are consistent with the General Plan (Exhibit 1); and
3. Forward a recommendation to the Town Council for approval of the proposed amendments to Chapter 29 of the Town Code in the draft Ordinance (Exhibit 5).

C. Alternatives

Alternatively, the Commission can:

1. Forward a recommendation to the Town Council for approval of the draft Ordinance with modifications; or
2. Continue the matter to a date certain with specific direction.

EXHIBITS:

1. Required Findings
2. Current Senate Bill 9 Ordinance 2359
3. Senate Bill 450 State Law
4. Current Senate Bill 9 Ordinance 2359 with Senate Bill 450 Deletions
5. Draft Town Code Amendments

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PLANNING COMMISSION – *August 12, 2026*
REQUIRED FINDINGS FOR:

Town Code Amendment Application A-26-003
Forward a Recommendation to the Town Council on an Ordinance Amending Chapter 29 (Zoning Regulations) of the Town Code Regarding Objective Design Standards for Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. The Proposed Amendments to the Town Code are Not Subject to CEQA Pursuant to CEQA Section 15061(b)(3), Because it can be Seen with Certainty that they will not Significantly Affect the Physical Environment in that they Make Minor Changes to the Regulations and Design Review Process Applicable to New Single-Family and Two-Family Residential Dwelling Units and Second-Story Additions. Project Location: Town Wide. Applicant: Town of Los Gatos.

FINDINGS

Required Findings for CEQA:

- The proposed amendments are not subject to CEQA review pursuant to CEQA, Section 15061(b)(3), because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and second-story additions.

Required Findings for General Plan:

- The amendments to Chapter 29 of the Town Code regarding these new objective design standards applicable to new single-family and two-family residential dwelling units and second-story additions are consistent with the General Plan.

EXHIBIT 1

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DIVISION 10. TWO-UNIT HOUSING DEVELOPMENTS AND URBAN LOT SPLITS

Sec. 29.10.600. Purpose and applicability.

The Town Council finds and determines that this division is applicable only to voluntary applications for two-unit housing developments and urban lot splits consistent with Senate Bill (SB) 9. Owners of real property or their representatives may continue to exercise rights for property development in conformance with the Zoning Code and Subdivision Code. Development applications that do not satisfy the definitions for a two-unit housing development or an urban lot split provided in Section 29.10.610 (Definitions) shall not be subject to this Ordinance. Any provision of this division which is inconsistent with SB 9 shall be interpreted in a manner which is the most limiting on the ability to create a two-unit housing development or urban lot split, but which is consistent with State law. The provisions of this Division shall supersede and take precedence over any inconsistent provision of the Town Code to the extent necessary to effect the provisions of this division.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § I, 5-21-24)

Sec. 29.10.610. Definitions.

In addition to definitions contained in Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations), the following definitions apply for purposes of this division. Where a conflict may exist, the definitions in this division shall apply.

Acting in concert means persons, as defined by Government Code Section 82047, as that section existed on January 1, 2022, acting jointly to pursue development of real property whether or not pursuant to a written agreement and irrespective of individual financial interest.

Addition means any construction which increases the size of a building or facility in terms of site coverage, height, length, width, or gross floor area.

Adjacent parcel means any parcel of land that is: touching the parcel at any point; separated from the parcel at any point only by a public right-of-way, private street or way, or public or private utility, service, or access easement; or separate from another parcel only by other real property which is in common ownership or control of the applicant.

Alteration means any construction or physical change in the arrangement of rooms or the supporting members of a building or structure or change in the relative position of buildings or structures on a site, or substantial change in appearances of any building or structure.

Car-share vehicle means a motor vehicle that is operated as part of a regional fleet by a public or private car sharing company or organization and provides hourly or daily service.

Common ownership or control means property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member, or family member of an investor of the entity owns ten (10) percent or more of the interest in the property.

Entry feature means a structural element, which leads to an entry door.

Existing structure means a lawfully constructed building that has received final building permit clearance.

First residential unit means one (1) of two (2) primary dwelling units developed under a two-unit housing development and can be an existing primary dwelling unit if it meets or is modified to meet the 1,200-square foot floor area limitation on first residential units.

Flag lot means "lot, corridor" as defined in Section 29.10.020 of Town Code.

Nonconforming zoning condition means a physical improvement on a property that does not conform with current zoning standards.

Two-unit housing development means an application proposing no more than two (2) primary dwelling units on a single parcel located within a single-family residential zone as authorized by Government Code Section 65852.21. A two-unit housing development shall consist of either the construction of no more than two (2) new primary dwelling units, one (1) new primary dwelling unit and retention of one (1) existing primary dwelling unit, or retention of two (2) existing legal non-conforming primary dwelling units where one (1) or both units are subject to a proposed addition or alteration.

Public transportation means a high-quality transit corridor, as defined in subdivision (b) of Public Resources Code Section 21155, or a major transit stop, as defined in Public Resources Code Section 21064.3.

Single-family residential zone means a "R-1 or Single-Family residential Zone", "R-1D or Single-Family Residential Downtown Zone", or "HR or Hillside Residential Zone" as specified in article IV, "Residential Zones," of the Zoning Code.

Subdivision Code means Chapter 24 of the Los Gatos Town Code.

Sufficient for separate conveyance means that each attached or adjacent dwelling unit is constructed in a manner adequate to allow for the separate sale of each unit in a common interest development as defined in Civil Code Section 1351 (including a residential condominium, planned development, stock cooperative, or community apartment project), or into any other ownership type in which the dwelling units may be sold individually.

Urban lot split means a ministerial application for a parcel map to subdivide an existing parcel located within a single-family residential zone into two (2) parcels, as authorized by Government Code Section 66411.7.

Zoning Code means Chapter 29 of the Los Gatos Town Code.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § II, 5-21-24)

Sec. 29.10.620. Eligibility.

An urban lot split or a two-unit housing development may only be created on parcels satisfying all of the following general requirements:

(1) *Zoning district.* A parcel that is located within a single-family residential zone.

(2) *Legal parcel.* A parcel which has been legally created in compliance with the Subdivision Map Act (Government Code Section 66410 et seq.) and the Town's Subdivision Regulations in effect at the time the parcel was created. Applications for an urban lot split or two-unit housing development will only be accepted on parcels with either a recorded parcel map or certificate of compliance. When both an urban lot split and two-unit housing development application are submitted simultaneously, no construction or building permits for new construction or grading activities may be issued until the new parcel map for the urban lot split approval has been recorded.

(3) *Excluding historic property.* A parcel that is not located within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or a parcel that does not contain a Historic Structure, as defined in Town Code Section 29.10.020, or is not listed on the Town of Los Gatos Historic Resource Inventory, as defined by Town Code Chapter 29,

Article VII, Division 3, "Historic Preservation and LHP or Landmark and Historic Preservation Overlay Zone."

(4) *Excluding very high fire hazard severity zone.* A parcel that is not within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Government Code Section 51178, or within a state responsibility area, as defined in Section 4102 of the Public Resources Code. This subparagraph does not apply to sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development, including, but not limited to, standards established under all of the following or their successor provisions: (i) Section 4291 of the Public Resources Code or Section 51182, as applicable; (ii) Section 4290 of the Public Resources Code; and (iii) Section 7A of the California Building Code (Title 24 of the California Code of Regulations).

(5) *Excluding hazardous waste sites.* A parcel that is not identified as a hazardous waste site pursuant to Government Code Section 65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Health and Safety Code Section 25356, unless the State Department of Public Health, State Water Resources Control Board, or Department of Toxic Substances Control has cleared the site for residential use.

(6) *Excluding earthquake fault zone.* A parcel that is not located within a delineated earthquake fault zone as determined by the State Geologist on any official maps published by the State Geologist, unless the two-unit housing development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Health and Safety Code Division 13), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2.

(7) *Excluding flood zone.* A parcel that is not located within a special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) on the official maps published by the Federal Emergency Management Agency unless a letter of map revision prepared by the Federal Emergency Management Agency has been issued or if the proposed two-unit housing development is constructed in compliance with the provisions of Town Code Chapter 29, Article XI, "Floodplain Management," as determined by the floodplain administrator.

(8) *Excluding natural habitat.* A parcel that is not recognized by the Town as a habitat for protected species identified as a candidate, sensitive, or species of special status by State or Federal agencies, fully protected species, or species protected by the Federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), or the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code).

(9) *Excluding prime farmland and wetlands.* A parcel that contains either prime farmland or farmland of statewide importance, as defined pursuant to the United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction; or wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

(10) *Excluding conservation easements.* A parcel subject to a recorded conservation easement.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § III, 5-21-24)

Sec. 29.10.630. Requirements.

Two-unit housing developments must comply with the following objective zoning standards, design review standards, and general requirements and restrictions:

(1) *Zoning standards.* The following objective zoning standards supersede any other standards to the contrary that may be provided elsewhere in the Zoning Code, as they pertain to a two-unit housing development under Government Code Section 65852.21. Two-unit housing developments shall be constructed only in accordance with the following objective zoning standards, except as provided by subsection (4), "Exceptions:"

a. *Building height.* Maximum building height shall be as specified by the applicable zoning district for the main structure. Buildings located within the required side or rear setbacks of the applicable zoning district, and those located in the Hillside Residential (HR) zones, shall not exceed sixteen (16) feet in height;

b. *New driveways.* Each parcel shall include no more than a single driveway unless the parcel has more than one hundred (100) feet of contiguous street frontage or more than one (1) existing driveway. Any new driveway shall satisfy the following requirements:

1. A minimum width of ten (10) feet up to a maximum width of eighteen (18) feet. Driveways in the Hillside Residential (HR) zones shall have a minimum width of twelve (12) feet;

2. A minimum depth of eighteen (18) feet measured from the front or street side property line;

3. Surfacing shall comply with Town Code Section 29.10.155(e);

4. Only a single driveway curb-cut shall be permitted per parcel unless the parcel has more than one hundred (100) feet of contiguous street frontage, designed in accordance with the Town's Standard Specifications and Plans for Parks and Public Works Construction; and

5. A maximum slope of fifteen (15) percent.

c. *Dwelling unit type.* The primary dwelling units comprising a two-unit housing development may take the form of detached single-family dwellings, attached units, and/or duplexes. A duplex may consist of two (2) dwelling units in a side-by-side or front-to-back configuration within the same structure or one (1) dwelling unit located atop another dwelling unit within the same structure;

d. *Fencing.* All new fencing shall comply with the requirements of sections 29.40.030 through 29.40.0325 of the Zoning Code;

e. *Floor area ratio and lot coverage.*

1. The maximum floor area ratio and lot coverage shall be as specified by the applicable zoning regulations.

2. For flag/corridor lots, the gross lot size includes the access corridor for the purposes of determining maximum floor area ratio and lot coverage as follows:

i. When an easement is used to provide access, the access corridor is included in the gross lot size for the lot granting the easement; and

ii. When the access corridor is owned in-fee and is part of the rear lot, the access corridor is included in the gross lot size for the rear lot.

3. The maximum size of the first new residential unit shall not exceed one thousand two hundred (1,200) square feet.

4. When a two-unit housing development is proposed and the existing structures are at or below the maximum allowed floor area, a ten (10) percent increase in the floor area ratio standards for residential structures is allowed, excluding garages, and this increase in floor area cannot be combined with a separate increase for an accessory dwelling unit allowed by Town Code Section 29.10.320. The additional floor area allowed by this subsection shall not exceed one thousand two hundred (1,200) square feet.

5. Notwithstanding the floor area ratio and lot coverage standards in this subsection, a new two-unit housing development with unit sizes of 800 square feet or less shall be permitted.

f. *Grading.*

1. To the extent required by Chapter 12, Article II and Section 29.10.09045(b) of the Town Code, the grading activities set forth in subsection 2. below may require a grading permit, but will not require discretionary review of an architecture and site application;

2. Grading activity associated with a two-unit housing development shall not exceed fifty (50) cubic yards, cut plus fill, except:

i. Light wells that do not exceed the minimum required per Building Code shall not count as grading activity for the purpose of this section;

ii. Grading activities required to provide the minimum driveway and fire access as required by the Santa Clara County Fire Department shall not count as grading activity for the purpose of this section; and

iii. Excavation within the footprint of a primary dwelling unit or garage shall not count as grading activity for the purpose of this section.

g. Cut and Fill. Two-unit housing developments shall be subject to the cut and fill requirements specified by Table 1-1 (Cut and Fill Requirements) below:

Table 1-1 - Cut and Fill Requirements		
Site Element	Cut *	Fill *
House and attached garage	8' **	3'
Detached accessory building *	4'	3'
Driveways ***	4'	3'
Other (decks, yards) *	4'	3'
* Combined depths of cut plus fill for development other than the main residence shall be limited to 6 feet.		
** Excludes below grade square footage pursuant to Section 29.40.072 of the Town Code and light-wells that do not exceed the minimum required per Building Code.		
*** Excludes cut and fill for the minimum driveway and fire access standards as required by the Santa Clara County Fire Department.		

h. *Building Sites.* The footprint of the proposed residential unit(s) and garage(s) shall not be located on lands with slopes exceeding thirty (30) percent. This provision applies only to the building site, not the property as a whole;

i. *Retaining walls.* Retaining walls shall not exceed five (5) feet in height and shall not run in a straight continuous direction for more than fifty (50) feet without a break, offset, or planting pocket. Retaining walls shall have a five-foot landscaped buffer when adjacent to the street;

j. *Light reflectivity value.* Exterior material colors for primary dwelling units and garages in the Hillside Residential (HR) zones shall comply with requirements in Chapter V, Section I, of the Town's Hillside Development Standards and Guidelines;

k. *Landscaping requirement.* All landscaping shall comply with the California Model Water Efficient Landscape Ordinance (MWELO);

l. *Lighting.* New exterior lighting fixtures shall be downward directed and utilize shields so that no bulb is visible to ensure that the light is directed to the ground surface and does not spill light onto neighboring parcels consistent with Section 29.10.09015 of the Zoning Code;

m. *Trees.* Any proposed work shall comply with the protection, removal, and replacement requirements for protected trees in Chapter 29, Article 1, Division 2, "Tree Protection," of Town Code;

n. *Minimum living area.* The minimum living area of a primary dwelling unit shall be 150 square feet, subject to the restrictions specified by Health and Safety Code Section 17958.1;

o. *Parking.*

1. One (1) parking stall per primary dwelling unit shall be required, except for two-unit housing developments located on parcels within one-half mile walking distance of public transportation; or where there is a designated parking area for one (1) or more car-share vehicles within one (1) block of the parcel.

2. Parking stalls may either be uncovered or covered (garage or carport) in compliance with applicable developments standards of the Zoning Code, including Chapter 29, Article I, Division 4, "Parking," except that uncovered parking spaces may be provided in a front or side setback abutting a street on a driveway (provided that it is feasible based on specific site or fire and life safety conditions) or through tandem parking.

p. *Setbacks.* Two-unit housing developments and attached garages shall be subject to the setback and building separation requirements specified by Table 1-2 (Setback Requirements), below. Detached garages and detached accessory structures shall meet the setback requirements specified in Town Code Section 29.40.015 (Accessory Buildings).

Table 1-2 - Setback Requirements

Setback		Requirement[2]
Property Line Setbacks[1]	Front	Per the applicable zoning district.[5]
	Garage Entry	18 feet
	Interior Sides	4 feet[3]
	Rear	
	Street Side	Per the applicable zoning district.
Separation Between Detached Structures[3][4]		5 feet

Exceptions:
(1) Cornices, eaves, belt courses, sills, canopies, bay windows, chimneys, or other similar architectural features may extend into required setbacks as specified Section 29.40.070(b) of the Zoning Code.
(2) No setback shall be required for an existing structure, or a structure constructed in the same location and to the same dimensions as an existing structure.
(3) For parcels created through an urban lot split where the parcels are under the same ownership, no

interior side setback shall be required for two-unit housing development units constructed as attached units on separate lots, provided that the structures meet building code safety standards and are sufficient to allow separate conveyance as a separate fee parcel. Similarly, no rear setback (for the front property) or front setback (for the rear property) shall be required for two-unit housing development units constructed as attached units in a flag-lot configuration where the parcels are under the same ownership.
(4) Except for primary dwellings constructed as a duplex or attached single-family residences.
(5) Flag/corridor lots shall use the interior side setback requirements for all property lines other than the rear.

q. *Stormwater management.* The development shall comply with the requirements of the Town's National Pollution Discharge Elimination System Permit as implemented by Chapter 22 of the Town Code, and as demonstrated by a grading and drainage plan prepared by a registered civil engineer; and

r. *Utilities.* New units shall be designed as individual units, with separate gas, electric, and water utility connections directly between each dwelling unit and the utility.

(2) *Design review standards.* The following objective design review standards apply to construction of new primary dwelling units and to any addition and/or alteration to existing primary dwelling units as part of a two-unit housing development, except as provided by subsection (4) below, "Exceptions:"

a. *Balconies/decks.* Rooftop and second floor terraces and decks are prohibited. Balconies shall only be permitted on the front- and street-side elevations of a primary dwelling unit fronting a public street. Such balconies shall be without any projections beyond the building footprint;

b. *Finished floor.* The finished floor of the first story shall not exceed three (3) feet in height as measured from finished grade;

c. *Front entryway.* A front entryway framing a front door shall have a roof eave that matches or connects at the level of the adjacent eave line;

d. *Front porch.* If proposed, porches shall have a minimum depth of six (6) feet and a minimum width equal to twenty-five (25) percent of the linear width of the front elevation;

e. *Second story setback.* The interior side and rear elevations of the second story of a two-story primary dwelling unit shall have a minimum setback of nine (9) feet;

f. *Garages.* Street-facing attached garages shall not exceed fifty (50) percent of the linear width of the front-yard or street-side yard elevation;

g. *Plate height.* The plate height of each story shall be limited to a maximum of ten (10) feet as measured from finished floor, and when above the first floor the plate height shall be limited to a maximum of eight (8) feet; and

h. *Windows.* All second story windows less than ten (10) feet from rear and interior side property lines shall be clerestory with the bottom of the glass at least six (6) feet above the finished floor except as necessary for egress purposes as required by the Building Code.

i. *Prohibited materials.* The following exterior materials are prohibited on all building exteriors:

1. Vinyl siding; and

2. Plywood.

j. *Mechanical equipment.* Heating, ventilation, and air conditioning (HVAC) units, generators, energy storage systems (ESS), and other similar ground-mounted mechanical equipment shall be screened from view from any adjacent street if not already located out of view behind a building or solid fence.

(3) *General requirements and restrictions.* The following requirements and restrictions apply to all two-unit housing developments, inclusive of existing and new primary dwelling units, except as provided by subsection (4) below, "Exceptions:"

a. *Number of units.* A maximum of four (4) units, with a maximum of two (2) primary dwelling units, on lots that have not undergone an urban lot split.

b. *Accessory dwelling units.* In addition to the two (2) residential units allowed under this section, consistent with Chapter 29, Article 1, Division 7, "Accessory Dwelling Units," of the Town Code, one (1) accessory dwelling unit and one (1) junior accessory dwelling unit shall be allowed on lots that have not undergone an urban lot split.

c. *Building and Fire Codes.* The International Building Code ("Building Code"), and the California Fire Code and International Fire Code (together, "Fire Code"), as adopted by Chapter 6 of the Town Code, respectively, apply to all two-unit housing developments.

d. *Encroachment permits.* Separate encroachment permits, issued by the Parks and Public Works Department, shall be required for the installation of utilities to serve two-unit housing developments. Applicants shall apply for and pay all necessary fees for utility permits for sanitary sewer, gas, water, electric, and all other utility work.

e. *Restrictions on demolition.* The two-unit housing development shall not require either demolition of more than twenty-five (25) percent of the exterior walls or alteration of any of the following types of housing:

1. Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income. This shall be evidenced by an attestation from the property owner;

2. Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power. This shall be evidenced by an attestation from the property owner; or

3. Housing that has been occupied by a tenant in the last three (3) years. This shall be evidenced by an attestation from the property owner.

If any existing housing is proposed to be altered or demolished, the owner of the property proposed for a two-unit housing development shall sign an affidavit, stating that none of the conditions listed above exist and shall provide a comprehensive history of the occupancy of the units to be altered or demolished for the past three (3) years on a form prescribed by the Town.

If any existing dwelling unit is proposed to be demolished, the applicant shall comply with the replacement housing provisions of Government Code Section 66300(d).

f. *Recorded covenant.* Prior to building permit issuance, the applicant shall record a restrictive covenant in the form prescribed by the Town, which shall run with the land and provide for the following:

1. A limitation restricting the property to residential uses only; and

2. A requirement that any dwelling units on the property may only be rented for a period longer than thirty (30) days.

(4) *Exceptions.* If any of the provided zoning standards or design review standards would have the effect of physically precluding construction of up to two (2) primary dwelling units or physically preclude either of the two (2) primary dwelling units from being at least eight hundred (800) square feet in floor area, the Community Development Director shall grant an exception to the applicable standard(s) to the minimum extent necessary as specified by this section. An exception request shall be explicitly made on the application for a two-unit housing development.

a. *Determination.* In order to retain adequate open space to allow for recreational enjoyment, protection of the urban forest, preservation of the community character, reduction of the ambient air temperature, and to allow for the percolation of rainfall into the groundwater system, when considering an exception request, the Community Development Director shall first determine that a reduction in any other zoning and/or design review standard(s) will not allow the construction of the two-unit housing development as specified by this section prior to allowing an exception(s) to the landscaping requirement, front-yard setback, or street-side setbacks standards.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2351, § III, 11-21-23; Ord. No. 2359, § IV, 5-21-24)

Sec. 29.10.640. Application process for two-unit housing development.

Applications for two-unit housing developments shall be submitted and processed in compliance with the following requirements:

(1) *Application type.* Two-unit housing developments shall be reviewed ministerially by the Community Development Director for compliance with the applicable regulations. The permitting provisions of Town Code Sections 29.20.135 through 29.20.160, "Architecture and Site Approval," shall not be applied;

(2) *Application filing.* An application for a two-unit housing development, including the required application materials and fees, shall be filed with the Community Development Department;

(3) *Neighbor notification.* In addition to the standard application materials, the applicant will be required to submit one (1) set of stamped, addressed envelopes to neighboring residents and property owners. The Planning Department will assist the applicant in determining the neighboring properties to be notified (which will consist of all properties abutting the applicant's parcel, properties directly across the street and the two (2) parcels on each side of the properties directly across the street).

(4) *Building Permits.* Approval of a two-unit housing development application shall be required prior to acceptance of an application for building permit(s) for the new and/or modified primary dwelling unit(s) comprising the two-unit housing development;

(5) *Denial.* The Community Development Director may deny a two-unit housing development project only if the Building Official makes a written finding, based upon a preponderance of the evidence, that the two-unit housing development would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Government Code Section 65589.5, upon public health and safety or the physical environment and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; and

(6) *Appeals.* Two-unit housing application decisions are ministerial and are not subject to an appeal.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § V, 5-21-24)

Sec. 29.10.650. Subdivision standards.

Urban lot splits shall comply with the following objective subdivision standards, and general requirements and restrictions:

(1) *Subdivision standards.* The following objective subdivision standards supersede any other standards to the contrary that may be provided in the Zoning Code or Subdivision Code, as they pertain to creation of an urban lot split under Government Code Section 66411.7:

a. *Flag/corridor lots.* The access corridor of a flag/corridor lot (Town Code Section 29.10.085) shall be either in fee as part of the parcel or as an easement, and shall be a minimum width of 12 feet;

b. *Minimum lot size.* Each new parcel shall be approximately equal in lot area provided that one (1) parcel shall not be smaller than forty (40) percent of the lot area of the original parcel proposed for subdivision. In no event shall a new parcel be less than one thousand two hundred (1,200) square feet in lot area. If one (1) of the proposed lots is a flag/corridor lot, the area of the access corridor shall count toward the lot area as follows:

1. When an easement is used to provide access, the access corridor is included in the gross lot size for the lot granting the easement; and

2. When the access corridor is owned in-fee and is part of the rear lot, the access corridor is included in the gross lot size for the rear lot.

c. *Minimum lot width.* Each new parcel shall maintain a minimum lot width of twenty (20) feet;

d. *Minimum public frontage.* Each new parcel shall have frontage upon a street with a minimum frontage dimension of twenty (20) feet, except as allowed above for flag/corridor lots;

e. *Number of lots.* The parcel map to subdivide an existing parcel shall result in no more than two (2) parcels; and

f. *Lot Merger.* Lots resulting from an urban lot split shall not be merged unless that lot merger can be done without loss of housing units and without causing a non-conforming building, lot, or use.

(2) *General requirements and restrictions.* The following requirements and restrictions apply to all proposed urban lot splits:

a. *Adjacent parcels.* Neither the owner of the parcel being subdivided nor any person acting in concert with the owner has previously conducted an urban lot split to create an adjacent parcel as provided for in this division;

b. *Dedication and easements.* The Town Engineer shall not require dedications of rights-of-way nor the construction of offsite improvements but may, however, require recording of easements necessary for the provision of private services, facilities, and future public improvements or future public services, facilities, and future public improvements;

c. *Existing structures.* Existing structures located on a parcel subject to an urban lot split shall not be subject to a setback requirement. However, any such existing structures shall not be located across the shared property line resulting from an urban lot split, unless the structure is converted to an attached unit as provided for in Table 1-2 (Setback Requirements, Exception Number 3). All other existing structures shall be modified, demolished, or relocated prior to recordation of a parcel map;

d. *Intent to occupy.* The applicant shall submit a signed affidavit to the Community Development Director attesting that the applicant intends to occupy one (1) of the housing units on the newly created parcels as their principal residence for a minimum of three (3) years from either:

1. The date of the approval of the urban lot split when the intent is to live in an existing residence; or

2. Certificate of occupancy when the intent is to occupy a newly constructed residential unit.

This requirement shall not apply to an applicant that is a "community land trust," as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, or a "qualified nonprofit corporation" as described in Section 214.15 of the Revenue and Taxation Code;

e. *Non-conforming conditions.* The Town shall not require, as a condition of approval, the correction of nonconforming zoning conditions. However, no new nonconforming conditions may result from the urban lot split other than setbacks as specified by Table 1-2 (Setback Requirements, Exception Number 2), maximum allowed lot coverage, and maximum allowed floor area ratio;

f. *Number of units.* No more than two (2) dwelling units may be located on any lot created through an urban lot split, including primary dwelling units, accessory dwelling units, junior accessory dwelling units, density bonus units, and units created as two-unit developments. Any excess dwelling units that do not meet these requirements shall be relocated, demolished, or otherwise removed prior to approval of a parcel map;

g. *Prior subdivision.* A parcel created through a prior urban lot split may not be further subdivided. The subdivider shall submit a signed deed restriction to the Community Development Director documenting this restriction. The deed restriction shall be recorded on the title of each parcel concurrent with recordation of the parcel map;

h. *Restrictions on demolition.* The proposed urban lot split shall not require either the demolition of more than twenty-five (25) percent of the exterior walls or alteration of any of the following types of housing:

1. Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income. This shall be evidenced by an attestation from the property owner;

2. Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power. This shall be evidenced by an attestation from the property owner; or

3. Housing that has been occupied by a tenant in the last three (3) years. This shall be evidenced by an attestation from the property owner;

If any existing housing is proposed to be altered or demolished, the owner of the property proposed for an urban lot split shall sign an affidavit, stating that none of the conditions listed above exist and shall provide a comprehensive history of the occupancy of the units to be altered or demolished for the past three (3) years on a form prescribed by the Town. The owner and applicant shall also sign an affidavit stating that neither the owner nor applicant, nor any person acting in concert with the owner or applicant, has previously subdivided an adjacent parcel using and urban lot split;

i. *Replacement units.* If any existing dwelling unit is proposed to be demolished, the applicant will comply with the replacement housing provisions of Government Code Section 66300(d);

j. *Recorded covenant.* Prior to approval and recordation of the parcel map, the applicant shall record a restrictive covenant and agreement in the form prescribed by the Town, which shall run with the land and provide for the following:

1. A prohibition against further subdivision of the parcel using the urban lot split procedures as provided for in this section;
2. A limitation restricting the properties to residential uses only; and
3. A requirement that any dwelling units on the property may only be rented for a period longer than thirty (30) days.

k. *Stormwater management.* The subdivision shall comply with the requirements of the Town's National Pollution Discharge Elimination System Permit as implemented by Chapter 22 of the Town Code, and as demonstrated by a grading and drainage plan prepared by a registered civil engineer;

l. *Utility providers.* The requirements of the parcel's utility providers shall be satisfied prior to recordation of a parcel map; and

m. *Compliance with Subdivision Map Act.* The urban lot split shall conform to all applicable objective requirements of the Subdivision Map Act (commencing with Government Code Section 66410), except as otherwise expressly provided in Government Code Section 66411.7.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § VI, 5-21-24)

Sec. 29.10.660. Application process for urban lot splits.

Applications for urban lot splits shall be submitted and processed in compliance with the following requirements:

(1) *Application type.* Urban lot splits shall be reviewed ministerially by the Community Development Director for compliance with the applicable regulations. A tentative parcel map shall not be required;

(2) *Application filing.* An urban lot split application, including the required application materials and fees, shall be filed with the Community Development Department;

(3) *Neighbor notification.* In addition to the standard application materials, the applicant will be required to submit one (1) set of stamped, addressed envelopes to neighboring residents and property owners. The Planning Department will assist the applicant in determining the neighboring properties to be notified (which will consist of all properties abutting the applicant's parcel, properties directly across the street and the two (2) parcels on each side of the properties directly across the street).

(4) *Parcel map.* Approval of an urban lot split permit shall be required prior to acceptance of an application for a parcel map for an urban lot split. Applicants shall apply for an urban lot split parcel map and pay all fees;

(5) *Development.* Development on the resulting parcels is limited to a project approved by the two-unit housing development process, the Town's Accessory Dwelling Unit process, or through the Town's standard discretionary process;

(6) *Denial.* The Community Development Director may deny an urban lot split only if the Building Official makes a written finding, based upon a preponderance of the evidence, that an urban lot split or two-unit housing development located on the proposed new parcels would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; and

(7) *Appeals.* Urban lot split application decisions are ministerial and are not subject to an appeal.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § VI, 5-21-24)

Sec. 29.10.670. Sunset clause.

If SB 9 is repealed or otherwise rescinded by the California State Legislature or by the People of the State of California, this division shall be repealed."

(Ord. No. 2334, § 2, 11-15-22)

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STATE OF CALIFORNIA
AUTHENTICATED
ELECTRONIC LEGAL MATERIAL

Senate Bill No. 450

CHAPTER 286

An act to amend Sections 65852.21 and 66411.7 of the Government Code, and to amend Section 4 of Chapter 162 of the Statutes of 2021, relating to land use.

[Approved by Governor September 19, 2024. Filed with Secretary of State September 19, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 450, Atkins. Housing development: approvals.

(1) The Planning and Zoning law requires a proposed housing development containing no more than 2 residential units within a single-family residential zone to be considered ministerially, without discretionary review or hearing, if the proposed housing development meets certain requirements, including that the proposed housing development does not allow for the demolition of more than 25% of the existing exterior structural walls, except as provided. Existing law authorizes a local agency to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, except as specified, on the proposed housing development. Existing law authorizes a local agency to deny a proposed housing development if specified conditions are met, including that the building official makes a written finding that the proposed housing development project would have a specific, adverse impact upon public health and safety or the physical environment, as provided.

This bill would remove the requirement that a proposed housing development does not allow for the demolition of more than 25% of the existing exterior structural walls to be considered ministerially. The bill would prohibit a local agency from imposing objective zoning standards, objective subdivision standards, and objective design standards that do not apply uniformly to development within the underlying zone, but would specify that these provisions do not prohibit a local agency from adopting or imposing objective zoning standards, objective subdivision standards, and objective design standards on the development if the standards are more permissive than applicable standards within the underlying zone. The bill would remove the authorization for a local agency to deny a proposed housing development if the building official makes a written finding that the proposed housing development project would have a specific, adverse impact upon the physical environment. The bill would require the local agency to consider and approve or deny the proposed housing development application within 60 days from the date the local agency receives the completed application, and would deem the application approved after that time. The bill would require a permitting agency, if it denies an application,

to provide a full set of comments to the applicant with a list of items that are defective or deficient and a description of how the application can be remedied by the applicant.

(2) The Subdivision Map Act vests the authority to regulate and control the design and improvement of subdivisions in the legislative body of a local agency and sets forth procedures governing the local agency's processing, approval, conditional approval or disapproval, and filing of tentative, final, and parcel maps, and the modification of those maps.

Existing law requires a local agency to ministerially approve a parcel map for an urban lot split that meets certain requirements. Existing law authorizes a local agency to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, except as specified. Existing law authorizes a local agency to deny an urban lot split if specified conditions are met, including that the building official makes a written finding that the proposed housing development project would have a specific, adverse impact upon public health and safety or the physical environment, as provided.

This bill would specify that objective zoning standards, objective subdivision standards, and objective design standards imposed by a local agency must be related to the design or improvements of a parcel. This bill would remove the authorization for a local agency to deny a proposed housing development if the building official makes a written finding that the proposed housing development project would have a specific, adverse impact upon the physical environment. The bill would require the local agency to consider and approve or deny the proposed housing development application within 60 days from the date the local agency receives the completed application, and would deem the application approved after that time. The bill would require a permitting agency, if it denies an application, to provide a full set of comments to the applicant with a list of items that are defective or deficient and a description of how the application can be remedied by the applicant.

(3) This bill would make additional nonsubstantive and conforming changes to these provisions.

(4) The bill would include findings related to changes proposed by this bill and would amend certain findings in existing law to state that the provisions address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(5) By increasing the duties of local agencies with respect to land use regulations, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 65852.21 of the Government Code is amended to read:

65852.21. (a) A proposed housing development containing no more than two residential units within a single-family residential zone shall be considered ministerially, without discretionary review or a hearing, if the proposed housing development meets all of the following requirements:

(1) The parcel subject to the proposed housing development is located within a city, the boundaries of which include some portion of either an urbanized area or urban cluster, as designated by the United States Census Bureau, or, for unincorporated areas, a legal parcel wholly within the boundaries of an urbanized area or urban cluster, as designated by the United States Census Bureau.

(2) The parcel satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4, as that section read on September 16, 2021.

(3) Notwithstanding any provision of this section or any local law, the proposed housing development would not require demolition or alteration of any of the following types of housing:

(A) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.

(B) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.

(C) Housing that has been occupied by a tenant in the last three years.

(4) The parcel subject to the proposed housing development is not a parcel on which an owner of residential real property has exercised the owner's rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years before the date that the development proponent submits an application.

(5) The development is not located within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or within a site that is designated or listed as a city or county landmark or historic property or district pursuant to a city or county ordinance.

(b) (1) Notwithstanding any local law and except as provided in paragraphs (2) and (3), a local agency may impose objective zoning standards, objective subdivision standards, and objective design review standards that do not conflict with this section.

(2) (A) The local agency shall not impose objective zoning standards, objective subdivision standards, and objective design standards that would have the effect of physically precluding the construction of up to two units or that would physically preclude either of the two units from being at least 800 square feet in floor area.

(B) (i) Notwithstanding subparagraph (A), no setback shall be required for an existing structure or a structure constructed in the same location and to the same dimensions as an existing structure.

(ii) Notwithstanding subparagraph (A), in all other circumstances not described in clause (i), a local agency may require a setback of up to four feet from the side and rear lot lines.

(3) A local agency shall not impose objective zoning standards, objective subdivision standards, and objective design standards that do not apply uniformly to development within the underlying zone. This subdivision shall not prevent a local agency from adopting or imposing objective zoning standards, objective subdivision standards, and objective design standards on development authorized by this section if those standards are more permissive than applicable standards within the underlying zone.

(c) In addition to any conditions established in accordance with subdivision (b), a local agency may require any of the following conditions when considering an application for two residential units as provided for in this section:

(1) Offstreet parking of up to one space per unit, except that a local agency shall not impose parking requirements in either of the following instances:

(A) The parcel is located within one-half mile walking distance of either a high-quality transit corridor, as defined in subdivision (b) of Section 21155 of the Public Resources Code, or a major transit stop, as defined in Section 21064.3 of the Public Resources Code.

(B) There is a car share vehicle located within one block of the parcel.

(2) For residential units connected to an onsite wastewater treatment system, a percolation test completed within the last 5 years, or, if the percolation test has been recertified, within the last 10 years.

(d) Notwithstanding subdivision (a), a local agency may deny a proposed housing development project if the building official makes a written finding, based upon a preponderance of the evidence, that the proposed housing development project would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

(e) A local agency shall require that a rental of any unit created pursuant to this section be for a term longer than 30 days.

(f) Notwithstanding Article 2 (commencing with Section 66314) or Article 3 (commencing with Section 66333) of Chapter 13, a local agency shall not be required to permit an accessory dwelling unit or a junior accessory dwelling unit on parcels that use both the authority contained within this section and the authority contained in Section 66411.7.

(g) Notwithstanding subparagraph (B) of paragraph (2) of subdivision (b), an application shall not be rejected solely because it proposes adjacent or connected structures provided that the structures meet building code safety standards and are sufficient to allow separate conveyance.

(h) (1) An application for a proposed housing development pursuant to this section shall be considered and approved or denied within 60 days from the date the local agency receives a completed application. If the local agency has not approved or denied the completed application within 60 days, the application shall be deemed approved.

(2) If a permitting agency denies an application for a proposed housing development pursuant to paragraph (1), the permitting agency shall, within the time period described in paragraph (1), return in writing a full set of comments to the applicant with a list of items that are defective or deficient and a description of how the application can be remedied by the applicant.

(i) Local agencies shall include units constructed pursuant to this section in the annual housing element report as required by subparagraph (I) of paragraph (2) of subdivision (a) of Section 65400.

(j) For purposes of this section, all of the following apply:

(1) A housing development contains two residential units if the development proposes no more than two new units or if it proposes to add one new unit to one existing unit.

(2) The terms "objective zoning standards," "objective subdivision standards," and "objective design review standards" mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal. These standards may be embodied in alternative objective land use specifications adopted by a local agency, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.

(3) "Local agency" means a city, county, or city and county, whether general law or chartered.

(k) A local agency may adopt an ordinance to implement the provisions of this section. An ordinance adopted to implement this section shall not be considered a project under Division 13 (commencing with Section 21000) of the Public Resources Code.

(*l*) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local agency shall not be required to hold public hearings for coastal development permit applications for a housing development pursuant to this section.

SEC. 2. Section 66411.7 of the Government Code is amended to read:

66411.7. (a) Notwithstanding any other provision of this division and any local law, a local agency shall ministerially approve, as set forth in this section, a parcel map for an urban lot split only if the local agency determines that the parcel map for the urban lot split meets all the following requirements:

(1) The parcel map subdivides an existing parcel to create no more than two new parcels of approximately equal lot area provided that one parcel

shall not be smaller than 40 percent of the lot area of the original parcel proposed for subdivision.

(2) (A) Except as provided in subparagraph (B), both newly created parcels are no smaller than 1,200 square feet.

(B) A local agency may by ordinance adopt a smaller minimum lot size subject to ministerial approval under this subdivision.

(3) The parcel being subdivided meets all the following requirements:

(A) The parcel is located within a single-family residential zone.

(B) The parcel subject to the proposed urban lot split is located within a city, the boundaries of which include some portion of either an urbanized area or urban cluster, as designated by the United States Census Bureau, or, for unincorporated areas, a legal parcel wholly within the boundaries of an urbanized area or urban cluster, as designated by the United States Census Bureau.

(C) The parcel satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4, as that section read on September 16, 2021.

(D) The proposed urban lot split would not require demolition or alteration of any of the following types of housing:

(i) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.

(ii) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.

(iii) A parcel or parcels on which an owner of residential real property has exercised the owner's rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years before the date that the development proponent submits an application.

(iv) Housing that has been occupied by a tenant in the last three years.

(E) The parcel is not located within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or within a site that is designated or listed as a city or county landmark or historic property or district pursuant to a city or county ordinance.

(F) The parcel has not been established through prior exercise of an urban lot split as provided for in this section.

(G) Neither the owner of the parcel being subdivided nor any person acting in concert with the owner has previously subdivided an adjacent parcel using an urban lot split as provided for in this section.

(b) An application for a parcel map for an urban lot split shall be approved in accordance with the following requirements:

(1) (A) A local agency shall approve or deny an application for a parcel map for an urban lot split ministerially without discretionary review.

(B) An application for an urban lot split shall be considered and approved or denied within 60 days from the date the local agency receives a completed

application. If the local agency has not approved or denied the completed application within 60 days, the application shall be deemed approved.

(C) If a permitting agency denies an application for an urban lot split pursuant to subparagraph (B), the permitting agency shall, within the time period described in subparagraph (B), return in writing a full set of comments to the applicant with a list of items that are defective or deficient and a description of how the application can be remedied by the applicant.

(2) A local agency shall approve an urban lot split only if it conforms to all applicable objective requirements of the Subdivision Map Act (Division 2 (commencing with Section 66410)), except as otherwise expressly provided in this section.

(3) Notwithstanding Section 66411.1, a local agency shall not impose regulations that require dedications of rights-of-way or the construction of offsite improvements for the parcels being created as a condition of issuing a parcel map for an urban lot split pursuant to this section.

(c) (1) Except as provided in paragraph (2), notwithstanding any local law, a local agency may impose objective zoning standards, objective subdivision standards, and objective design review standards that are related to the design or to improvements of a parcel, consistent with paragraph (3) of subdivision (b) and with subdivision (e), and are applicable to a parcel created by an urban lot split that do not conflict with this section.

(2) A local agency shall not impose objective zoning standards, objective subdivision standards, and objective design review standards that would have the effect of physically precluding the construction of two units on either of the resulting parcels or that would result in a unit size of less than 800 square feet.

(3) (A) Notwithstanding paragraph (2), no setback shall be required for an existing structure or a structure constructed in the same location and to the same dimensions as an existing structure.

(B) Notwithstanding paragraph (2), in all other circumstances not described in subparagraph (A), a local agency may require a setback of up to four feet from the side and rear lot lines.

(d) Notwithstanding subdivision (a), a local agency may deny an urban lot split if the building official makes a written finding, based upon a preponderance of the evidence, that the proposed housing development project would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact.

(e) In addition to any conditions established in accordance with this section, a local agency may require any of the following conditions when considering an application for a parcel map for an urban lot split:

(1) Easements required for the provision of public services and facilities.

(2) A requirement that the parcels have access to, provide access to, or adjoin the public right-of-way.

(3) Offstreet parking of up to one space per unit, except that a local agency shall not impose parking requirements in either of the following instances:

(A) The parcel is located within one-half mile walking distance of either a high-quality transit corridor as defined in subdivision (b) of Section 21155 of the Public Resources Code, or a major transit stop as defined in Section 21064.3 of the Public Resources Code.

(B) There is a car share vehicle located within one block of the parcel.

(f) A local agency shall require that the uses allowed on a lot created by this section be limited to residential uses.

(g) (1) A local agency shall require an applicant for an urban lot split to sign an affidavit stating that the applicant intends to occupy one of the housing units as their principal residence for a minimum of three years from the date of the approval of the urban lot split.

(2) This subdivision shall not apply to an applicant that is a "community land trust," as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, or is a "qualified nonprofit corporation" as described in Section 214.15 of the Revenue and Taxation Code.

(3) A local agency shall not impose additional owner occupancy standards, other than provided for in this subdivision, on an urban lot split pursuant to this section.

(h) A local agency shall require that a rental of any unit created pursuant to this section be for a term longer than 30 days.

(i) A local agency shall not require, as a condition for ministerial approval of a parcel map application for the creation of an urban lot split, the correction of nonconforming zoning conditions.

(j) (1) Notwithstanding any provision of Section 65852.21, 65915, Article 2 (commencing with Section 66314) or Article 3 (commencing with Section 66333) of Chapter 13 of Division 1, or this section, a local agency shall not be required to permit more than two units on a parcel created through the exercise of the authority contained within this section.

(2) For the purposes of this section, "unit" means any dwelling unit, including, but not limited to, a unit or units created pursuant to Section 65852.21, a primary dwelling, an accessory dwelling unit as defined in subdivision (a) of Section 66313, or a junior accessory dwelling unit as defined in subdivision (d) of Section 66313.

(k) Notwithstanding paragraph (3) of subdivision (c), an application shall not be rejected solely because it proposes adjacent or connected structures provided that the structures meet building code safety standards and are sufficient to allow separate conveyance.

(*l*) Local agencies shall include the number of applications for parcel maps for urban lot splits pursuant to this section in the annual housing element report as required by subparagraph (I) of paragraph (2) of subdivision (a) of Section 65400.

(m) For purposes of this section, both of the following shall apply:

(1) "Objective zoning standards," "objective subdivision standards," and "objective design review standards" mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal. These standards may be embodied in alternative objective land use specifications adopted by a local agency, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.

(2) "Local agency" means a city, county, or city and county, whether general law or chartered.

(n) A local agency may adopt an ordinance to implement the provisions of this section. An ordinance adopted to implement this section shall not be considered a project under Division 13 (commencing with Section 21000) of the Public Resources Code.

(o) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local agency shall not be required to hold public hearings for coastal development permit applications for urban lot splits pursuant to this section.

SEC. 3. Section 4 of Chapter 162 of the Statutes of 2021 is amended to read:

SEC. 4. (a) The Legislature finds and declares all of the following:

(1) The state faces a housing crisis of availability and affordability, in large part due to a severe shortage of housing.

(2) Solving the housing crisis therefore requires a multifaceted, statewide approach which will include, but is not limited to, any or some of the following:

(A) Encouraging an increase in the overall supply of housing.

(B) Encouraging the development of housing that is affordable to households at all income levels.

(C) Removing barriers to housing production.

(D) Expanding homeownership opportunities.

(E) Expanding the availability of rental housing.

(b) Therefore, addressing the housing crisis and the severe shortage of housing is a matter of statewide concern and not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Sections 1 and 2 of this act adding Sections 65852.21 and 66411.7 to the Government Code and Section 3 of this act amending Section 66452.6 of the Government Code apply to all cities, including charter cities.

SEC. 4. (a) The Legislature finds and declares all of the following:

(1) The state faces a housing crisis of availability and affordability, in large part due to a severe shortage of housing.

(2) Solving the housing crisis therefore requires a multifaceted, statewide approach which will include, but is not limited to, any or some of the following:

(A) Encouraging an increase in the overall supply of housing.

(B) Encouraging the development of housing that is affordable to households at all income levels.

(C) Removing barriers to housing production.

(D) Expanding homeownership opportunities.

(E) Expanding the availability of rental housing.

(b) Therefore, addressing the housing crisis and the severe shortage of housing is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Sections 1 and 2 of this act amending Sections 65852.21 and 66411.7 of the Government Code apply to all cities, including charter cities.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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DIVISION 10. TWO-UNIT HOUSING DEVELOPMENTS AND URBAN LOT SPLITS

Sec. 29.10.600. Purpose and applicability.

The Town Council finds and determines that this division is applicable only to voluntary applications for two-unit housing developments and urban lot splits consistent with Senate Bill (SB) 9. Owners of real property or their representatives may continue to exercise rights for property development in conformance with the Zoning Code and Subdivision Code. Development applications that do not satisfy the definitions for a two-unit housing development or an urban lot split provided in Section 29.10.610 (Definitions) shall not be subject to this Ordinance. Any provision of this division which is inconsistent with SB 9 shall be interpreted in a manner which is the most limiting on the ability to create a two-unit housing development or urban lot split, but which is consistent with State law. The provisions of this Division shall supersede and take precedence over any inconsistent provision of the Town Code to the extent necessary to effect the provisions of this division.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § I, 5-21-24)

Sec. 29.10.610. Definitions.

In addition to definitions contained in Chapter 24 (Subdivision Regulations) and Chapter 29 (Zoning Regulations), the following definitions apply for purposes of this division. Where a conflict may exist, the definitions in this division shall apply.

Acting in concert means persons, as defined by Government Code Section 82047, as that section existed on January 1, 2022, acting jointly to pursue development of real property whether or not pursuant to a written agreement and irrespective of individual financial interest.

Addition means any construction which increases the size of a building or facility in terms of site coverage, height, length, width, or gross floor area.

Adjacent parcel means any parcel of land that is: touching the parcel at any point; separated from the parcel at any point only by a public right-of-way, private street or way, or public or private utility, service, or access easement; or separate from another parcel only by other real property which is in common ownership or control of the applicant.

Alteration means any construction or physical change in the arrangement of rooms or the supporting members of a building or structure or change in the relative position of buildings or structures on a site, or substantial change in appearances of any building or structure.

Car-share vehicle means a motor vehicle that is operated as part of a regional fleet by a public or private car sharing company or organization and provides hourly or daily service.

Common ownership or control means property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member, or family member of an investor of the entity owns ten (10) percent or more of the interest in the property.

~~*Entry feature* means a structural element, which leads to an entry door.~~

Existing structure means a lawfully constructed building that has received final building permit clearance.

~~*First residential unit means one (1) of two (2) primary dwelling units developed under a two-unit housing development and can be an existing primary dwelling unit if it meets or is modified to meet the 1,200-square foot floor area limitation on first residential units.*~~

Flag lot means "lot, corridor" as defined in Section 29.10.020 of Town Code.

Nonconforming zoning condition means a physical improvement on a property that does not conform with current zoning standards.

Two-unit housing development means an application proposing no more than two (2) primary dwelling units on a single parcel located within a single-family residential zone as authorized by Government Code Section 65852.21. ~~A two-unit housing development shall consist of either the construction of no more than two (2) new primary dwelling units, one (1) new primary dwelling unit and retention of one (1) existing primary dwelling unit, or retention of two (2) existing legal non-conforming primary dwelling units where one (1) or both units are subject to a proposed addition or alteration.~~

Public transportation means a high-quality transit corridor, as defined in subdivision (b) of Public Resources Code Section 21155, or a major transit stop, as defined in Public Resources Code Section 21064.3.

Single-family residential zone means a "R-1 or Single-Family residential Zone", "R-1D or Single-Family Residential Downtown Zone", or "HR or Hillside Residential Zone" as specified in article IV, "Residential Zones," of the Zoning Code.

Subdivision Code means Chapter 24 of the Los Gatos Town Code.

Sufficient for separate conveyance means that each attached or adjacent dwelling unit is constructed in a manner adequate to allow for the separate sale of each unit in a common interest development as defined in Civil Code Section 1351 (including a residential condominium, planned development, stock cooperative, or community apartment project), or into any other ownership type in which the dwelling units may be sold individually.

Urban lot split means a ministerial application for a parcel map to subdivide an existing parcel located within a single-family residential zone into two (2) parcels, as authorized by Government Code Section 66411.7.

Zoning Code means Chapter 29 of the Los Gatos Town Code.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § II, 5-21-24)

Sec. 29.10.620. Eligibility.

An urban lot split or a two-unit housing development may only be created on parcels satisfying all of the following general requirements:

(1) *Zoning district.* A parcel that is located within a single-family residential zone.

(2) *Legal parcel.* A parcel which has been legally created in compliance with the Subdivision Map Act (Government Code Section 66410 et seq.) and the Town's Subdivision Regulations in effect at the time the parcel was created. Applications for an urban lot split or two-unit housing development will only be accepted on parcels with either a recorded parcel map or certificate of compliance. When both an urban lot split and two-unit housing development application are submitted simultaneously, no construction or building permits for new construction or grading activities may be issued until the new parcel map for the urban lot split approval has been recorded.

(3) *Excluding historic property.* A parcel that is not located within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code, or a parcel that does not contain a Historic Structure, as defined in Town Code Section 29.10.020, or is not listed on the Town of Los Gatos Historic Resource Inventory, as defined by Town Code Chapter 29,

Article VII, Division 3, "Historic Preservation and LHP or Landmark and Historic Preservation Overlay Zone."

(4) *Excluding very high fire hazard severity zone.* A parcel that is not within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Government Code Section 51178, or within a state responsibility area, as defined in Section 4102 of the Public Resources Code. This subparagraph does not apply to sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development, including, but not limited to, standards established under all of the following or their successor provisions: (i) Section 4291 of the Public Resources Code or Section 51182, as applicable; (ii) Section 4290 of the Public Resources Code; and (iii) Section 7A of the California Building Code (Title 24 of the California Code of Regulations).

(5) *Excluding hazardous waste sites.* A parcel that is not identified as a hazardous waste site pursuant to Government Code Section 65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Health and Safety Code Section 25356, unless the State Department of Public Health, State Water Resources Control Board, or Department of Toxic Substances Control has cleared the site for residential use.

(6) *Excluding earthquake fault zone.* A parcel that is not located within a delineated earthquake fault zone as determined by the State Geologist on any official maps published by the State Geologist, unless the two-unit housing development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law (Part 2.5 (commencing with Section 18901) of Health and Safety Code Division 13), and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2.

(7) *Excluding flood zone.* A parcel that is not located within a special flood hazard area subject to inundation by the 1 percent annual chance flood (100-year flood) on the official maps published by the Federal Emergency Management Agency unless a letter of map revision prepared by the Federal Emergency Management Agency has been issued or if the proposed two-unit housing development is constructed in compliance with the provisions of Town Code Chapter 29, Article XI, "Floodplain Management," as determined by the floodplain administrator.

(8) *Excluding natural habitat.* A parcel that is not recognized by the Town as a habitat for protected species identified as a candidate, sensitive, or species of special status by State or Federal agencies, fully protected species, or species protected by the Federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), or the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code).

(9) *Excluding prime farmland and wetlands.* A parcel that contains either prime farmland or farmland of statewide importance, as defined pursuant to the United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction; or wetlands, as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

(10) *Excluding conservation easements.* A parcel subject to a recorded conservation easement.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § III, 5-21-24)

Sec. 29.10.630. Requirements.

Two-unit housing developments must comply with the following objective zoning standards, design review standards, and general requirements and restrictions:

(1) *Zoning standards.* The following objective zoning standards ~~supersede any other standards to the contrary that may be provided elsewhere in the Zoning Code, as they~~ pertain to a two-unit housing development under Government Code Section 65852.21. Two-unit housing developments shall be constructed only in accordance with the following objective zoning standards, except as provided by subsection (4), "Exceptions:"

a. *Building height.* Maximum building height shall be as specified by the applicable zoning district for the main structure~~. Buildings located within the required side or rear setbacks of the applicable zoning district, and those located in the Hillside Residential (HR) zones, shall not exceed sixteen (16) feet in height~~;

b. *New driveways.* ~~Each parcel shall include no more than a single driveway unless the parcel has more than one hundred (100) feet of contiguous street frontage or more than one (1) existing driveway.~~ Any new driveway shall satisfy the following requirements:

1. A minimum width of ten (10) feet up to a maximum width of eighteen (18) feet~~. Driveways in the Hillside Residential (HR) zones shall have a minimum width of twelve (12) feet~~;

2. A minimum depth of eighteen (18) feet measured from the front or street side property line;

3. Surfacing shall comply with Town Code Section 29.10.155(e);

~~4. Only a single driveway curb-cut shall be permitted per parcel unless the parcel has more than one hundred (100) feet of contiguous street frontage, designed in accordance with the Town's Standard Specifications and Plans for Parks and Public Works Construction; and~~

~~5. A maximum slope of fifteen (15) percent.~~

c. *Dwelling unit type.* The primary dwelling units comprising a two-unit housing development may take the form of detached single-family dwellings, attached units, and/or duplexes. A duplex may consist of two (2) dwelling units in a side-by-side or front-to-back configuration within the same structure or one (1) dwelling unit located atop another dwelling unit within the same structure;

d. *Fencing.* All new fencing shall comply with the requirements of sections 29.40.030 through 29.40.0325 of the Zoning Code;

e. *Floor area ratio and lot coverage.*

1. The maximum floor area ratio and lot coverage shall be as specified by the applicable zoning regulations.

2. For flag/corridor lots, the gross lot size includes the access corridor for the purposes of determining maximum floor area ratio and lot coverage as follows:

i. When an easement is used to provide access, the access corridor is included in the gross lot size for the lot granting the easement; and

ii. When the access corridor is owned in-fee and is part of the rear lot, the access corridor is included in the gross lot size for the rear lot.

~~3. The maximum size of the first new residential unit shall not exceed one thousand two hundred (1,200) square feet.~~

4. When a two-unit housing development is proposed and the existing structures are at or below the maximum allowed floor area, a ten (10) percent increase in the floor area ratio standards for residential structures is allowed, excluding garages, and this increase in floor area cannot be combined with a separate increase for an accessory dwelling unit allowed by Town Code Section 29.10.320. The additional floor area allowed by this subsection shall not exceed one thousand two hundred (1,200) square feet.

5. Notwithstanding the floor area ratio and lot coverage standards in this subsection, a new two-unit housing development with unit sizes of 800 square feet or less shall be permitted.

~~f. *Grading.*~~

~~1. To the extent required by Chapter 12, Article II and Section 29.10.09045(b) of the Town Code, the grading activities set forth in subsection 2. below may require a grading permit, but will not require discretionary review of an architecture and site application;~~

~~2. Grading activity associated with a two-unit housing development shall not exceed fifty (50) cubic yards, cut plus fill, except:~~

~~i. Light wells that do not exceed the minimum required per Building Code shall not count as grading activity for the purpose of this section;~~

~~ii. Grading activities required to provide the minimum driveway and fire access as required by the Santa Clara County Fire Department shall not count as grading activity for the purpose of this section; and~~

~~iii. Excavation within the footprint of a primary dwelling unit or garage shall not count as grading activity for the purpose of this section.~~

~~g. Cut and Fill. Two-unit housing developments shall be subject to the cut and fill requirements specified by Table 1-1 (Cut and Fill Requirements) below:~~

~~Table 1-1 - Cut and Fill Requirements~~		
~~Site Element~~	~~Cut *~~	~~Fill *~~
~~House and attached garage~~	~~8' **~~	~~3'~~
~~Detached accessory building *~~	~~4'~~	~~3'~~
~~Driveways ***~~	~~4'~~	~~3'~~
~~Other (decks, yards) *~~	~~4'~~	~~3'~~
~~* Combined depths of cut plus fill for development other than the main residence shall be limited to 6 feet.~~		
~~** Excludes below grade square footage pursuant to Section 29.40.072 of the Town Code and light-wells that do not exceed the minimum required per Building Code.~~		
~~*** Excludes cut and fill for the minimum driveway and fire access standards as required by the Santa Clara County Fire Department.~~		

~~h. *Building Sites.* The footprint of the proposed residential unit(s) and garage(s) shall not be located on lands with slopes exceeding thirty (30) percent. This provision applies only to the building site, not the property as a whole;~~

~~i. *Retaining walls.* Retaining walls shall not exceed five (5) feet in height and shall not run in a straight continuous direction for more than fifty (50) feet without a break, offset, or planting pocket. Retaining walls shall have a five-foot landscaped buffer when adjacent to the street;~~

~~j. *Light reflectivity value.* Exterior material colors for primary dwelling units and garages in the Hillside Residential (HR) zones shall comply with requirements in Chapter V, Section I, of the Town's Hillside Development Standards and Guidelines;~~

k. *Landscaping requirement.* All landscaping shall comply with the California Model Water Efficient Landscape Ordinance (MWELO);

l. *Lighting.* New exterior lighting fixtures shall be downward directed and utilize shields so that no bulb is visible to ensure that the light is directed to the ground surface and does not spill light onto neighboring parcels consistent with Section 29.10.09015 of the Zoning Code;

m. *Trees.* Any proposed work shall comply with the protection, removal, and replacement requirements for protected trees in Chapter 29, Article 1, Division 2, "Tree Protection," of Town Code;

n. *Minimum living area.* The minimum living area of a primary dwelling unit shall be 150 square feet, subject to the restrictions specified by Health and Safety Code Section 17958.1;

o. *Parking.*

1. One (1) parking stall per primary dwelling unit shall be required, except for two-unit housing developments located on parcels within one-half mile walking distance of public transportation; or where there is a designated parking area for one (1) or more car-share vehicles within one (1) block of the parcel.

2. Parking stalls may either be uncovered or covered (garage or carport) in compliance with applicable developments standards of the Zoning Code, including Chapter 29, Article I, Division 4, "Parking," except that uncovered parking spaces may be provided in a front or side setback abutting a street on a driveway (provided that it is feasible based on specific site or fire and life safety conditions) or through tandem parking.

p. *Setbacks.* Two-unit housing developments and attached garages shall be subject to the setback and building separation requirements specified by Table 1-2 (Setback Requirements), below. Detached garages and detached accessory structures shall meet the setback requirements specified in Town Code Section 29.40.015 (Accessory Buildings).

Table 1-2 - Setback Requirements

Setback		Requirement[2]
Property Line Setbacks[1]	Front	Per the applicable zoning district.[5]
	Garage Entry	18 feet
	~~Interior~~ Sides	4 feet[3]
	Rear	
	~~Street Side~~	~~Per the applicable zoning district.~~
Separation Between Detached Structures[3][4]		5 feet

Exceptions:
(1) Cornices, eaves, belt courses, sills, canopies, bay windows, chimneys, or other similar architectural features may extend into required setbacks as specified Section 29.40.070(b) of the Zoning Code.
(2) No setback shall be required for an existing structure, or a structure constructed in the same location and to the same dimensions as an existing structure.
(3) For parcels created through an urban lot split where the parcels are under the same ownership, no

interior side setback shall be required for two-unit housing development units constructed as attached units on separate lots, provided that the structures meet building code safety standards and are sufficient to allow separate conveyance as a separate fee parcel. Similarly, no rear setback (for the front property) or front setback (for the rear property) shall be required for two-unit housing development units constructed as attached units in a flag-lot configuration where the parcels are under the same ownership.
(4) Except for primary dwellings constructed as a duplex or attached single-family residences.
(5) Flag/corridor lots shall use the interior side setback requirements for all property lines other than the rear.

q. *Stormwater management.* The development shall comply with the requirements of the Town's National Pollution Discharge Elimination System Permit as implemented by Chapter 22 of the Town Code, and as demonstrated by a grading and drainage plan prepared by a registered civil engineer; and

r. *Utilities.* New units shall be designed as individual units, with separate gas, electric, and water utility connections directly between each dwelling unit and the utility.

~~(2) *Design review standards.* The following objective design review standards apply to construction of new primary dwelling units and to any addition and/or alteration to existing primary dwelling units as part of a two-unit housing development, except as provided by subsection (4) below, "Exceptions:"~~

~~a. *Balconies/decks.* Rooftop and second floor terraces and decks are prohibited. Balconies shall only be permitted on the front- and street-side elevations of a primary dwelling unit fronting a public street. Such balconies shall be without any projections beyond the building footprint;~~

~~b. *Finished floor.* The finished floor of the first story shall not exceed three (3) feet in height as measured from finished grade;~~

~~c. *Front entryway.* A front entryway framing a front door shall have a roof eave that matches or connects at the level of the adjacent eave line;~~

~~d. *Front porch.* If proposed, porches shall have a minimum depth of six (6) feet and a minimum width equal to twenty-five (25) percent of the linear width of the front elevation;~~

~~e. *Second story setback.* The interior side and rear elevations of the second story of a two-story primary dwelling unit shall have a minimum setback of nine (9) feet;~~

~~f. *Garages.* Street-facing attached garages shall not exceed fifty (50) percent of the linear width of the front-yard or street-side yard elevation;~~

~~g. *Plate height.* The plate height of each story shall be limited to a maximum of ten (10) feet as measured from finished floor, and when above the first floor the plate height shall be limited to a maximum of eight (8) feet; and~~

~~h. *Windows.* All second story windows less than ten (10) feet from rear and interior side property lines shall be clerestory with the bottom of the glass at least six (6) feet above the finished floor except as necessary for egress purposes as required by the Building Code.~~

~~i. *Prohibited materials.* The following exterior materials are prohibited on all building exteriors:~~

~~1. Vinyl siding; and~~

~~2. Plywood.~~

~~j. *Mechanical equipment.* Heating, ventilation, and air conditioning (HVAC) units, generators, energy storage systems (ESS), and other similar ground-mounted mechanical equipment shall be screened from view from any adjacent street if not already located out of view behind a building or solid fence.~~

(3) *General requirements and restrictions.* The following requirements and restrictions apply to all two-unit housing developments, inclusive of existing and new primary dwelling units, except as provided by subsection (4) below, "Exceptions:"

a. *Number of units.* A maximum of four (4) units, with a maximum of two (2) primary dwelling units, on lots that have not undergone an urban lot split.

b. *Accessory dwelling units.* In addition to the two (2) residential units allowed under this section, consistent with Chapter 29, Article 1, Division 7, "Accessory Dwelling Units," of the Town Code, one (1) accessory dwelling unit and one (1) junior accessory dwelling unit shall be allowed on lots that have not undergone an urban lot split.

c. *Building and Fire Codes.* The International Building Code ("Building Code"), and the California Fire Code and International Fire Code (together, "Fire Code"), as adopted by Chapter 6 of the Town Code, respectively, apply to all two-unit housing developments.

d. *Encroachment permits.* Separate encroachment permits, issued by the Parks and Public Works Department, shall be required for the installation of utilities to serve two-unit housing developments. Applicants shall apply for and pay all necessary fees for utility permits for sanitary sewer, gas, water, electric, and all other utility work.

e. *Restrictions on demolition.* The two-unit housing development shall not require either demolition of more than twenty-five (25) percent of the exterior walls or alteration of any of the following types of housing:

1. Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income. This shall be evidenced by an attestation from the property owner;

2. Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power. This shall be evidenced by an attestation from the property owner; or

3. Housing that has been occupied by a tenant in the last three (3) years. This shall be evidenced by an attestation from the property owner.

If any existing housing is proposed to be altered or demolished, the owner of the property proposed for a two-unit housing development shall sign an affidavit, stating that none of the conditions listed above exist and shall provide a comprehensive history of the occupancy of the units to be altered or demolished for the past three (3) years on a form prescribed by the Town.

If any existing dwelling unit is proposed to be demolished, the applicant shall comply with the replacement housing provisions of Government Code Section 66300(d).

f. *Recorded covenant.* Prior to building permit issuance, the applicant shall record a restrictive covenant in the form prescribed by the Town, which shall run with the land and provide for the following:

1. A limitation restricting the property to residential uses only; and

2. A requirement that any dwelling units on the property may only be rented for a period longer than thirty (30) days.

(4) *Exceptions.* If any of the provided zoning standards, design review standards would have the effect of physically precluding construction of up to two (2) primary dwelling units or physically preclude either of the two (2) primary dwelling units from being at least eight hundred (800) square feet in floor area, the Community Development Director shall grant an exception to the applicable standard(s) to the minimum extent necessary as specified by this section. An exception request shall be explicitly made on the application for a two-unit housing development.

a. *Determination.* In order to retain adequate open space to allow for recreational enjoyment, protection of the urban forest, preservation of the community character, reduction of the ambient air temperature, and to allow for the percolation of rainfall into the groundwater system, when considering an exception request, the Community Development Director shall first determine that a reduction in any other zoning and/or design review standard(s) will not allow the construction of the two-unit housing development as specified by this section prior to allowing an exception(s) to the landscaping requirement, front-yard setback, or street-side setbacks standards.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2351, § III, 11-21-23; Ord. No. 2359, § IV, 5-21-24)

Sec. 29.10.640. Application process for two-unit housing development.

Applications for two-unit housing developments shall be submitted and processed in compliance with the following requirements:

(1) *Application type.* Two-unit housing developments shall be reviewed ministerially by the Community Development Director for compliance with the applicable regulations. The permitting provisions of Town Code Sections 29.20.135 through 29.20.160, "Architecture and Site Approval," shall not be applied;

(2) *Application filing.* An application for a two-unit housing development, including the required application materials and fees, shall be filed with the Community Development Department;

(3) *Neighbor notification.* In addition to the standard application materials, the applicant will be required to submit one (1) set of stamped, addressed envelopes to neighboring residents and property owners. The Planning Department will assist the applicant in determining the neighboring properties to be notified (which will consist of all properties abutting the applicant's parcel, properties directly across the street and the two (2) parcels on each side of the properties directly across the street).

(4) *Building Permits.* Approval of a two-unit housing development application shall be required prior to acceptance of an application for building permit(s) for the new and/or modified primary dwelling unit(s) comprising the two-unit housing development;

(5) *Denial.* The Community Development Director may deny a two-unit housing development project only if the Building Official makes a written finding, based upon a preponderance of the evidence, that the two-unit housing development would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Government Code Section 65589.5, upon public health and safety or the physical environment and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; and

(6) *Appeals.* Two-unit housing application decisions are ministerial and are not subject to an appeal.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § V, 5-21-24)

Sec. 29.10.650. Subdivision standards.

Urban lot splits shall comply with the following objective subdivision standards, and general requirements and restrictions:

(1) *Subdivision standards.* The following objective subdivision standards supersede any other standards to the contrary that may be provided in the Zoning Code or Subdivision Code, as they pertain to creation of an urban lot split under Government Code Section 66411.7:

a. *Flag/corridor lots.* The access corridor of a flag/corridor lot (Town Code Section 29.10.085) shall be either in fee as part of the parcel or as an easement, ~~and shall be a minimum width of 12 feet;~~

b. *Minimum lot size.* Each new parcel shall be approximately equal in lot area provided that one (1) parcel shall not be smaller than forty (40) percent of the lot area of the original parcel proposed for subdivision. In no event shall a new parcel be less than one thousand two hundred (1,200) square feet in lot area. If one (1) of the proposed lots is a flag/corridor lot, the area of the access corridor shall count toward the lot area as follows:

1. When an easement is used to provide access, the access corridor is included in the gross lot size for the lot granting the easement; and

2. When the access corridor is owned in-fee and is part of the rear lot, the access corridor is included in the gross lot size for the rear lot.

~~c. *Minimum lot width.* Each new parcel shall maintain a minimum lot width of twenty (20) feet;~~

~~d. *Minimum public frontage.* Each new parcel shall have frontage upon a street with a minimum frontage dimension of twenty (20) feet, except as allowed above for flag/corridor lots;~~

e. *Number of lots.* The parcel map to subdivide an existing parcel shall result in no more than two (2) parcels; and

f. *Lot Merger.* Lots resulting from an urban lot split shall not be merged unless that lot merger can be done without loss of housing units and without causing a non-conforming building, lot, or use.

(2) *General requirements and restrictions.* The following requirements and restrictions apply to all proposed urban lot splits:

a. *Adjacent parcels.* Neither the owner of the parcel being subdivided nor any person acting in concert with the owner has previously conducted an urban lot split to create an adjacent parcel as provided for in this division;

b. *Dedication and easements.* The Town Engineer shall not require dedications of rights-of-way nor the construction of offsite improvements but may, however, require recording of easements necessary for the provision of private services, facilities, and future public improvements or future public services, facilities, and future public improvements;

c. *Existing structures.* Existing structures located on a parcel subject to an urban lot split shall not be subject to a setback requirement. However, any such existing structures shall not be located across the shared property line resulting from an urban lot split, unless the structure is converted to an attached unit as provided for in Table 1-2 (Setback Requirements, Exception Number 3). All other existing structures shall be modified, demolished, or relocated prior to recordation of a parcel map;

d. *Intent to occupy.* The applicant shall submit a signed affidavit to the Community Development Director attesting that the applicant intends to occupy one (1) of the housing units on the newly created parcels as their principal residence for a minimum of three (3) years from either:

1. The date of the approval of the urban lot split when the intent is to live in an existing residence; or

2. Certificate of occupancy when the intent is to occupy a newly constructed residential unit.

This requirement shall not apply to an applicant that is a "community land trust," as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, or a "qualified nonprofit corporation" as described in Section 214.15 of the Revenue and Taxation Code;

e. *Non-conforming conditions.* The Town shall not require, as a condition of approval, the correction of nonconforming zoning conditions. However, no new nonconforming conditions may result from the urban lot split other than setbacks as specified by Table 1-2 (Setback Requirements, Exception Number 2), maximum allowed lot coverage, and maximum allowed floor area ratio;

f. *Number of units.* No more than two (2) dwelling units may be located on any lot created through an urban lot split, including primary dwelling units, accessory dwelling units, junior accessory dwelling units, density bonus units, and units created as two-unit developments. Any excess dwelling units that do not meet these requirements shall be relocated, demolished, or otherwise removed prior to approval of a parcel map;

g. *Prior subdivision.* A parcel created through a prior urban lot split may not be further subdivided. The subdivider shall submit a signed deed restriction to the Community Development Director documenting this restriction. The deed restriction shall be recorded on the title of each parcel concurrent with recordation of the parcel map;

h. *Restrictions on demolition.* The proposed urban lot split shall not require either the demolition of more than twenty-five (25) percent of the exterior walls or alteration of any of the following types of housing:

1. Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income. This shall be evidenced by an attestation from the property owner;

2. Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power. This shall be evidenced by an attestation from the property owner; or

3. Housing that has been occupied by a tenant in the last three (3) years. This shall be evidenced by an attestation from the property owner;

If any existing housing is proposed to be altered or demolished, the owner of the property proposed for an urban lot split shall sign an affidavit, stating that none of the conditions listed above exist and shall provide a comprehensive history of the occupancy of the units to be altered or demolished for the past three (3) years on a form prescribed by the Town. The owner and applicant shall also sign an affidavit stating that neither the owner nor applicant, nor any person acting in concert with the owner or applicant, has previously subdivided an adjacent parcel using and urban lot split;

i. *Replacement units.* If any existing dwelling unit is proposed to be demolished, the applicant will comply with the replacement housing provisions of Government Code Section 66300(d);

j. *Recorded covenant.* Prior to approval and recordation of the parcel map, the applicant shall record a restrictive covenant and agreement in the form prescribed by the Town, which shall run with the land and provide for the following:

1. A prohibition against further subdivision of the parcel using the urban lot split procedures as provided for in this section;
2. A limitation restricting the properties to residential uses only; and
3. A requirement that any dwelling units on the property may only be rented for a period longer than thirty (30) days.

k. *Stormwater management.* The subdivision shall comply with the requirements of the Town's National Pollution Discharge Elimination System Permit as implemented by Chapter 22 of the Town Code, and as demonstrated by a grading and drainage plan prepared by a registered civil engineer;

l. *Utility providers.* The requirements of the parcel's utility providers shall be satisfied prior to recordation of a parcel map; and

m. *Compliance with Subdivision Map Act.* The urban lot split shall conform to all applicable objective requirements of the Subdivision Map Act (commencing with Government Code Section 66410), except as otherwise expressly provided in Government Code Section 66411.7.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § VI, 5-21-24)

Sec. 29.10.660. Application process for urban lot splits.

Applications for urban lot splits shall be submitted and processed in compliance with the following requirements:

(1) *Application type.* Urban lot splits shall be reviewed ministerially by the Community Development Director for compliance with the applicable regulations. A tentative parcel map shall not be required;

(2) *Application filing.* An urban lot split application, including the required application materials and fees, shall be filed with the Community Development Department;

(3) *Neighbor notification.* In addition to the standard application materials, the applicant will be required to submit one (1) set of stamped, addressed envelopes to neighboring residents and property owners. The Planning Department will assist the applicant in determining the neighboring properties to be notified (which will consist of all properties abutting the applicant's parcel, properties directly across the street and the two (2) parcels on each side of the properties directly across the street).

(4) *Parcel map.* Approval of an urban lot split permit shall be required prior to acceptance of an application for a parcel map for an urban lot split. Applicants shall apply for an urban lot split parcel map and pay all fees;

(5) *Development.* Development on the resulting parcels is limited to a project approved by the two-unit housing development process, the Town's Accessory Dwelling Unit process, or through the Town's standard discretionary process;

(6) *Denial.* The Community Development Director may deny an urban lot split only if the Building Official makes a written finding, based upon a preponderance of the evidence, that an urban lot split or two-unit housing development located on the proposed new parcels would have a specific, adverse impact, as defined and determined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or the physical environment and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact; and

(7) *Appeals.* Urban lot split application decisions are ministerial and are not subject to an appeal.

(Ord. No. 2334, § 2, 11-15-22; Ord. No. 2359, § VI, 5-21-24)

Sec. 29.10.670. Sunset clause.

If SB 9 is repealed or otherwise rescinded by the California State Legislature or by the People of the State of California, this division shall be repealed."

(Ord. No. 2334, § 2, 11-15-22)

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ARTICLE I. – IN GENERAL

DIVISION 1. - MISCELLANEOUS

[…]

Sec. 29.10.020. Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings ascribed to them in this section unless the context clearly indicates otherwise:

[…]

Hillside Area means all properties zoned Hillside Residential or properties located within the Hillside Area Map of the Town's Hillside Development Standards and Guidelines.

[…]

Landscaping means an area devoted to plantings, lawn, ground cover, gardens, trees, shrubs, and other plant materials.

[…]

ARTICLE IV. – RESIDENTIAL ZONES

DIVISION 1. – GENERALLY

[…]

Sec. 29.40.070. Projections allowed into yards.

(a) A porte cochere may be permitted over a driveway in a side yard, provided that it is not more than one (1) story high and twenty-four (24) feet long, with supporting columns a minimum of three (3) feet from the side lot line with a maximum eave length of twelve (12) inches, and is entirely open on at least three (3) sides, except for the necessary supporting columns and customary architectural features.

(b) Cornices, eaves, belt courses, sills, canopies, bay windows, chimneys or other similar architectural features may extend or project into a required side yard not more than twenty-four (24) inches and may extend or project into a required front or rear yard not more than thirty (30) inches.

(c) ~~Open, unenclosed p~~Porches, patios, ~~or~~ decks, platforms, balconies, and other open, unenclosed areas, not covered by a roof or canopy:

(1) ~~not covered by a roof or canopy, less~~Less than one (1) foot above grade, may project into front, side or rear yards. The maximum projection into the front or street-side yard shall be six (6) feet, and in no case shall the projection be closer than ten (10) feet from a front or street-side property line.

(2) Less than four (4) feet above grade may project into front, side or rear yards or into any court up to six (6) feet. In no case shall the projection into a side or rear yard be closer than six (6) feet to the property

line, or into a front or street-side yard be closer than ten (10) feet from the property line, or into a court exceed a distance of more than twenty (20) percent of the width of such court.

~~(1)~~

~~(d) Open, unenclosed porches, not covered by a roof or canopy, less than four (4) feet above grade may project into front, side or rear yards or into any court up to six (6) feet; but in no case shall the projection into a side yard be closer than six (6) feet to the property line or into a court exceed a distance of more than twenty (20) percent of the width of such court.~~

~~(e) Open, unenclosed balconies, not covered by a roof or canopy may project into a front or rear yard up to six (6) feet.~~

[…]

Sec. 29.40.080. Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second Story Additions.

Sec. 29.40.085. – Purpose and applicability.

The purpose of these Objective Design Standards is to ensure that new single-family and two-family residential dwelling units and second-story additions meet minimum design standards to maintain privacy and neighborhood compatibility with surrounding use(s). These standards apply to both ministerial and discretionary application types for any new single- or two-family residential dwelling unit(s), whether attached or detached, new second story, or an addition to an existing second-story.

These standards are subject to the following application types, and are in addition to other, existing Town standards:

Ministerial Applications: Projects invoking a ministerial approval process for a new residential dwelling unit (such as two-unit housing developments) shall comply with these standards except to the extent that State law requires minimum unit sizes of 800 square feet, pursuant to Government Code Section 65852.21(b)(1).

Discretionary Applications: In addition to these standards, discretionary applications (architecture and site and minor residential project applications) are also reviewed for compliance with the Town's Single and Two Family Residential Design Guidelines and Hillside Development Standards and Guidelines (when applicable) by the Town's Consulting Architect, and/or the Historic Preservation Committee, depending on if the existing structure or property is considered historic. Projects proceeding with an architecture and site application may request exceptions from these standards during the discretionary review process, pursuant to Town Code Section 29.40.100.

Sec. 29.40.090. – Objective Design Standards – Site Planning and Architectural Details.

The following objective design standards apply to all new residential dwelling units, new second floors, and second floor additions, as discussed in Town Code Section 29.40.085 above. Hillside Area standards listed within are in addition to the other standards listed.

(1) *Building sites*. The footprint of the proposed residential units(s) and garage(s) shall not be located on lands with slopes exceeding thirty (30) percent.

(2) *Site grading*. In the Hillside Area, site grading shall not be larger than the area of the footprint of the house, driveway, parking, and vehicular turnaround areas.

(3) *Material changes.* Exterior material and siding changes shall occur at the inside corner of two walls and not the outside corner. See Section 3.8.4 of the Town's Single and Two Family Residential Design Guidelines for an example diagram.

(4) *Exterior materials.* For properties in the Hillside Area, exterior material colors for dwelling units and garages shall comply with the requirements in Chapter V, Section I, Standard 2 of the Town's Hillside Development Standards and Guidelines for maximum light reflectivity value (LRV).

(5) *Mechanical equipment screening.* Heating, ventilation, and air conditioning (HVAC) units, generators, energy storage systems (ESS) and other similar ground mounted mechanical equipment shall be screened from view from any adjacent street if not already located out of view behind a building or solid fence.

Sec. 29.40.095. – Objective Design Standards – Massing and Privacy.

The following objective design standards apply to all new residential dwelling units, second floors, and second floor additions, as discussed in Town Code Section 29.40.085 above. Hillside Area standards listed within are in addition to the other standards listed.

(1) *Porches, patios, decks, platforms, balconies, and other open, unenclosed areas, with or without a roof or canopy cover*.

a. See Town Code Section 29.40.070 for projection allowances for unroofed areas under four (4) feet in height.

b. If four (4) feet above grade or greater, including rooftops, the underlining setbacks of the zone shall be met, and in no case shall they be located less than twenty (20) feet from a rear property line and ten (10) feet from any other property line. Additionally, each area shall also include a minimum of one of the following screening techniques along the entire portion of the open area that faces existing residential use(s) or zone(s). The additional screening techniques are not required when these open areas are proposed facing a public right-of-way.

i. Solid or opaque privacy wall of at least six (6) feet in height, blocking direct visibility along the edges of the deck or open area; or

ii. Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be placed at the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the furthest edges of the deck or open unenclosed area.

(2) *Windows.* All second-story windows less than twenty (20) feet from a rear property line or ten (10) feet from any other property line, and all first-story windows less than six (6) feet from a property line where the finished floor is three (3) feet or more above grade, shall comply with at least one of the following. This standard does not apply to windows facing a public right-of-way.

a. Clerestory, with the bottom of the glass at least six (6) feet above the finished floor;

b. Opaque glazing, blocking direct visibility; or

c. Property line fence of at least six (6) feet solid material with one (1) foot lattice above (seven (7) feet high in total) and privacy landscape screening consisting of native, evergreen species. Trees are to be

a minimum of twenty-four (24) inch box size, shall be a minimum of six (6) feet tall at the time of planting, with a typical mature height of at least twenty-five (25) feet and mature canopy width of fifteen (15) feet, and planted at a rate of one (1) tree for every twenty-five (25) linear feet between. Three closely spaced tall screening shrubs of at least fifteen (15) gallon in size with a mature height of at least fifteen (15) feet and a mature width of at least three (3) feet may be substituted for one screening tree. Both fencing and landscaping shall be placed at the shared property line, with a cone-of-vision defined by a thirty (30) degree angle from the side window jamb.

(3) *Second story location.* A new second story, whether a new second-floor added above an existing single-story structure, addition to an existing second-floor, or new two-story structure, shall meet the underlining setbacks of the zone, and in no case be less than eight (8) feet from a property line.

(4) *Plate height.* For two-story homes, the maximum plate height of the first floor shall be limited to ten (10) feet, and the maximum plate height of the second floor shall be limited to eight (8) feet.

(5) *Two-story articulation.* A new second-story which is not stepped-back from the single-story wall below and creates a two-story wall shall include at least one of the following to provide visual relief along that two-story wall:

a. Bellyband extending the full width of the two-story elevation;

b. Projections or bay windows;

c. Material and color changes;

d. Chimneys;

e. Overhangs with projecting brackets;

f. Juliet balconies;

g. Window boxes; or

h. Landscaped trellis or lattice.

Sec. 29.40.100. – Exceptions. (findings and considerations)

An exception to any of these Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second Story Additions may be granted if the project is submitted as a discretionary architecture and site application. Criteria to be considered by the applicable deciding body when reviewing an objective design standard exception include compliance with the Town's Single- and Two-Family Residential Design Guidelines, Hillside Development Standards and Guidelines (when applicable), neighborhood compatibility, and neighboring privacy protections.

[…]

Secs. 29.40.~~080~~105—29.40.150. - Reserved.

[…]

DIVISION 2. RC OR RESOURCE CONSERVATION ZONE

[…]

Sec. 29.40.170. Development standards.

(a) *Height.* The maximum height of any principal building in a RC zone is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is ~~thirty~~ twenty-five (~~30~~25) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in section 29.10.090.

[…]

DIVISION 3. – HR OR HILLSIDE RESIDENTIAL ZONE

[…]

Sec. 29.40.275. - Height.

The maximum height of any principal building in an HR zone is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is ~~thirty~~ twenty-five (~~30~~25) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in section 29.10.090.

[…]

DIVISION 4. R-1 OR SINGLE-FAMILY RESIDENTIAL ZONE

[…]

Sec. 29.40.410. Height.

The maximum height of any principal building in a R-1 or single-family residential zone is thirty (30) feet. For properties located within the Hillside Area, the maximum height of any principal building is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is thirty (30) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in section 29.10.090.

[…]

DIVISION 7. R-1D OR SINGLE-FAMILY RESIDENTIAL DOWNTOWN ZONE

[…]

Sec. 29.40.745. Height.

The maximum height of any building in a R-1D or single-family residential downtown zone is thirty (30) feet. For properties located within the Hillside Area, the maximum height of any principal building is eighteen (18) feet unless a Visibility Analysis is provided pursuant to Chapter II, Section B of the Town's Hillside Development Standards and Guidelines, demonstrating that the proposed building(s) is not visible from any of the Town's established viewing platforms, in which case the maximum height is thirty (30) feet. The height shall be measured as provided in section 29.40.045 and is subject to the exception listed in section 29.10.090.

[…]

A P P E A R A N C E S:

Los Gatos Planning Commissioners:	Kendra Burch, Chair Jeffrey Barnett, Vice Chair Adam Mayer Joseph Sordi Rob Stump Emily Thomas
Community Development Director:	Joel Paulson
Town Attorney:	Gabrielle Whelan
Transcribed by:	Vicki L. Blandin (619) 541-3405

P R O C E E D I N G S:

CHAIR BURCH: We will now move on to Item 4, forward a recommendation to the Town Council on an ordinance amending Chapter 29, Zoning Regulations, of the Town Code regarding Objective Design Standards for single-family and two-family residential dwelling units and second story additions.

The proposed amendments to the Town Code are not subject to CEQA pursuant to CEQA Section 15061(b)(3), because it can be seen with certainty that they do not significantly affect the physical environment and that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and second story additions.

Town Code Amendment Application A-26-003. The project location is Town Wide. The Applicant is the Town of Los Gatos. Mr. Safty, will you be giving us the Staff Report this evening?

RYAN SAFTY: I sure will. Thank you, and good evening, Commissioners. Before you this evening is a proposed new ordinance amending Chapter 29 of the Town Code regarding new Objective Design Standards for single- and two-family residential projects and second story additions.

A little background to why we're here. Back in 2021 Senate Bill 9 was first adopted, which required administerial approval to two-unit housing developments and urban lot splits on single-family zoned properties.

Previously, SB 9 allowed jurisdictions to adopt Objective Design Standards specific to those SB 9 applications, so long as they would not preclude the construction of two 800 square-foot units.

As SB 9 allowed reduced side and rear setbacks of 4' and no discretionary review, the Town previously had adopted a fair amount of Objective Design Standards specific to SB 9 units in an attempt to protect neighbor privacy, to somewhat control neighborhood massing, and enforce some of the Town's Design Guidelines.

However, in 2025, Senate Bill 450 was adopted, which updated the allowances of SB 9. The most impactful is that the Town is now prohibited from applying specific Objective Design Standards for SB 9 projects that do not already apply uniformly to the development in the underlying zoning district for all application types. Essentially, if that rule doesn't exist for an Architecture and Site Application, it can't exist for an SB 9 application.

As a result, many of the Town's existing SB 9 design standards are no longer enforceable, and I've provided a strike-out of our current ordinance in Exhibit 2; you'll see essentially every design standard is gone right now.

Based on research done on other neighboring jurisdictions, along with some feedback from the design community via a meeting we held, as well as the public just during these last five years, Staff is recommending the creation of new Objective Design Standards to be applicable across the board for all new single-family and two-family projects as well as second story additions.

The majority of these new design standards stem from the Town's existing SB 9 Ordinance, as well as our existing Design Guidelines. As noted in the Staff Report and the Draft Ordinance in Exhibit 5, ministerial SB 9 applications would be required to comply with all these new requirements with no exception process. So, essentially, you meet everything listed here via SB 9, you can build via SB 9. The applicants proposing a new house via Architecture and Site Application can simply request an exception to any of these new standards.

Essentially, the exception process would be tied to…the findings to be made would be whether or not the

project is compatible with our Residential Design Guidelines, so what we're used to seeing. Essentially, the thought is not to really change the Architecture and Site process.

As with any new ordinance, Town Council is required. Tonight the Planning Commission is simply reviewing and forwarding a recommendation on to the Town Council.

This concludes Staff's presentation. I'm happy to answer any questions. Let me know how I can help.

CHAIR BURCH: Thank you. Commissioner Stump.

COMMISSIONER STUMP: I just want to ask about process. I realize we may be doing a page turn. I've got some specific questions that dive back into the Staff Report but may overlap into the page turn, so I just wanted to ask you, Chair, how you would like to handle that?

CHAIR BURCH: Great question, thank you. My intent had been, yes, questions of Staff now, Staff Report, and if they overlap, they overlap, Commissioner Stump, and then yes, I was going to just recommend that we go section-by-section or page-by-page and see if there are some specifics in here, but if you've got questions of the Staff Report and they overlap, we'll just deal with it. Go ahead.

COMMISSIONER STUMP: First I just want to compliment you on great work. This is very tedious, and yet it's something that is really needed, and I realize it's somewhat mandatory and we need to make sure that we're clear with our Objective Standards and that we can stand behind them.

On page 3 of the Staff Report it states that Staff met with the local architect and the design community to discuss changes to the State law. I'm just interested, how much of their feedback—and it may be a difficult thing for you to respond to, but obviously it's great that we talked to them—what of their feedback made it into some of these changes?

RYAN SAFTY: Thank you for that question. I will admit this is probably going to be an evolving process. We did actually get some public comment right after the cutoff from one of the members of the architect community that we met with.

Essentially, the feedback was, as you would expect, don't create new standards. So, we can't not do that, but then it was they're giving us kind of their overview of how they've seen other jurisdictions work with these standards, and it's that less is more.

The jurisdictions are trying to really limit design, architectural style, porch depths, gable widths; those are just really getting super tedious and it's really challenging for the architects.

They also made it very clear that if there is going to be a new standard, they love the options for compliance versus the one standard. So, we did, on both of the "new" standards we created that's really tied to the second story windows and the decks; those both have compliance options. We tried to at least give them those options that they asked for, but like you mentioned, we have a need to create some standards, so this felt like a nice middle ground where, unlike some of the other jurisdictions, we didn't go and recreate the wheel, but we're still trying to protect privacy that the community and Los Gatos is used to seeing.

COMMISSIONER STUMP: I have two more questions, but feel free to cycle me in and cycle me out if others have questions as well.

CHAIR BURCH: Does anyone else a question really quick?

COMMISSIONER THOMAS: I just had a question about process, and that was do we need to make a motion when

we're ready, just to clarify how we're going to move forward with it.

ATTORNEY WHELAN: I recommend that the Commission ask all its questions, and then once the questions have been answered, then someone make a motion, and then discussion can follow the motion.

CHAIR BURCH: I'll go Vice Chair, Commissioner Sordi, and then back to Commissioner Stump.

VICE CHAIR BARNETT: I only had one question and it relates to page 137, if I could trouble you to go there. Section 29.40.095(1)(b) offers two options for screening, which to me seemed inconsistent. So (b)(i) allows a 6' solid or opaque privacy wall, but Item 2 requires a 6' fence plus 1' lattice of 7' total, and landscaped screening, including trees at least 6' high at the time of planting and screening, and additional shrubs. My question is why is it so onerous as an option, the second option?

RYAN SAFTY: Thank you for that question. The first option, Option (i), is actually a… Imagine a railing on the deck that's solid and 6' tall, while the other one is a property line fence. Does that make sense? So, a second story deck where you've got a 6' wall and there is no way you can look through that neighbor's property. The other one is down on the property line.

VICE CHAIR BARNETT: I see, okay. I didn't see that distinction, but now it's clear. Thank you.

CHAIR BURCH: Commissioner Sordi.

COMMISSIONER SORDI: Back to general type questions. I know our Residential Design Guidelines are a little on the old side, and in many instances subjective, and I guess my question is I understand this is a little bit apples and oranges, because the design standards are an ordinance, and the Design Guidelines are guidelines, but my specific question is, is there any amendment or repeal or anything happening to the Residential Design Guidelines? Is it affected in any way for all practical purposes?

RYAN SAFTY: Not a part of this process, no. I am not aware of any other reason to why we're amending these Design Guidelines.

COMMISSIONER SORDI: And then a quick follow-up on that. I noticed, if I read the Staff Report right, that there are some Residential Design Guidelines, and maybe even Hillside Standard Design Guidelines, that are being copied into this ordinance. 311.2, 38.4, and 3.3.3 are the ones I picked up on. Is that true, and is that because they're just really good Objective Standards?

RYAN SAFTY: Currently, they're Design Guidelines, and so currently they cannot be enforced on

these SB 9 projects unless they are objectified into Town Code. There are two options. We could take our Design Guidelines and put everything into Town Code, but that didn't seem appropriate if you look at everything in our Design Guidelines, so we took the ones that we felt were important and that we wanted to apply to all of these ministerial projects.

COMMISSIONER SORDI: Thank you.

CHAIR BURCH: Commissioner Stump.

COMMISSIONER STUMP: One page 4 there is a discussion on neighborhood privacy, and boy, do we get a lot of questions about privacy. My general question is related to porches, patios, decks, and balconies, and there were a couple of other items. In general, how will the new Objective Design Standards better protect privacy? What are we building in?

RYAN SAFTY: I'm almost hesitant to say this right now, but to let you know what SB 9 currently allows is a two-story building right at the 4' side and rear property line with a deck as big as you want, with as many windows as big as you want, and we've got neighbors coming in crying foul, and we have to tell them sorry. So, this is we need to get something in place to protect them. To

answer the question, there is nothing currently. This is something.

COMMISSIONER STUMP: But what is being put into the new ordinance will?

RYAN SAFTY: Yes, so the "something" that we're proposing, all these new standards would be applicable to SB 9 projects, yes.

COMMISSIONER STUMP: Thank you.

CHAIR BURCH: Commissioner Thomas.

COMMISSIONER THOMAS: Just to clarify, follow-up with that, they're applicable to any project that is a single-family?

RYAN SAFTY: Part of the challenge with SB 450 is we can only make a rule for SB 9 if that rule applies to everybody else, every application type, and that is why we have that exception process, so that the current people going through the Architecture and Site process aren't having to change everything they're doing.

COMMISSIONER THOMAS: Right now, we do have these guidelines, and just as an example right now, like earlier, there was some zoning stuff too, but mainly it was about Residential Design Guidelines with regard to privacy, so this actually codifies some privacy for everyone, correct?

RYAN SAFTY: Correct, and again, we would still use all the Residential Design Guidelines and all the Hillside Design Guidelines for those discretionary applications in addition to these codified Objective Design Standards.

COMMISSIONER THOMAS: Just a question about process. If someone has a current application that is being processed, and changes are made to Town Code, is it when they put in their application, or is it when… Where are they locked in, I guess is my question?

ATTORNEY WHELAN: From my perspective, it depends when they vested, and so it would depend on if they were an SB 330 or if they were seeking a Vesting Tentative Map, and if they haven't vested to existing standards, then they'll be subject to new standards as they come online.

COMMISSIONER THOMAS: What about just generic or (inaudible) applications?

ATTORNEY WHELAN: In my opinion, they haven't vested until they've obtained a Building Permit and performed substantial work and reliance on that Building Permit.

COMMISSIONER THOMAS: So, then I want to make a statement that knowing that some changes are likely to come online in the middle of some of these projects, it might be

helpful to make sure that in the Staff Reports in the process if people… I don't know if there's a way for us to avoid all of a sudden triggering a bunch of new projects coming to the Planning Commission just because of a couple of exceptions if they're already so far in the process and they've been processed with Staff.

RYAN SAFTY: Just to clarify one thing. Not all Architecture and Site Applications come to the Planning Commission. In fact, I think most go to the DRC, so Staff is not anticipating an influx of Planning Commission Staff Reports based on this.

DIRECTOR PAULSON: In addition, through the Chair, we'll still have our standard Architecture and Site process, so anyone who is in that process, we look at all the Subjective Standards. They'll have these new Objective Standards, but as was stated previously, there will be an exception process, but they're already in the A&S process. This is really going to be something we'll have to look at with SB 9 applications that are submitted or in process prior to any new code going into effect.

COMMISSIONER THOMAS: Thank you. I just didn't want you guys to all of a sudden have to do a bunch of additional Staff Reports and have a bunch of additional meetings just because (inaudible), but if there is the

discretion to be able to push those along that are farther in the process, it's good news.

CHAIR BURCH: Commissioner Sordi.

COMMISSIONER SORDI: Just another clarifying question about process. It just occurred to me we never see SB 9 applications, because they're ministerial. I guess my first question is do they automatically go through the same… Like, do they get sent out to Cannon Design Group or comment letters or anything like that? They don't. They don't go through that process at all.

So, the process is going to continue to be different. For example, for single-family homes that make it to us, we almost always see a letter from Cannon. Is this changing that process in any way, or it would still be the same?

RYAN SAFTY: It will continue happening. In fact, you'd essentially rely more on Cannon's letter if the findings for an exception are compliance with the Residential Design Guidelines. There is no plan to change what we do with our consultant for these discretionary applications.

COMMISSIONER SORDI: So, the way we process the single-family residence is not always going to be the exact way we process SB 9, it just so happens that we're

tightening up the Objective Standards and that's it; the process is still very different.

RYAN SAFTY: It really depends on the process the Applicant chooses to go through.

DIRECTOR PAULSON: Through the Chair. Think about it as SB 9s are basically a Building Permit, so we don't go through Cannon, we don't go through all of the other external stuff we do for Architecture and Site. We just have a planning process before you go, because with many other jurisdictions SB 9 just goes straight to Building Permits, and so we're trying to build in some standards that need to apply now to other single-family homes that still have the option to go through discretionary review, so SB 9 is kind of its own animal, and we're trying to create some opportunity to address impacts that we're hearing about often, such as privacy.

CHAIR BURCH: Commissioner Stump.

COMMISSIONER STUMP: Thank you. This is a follow-up to Vice Chair Barnett's inquiry about Section 29.40.095 at the bottom of page 6 of the Staff Report. I knew exactly what he was talking about. There is this solid or opaque privacy wall of at least 6', and I understand that's attached to a deck. Then the other is a 6' solid fence with a 1' lattice on top. How does this apply in the hillside?

How does this particular portion of the code apply in the hillside?

RYAN SAFTY: That is the thing with options at the end of the day. Right now, all options are going to work for every single project. Planning Manager, correct me if I'm wrong, but yes, I don't believe every hillside project would be able to meet this. There are rules on if you're over an acre I believe you have to do wildlife-friendly fencing, so then Option (ii) would work for you, and you'd have to do the other option or you'd have to submit an Architecture and Site Application.

COMMISSIONER STUMP: I would even say with privacy screening, because you may live in a bloody forest up on the hillside, and then they're being told now you have to plant all these trees, and so I'm assuming there is going to be some amount of just discretion used as it relates to hillside.

SEAN MULLIN: You make the good point. The catch here is if they choose to take advantage of the privileges that the State has provided through SB 9, then they would need to comply with the Town's objective code. If they were vehemently against that, they can choose to go through the Architecture and Site process. So, we're not saying no, we're not putting up a barrier to anything, we're just

being consistent across the board. If they want the Town's Staff and potentially hearing body to have the ability to operate with some discretion and consider site-specific unique situations where this doesn't make sense, then the Architecture and Site process would allow them that opportunity, whereas if you're taking advantage of SB 9, you have to do this.

COMMISSIONER STUMP: By the way, that explanation was very helpful. Thank you.

CHAIR BURCH: Any further questions of Staff? Vice Chair Barnett.

VICE CHAIR BARNETT: Can you remind me what the second-floor setback is? I thought I saw 8'.

RYAN SAFTY: We're proposing 8', correct, from the side and rear.

VICE CHAIR BARNETT: And that would apply to second stories on SB 9 units?

RYAN SAFTY: Across the board. That would mean if you're trying to build a two-story SB 9 unit, you're either kicking the whole building out 8' from the side and rear property line, or you have that 4' substantial setback of your second story.

VICE CHAIR BARNETT: Okay, I think I understand that.

CHAIR BURCH: Any further questions of Staff? The last time we went through an ordinance, I just went section-by-section. I want to double check, knowing that that's then internal discussion on this, does somebody need to make a motion and then we launch into that?

DIRECTOR PAULSON: Through the Chair, before we get that far, maybe we should see if anyone wants to speak on the item.

CHAIR BURCH: I will. I just was organizing myself here a little bit before we jump on into that. Am I planning that accurately though?

ATTORNEY WHELAN: Yes. The motion could be to recommend that the Town Council introduce the ordinance, and then as you go through it, you may want to note changes that you would recommend.

CHAIR BURCH: Okay. Making notes for myself as we get there. All right, so opening the public portion of the hearing, I do not have any speaker cards for this item. Is there anyone on Zoom, Mr. Paulson?

DIRECTOR PAULSON: There is, but no hands are raised.

CHAIR BURCH: To the person on Zoom, if you are interested in speaking on this topic, could you please raise your hand. They may just be listening. All right.

DIRECTOR PAULSON: Chair, we do have a hand raised now.

CHAIR BURCH: Okay.

DIRECTOR PAULSON: Rebecca.

CHAIR BURCH: Rebecca. Thank you. Rebecca, can you hear us?

REBECCA POLLARD: Yes, I can hear you. Thank you. Rebecca Pollard here, representing Terry Martin Architects. I just wanted to say I really appreciate the efforts that Los Gatos and the Planning Department have gone to to loop in the local design community. Obviously, I can't speak for everyone, but I do feel very heard. The summary set of our general objections and points was well made. I am very interested to see how smoothly this transition goes, and I wanted to thank you for going through this process and am excited to see where it goes.

CHAIR BURCH: All right, thank you. Are there any questions for the speaker? Seeing none, thank you. I do not believe that there are any other speakers on this topic, so I will close the public part of this particular item, and if I understood properly, someone needs to venture a motion. Commissioner Stump.

COMMISSIONER STUMP: I move that the Planning Commission forward a recommendation to the Town Council on

an ordinance amending Chapter 29, Zoning Regulations, of the Town Code regarding Objective Design Standards for single-family and two-family residential dwelling units and second story additions.

The proposed amendments to the Town Council are not subject to CEQA pursuant to CEQA Section 15061(b)(3) because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and second story additions.

Project location: Town wide. Applicant: Town of Los Gatos.

Findings: I can make the required finding that the proposed amendments are not subject to CEQA review pursuant to CEQA Section 15061(b)(3) because it can be seen with certainty that they will not significantly affect the physical environment in that they make minor changes to the regulations and design review process applicable to new single-family and two-family residential dwelling units and second story additions.

I can also make the required findings that the amendments to Chapter 29 of the Town Code regarding these new Objective Design Standards applicable to new single-

family and two-family residential dwelling units and second story additions are consistent with the General Plan.

CHAIR BURCH: Thank you. Is there a second? Commissioner Thomas, go ahead.

COMMISSIONER THOMAS: I'll second the motion.

CHAIR BURCH: All right, so let's move into discussion. My intention, as I said earlier is to go through this section-by-section, as we've done on previous similar topics. I would ask, I guess, as we go into a section, anyone who has comments or questions in that section, raise your hand, and then I will just go down the row. That way, I want to make this orderly for Staff, unless there is a way that you would rather we do this.

RYAN SAFTY: Just to clarify, we're going through Exhibit 5 or the Staff Report? Staff's preference would probably be Exhibit 5, if you don't mind.

CHAIR BURCH: I was going through Exhibit 5, yes. Sorry, I should have said that. I guess I was going to quickly ask, obviously, there is a section that a number of items have been lined out, as Mr. Safty had said before. Are there any questions about *that* particular section in Exhibit 4 before I jump into Exhibit 5? Okay, I didn't think so. All right, so I will jump into Exhibit 5, Section

29.10.020: Definitions. Does anyone have any comments or questions on this particular section? None.

All right, 29.40.070: Projections Allowed Into Yards. Any questions or comments on this section? All right.

29.40.170: Development Standards. Are there any questions or comments on this section? All right.

SEAN MULLIN: Through the Chair, I think you skipped a few sections. I think the next section would be 29.40.080: Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units and Second Story Additions.

CHAIR BURCH: Okay, then I'm going to take a second, because I'm going to hope I didn't accidently print the wrong… You're right, so 29.40.080: Objective Design Standards for New Single-Family and Two-Family Residential Dwelling Units, and then in Subsection 29.40.085: Purpose and Applicability. Are there any comments? Commissioner Stump.

COMMISSIONER STUMP: Not a comment, but a question, and maybe I was having a bad day, but under Ministerial Applications I just did not understand this section completely, especially when it says, "except to the extent that State law requires minimum unit sizes of 800

square feet." I don't even know how to begin to ask my question about not understanding it.

RYAN SAFTY: Why don't I offer to summarize what the intent is and what it's saying? Again, it's stating that for Ministerial applications you have to comply with every single one of these standards. That second line of the sentence, that caveat, is essentially just what SB 9 says, that if any of these standards are going to say you can't build two 800 square-foot units, we have to make exceptions to these standards just to make sure we comply with SB 9.

COMMISSIONER STUMP: Thank you.

CHAIR BURCH: All right, 29.40.090: Objective Design Standards-Site Planning and Architectural Details. Are there any questions or comments on this section? Commissioner Thomas.

COMMISSIONER THOMAS: Thank you. So, this is applied to all new residential dwelling units and second story additions, but… I'm sorry, I originally read it and I thought it was only to like two-story things, the way it was originally written, and I was very confused why it would be that, but never mind.

CHAIR BURCH: I do have a quick question on the mechanical equipment screening. Is there another section somewhere that talks about what those materials would be?

RYAN SAFTY: There isn't, but that can be part of your recommendation. Just for clarity, that's standard… It's been in our ordinance for a little bit now. It came out of a Town Council request.

CHAIR BURCH: I've brought it up before actually.

RYAN SAFTY: Yes, so if you wanted to recommend some specifications, Staff is happy to take those.

CHAIR BURCH: Yes, I guess I would. I think we've all seen where they've used like the green construction fencing or something, a material like that, around mechanical screens, which breaks down through weather and wind. I would advise against a material that is subject to that kind of breakdown through weather, and I would perhaps write something that the materials used are sensitive to the materials on the base building, because I've also seen where somebody just put a sheet metal, bright, shiny thing around it and called it a mechanical screen, and it was worse than the equipment.

DIRECTOR PAULSON: Just for clarification, you're looking at number (5) here?

CHAIR BURCH: Correct.

DIRECTOR PAULSON: It says it has to be either out of view behind a building or with a solid fence. I think it's also—and I don't think you're trying to mix up the two—but we run into this issue more often on the commercial side where we're talking about rooftops. Typically, in the residential setting we're not seeing that for single-family and two-family homes, so I'd be interested…

CHAIR BURCH: I have. I guess I'm bringing it up because I spend a lot of time working in a city on the East Bay, and recently I saw a few things.

DIRECTOR PAULSON: Well, let's not bring those ideas to the Town.

CHAIR BURCH: So, I don't know, I guess I was just trying to put in like a safety guard that if you're going to go an inexpensive way of adding a unit, sometimes they do like a subset, like a sunken roof or something that, we just make sure it's not a material that's going to be materials broken down by weather. Commissioner Thomas.

COMMISSIONER THOMAS: I propose that because this is specifically for residential that we just propose that behind a building or solid fence of material already in on that plane, I don't know, something more specific, but like a material that is already being used on that property.

SEAN MULLIN: Through the Chair, the comment is taken and we will take a look at what… We also have to be careful about making sure that it is objective, so we'll take a look at that and draft something appropriate.

CHAIR BURCH: Okay. Anything else on that section? Then let's go to 29.40.095: Massing and Privacy. Any questions? Commissioner Stump.

COMMISSIONER STUMP: I do have a question on (1)b, and it talks about rear property line 10' from any other property lines. I'm assuming, is that side setbacks too, 10'?

RYAN SAFTY: Yes. It's going to be 20' from the rear, 10' from any other. There are going to be certain instances with SB 9 flag lots where you're front setback is 4', and so every time you see essentially a provision saying in no case shall it be closer than 6' from a property line, 10' from a property line, a lot of times those are for these flag lots being created via SB 9.

COMMISSIONER STUMP: Do we expect to get more exemptions requested because of this, particularly in R-1:8? I mean, I'm thinking about Loma Alta, and they're trying to build literally on the fenceline, just about, with 4' setbacks and that sort of thing, so we're really

now going to say that's a 10' setback? I'm just looking for the yes, no.

DIRECTOR PAULSON: This is specific to porches, patios, decks, platforms and other.

COMMISSIONER STUMP: Oh, it still is. Okay, I'm sorry.

DIRECTOR PAULSON: And this specific section is when they're 4' or above, so it's not the actual house. The house is going to be 4'.

COMMISSIONER STUMP: Got it. Great. Thank you. Missed that one.

CHAIR BURCH: Are there any other questions or comments for this section, Massing and Privacy? All right, I will move to 29.40.100: Exceptions (Findings and Considerations). Any questions or comments? Commissioner Thomas.

COMMISSIONER THOMAS: I'm sorry, I missed the last part, the two-story articulation. There is obviously a-through-h, and not to put Commissioner Mayer on the spot, but I feel like this is an architectural detail thing that when I was reading through I was like… Do you feel like this gets covered appropriately?

RYAN SAFTY: Just to clarify, it's verbatim from the Residential Design Guidelines. Staff didn't make this

one up, but I'm still happy to hear what Commissioner Mayer has to say.

COMMISSIONER MAYER: Yes.

COMMISSIONER THOMAS: Okay, perfect. Thank you.

COMMISSIONER MAYER: I'm glad you did pull from the Residential Design Guidelines, because I think those are effective and good for the Town. I know they've been around a while, but they're more subjective, I guess, than objective, and so trying to merge the two in some way I know is a challenge, so it's good we're going through this right now.

CHAIR BURCH: Agreed. Thank you. Anything else on these sections? If not, I will go to 29.40.170: Development Standards, Subsection (a), Height. Any questions or comments on height? Commissioner Stump.

COMMISSIONER STUMP: Excuse me, were you taking it for Division 2, Division 3, and Division 4 at the same time?

CHAIR BURCH: No, actually. Thank you for clarifying; I wasn't. I was going to go section-by-section just in case, so 29.40.170. Right? Section 29,40.275: Height. All right, Commissioner Stump.

COMMISSIONER STUMP: That would be me. The question that I have, and again, it's just out of interest.

The height in the hillside has been reduced from 30' to 25', while in residential zoning areas I'm assuming it remains at 30'. What's the reason for bringing it down to 25' in the hillside? I can guess, but what's the rationale?

RYAN SAFTY: The Hillside Design Guidelines actually limit buildings in any property within that purview to 25' in height. It's been a challenge for Staff for some time to explain to somebody that even though the zone says 30', you're limited to 25' and have to get an exception for it. So, essentially everything in all of these divisions is saying if you're in the Hillside Overlay, you've still got to meet this visibility analysis and these height restrictions, which is what we already do to these properties. The problem is it's not objectified, so SB 9 has been getting around it.

COMMISSIONER STUMP: So, this is somewhat cleaning that up, cleaning an issue up?

RYAN SAFTY: Yes, this is more of a cleanup than a new standard.

COMMISSIONER STUMP: Thank you.

DIRECTOR PAULSON: I'll just add that technically it's a cleanup, because we're aligning the Hillside Guidelines for the hillside area. It's been helpful in a handful of cases where an existing home is 30' and they

want to do an addition, and so they come through for an exception rather than now, with these changes, they are likely to have to go through a variance application.

CHAIR BURCH: That's good to know. Section 29.40.410: Height, single-family residential zone. And the last section is 29.40.745: Height, downtown zone. Are there any questions or comments?

Are there any discussion points by anyone over anything that we did not already touch on? All right, we have a motion and a second on the table. Is there anyone that wishes to make a second motion? All right, go ahead, Commissioner Thomas.

COMMISSIONER THOMAS: I do just have a question about for Division 3 and Division 4. It's repetitive a little bit, or redundant, I guess I should say, but it's worded the opposite. Is there a reason for that, or did that just happen?

RYAN SAFTY: Every single HR property is in the Hillside Design Guidelines. Not every single R-1 property is in that hillside area, so that was why, so we had to say in the properties like R-1 and R-1D, it's four properties located in the hillside area, then you meet this. All RC and HR properties are in the Hillside Design Guidelines, so

we didn't have to put that caveat of if you're in the hillside area.

COMMISSIONER THOMAS: Thank you for that clarification. I thought that the first one said that it's 25 unless you're…and then the other way was written the other way, but it's not. Thank you.

CHAIR BURCH: Vice Chair Barnett.

VICE CHAIR BARNETT: I understand Staff has taken note of the recommendation regarding the mechanical equipment material being durable, but is that appropriate for us to include in the motion?

SEAN MULLIN: Yes, I think you could amend the motion just to recognize that was the one recommendation we got out of this, and we would forward that to the Town Council, and then Staff would suggest some language, because something like "durable," that's where the caution comes in; that's not objective. So, we'll come up with a measure that addresses that.

CHAIR BURCH: Okay.

VICE CHAIR BARNETT: Okay, so I'd like to propose that as an amendment.

CHAIR BURCH: Okay, the Maker of the Motion?

COMMISSIONER STUMP: That's certainly acceptable.

CHAIR BURCH: All right, and the Seconder of the Motion?

COMMISSIONER THOMAS: Yes. I'm really sorry though. I understand it's my first day of school, and thank you for bearing with me. So, for the height for the second one, it says in which case the height is 30', but should it be 25', because those are properties within the hillside area? Or am I really confused about this?

RYAN SAFTY: You're right. Thank you so much for making that catch.

COMMISSIONER THOMAS: No problem. I thought I was… Okay, thank you.

CHAIR BURCH: No, good catch. All right, is there any further discussion?

COMMISSIONER THOMAS: The last one also says 30' too, but it should be 25'.

CHAIR BURCH: I'll ask Staff to check the numbers.

COMMISSIONER THOMAS: Okay, perfect.

RYAN SAFTY: We've got both those noted. Thank you so much.

COMMISSIONER THOMAS: Thank you. And I obviously, a friendly amendment, and then I second.

COMMISSIONER STUMP: And again, just to confirm, Sections 29.40.410 and 29.40.745 are being changed from 30' to 25' in both cases.

CHAIR BURCH: Correct.

COMMISSIONER STUMP: Thank you.

CHAIR BURCH: Anything else? Great. I'm going to call the question. All in favor?

COMMISSIONER THOMAS: Sorry, I think that we should make sure… Well, we're just forwarding a recommendation?

CHAIR BURCH: Correct.

COMMISSIONER THOMAS: I was just going to say I didn't know if we needed to go back to the findings and make sure that they go with everything.

ATTORNEY WHELAN: The findings really only are important for the quasi-adjudicatory decisions like the appeals.

COMMISSIONER THOMAS: Okay. Thank you for clarifying that.

CHAIR BURCH: Okay, perfect. So, I'm going to do it again. I'm going to call the question. All in favor? All right, passes unanimously. Thank you, and since this is a recommendation, there are no appeals.

(END)

August 12, 2026

Process:

For projects that are proceeding under a ministerial process, does it mean the application can be submitted to building department directly with all the engineering calculations. Or does it still go thru a 30-days planning ministerial review? Compare to conventional architectural and site review what steps/timing are different? Story pole and public hearing? And do we still have an option for DRC?

Previous SB 9 standards:

Exterior materials – Guidelines for maximum light reflectivity value for properties in the Hillside Area. Does this allow averaging of the LRV among all surfaces, or all surfaces have to be below the LRV?

Second story location – plate height

Instead of restricting the first and second floor plates to be 10ft and 8ft, can we have the options to split the difference (such as 9ft and 9ft or 9'-6" on the first floor and 8'-6" on the second floor)? That way home owners can have options to have 7 or 8ft door and window head height on both floors. This will also help with the building proportion and also the privacy window sill requirement.

Design Guidelines Added:

Site Grading:

Site grading is limited to footprint of the house, driveway, parking and vehicular turnaround areas. Can this also include a min 5ft walkway around the house for egress and access? For houses without patios, there needs to be a walkway connecting all the exit doors for egress and fire access. So restricting the grading to just driveway and house footprint doesn't seem to be enough for min safety.

Two-story Articulation

In addition to the architectural features: would it be possible to allow for two story height wall if it's less than a certain width? For example say less than a certain percentage (25%) or a certain width (say 6ft) of the building façade. Often we have stair element on the exterior wall that has two-story walls. Also to clarify, can 6 inches be enough to be considered as stepping back the wall plane?

Again appreciate everyone’s effort on this. Hope these notes/suggestions are helpful.

-Jessie Delucchi

Attn: Planning Commission Members & Planning Staff

I'd like to provide some feedback to the Town regarding the proposed changes to the Objective Design Standards for single and two family dwelling unit developments. We understand that the state laws have been changing rapidly, and new rulings from courts have required even more changes. We also understand that this is a process that must encompass and create solutions that both work for the our unique community, and at the same time satisfy the borage of state laws in a lasting way.

For the most part, we applaud these efforts and the way the new rules clarify the new process, and provide optional paths depending on the priorities of the project, and options to choose from for most objective design standard. We have a just a couple caveats that we'd like you to reconsider.

The proposed objective standard the requires only an 8 foot wall plate on the second floor is not a good standard for a number of reasons. In the last 30 years of designing homes both in the R-1 districts and the hillside, the minimum plate we have ever proposed is 9 feet. And this is for a very simple reason. All new homes have 8 foot doors. That is an industry standard for the quality and caliber of homes that the residents of Los Gatos would expect. With a small header and double top plates, the minimum plate is 9 feet. Palo Alto and Cupertino do not have this rule, nor should Los Gatos.

The other item that I think we come against all the time, is the requirement to have ALL two story wall planes broken up with some kind of decoration, with primarily architecture-dictating elements. This rule is also part of the residential design guidelines. While I understand the necessity to address plain tall walls, we have many beautiful older homes in our existing neighborhoods that do not have one of these features. What they so well is balance the proportions of a vertical wall plane with the walls that are broken with a roof line. For example, we see homes that often have wood siding, have a two story wall with a gable roof on one side for just 30-40% of the facade. The remaining portion of the house has a deep porch below and a stepped back second story. This is a formula seen often. And none of these other adornments are required to make them attractive. It's more about the propositions and less about breaking up EVERY single two story wall. I see signs of this rule getting out of hand from years of this use being in place. Very chopped up overly complicated elevations that could be so much more attractive without this rule. It's about proportion, not every wall.

Thank you so much for considering these suggestions.

Jaclyn Greenmyer
Kohlsaat & Associates

TOWN OF LOS GATOS

COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026

ITEM NO: 14

DATE: October 15, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Consider a Recommendation of Approval by the Planning Commission to Adopt a Resolution Amending the North Forty Specific Plan to Allow for a Senior Living Facility to be Authorized as a Permitted Use in the Northern District on Properties Zoned North Forty Specific Plan and North Forty Specific Plan: Housing Element Overlay Zone. Project Location: North Forty Specific Plan Area. North Forty Specific Plan Amendment Application A-26-002. Not Subject to CEQA Review Pursuant to CEQA Guidelines Section 15061 (b)(3) Because it Can Be Seen with Certainty That There Is No Possibility That the Amendment to the Specific Plan Would Have a Significant Effect on the Environment. All Projects to which the Specific Plan Applies Will Undergo Separate CEQA Review and Approval. Additionally, the Town Council Certified an Environmental Impact Report and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; Therefore, No Additional Environmental Review is Necessary for the Proposed Amendment. Property Owner: Tama Holdings LLC. Applicant: Jared Gamelin. Project Planner: Jocelyn Shoopman.**

RECOMMENDATION: Accept the Planning Commission's recommendation and adopt the Resolution amending the North Forty Specific Plan to allow for a senior living facility to be authorized as a permitted use in the Northern District.

FISCAL IMPACT:

There is no fiscal impact associated with this action. Adopting the Resolution would not in itself result in an impact on the Town's budget.

PREPARED BY: Jocelyn Shoopman
Senior Planner

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

STRATEGIC PRIORITY:

The amendment to the North Forty Specific Plan (NF-SP) regarding allowing for a senior living facility to be authorized as a permitted use in the Northern District supports the Town's core goal of Community Character and the strategic priority to preserve the Town's small-town charm and provide a range of housing opportunities, while diligently maintaining and implementing the Housing Element.

BACKGROUND:

The NF-SP Area is approximately 44 acres and is bound by Highway 85 to the north, Lark Avenue to the south, Highway 17 to the west, and Los Gatos Boulevard to the east.

The Town Council certified an environmental impact report (EIR) for the NF-SP on January 20, 2015. The NF-SP was adopted by the Town Council on June 17, 2015.

On August 1, 2017, the Town Council approved Phase I of the NF-SP, which included the construction of 320 residential units, of which 50 were affordable senior units; approximately 66,800 square feet of commercial floor area; on-site and off-site improvements; and a vesting tentative map.

On September 4, 2018, the Town Council adopted Resolution 2018-044 approving amendments to the NF-SP (Exhibit 8 of Attachment 3).

On January 13, 2026, the Town Council approved Phase II of the NF-SP, which included the construction of 450 residential units, of which 77 are designated as affordable units; approximately 15,074 square feet of commercial space; on-site and off-site improvements; and a vesting tentative map.

On September 23, 2026, the Planning Commission unanimously voted to recommend to the Town Council approval of the proposed amendment to the NF-SP (Attachments 3 and 4).

DISCUSSION:

A. Location and Surrounding Neighborhood

The subject properties requesting amendment of the NF-SP are located at 16245 Burton Road and APN 424-06-116 and are located within the Northern District of the NF-SP, on north side of Burton Road (Attachment 3). The subject property is comprised of two separate parcels for an approximate combined total of 50,965 square feet. The proposed amendment to the NF-SP would apply throughout the Northern District of the NF-SP and would not be limited to the subject properties.

B. Zoning Compliance

The Zoning Ordinance is the primary document that implements the General Plan. It provides regulations regarding permitted land uses, development standards, and the development entitlement process for parcels of land in the Town of Los Gatos. The NF-SP is also a regulatory document that provides development regulations. The requirements of the NF-SP supplement and in some cases supersede the Zoning Ordinance within the Specific Plan boundary.

Table 2-1 of the NF-SP provides specific direction on permitted and conditionally permitted uses for each of three districts in the NF-SP. Uses not listed in Table 2-1 are prohibited. Presently, a senior living facility is not listed in Table 2-1, meaning that the use is not allowed.

C. NF-SP Analysis

The applicant proposes to amend Table 2-1 of the NF-SP to add a senior living facility as a permitted use in the Northern District. The applicant's letter of justification states that the allowance of a senior living facility as a permitted use in the Northern District of the NF-SP will provide benefits to the Town by contributing to the supply of senior housing and supporting local and state housing objectives by introducing a range of housing options to the aging population (Attachment 3).

Any future development of a senior living facility would require an Architecture and Site application and be subject to the development regulations of the NF-SP.

CONCLUSION:

The applicant is requesting approval to amend Table 2-1, Permitted Land Uses of the NF-SP to add a senior living facility as a permitted use in the Northern District. The applicant is not proposing redevelopment of the site at this time. Adoption of the Draft Resolution (Attachment 2) will approve the proposed amendment to the NF-SP.

COORDINATION:

This report was coordinated with the offices of the Town Manager and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

The proposed amendments are not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval.

Additionally, the Town Council certified an EIR and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; therefore, no additional environmental review is necessary for the proposed amendment. A Notice of Exemption will not be filed.

ATTACHMENTS:

1. Required Findings
2. Draft Resolution with Exhibit A
3. September 23, 2026, Planning Commission Staff Report with Exhibits 1 through 11
4. September 23, 2026, Planning Commission Verbatim Minutes

TOWN COUNCIL – *October 20, 2026*
REQUIRED FINDINGS

North Forty Specific Plan Area
North Forty Specific Plan Amendment Application A-26-002

Adopt a Resolution Amending the North Forty Specific Plan to Allow for a Senior Living Facility to be Authorized as a Permitted Use in the Northern District on Properties Zoned North Forty Specific Plan:Housing Element Overlay Zone. Not Subject to CEQA Review Pursuant to CEQA Guidelines Section 15061 (b)(3) Because it Can Be Seen with Certainty That There Is No Possibility That the Amendment to the Specific Plan Would Have a Significant Effect on the Environment. All Projects to which the Specific Plan Applies Will Undergo Separate CEQA Review and Approval. Additionally, the Town Council Certified an Environmental Impact Report and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; Therefore, No Additional Environmental Review is Necessary for the Proposed Amendment.

Property Owner: Tama Holdings LLC.
Applicant: Jared Gamelin.
Project Location: North Forty Specific Plan Area.
Project Planner: Jocelyn Shoopman.

FINDINGS:

Required finding for CEQA:

- The project is not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval. Additionally, the Town Council certified an EIR and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; therefore, no additional environmental review is necessary for the proposed amendment.

Required consistency with the Town's General Plan:

- That the proposed amendment to the North Forty Specific Plan is consistent with the General Plan and its Elements in that it allows for a senior living facility to be authorized as a permitted use in the Northern District.

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RESOLUTION 2026-xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE NORTH FORTY SPECIFIC PLAN TO ALLOW FOR A SENIOR LIVING FACILITY TO BE AUTHORIZED AS A PERMITTED USE IN THE NORTHERN DISTRICT.

PROJECT LOCATION: NORTH FORTY SPECIFIC PLAN AREA
NORTH FORTY SPECIFIC PLAN AMENDMENT APPLICATION: A-26-002
PROPERTY OWNER: TAMA HOLDINGS LLC
APPLICANT: JARED GAMELIN

WHEREAS, on June 17, 2015, the Town Council adopted the North Forty Specific Plan, providing detailed land use and development guidance for the area bounded by Highway 17 to the west, Los Gatos Boulevard to the east, Lark Avenue to the south and Highway 85 to the north; and

WHEREAS, an Environmental Impact Report was prepared and certified for the North Forty Specific Plan in compliance with the California Environmental Quality Act; and

WHEREAS, on September 4, 2018, the Town Council adopted Resolution 2018-044 approving amendments to the North Forty Specific Plan; and

WHEREAS, on September 23, 2026, the Planning Commission held a public hearing and received testimony from all interested persons who wished to testify or submit documents. The Planning Commission considered all testimony and materials submitted, including the packet of materials contained in the Planning Commission Agenda Report for their meeting on September 23, 2026, along with any and all subsequent reports and materials prepared concerning this application, and forwarded a recommendation of approval to the Town Council; and

WHEREAS, this matter was regularly noticed in conformance with state and Town law and came before the Town Council on October 20, 2026; and

WHEREAS, on October 20, 2026, the Town Council held a public hearing all interested persons who wished to testify or submit documents. The Town Council considered all testimony and materials submitted, including the record of the Planning Commission proceedings and the packet of materials contained in the Council Agenda Report for their meeting on October 20, 2026, along with any and all subsequent reports and materials prepared concerning this application; and

WHEREAS, the Town Council was able to make the findings required to approve the North Forty Specific Plan Amendment application.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos that the proposed amendment to the North Forty Specific Plan, which is attached hereto as Exhibit A and hereby incorporated herein, is adopted and the Town Council does the following:

1. The following findings are made by the Town Council of the Town of Los Gatos. The facts and evidence that support these findings are contained and explained in the record of proceedings for the proposed application, including, without limitation, the staff reports for the Planning Commission and Town Council hearings.

   (A) Finding required for the California Environmental Quality Act (CEQA):

   The proposed amendments are not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval. Additionally, the Town Council certified an Environmental Impact Report and Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015; therefore, no additional environmental review is necessary for the proposed amendment.

   (B) Finding required for consistency with the Town's Applicable General Plan:

   The proposed amendment to the North Forty Specific Plan is consistent with the General Plan and its Elements in that it allows for a senior living facility to be authorized as a permitted use in the Northern District.

BE IT FURTHER RESOLVED, that this Resolution shall take effect 30 days after adoption.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day 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

DRAFT

2.4 PERMITTED LAND USES

The Specific Plan land uses help to create a pedestrian-oriented and interactive environment that is compatible with surrounding neighborhoods as well as provides for on-site uses that are compatible with each other. The Specific Plan specifies the desired mix, as well as the location of land uses. In general, lower intensity shops, offices, and residential land uses are envisioned in the southern portion of the Specific Plan Area. Moving northward, potential land uses transition to mixed-use residential and potential hospitality uses to provide a buffer between primarily residential uses in the southern portion of the Specific Plan Area and the entertainment, restaurant, and shopping uses envisioned in the northern portion of the Specific Plan Area. The Specific Plan establishes two primary land use categories to guide development within the Specific Plan Area. These land uses categories are: (1) non-residential – including retail, office, recreation, community services, restaurants, entertainment, and hotel, and (2) residential – including condominium, cottage cluster/garden cluster housing, live-work flats, multi-family flats, multiplexes, rowhouses and townhomes. Residential development is focused on multi-family housing types and shall be designed to attract the unmet housing needs of the community. Within the Transition District, the Specific Plan encourages the development of residential units over commercial development. It is important to provide an appropriate amount of residential development in the Specific Plan Area to create a sustainable and pedestrian-oriented mixed-use environment. Although residential uses will be an important component to the success of the Specific Plan Area, it will support the predominantly retail and neighborhood serving focus of the Transition and Northern Districts.

2.4.1 Permitted and Conditionally Permitted Uses

Primary uses for each of the three Districts are generally described in Section 2.3, while Table 2-1, below, provides specific direction on permitted (P) and conditionally permitted uses (CUP) for each district. Uses not listed in Table 2-1 are prohibited (refer to the Glossary for definition of uses.)

Conditional Use Permits shall meet the intent of the North 40 Goals, Policies, Vision Statement, and Guiding Principles.

2.4.2 Commercial Uses

Projects proposing new commercial square footage must present the proposal to the Conceptual Development Advisory Committee. The application submittal must include an Economic Impact Study to assess economic competitiveness.

EXHIBIT A

Table 2-1 PERMITTED LAND USES

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
COMMERCIAL				
A.	RETAIL	P	P	P
B.	FORMULA RETAIL BUSINESS	--	P	P
C.	MARKET HALL/ SPECIALTY MARKET	--	P	P
D.	ESTABLISHMENT SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION OFF-PREMISES	CUP	CUP	CUP
E.	ESTABLISHMENT SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION ON PREMISES			
	• IN CONJUNCTION WITH A RESTAURANT	P	P	P
	• WITHOUT FOOD SERVICE (BAR)	--	CUP	CUP

Table 2-1 PERMITTED LAND USES

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
COMMERCIAL (CONTINUED)				
F.	DRIVE-UP WINDOW FOR ANY BUSINESS, EXCLUDING RESTAURANTS	--	--	CUP
G.	SUPER DRUGSTORE	--	--	P
H.	SUPERMARKET	--	--	P
I.	RESTAURANT	P	P	P
J.	PERSONAL SERVICE	P	P	P
K.	OFFICE [1]	P	P	P
L.	HOTEL	--	P	P
M.	FINANCIAL INSTITUTION	P	P	P
N.	SENIOR LIVING FACILITY	--	--	P
RESIDENTIAL				
A.	COTTAGE CLUSTER	CUP	--	--
B.	TOWNHOMES/GARDEN CLUSTER	P	P	--
C.	ROWHOUSES	P	P	--
D.	MULTI-FAMILY	P	P	P [2]
E.	CONDOMINIUMS	P	P	P [2]
F.	LIVE/WORK LOFTS	--	P	P [2]

Note:
1. *Medical Office is only permitted on Assessor Parcel Numbers 424-07-102 through -112, 424-07-099, and 424-06-129.*
2. *Residential only allowed in Northern District when located above commercial.*

Table 2-1 Permitted Land Uses

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
RECREATION/ENTERTAINMENT				
A.	OUTDOOR ENTERTAINMENT	--	CUP	P
B.	LIVE THEATER	--	--	CUP
C.	HEALTH CLUB	--	CUP	CUP
D.	COMMERCIAL RECREATION AND AMUSEMENT ESTABLISHMENT	--	--	CUP
COMMUNITY SERVICES				
A.	CLUB, LODGE HALL, FRATERNAL ORGANIZATION	CUP	CUP	CUP
B.	PARK, PLAZA, PLAYGROUND	P	P	P
C.	PUBLIC BUILDING	P	P	P
D.	PUBLIC TRANSPORTATION AND PARKING FACILITIES	P	P	P
E.	RELIGIOUS INSTITUTIONS	CUP	CUP	CUP

Table 2-1 Permitted Land Uses

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
SCHOOLS				
A.	PRIVATE AND PUBLIC SCHOOLS	CUP	CUP	CUP
B.	INSTITUTIONAL SCHOOLS/STUDIOS (ARTS/CRAFTS, MUSIC, YOGA, DANCE, KARATE, ETC.)	CUP	CUP	CUP
C.	DAY CARE CENTER	CUP	CUP	CUP
D.	SMALL FAMILY DAY CARE HOME	P	P	P
E.	LARGE FAMILY DAY CARE HOME	CUP	CUP	CUP
TRANSMISSION FACILITIES/UTILITIES				
A.	TRANSMISSION FACILITIES AND UTILITIES	CUP	CUP	CUP
B	RADIO/ BROADCAST STUDIOS	CUP	CUP	CUP

Table 2-1 Permitted Land Uses

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
AUTOMOTIVE (VEHICLE SALES, SERVICE, AND RELATED ACTIVITIES)				
A.	CAR WASH	--	--	CUP
B.	NEW VEHICLE SALES AND RENTAL	--	--	CUP
C.	ALTERNATING USE/SHARED PARKING OF OFF-STREET PARKING SPACES	P	P	P
AGRICULTURE AND ANIMAL SERVICES				
A.	BOTANICAL NURSERY	P	P	P
B.	VETERINARY HOSPITAL (WITHOUT KENNEL)	--	CUP	CUP
OTHER				
A.	24 BUSINESSES OR BUSINESSES OPEN BETWEEN THE HOURS OF 2:00 AND 6:00 AM	--	--	CUP

2.4.3 Non-Conforming Uses

Existing legal uses that are not permitted or listed in Table 2-1 are declared non-conforming uses. Refer to Division 5 of Article 1 of the Zoning Ordinance for definitions and regulations for managing non-conforming uses including:

- Continuation of an existing use.
- Repair, alteration, and maintenance.
- Expansion of legal non-conforming uses, buildings, or structures.

TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT

MEETING DATE: 09/23/2026

ITEM NO: 5

DATE: September 18, 2026

TO: Planning Commission

FROM: Joel Paulson, Community Development Director

SUBJECT: Forward a Recommendation to the Town Council on a Request for Approval to Amend the North Forty Specific Plan to Allow for a Senior Living Facility to be Authorized as a Permitted Use in the Northern District on Properties Zoned North Forty Specific Plan and North Forty Specific Plan:Housing Element Overlay Zone. **Project Location: North Forty Specific Plan Area**. North Forty Specific Plan Amendment Application A-26-002. Not Subject to CEQA Review Pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with Certainty that there is No Possibility that the Amendments to the Specific Plan would have a Significant Effect on the Environment. All Projects to which the Specific Plan Applies Will Undergo Separate CEQA Review and Approval. Property Owner: Tama Holdings LLC. Applicant: Jared Gamelin. Project Planner: Jocelyn Shoopman.

RECOMMENDATION:

Forward a recommendation to the Town Council on a request for approval to amend the North Forty Specific Plan to allow for a senior living facility to be authorized as a permitted use in the Northern District on properties zoned North Forty Specific Plan (NF-SP) and NF-SP:Housing Element Overlay Zone (HEOZ).

PROJECT DATA:

General Plan Designation:	NF-SP
Zoning Designation:	NF-SP and NF-SP:HEOZ
Applicable Plans & Standards:	General Plan; NF-SP
Parcel Size:	44 acres
Surrounding Area:	

PREPARED BY: Jocelyn Shoopman
Senior Planner

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

	Existing Land Use	General Plan	Zoning
North	Highway 85	N/A	N/A
South	Commercial	NF-SP	NF-SP
East	Highway 85	N/A	N/A
West	Highway 17	NF-SP	NF-SP:HEOZ

CEQA:

The proposed amendments are not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval.

FINDINGS:

- As required, the project is not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval.
- As required, the proposed amendments to the NF-SP are consistent with the General Plan and its Elements in that it allows for a senior living facility to be authorized as a permitted use in the Northern District.

ACTION:

The Planning Commission will provide a recommendation to the Town Council who will render the final decision.

BACKGROUND:

A. North Forty Specific Plan Area

The NF-SP Area is approximately 44 acres and is bounded by Highway 85 to the north, Lark Avenue to the south, Highway 17 to the west, and Los Gatos Boulevard to the east.

The Town Council certified an environmental impact report (EIR) for the NF-SP on January 5, 2015. The NF-SP was adopted by the Town Council on June 17, 2015.

On August 1, 2017, the Town Council approved Phase I of the NF-SP, which included the construction of 320 residential units, of which 50 were affordable senior units; approximately 66,800 square feet of commercial floor area; on-site and off-site improvements; and a vesting tentative map.

On September 4, 2018, the Town Council adopted Resolution 2018-044 approving amendments to the NF-SP (Exhibit 8).

On January 13, 2026, the Town Council approved Phase II of the NF-SP, which included the construction of 450 residential units, of which 77 are designated as affordable units; approximately 15,074 square feet of commercial space; on-site and off-site improvements; and a vesting tentative map.

B. Conceptual Development Advisory Committee

The Conceptual Development Advisory Committee (CDAC) reviewed a preliminary proposal for an amendment of the NF-SP and redevelopment of the properties located at 16245 Burton Road and Assessor Parcel Number (APN) 424-06-116 on February 11, 2026. The staff report and minutes of the CDAC meeting are attached as Exhibits 3 and 4.

PROJECT DESCRIPTION:

A. Location and Surrounding Neighborhood

The subject properties requesting amendment of the NF-SP are located at 16245 Burton Road and APN 424-06-116 and are located within the Northern District of the NF-SP, on north side of Burton Road (Exhibit 1). The subject property is comprised of two separate parcels for an approximate combined total of 50,965 square feet. The proposed amendment to the NF-SP would apply throughout the Northern District of the NF-SP and would not be limited to the subject properties (Exhibit 9).

B. Project Summary

The applicant proposes to amend Table 2-1, Permitted Land Uses of the NF-SP to add a senior living facility as a permitted use in the Northern District (Exhibit 5). Redevelopment of the site is not proposed by the applicant at this time.

C. Zoning Compliance

The Zoning Ordinance is the primary document that implements the General Plan. It provides regulations regarding permitted land uses, development standards, and the development entitlement process for parcels of land in the Town of Los Gatos. The NF-SP is also a regulatory document that provides development regulations. The requirements of the NF-SP supplement and in some cases supersede the Zoning Ordinance within the Specific Plan boundary.

Table 2-1 of the NF-SP provides specific direction on permitted and conditionally permitted uses for each of three districts in the NF-SP. Uses not listed in Table 2-1 are prohibited. Presently, a senior living facility is not listed in Table 2-1, meaning that the use is not allowed.

DISCUSSION:

A. NF-SP Analysis

The applicant proposes to amend Table 2-1 of the NF-SP to add a senior living facility as a permitted use in the Northern District. The applicant's letter of justification states that the allowance of a senior living facility as a permitted use in the Northern District of the NF-SP will provide benefits to the Town by contributing to the supply of senior housing and supporting local and state housing objectives by introducing a range of housing options to the aging population (Exhibit 6).

Any future development of a senior living facility would require an Architecture and Site application and be subject to the development regulations of the NF-SP.

Redlined and clean versions of Table 2-1 of the NF-SP are provided in Exhibits 10 and 11.

B. CEQA Determination

The project is not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval.

PUBLIC COMMENTS:

Project signage was installed on the site by September 10, 2026, in advance of the September 23, 2026, Planning Commission hearing.

CONCLUSION:

A. Summary

The applicant is requesting approval to amend Table 2-1, Permitted Land Uses of the NF-SP to add a senior living facility as a permitted use in the Northern District. The applicant is not proposing redevelopment of the site at this time.

B. Recommendation

Based on the analysis above, staff recommends that the Planning Commission forward a recommendation for approval of the amendment to Table 2-1 of the NF-SP. If the Planning Commission finds merit with the proposed amendment, it should:

1. Make the finding that project not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the

environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval (Exhibit 2);
2. Make the required finding that the NF-SP is consistent with the General Plan and its Elements in that it allows for a senior living facility to be authorized as a permitted use in the Northern District (Exhibit 2); and
3. Forward a recommendation to the Town Council for approval of the amendments to the NF-SP in the draft Resolution (Exhibit 11).

C. Alternatives

Alternatively, the Planning Commission can:

1. Forward a recommendation to the Town Council for approval of the Draft Resolution with modifications; or
2. Continue the matter to a date certain with specific direction; or
3. Forward a recommendation for denial to the Town Council providing findings for denial.

EXHIBITS:

1. Location Map
2. Required Findings
3. Conceptual Development Advisory Committee Staff Report, February 11, 2026
4. Conceptual Development Advisory Committee Meeting Minutes, February 11, 2026
5. Project Description
6. Letter of Justification
7. Property Photos
8. Resolution 2018-044
9. North Forty District Plan Map
10. Redlined Version of Table 2-1, Permitted Land Uses
11. Draft Resolution with Exhibit A

North Forty Specific Plan Amendment

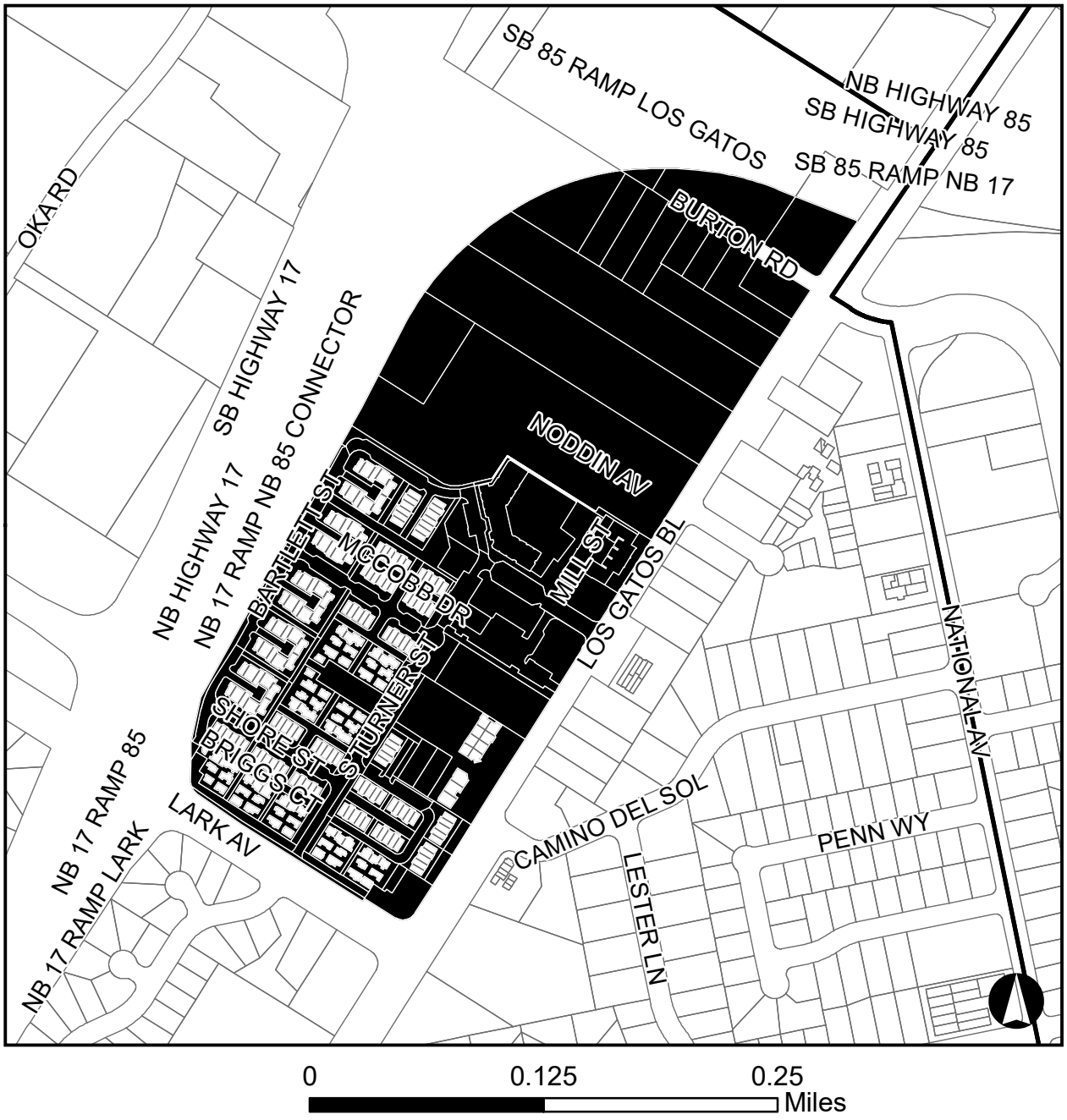


EXHIBIT 1

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PLANNING COMMISSION – *September 23, 2026*
REQUIRED FINDINGS

16245 Burton Road and Assessor Parcel Number 424-06-116
North Forty Specific Plan Amendment Application A-26-002

Forward a Recommendation to the Town Council on a Request for Approval to Amend the North Forty Specific Plan to Allow for a Senior Living Facility to be Authorized as a Permitted Use in the Northern District on Properties Zoned North Forty Specific Plan: Housing Element Overlay Zone. Not Subject to CEQA Review Pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with Certainty that there is No Possibility that the Amendments to the Specific Plan would have a Significant Effect on the Environment. All Projects to which the Specific Plan Applies Will Undergo Separate CEQA Review and Approval.

Property Owner: Tama Holdings LLC.
Applicant: Jared Gamelin.
Project Location: North Forty Specific Plan Area.
Project Planner: Jocelyn Shoopman.

FINDINGS:

Required finding for CEQA:

- The project is not subject to CEQA review pursuant to CEQA Guidelines Section 15061 (b)(3) because it can be seen with certainty that there is no possibility that the amendments to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval.

Required consistency with the Town's General Plan:

- That the proposed amendment to the North Forty Specific Plan is consistent with the General Plan and its Elements in that it allows for a senior living facility to be authorized as a permitted use in the Northern District.

EXHIBIT 2

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TOWN OF LOS GATOS

CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE REPORT

MEETING DATE: 02/11/2026

ITEM NO: 3

DATE: February 6, 2026

TO: Conceptual Development Advisory Committee

FROM: Joel Paulson, Community Development Director

SUBJECT: Consider a Request for Preliminary Review of an Amendment to the North Forty Specific Plan and a Proposal for Construction of a Senior Living Facility (176 Units) on Property Zoned North Forty Specific Plan:Housing Element Overlay Zone. **Located at 16245 Burton Road and Assessor Parcel Number 424-06-116**. APNs 424-06-115 and 424-06-116. Conceptual Development Advisory Committee Application CD-26-001. Property Owner: Tama Holdings LLC. Applicant: Jared Gamelin. Project Planner: Jocelyn Shoopman.

ROLE OF THE CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE:

The Conceptual Development Advisory Committee (Committee) advises a prospective applicant on the overall consistency of a project with Town policies prior to submitting a formal application and investing in the development review process. The Committee also endeavors to identify the potential issues that will need to be addressed during the development review process should the applicant wish to submit an application. The issues identified by the Committee are not intended to be all-inclusive and other additional issues may be identified during the formal development review process.

None of the Committee's comments are binding on the Town and in no way are they intended to indicate whether the project will be received favorably by the various review bodies that are charged with evaluating and deciding the application. As noted in this report, if an application is filed, technical analysis would need to be done during the evaluation of the proposal. In addition, public input is a required and essential component in the development review process. Notice has been sent to residents and property owners within 500 feet of the project site. In addition to the public comments received at this meeting, all applicants are strongly encouraged to hold neighborhood meetings to receive input as the design of the project evolves should they decide to proceed with the development review process.

PROJECT DESCRIPTION:

The applicant submitted an application (Attachment 2), project description (Attachment 3), context diagram (Attachment 4), and conceptual development plans (Attachment 5) for 16245 Burton Road and Assessor Parcel Number (APN) 424-06-116. The subject property is comprised of two separate parcels for an approximate combined total of 50,965 square feet, located on

PREPARED BY: Jocelyn Shoopman
Senior Planner

the north side of Burton Road and within the North Forty Specific Plan (NF-SP) boundary area (Attachment 1). The NF-SP was adopted by the Town Council on June 17, 2015. On September 4, 2018, the Town Council adopted Resolution 2018-044 approving amendments to the NF-SP.

The development plans for Phase I of the NF-SP included the approval of 320 residential units and approximately 66,000 square feet of commercial space. The development plans for Phase II of the NF-SP included the approval of 450 residential units and approximately 15,074 square feet of commercial space.

The applicant is proposing to amend the NF-SP to allow for an eight-story senior living facility to be authorized as a permitted use in the Northern District and construction of an eight-story building with 176 units (Attachment 3). The property contains an existing single-family residence.

Key elements of the proposed project are as follows:

- Amend the NF-SP to allow for a senior living facility to be authorized as a permitted use in the Northern District;
- Demolition of the existing single-family residence;
- Merging of two parcels into one parcel;
- Construction of an eight-story senior living facility at a proposed height of 88 feet, two inches;
- Memory care units on levels two and three and assisted living units on levels four through eight;
- Combination of studio, one-bedroom, and two-bedroom units spread amongst eight levels;
- Between 22 and 29 units on each level for a total of 176 units; and
- 90 parking spaces located in a basement garage and three surface parking spaces for a total of 93 spaces.

EXISTING GENERAL PLAN, ZONING, AND PLANNING AREA:

1. General Plan designation: North Forty Specific Plan Overlay.
2. Surrounding General Plan designations: NF-SP:HEOZ to the south and east; California State Route 17 to the west; and California State Route 85 to the north.
3. Zoning designation: NF-SP:HEOZ.
4. Surrounding zoning designations: NF-SP:HEOZ to the south and east; California State Route 17 to the west; and California State Route 85 to the north.

EXISTING CONDITIONS:

1. The project site is comprised of two separate parcels for an approximate combined total of 50,965 square feet (1.17 acres).

2. The project site is located on the north side of Burton Road (Attachment 1).
3. Surrounding land uses: Residential uses are located to the south; commercial uses are located to the east; California State Route 17 is located to the west; and California State Route 85 is located to the north.

POTENTIAL CONSIDERATIONS AND ISSUES:

The following is a brief list of issues and topics for consideration by the Committee. Staff has not reached conclusions on these topics. Staff is identifying them here to help frame the discussion and to solicit input. The main question for the Committee is whether the applicant's concept for the project creates a high-quality plan appropriate for Los Gatos in this location. If an application is filed, staff would evaluate the technical issues.

1. General Plan
    a. General Plan Policy LU-1.4 states, "Infill projects shall be designed in context with the neighborhood and surrounding zoning with respect to the existing scale and character of surrounding structures, and should blend rather than compete with the established character of the area."
    b. General Plan Policy LU-6.5 states, "The type, density, and intensity of new land use shall be consistent with that of the immediate neighborhood."
    c. General Plan Policy LU-6.7 states, "Continue to encourage a variety of housing types and sizes that is balanced throughout the Town and within neighborhoods, and that is also compatible with the character of the surrounding neighborhood."
    d. General Plan Policy LU-7.4 states, "Infill projects shall be designed in context with the neighborhood and surrounding zoning with respect to the existing scale and character of surrounding structures, and should blend rather than compete with the established character of the area."

2. Zoning
    a. Project site is zoned NF-SP:HEOZ and is surrounded by residential, commercial, and office uses as described above.
    b. HEOZ: A senior living facility is considered to be a commercial use. Pursuant to Section 29.80.510 (c) through (e) of the Town Code, the underlying development standards of the NF-SP shall apply to the project.
    c. Pursuant to Section 6.4.1 of the NF-SP, proposed developments within the Specific Plan Area may request to enter into a Development Agreement and will be reviewed pursuant to the established Architecture and Site Review and approval process as defined within Division 3 of the Zoning Ordinance or the Planned Development Overlay process.
    d. Use: A senior living facility use was not contemplated in the NF-SP and therefore is not listed as either a permitted or conditionally permitted use.
    e. Height: The maximum allowable height of a principal building as designed by the

NF-SP:HEOZ is 35 feet. The proposed height is identified in the conceptual development plans as 88 feet, two inches.

f. Setbacks: The conceptual development plans do not provide the proposed building setbacks for staff to verify the project's compliance with Tables 2-5 and 2-6 of the NF-SP.

g. Coverage: The conceptual development plans do not provide the proposed lot coverage for staff to verify the project's compliance with the maximum lot coverage of 50 percent.

3. Open Space and Community Recreation Space
   a. The NF-SP requires a minimum of 30 percent open space to be provided across the entire Specific Plan Area. The 30 percent requirement shall be calculated for each application or group of applications.

4. Parking and Circulation
   a. Parking requirements for a senior living facility are one parking space per two and one-half beds. The total parking requirement is 70 parking spaces.
   b. The proposed on-site parking is 90 spaces located in a basement garage and three surface parking spaces for a total of 93 spaces.
   c. Street improvements to Burton Road will be required as part of the development review of the project.

5. Traffic
   a. A traffic analysis will determine whether a traffic study or mitigation fees will be required.

6. Trees
   a. The conceptual development plans would result in impacts to protected trees. Any development application will be reviewed by the Town's Consulting Arborist to ensure that the Town's Tree Protection Ordinance is complied with.

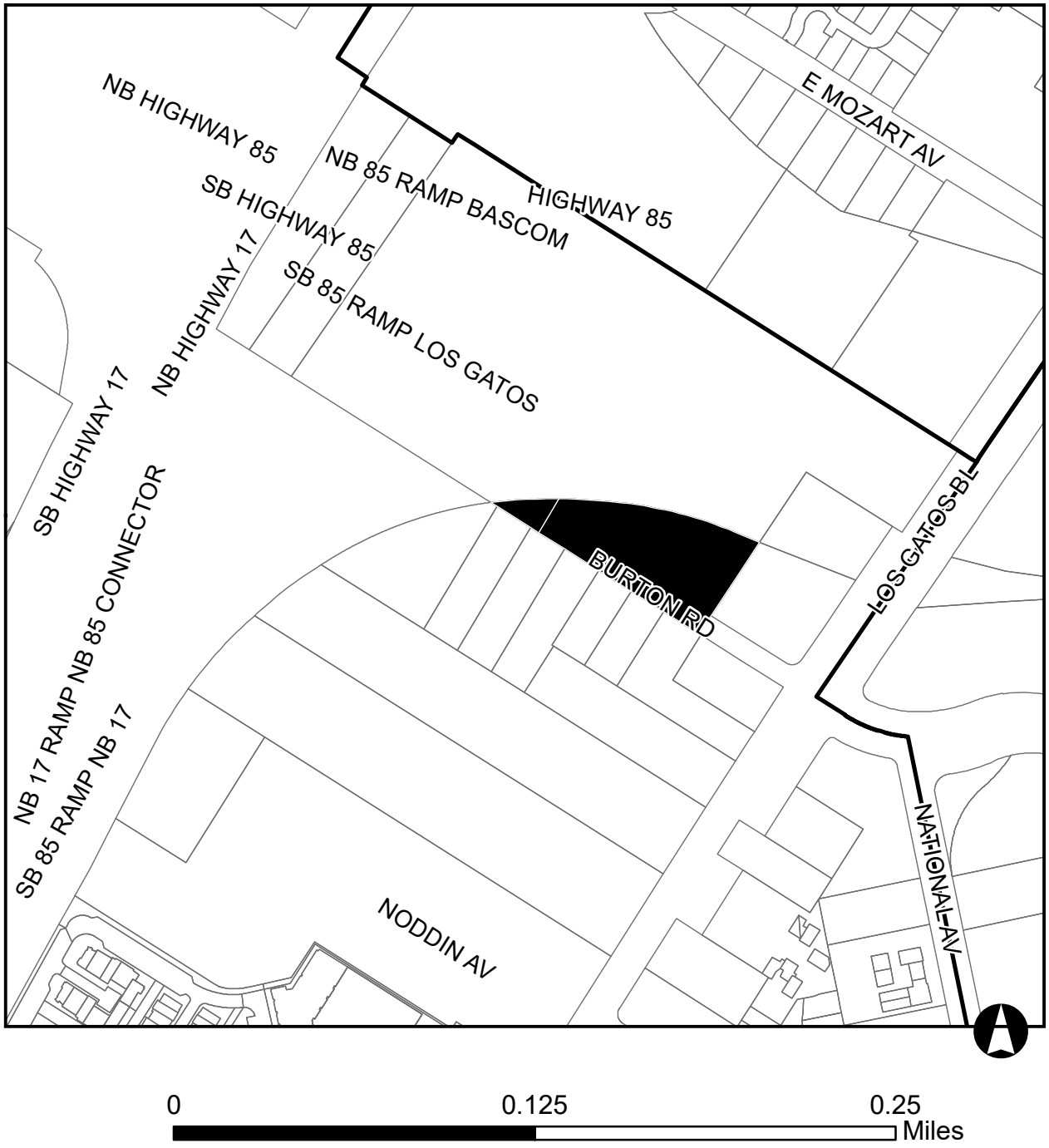
7. Environmental Review
   a. The project would need to be reviewed for compliance with the California Environmental Quality Act as grading, tree removals, and new construction would all be proposed.

ATTACHMENTS:

1. Location Map
2. Conceptual Development Advisory Committee Application
3. Project Description Letter
4. Context Diagram
5. Conceptual Development Plans
6. Planned Development Overlay Zone
7. North Forty Specific Plan: https://www.losgatosca.gov/DocumentCenter/View/44396/Amended-North-Forty-Specific-Plan-PDF

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16245 Burton Road and APN 424-06-116



ATTACHMENT 1

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APPLICATION FOR PROJECT REVIEW
CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE

ITEM NO. 14.

TOWN OF LOS GATOS - COMMUNITY DEVELOPMENT DEPARTMENT
110 E MAIN STREET, LOS GATOS, CA 95030
PLANNING@LOSGATOSCA.GOV
408-354-6872

PLEASE SUBMIT APPLICATION WITH ALL REQUIRED DOCUMENTS VIA THE CITIZEN'S PORTAL:
https://permits.losgatosca.gov/Login-and-Manage-My-Records

PLEASE TYPE OR PRINT CLEARLY

1. **PROPERTY LOCATION:**
Address of subject property: 16183-16245 BURTON RD

2. **PROPERTY DETAIL:**
Lot Area: 1.09 acre
Zoning: North 40 Specific
APN: 2406115 & 42406116
Existing Use: Vacant & Residential

3. **APPLICANT:**
Name: Jared Gamelin
Phone: 408-816-2000
Address: 750 University Ave Suite 275
City: 750 University Ave Suite 275 State: CA Zip: 95023
Email: jared@madroneventures.com

4. **NAME OF PROPERTY OWNER: (If same as above, check here ☐)**
Name: Tama Holdings LLC
Phone: 408-816-2000
Address: 750 University Ave Suite 275
City: 750 University Ave Suite 275 State: CA Zip: 95023
Email: tamara@madroneventures.com

I hereby certify that I am the owner of record of the property described in Box #2 above, and that I approve of the action requested herein.

SIGNATURE OF OWNER Signed by: Tamara Current 1A7F21AA54C04F9... **DATE** 1/21/2026

ACKNOWLEDGMENT FORM

I, the undersigned, fully acknowledge and understand the Conceptual Development Advisory Committee is only an advisory body and is not empowered by the Town Council or the Planning Commission to render recommendations or decisions regarding land use issues.

I further understand and acknowledge that any statement by the Committee that a potential land use appears consistent with Town Policy is not an express or implied approval of a development project. A project may be rejected by the Planning Commission and/or Town Council for inconsistency with Town policy or for other reasons in the course of the development review process, including public input.

I further understand and acknowledge that the members of the Conceptual Development Advisory Committee are in no way bound in their future review of my project by their comments at this very preliminary state of project development.

SIGNATURE OF OWNER Signed by: Tamara Current 1A7F21AA54C04F9... **DATE** 1/21/2026

DO NOT WRITE IN THIS SPACE.

Application #: _____

FEES PAID:	
PLPERMIT	$ 2,966.00
PLTRACK	$ 118.64
PLANAP	$ 296.60
PLPERMIT (noticing deposit)	$ 500.00
TOTAL	$ 3,881.24

ATTACHMENT 2

Docusign Envelope ID: B32A4F9D-D61B-4C05-BEB9-880DE50730E1

ADMINISTRATIVE POLICY FOR PROCESSING "REQUESTS FOR REVIEW" BEFORE THE CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE (CDAC)

1. The Committee will meet once a month on a regular schedule (time and date to be determined by Committee members) if an application is pending.

2. The Committee shall consist of three Planning Commissioners and two Town Council persons.

3. Only one item will be permitted on each agenda.

4. The following materials constitute an application package and must be submitted through the Town's online portal:

   a. A signed application form available from the Community Development Department. The property owner must sign the application, or it will not be accepted.

   b. A brief, general description of the project and its location (no more than one typed page-double spaced).

   c. One set of plans. Schematic elevations are encouraged but are not required. The more information provided to the Committee, the more detailed the responses will be.

   d. Required filing fee pursuant to the adopted fee schedule.

   e. All materials (plans, letters, etc.) intended to be viewed by the Committee members prior to the meeting must be submitted at the same time the application is filed. Materials filed after the submittal will not be accepted. Materials may be brought to the meeting.

5. The prospective developer will be allotted five minutes to present the request to make a presentation to the Committee. Following the presentation, the Committee may ask questions of the prospective developer or staff. Members of the public will then be allowed up to three minutes to provide public comments. After public comments have concluded, the prospective development will have an additional three minutes to respond to any comments.

6. The Committee may only review a project <u>once</u> unless there are material changes to the plans and recommended by the Director of Community Development.

7. The Committee will not review a project for which any permit application has been submitted to the Planning or Building Department.

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8. A Committee agenda will be mailed and posted 72 hours before the meeting and notice of the hearing will be mailed or delivered at least 10 days prior to the hearing to all owners of real property as shown on the latest equalized assessment roll within three hundred feet of the real property that is the subject of the hearing.

9. To make prospective project information accessible to the public, minutes of the meeting shall be kept.

10. There will be an action letter mailed out advising the prospective developer of the Committee's list of concerns and comments. This letter will be come part of the Development Review Committee staff report to the Planning Commission at such time as a formal application is filed.

11. The Committee review is based on policy issues only from Town documents included, but not limited to the General Plan and Zoning Code. There is no technical or ordinance compliance review by either the Committee or staff.

12. Committee members shall give their individual perspective about the project. The applicant shall not argue about such opinions or try to dissuade the Committee members.

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Community Development Application Process Agreement

This document explains the decision-making process used by the Town of Los Gatos for all land-use related applications and permits being considered by the Community Development Director, Development Review Committee, Historic Preservation Committee, Planning Commission, and/or the Town Council. All applicants and their representatives/professionals are required to read, understand, acknowledge, and sign this disclosure prior to their application being deemed complete and ready for consideration.

All applications and permits presented to the Community Development Director, Development Review Committee, Historic Preservation Committee, Planning Commission, and/or the Town Council are solely at their discretion, including but not limited to General Plan Amendments, Zoning Amendments, Planned Developments, Architecture and Site Applications, Conditional Use Permits, Subdivisions, Minor Residential Developments, and Removals from the Historic Resources Inventory. Staff and consultant recommendations, including those of the consulting architect, are in no way limiting on or indicative of any subsequent decision or direction from the Community Development Director, Development Review Committee, Historic Preservation Committee, Planning Commission, and/or Town Council.

Staff and consultant recommendations are based solely on the application of the Town's General Plan, Zoning and other ordinances, Specific Plans, Guidelines, and adopted policies. Staff's role is not to advocate for or support the interests of the applicant, but to ensure compliance with the aforementioned policy direction and to consider the proposed development's impacts on both the immediate neighborhood and the broader community.

Town Council policy prohibits the Planning Commission from discussing pending applications or permits with either the proponents or opponents of the application. **Applicants and their representatives are prohibited from directly or indirectly contacting or communicating with Planning Commissioners regarding the application except through publicly disclosed written communications.**

For Planning Commission matters appealed to the Town Council, in the appeal, and based on the record, the appellant bears the burden to prove that there was an error or abuse of discretion by the Planning Commission as required by Section 29.20.275. If neither is proved, the appeal shall be denied. If the appellant meets the burden, the Council shall grant the appeal and may modify, in whole or in part, the determination from which the appeal was taken or, in its discretion, return the matter to the Planning Commission. If the basis for granting the appeal is, in whole or in part, information not presented to or considered by the Planning Commission, the matter shall be returned to the Planning Commission for review.

Those signing below grant the Town of Los Gatos release to copy and reproduce electronically, in whole or in part, drawings and all other materials submitted with this development application for the Town's regulatory, administrative, and legal functions, including sharing of information with other governmental entities and for compliance with the California Public Records Act

The undersigned h… …ument and acknowledge and agree to the statements above.

Property Owner: Signed by: Tamara Current 1A7F21AA54C04F9... ***DATE:*** 1/21/2026

Architect/Designer: _____ ***DATE:*** _____

Civil Engineer: _____ ***DATE:*** _____

Business Owner: _____ ***DATE:*** _____

Other: _____ ***DATE:*** _____

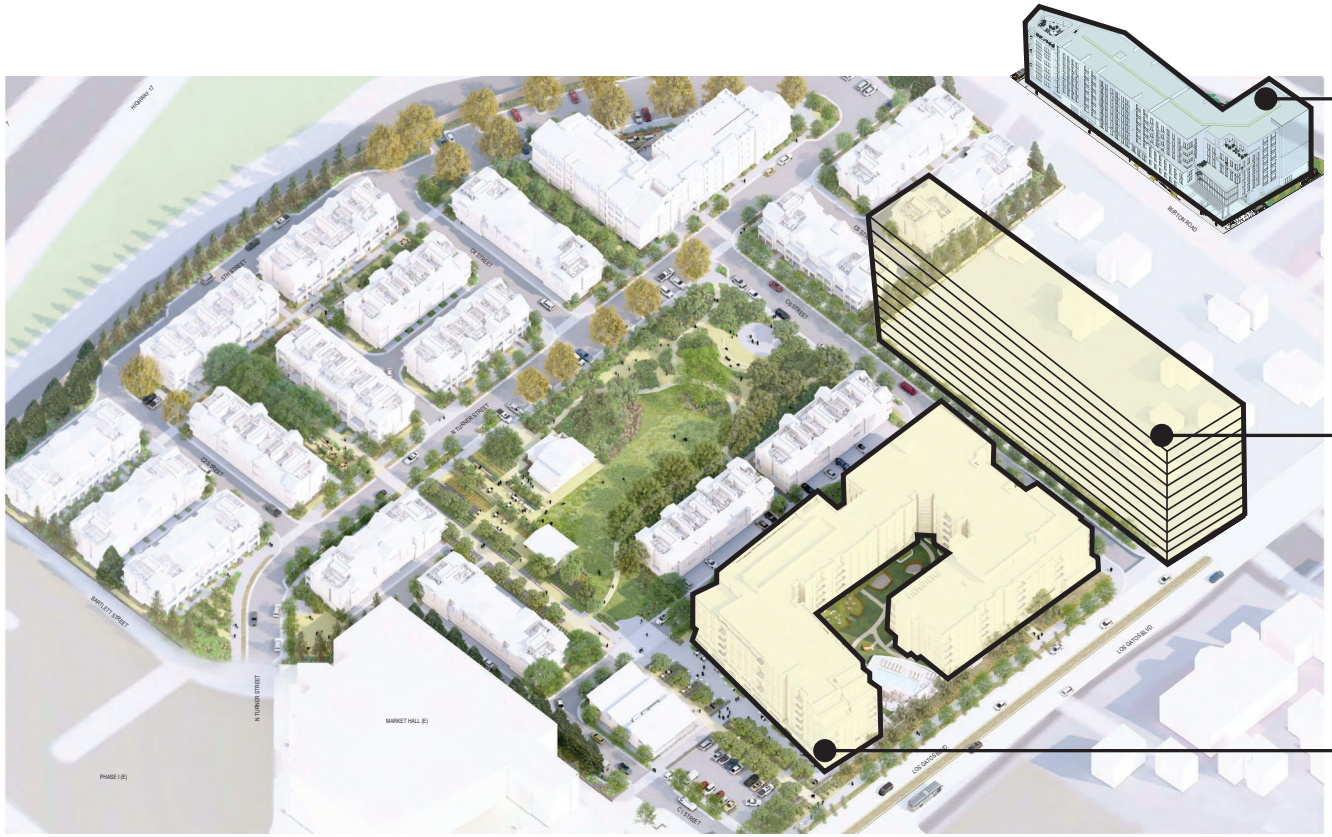
Community Benefit Statement – CDAC Submission
North 40 Specific Plan (Phase II)

The proposed eight-story senior living community located at 16425 Burton Road in Los Gatos, within the North 40 Specific Plan area, provides a meaningful public benefit by addressing the Town's growing need for age-appropriate housing while advancing the Plan's objectives for compact, efficient, and context-sensitive development.

The project is strategically situated along a freeway-adjacent edge condition on Burton Road, where existing transportation infrastructure establishes an appropriate setting for increased building height while limiting direct interface with lower-scale residential neighborhoods.

Purpose-built senior housing at this location allows longtime Los Gatos residents to age in place, reduces displacement pressures, and supports housing turnover within the broader community, while its operational characteristics generate fewer peak-hour vehicle trips than many alternative uses. Concentrating density vertically on this uniquely constrained and irregular parcel preserves land efficiency, enables enhanced on-site amenities and open space, and allows building massing and stepbacks to mitigate visual and neighborhood impacts.

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16245 BURTON ROAD

8-STORY SENIOR LIVING
176 UNITS



14849 LOS GATOS BLVD

9-10-STORY MULTI FAMILY
117 UNITS



GROSVENOR NORTH 40

7-8-STORY MIXED USE
450 UNITS

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SENIOR LIVING PROPOSAL

16245 BURTON ROAD, LOS GATOS, CA 95032

SHEET INDEX	PROJECT DIRECTORY
PROJECT DESCRIPTION	**APPLICABLE CODES**
CONCEPT E9 **176 UNITS**	

VICINITY MAP

PROJECT DATA

APN MAP



EXISTING SITE

STUDIO
current
URBAN DESIGN + ARCHITECTURE
96 N.Third Street, Suite 110, San Jose, CA, 95112
T. 408.816.2000 www.studiocurrent.com

Project:
16245 BURTON RD

Mixed Use Proposal

Consultant

PRELIMINARY REVIEW

Revision

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JEFFREY R. CURRENT
C 19444
REN. 1-31-2021
STATE OF CALIFORNIA

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Checked Checker
Approved Designer
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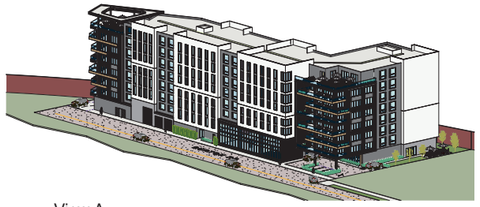
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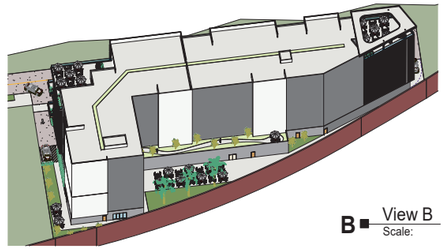
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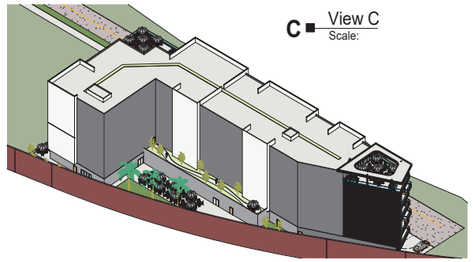
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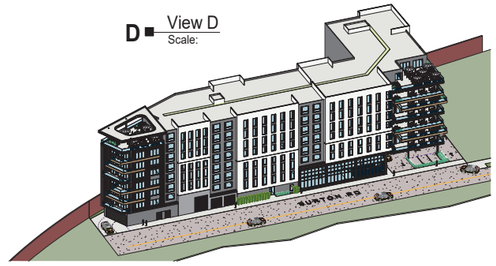
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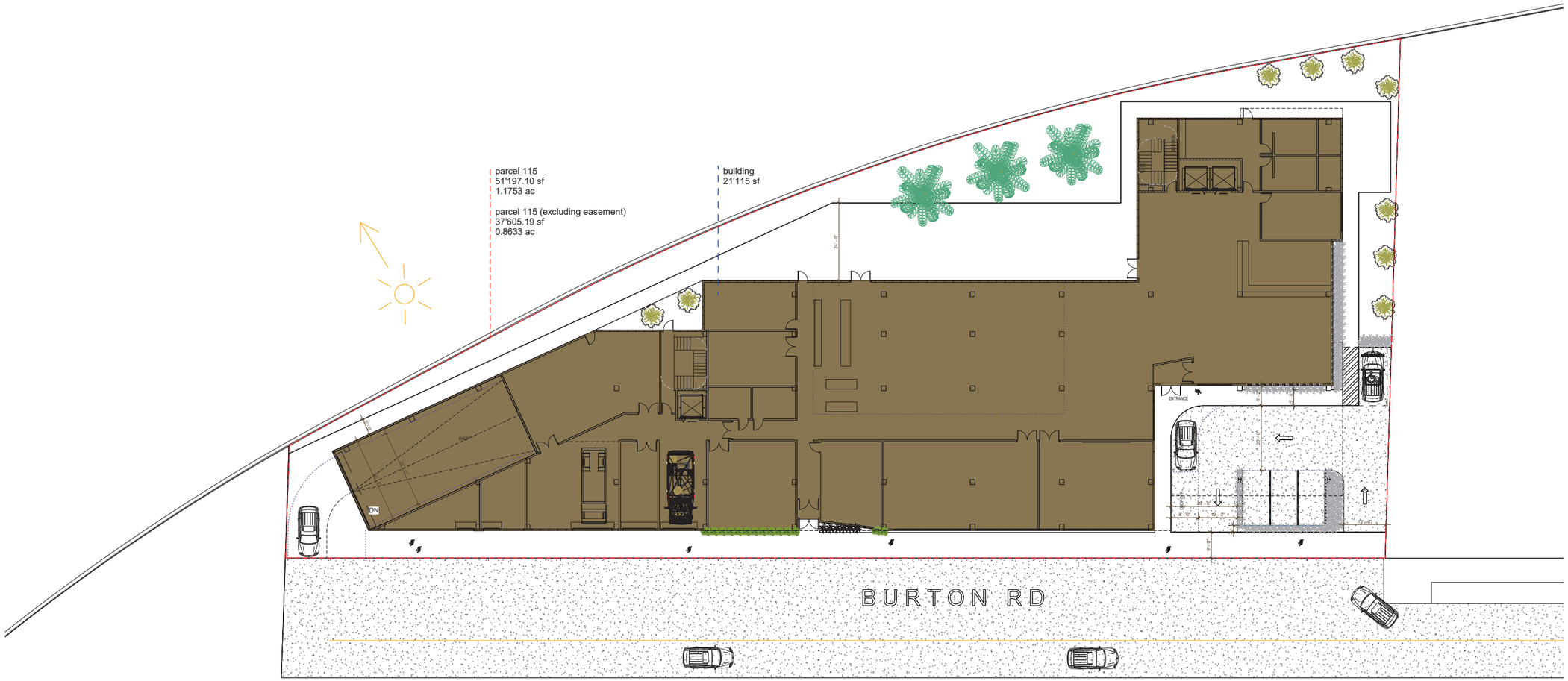
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C ■ View C
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D ■ View D
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STUDIO
current
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T. 408.816.2000 www.studiocurrent.com

Project:
16245 BURTON RD

Mixed Use Proposal

Consultant

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JEFFREY R CURRENT
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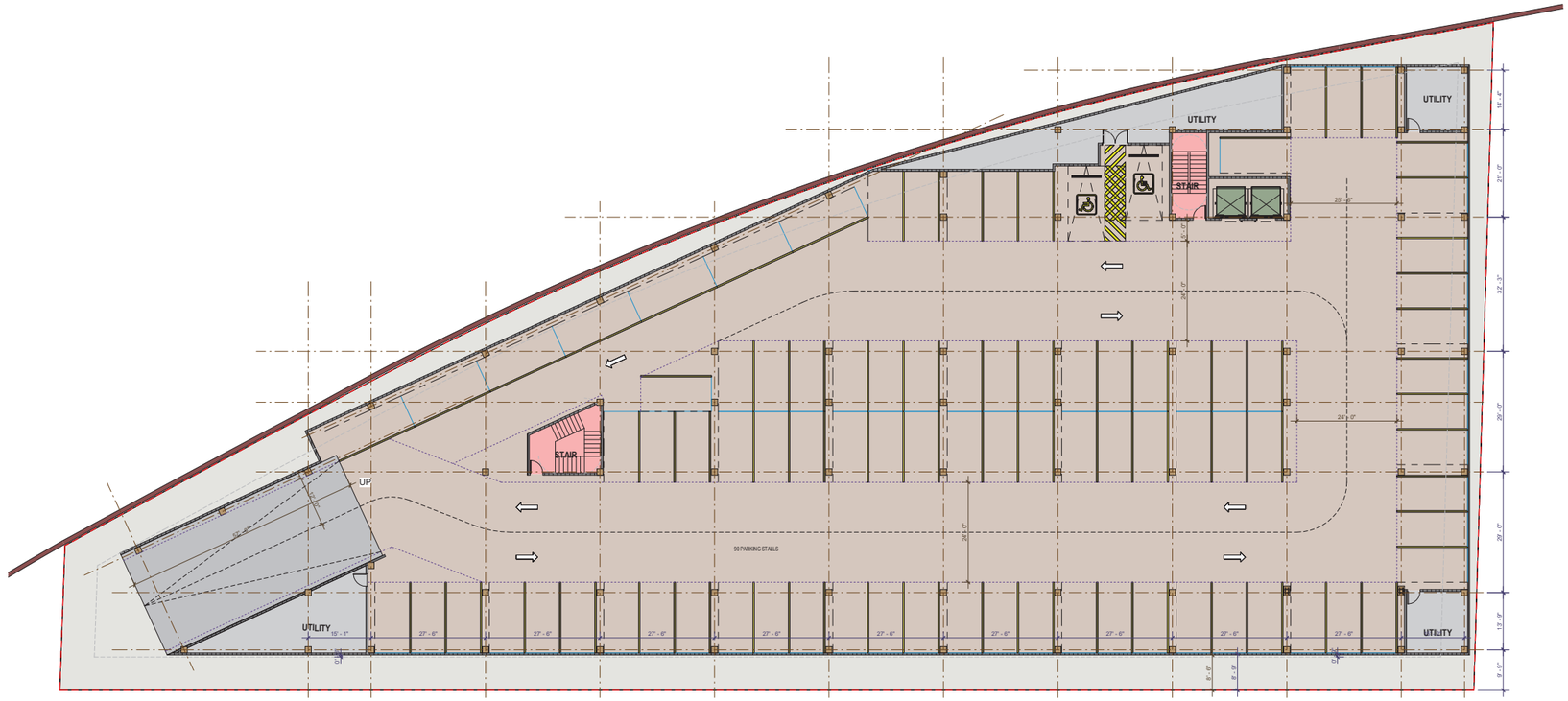
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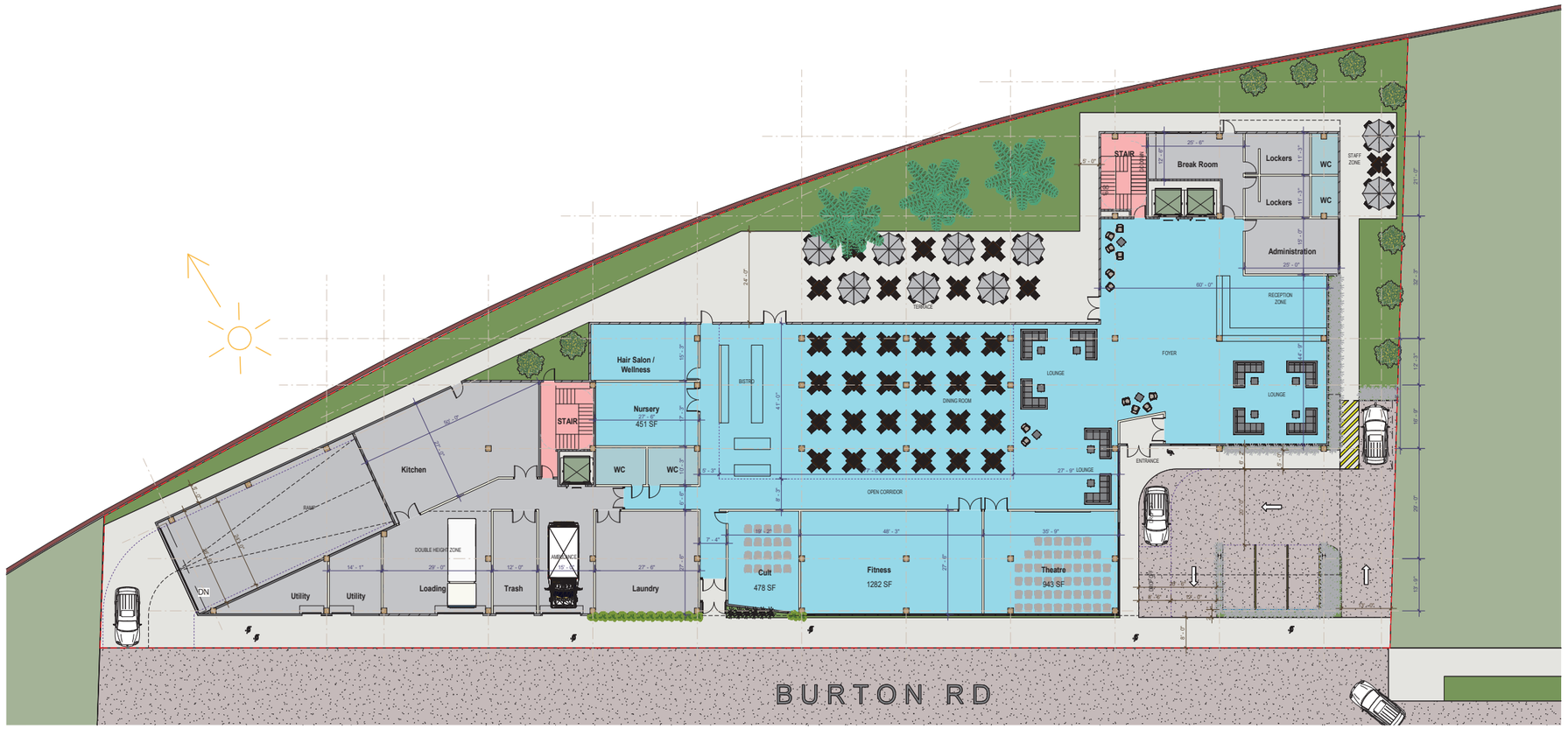
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G GROUND FLOOR PLAN
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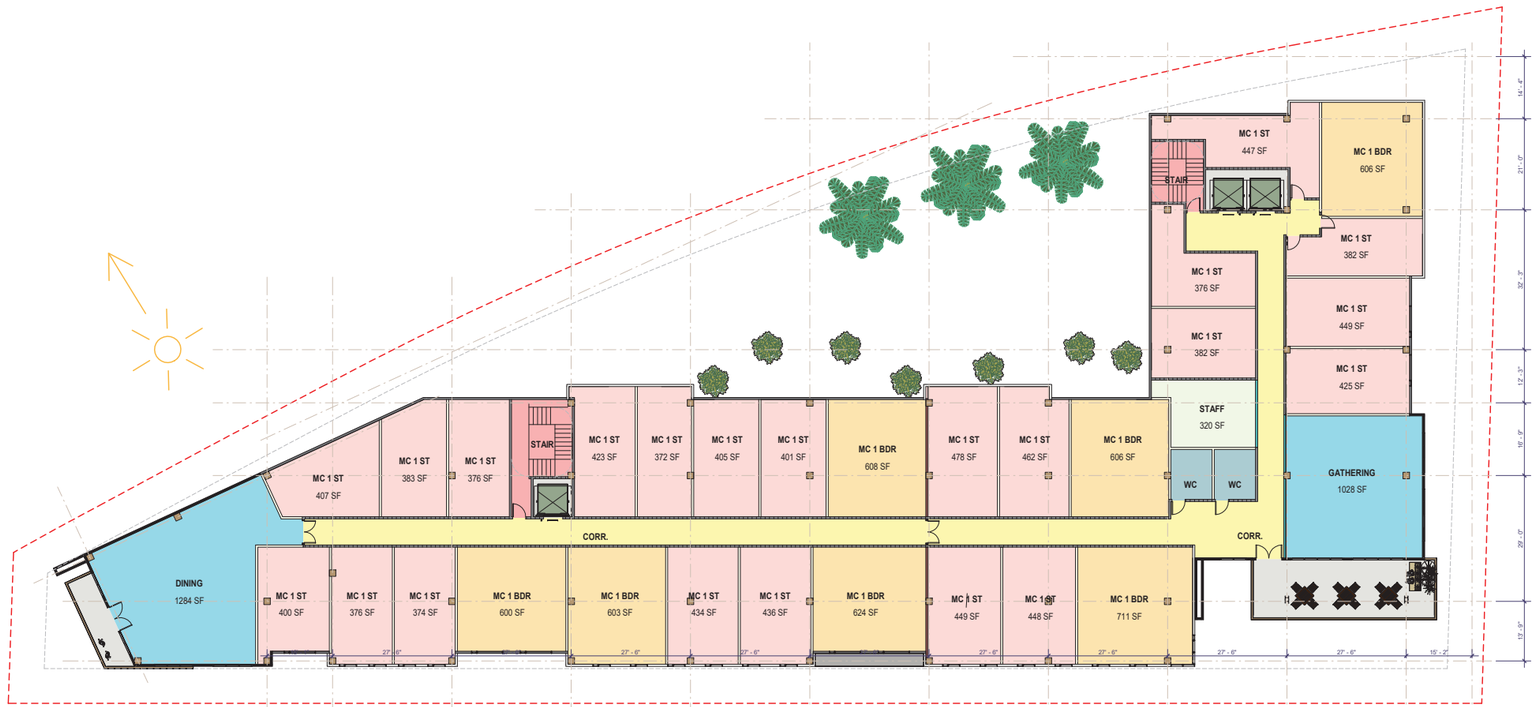
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REN. 1-31-2021
STATE OF CALIFORNIA

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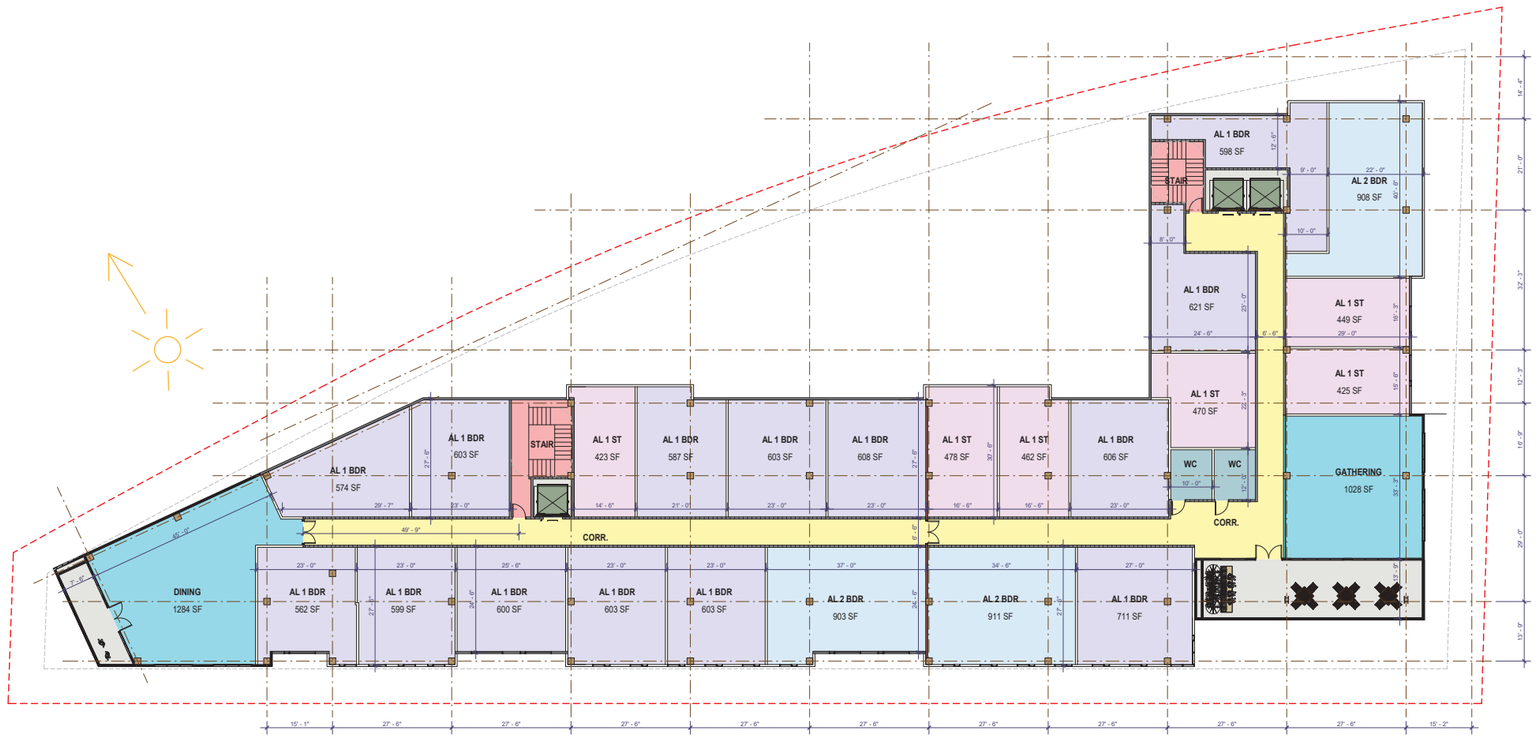
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LEVELS 2, 3 & 4 PLANS

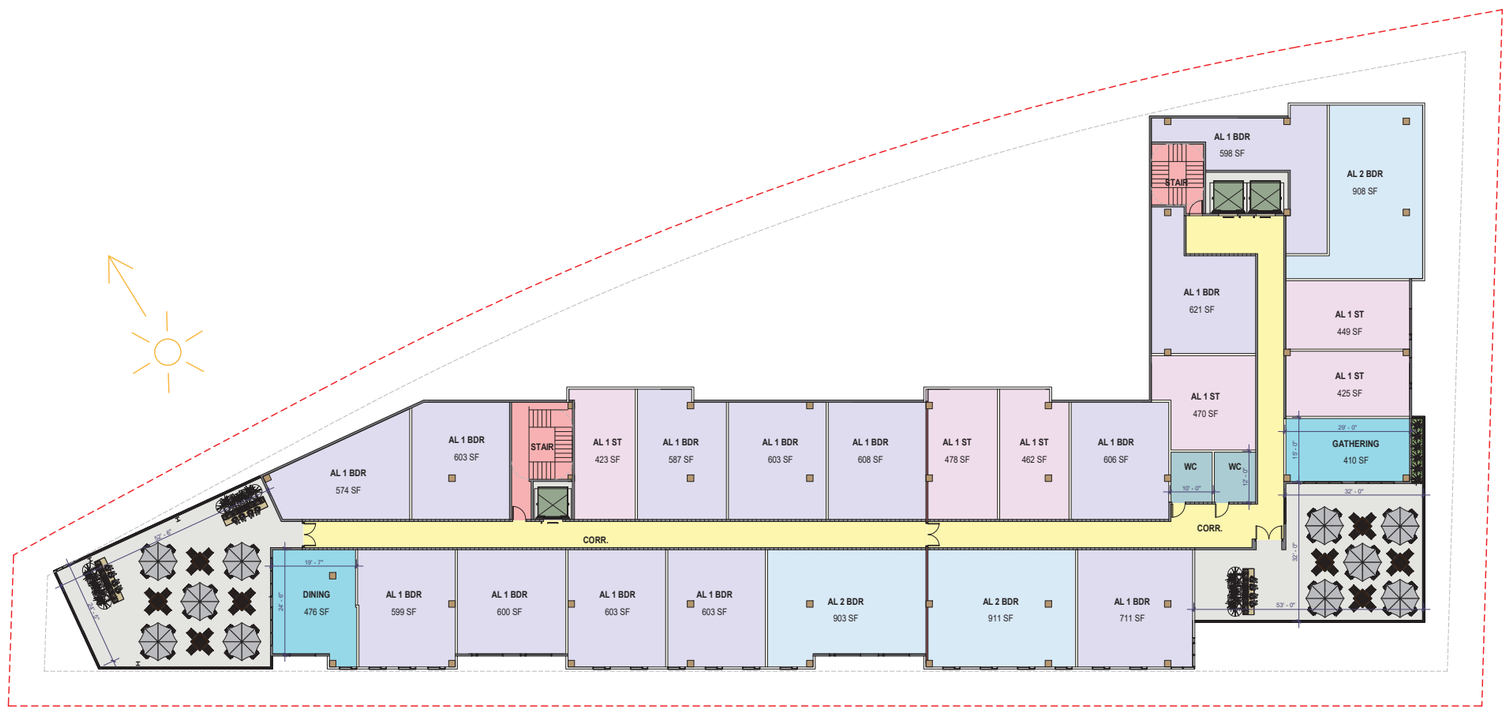
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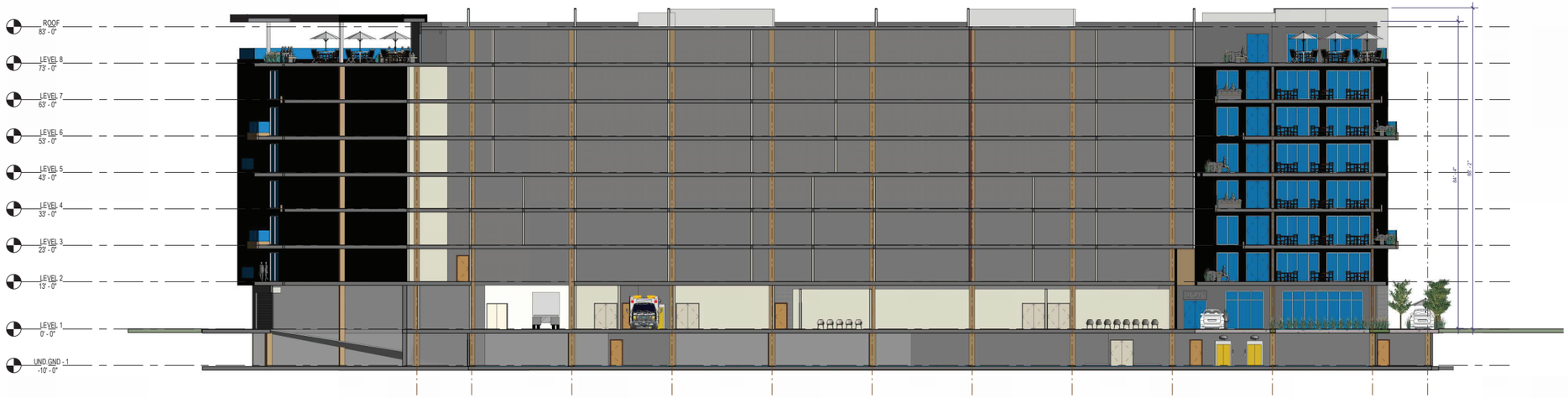
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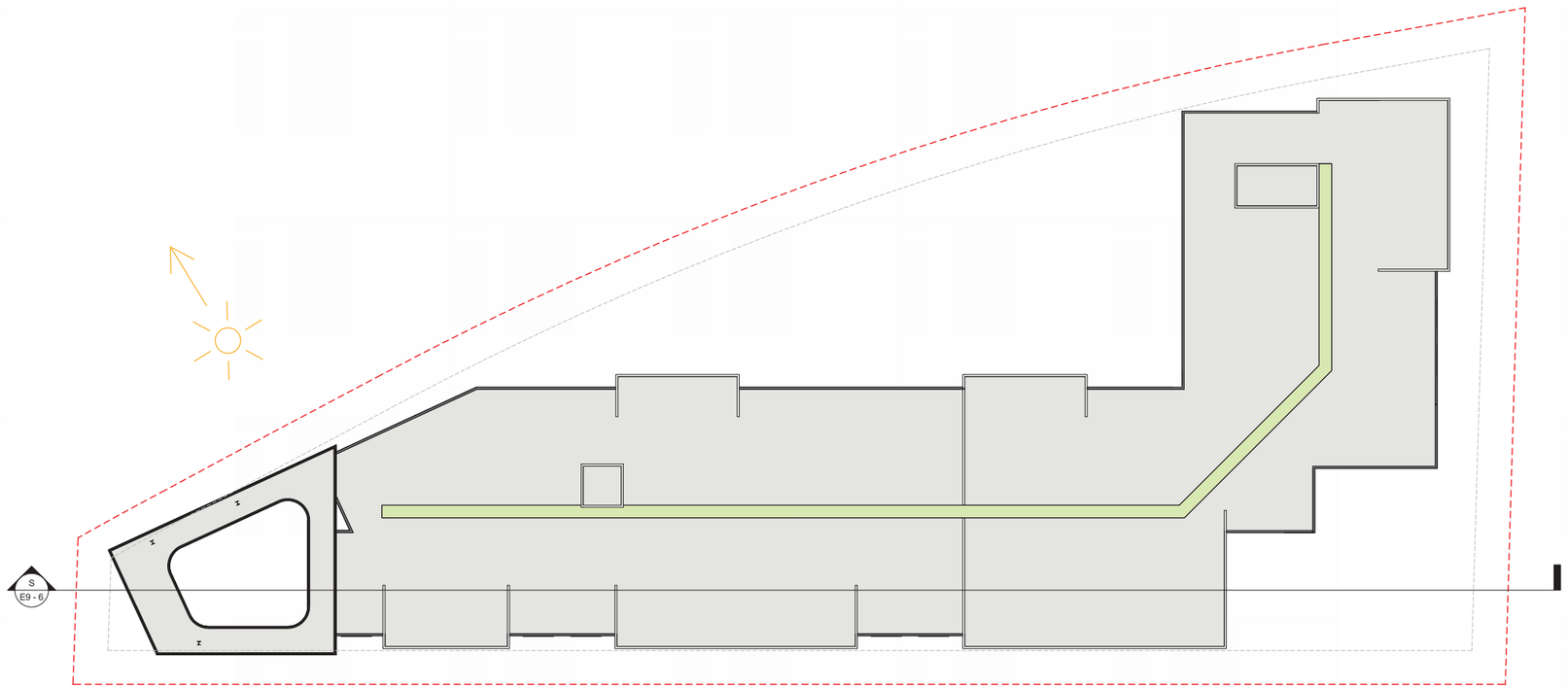
Sheet Title

LEVELS 5, 6, 7 & 8 PLANS

11/4/2025 11:23:54 AM



S Section 1
Scale: 1/16" = 1'-0"



9 ROOF
Scale: 1/16" = 1'-0"

STUDIO
current
URBAN DESIGN + ARCHITECTURE
96 N.Third Street, Suite 110, San Jose, CA, 95112
T. 408.816.2000 www.studiocurrent.com

Project:
16245 BURTON RD

Mixed Use Proposal

Consultant

PRELIMINARY REVIEW

Revision

No	Date

Stamp

LICENSED ARCHITECT
JEFFREY R. CURRENT
C 19444
REN. 1-31-2021
STATE OF CALIFORNIA

Sheet Information

Issue Date	01/13/25
Job Number	Project Number
Drawn	SC - NR
Checked	Checker
Approved	Designer
Scale	1/16" = 1'-0"

Sheet Title

ROOF & SECTION

E9 - 6

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UNIT COUNT

8 STORY + BASEMENT

ASSISTED LIVING
ASSISTED LIVING
ASSISTED LIVING
ASSISTED LIVING
MEMORY CARE
MEMORY CARE
MEMORY CARE
GROUND LEVEL
BASEMENT

AL Studio	AL 1BDR	AL 2BDR
Name	Name	Name

AL 1 ST	AL 1 BDR	AL 2 BDR
Grand total: 24	Grand total: 55	Grand total: 12

MC Studio	MC 1BDR
Name	Name

MC 1 ST	MC 1 BDR
Grand total: 64	Grand total: 21

ASSISTED LIVING	91 units	26% ST; 61% 1BDR; 13% 2BDR
MEMORY CARE	85 units	75% ST; 25% 1BDR
TOTAL	**176 units**	

UNIT AREAS

AL STUDIO	425-478 SF
AL 1BDR	562-711 SF
AL 2BDR	903-911 SF
MC STUDIO	374-478 SF
MC 1BDR	589-711 SF

- INCLUDES PRIVATE BATHROOMS
- ALL UNITS ARE INDIVIDUAL UNITS
- NO PRIVATE BALCONIES

AMENITIES

- FOYER
- LOUNGE
- DINING ROOM
- BISTRO
- THEATRE
- FITNESS CENTER
- CULT ROOM / CHAPEL
- HAIR SALON / WELLNESS
- NURSERY
- OUTDOOR AREAS: TERRACE & GARDENS
- DINING & GATHERING ROOMS, PER LEVEL
- PLUS RESPECTIVES BALCONIES, PER LEVEL

GROSS AREA BUILDING

Gross Area LIVING

Level	Name	Area
LEVEL 1	LIVING	13054 SF
LEVEL 2	LIVING	4526 SF
LEVEL 2	LIVING	3989 SF
LEVEL 2	LIVING	817 SF
LEVEL 2	LIVING	3037 SF
LEVEL 2	LIVING	3561 SF
LEVEL 3	LIVING	8417 SF
LEVEL 3	LIVING	3989 SF
LEVEL 3	LIVING	817 SF
LEVEL 3	LIVING	3561 SF
LEVEL 4	LIVING	8417 SF
LEVEL 4	LIVING	3989 SF
LEVEL 4	LIVING	817 SF
LEVEL 4	LIVING	3561 SF
LEVEL 5	LIVING	8417 SF
LEVEL 5	LIVING	3989 SF
LEVEL 5	LIVING	1158 SF
LEVEL 5	LIVING	3628 SF
LEVEL 6	LIVING	8414 SF
LEVEL 6	LIVING	3989 SF
LEVEL 6	LIVING	1164 SF
LEVEL 6	LIVING	3628 SF
LEVEL 7	LIVING	8417 SF
LEVEL 7	LIVING	3989 SF
LEVEL 7	LIVING	1164 SF
LEVEL 7	LIVING	3628 SF
LEVEL 8	LIVING	5726 SF
LEVEL 8	LIVING	3989 SF
LEVEL 8	LIVING	1164 SF
LEVEL 8	LIVING	2993 SF
LEVEL 8	LIVING	1253 SF
Grand total		129261 SF

Gross Area SERVICE

Level	Name	Area
UND.GND - 1	SERVICE	1279 SF
UND.GND - 1	SERVICE	248 SF
UND.GND - 1	SERVICE	239 SF
UND.GND - 1	SERVICE	241 SF
LEVEL 1	SERVICE	5054 SF
LEVEL 1	SERVICE	1445 SF
LEVEL 2	SERVICE	4474 SF
LEVEL 3	SERVICE	3669 SF
LEVEL 4	SERVICE	3669 SF
LEVEL 5	SERVICE	3260 SF
LEVEL 6	SERVICE	3255 SF
LEVEL 7	SERVICE	3255 SF
LEVEL 8	SERVICE	3196 SF
Grand total		33282 SF

Gross Area GARAGE

Level	Name	Area
UND.GND - 1	GARAGE	30134 SF
LEVEL 1	GARAGE	1561 SF
Grand total		31695 SF

LIVING+SERVICE+GARAGE

Name	Area
GARAGE	31695 SF
LANDSCAPE BALCONIES	10020 SF
LIVING	129261 SF
SERVICE	33282 SF
Grand total	204258 SF

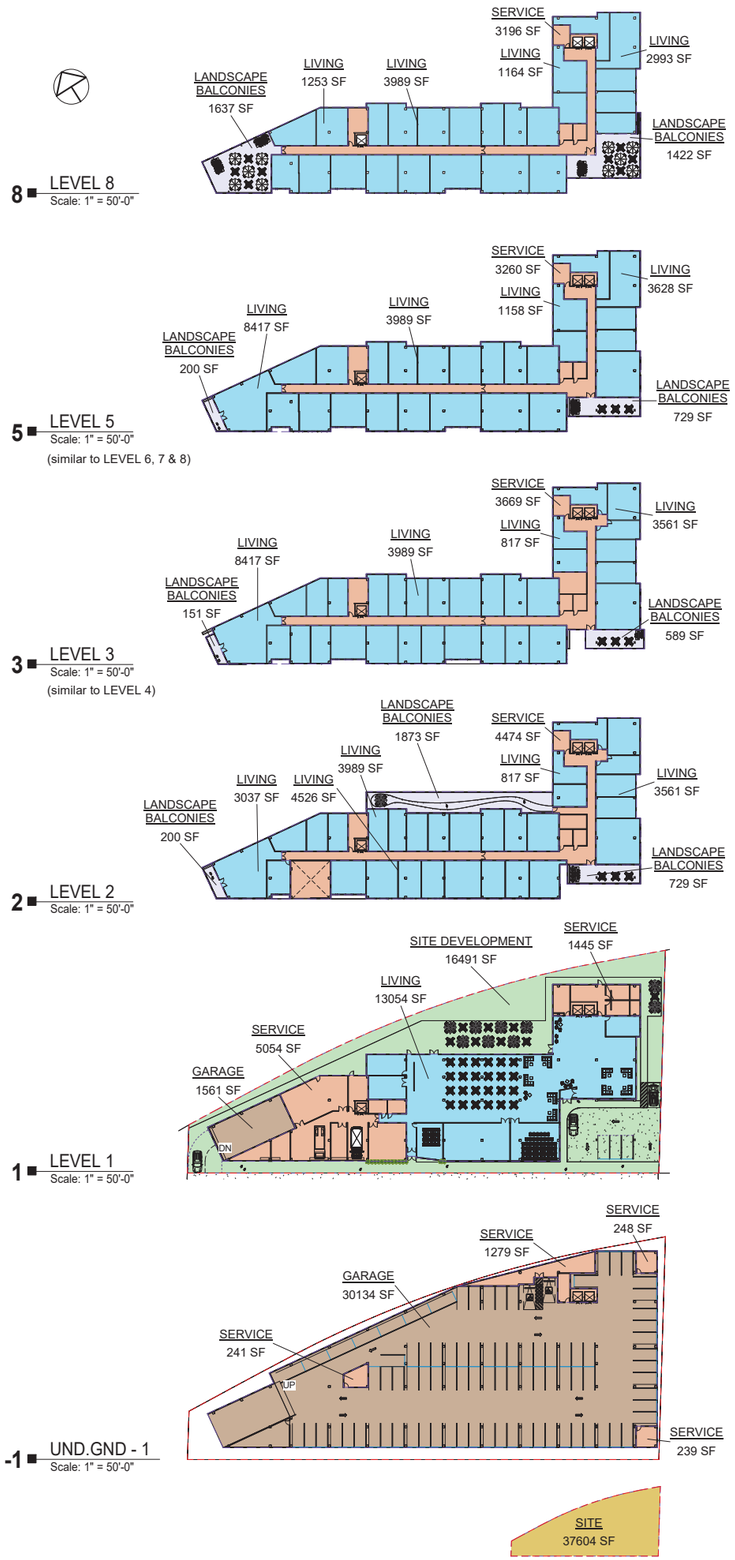
GROSS AREA OPEN AREAS

Gross Area LANDSCAPE BALCONIES

Level	Name	Area
LEVEL 2	LANDSCAPE BALCONIES	1873 SF
LEVEL 2	LANDSCAPE BALCONIES	729 SF
LEVEL 2	LANDSCAPE BALCONIES	200 SF
LEVEL 3	LANDSCAPE BALCONIES	151 SF
LEVEL 3	LANDSCAPE BALCONIES	589 SF
LEVEL 4	LANDSCAPE BALCONIES	126 SF
LEVEL 4	LANDSCAPE BALCONIES	749 SF
LEVEL 5	LANDSCAPE BALCONIES	200 SF
LEVEL 5	LANDSCAPE BALCONIES	729 SF
LEVEL 6	LANDSCAPE BALCONIES	589 SF
LEVEL 6	LANDSCAPE BALCONIES	151 SF
LEVEL 7	LANDSCAPE BALCONIES	126 SF
LEVEL 7	LANDSCAPE BALCONIES	749 SF
LEVEL 8	LANDSCAPE BALCONIES	1422 SF
LEVEL 8	LANDSCAPE BALCONIES	1637 SF
Grand total		10020 SF

Gross Area SITE DEVELOPMENT

Level	Name	Area
LEVEL 1	SITE DEVELOPMENT	16491 SF
Grand total		16491 SF



REFERENCES

ORGANIZATIONAL CHART
EMERALD VALLEY - DUBLIN, CA
https://www.mbkseniorliving.com/senior-living/ca/dublin/emerald-valley/

LEVEL 4
- **20 SENIOR APARTMENTS**
(7X ST - 11X 1BDR - 2X 2BDR = 20 UNITS)

LEVELS 3 & 4 - EXTERIOR PATIOS, BALCONIES, INTERIOR COMMON GATHERING SPACES

LEVEL 3
- **7 SENIOR APARTMENTS**
- **13 HIGH-ACUITY** SENIOR ASSISTED LIVING UNITS (RESIDENTS NEED REGULAR ASSISTANCE, THEY HAVE FULL KITCHEN AND BATHROOM FOR INDEPENDENT LIVING)
(7X ST - 11X 1BDR - 2X 2BDR = 20 UNITS)

LEVEL 2
- **32 MEMORY CARE SUITES** (RESIDENTS HAVE ALL MEALS, HOUSEKEEPING, ACTIVITIES)
14 PRIVATE UNITS - 18 SEMI-PRIVATE UNITS

- DINING AREA, COMMON LIVING SPACE, EXTERIOR BALCONY

GROUND LEVEL
- **8 SENIOR APARTMENTS**, (1X ST - 7X 1BDR)

- KITCHEN, DINING SPACES, BISTRO, ACTIVITY ROOM, DEN, THEATHER, SALON, OTHER GATHERING SPOTS

- OVERALL: **80 UNITS**

ASSISTED LIVING, 48 UNITS (35 SENIOR APARTMENTS + 13 HIGH-ACUITY):

- 15X STUDIO (31%): 398-447 SQFT

- 29X 1BDR (60%): 532-646 SQFT

- 4X 2BDR (8%): 803 SQFT

32 MEMORY CARE SUITES
300-426 SQFT

40 PARKING STALLS
INCL. 2 ADA STALLS

4 STORY BUILDING — **1AC SITE**

ORGANIZATIONAL CHART
MORNING STAR – WEST SAN JOSE
https://www.morningstarseniorliving.com/communities/assisted-living-san-jose-west-san-jose/west-san-jose-360-tour/

- STUDIO:

ASSISTED LIVING UNIT	MEMORY CARE UNIT
AREA: min. 403 sqft max. 528 sqft examples: 528, 429, 420, 414, 474, 496, 434, 444, 414, 439, 414, 403	**AREA:** min. 350 sqft max. 457 sqft examples: 350, 384, 386, 457, 426, 445, 435, 453, 360, 443, 404, 417, 408,
INCLUDES: - Sink at the Kitchen; - Laundry closet with wash machine.	

- 1 BED, 1 BATH:

ASSISTED LIVING UNIT	MEMORY CARE UNIT
AREA: min. 544 sqft max. 775 sqft examples: 638, 697, 689, 648, 577, 658, 616, 705, 671, 672, 775, 544	**AREA:** min. 585 sqft max. 671 sqft examples: 585, 600, 671
INCLUDES: - Sink and Microwave at the Kitchen; - Laundry closet with wash machine.	

- 2 BED, 2 BATH:

ASSISTED LIVING UNIT
AREA: min. 727 sqft max. 922 sqft examples: 727, 849, 922, 844, 901, 921, 797, 823
INCLUDES: - Sink and Microwave at the Kitchen; - Laundry closet with wash machine.

AMENITIES:
- **FOYER;**
- **DINING ROOM;**
- **BISTRO;**
- **LIFE ENRICHMENT;**
- **SALON;**
- **THEATRE;**
- **FITNESS CENTER;**
- **MEMORY CARE DINING ROOM;**
- **MEMORY CARE LIVING ROOM;**
- **MEMORY CARE LIFE ENRICH. ROOM.**

UNITS RATIOS: ???

ASSISTED LIVING	MEMORY CARE
- STUDIOS: x%	- STUDIOS: x%
- 1 BED, 1 BATH: x%	- 1 BED, 1 BATH: x%
- 2 BED, 2 BATH: x%	

PARKING: ???
- STAFF:
- RESIDENTS:
- GUESTS:

SERVICE SPACES: ???
- RESTROOMS;
- NURSERY ???
- CHAPEL, CULT ROOM ???

- ADMINISTRATION OFFICES;
- STAFF BREAK ROOM;
- LOCKER ROOM, BATHROOMS;
- KITCHEN;
- TRASH ROOM;
- STORAGE;
- UTILITIES;
...

OPEN COMMON AREAS: ???
- GARDENS;
- BALCONIES;
...

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LICENSED ARCHITECT JEFFREY R CURRENT C 19444 REN. 1-31-2021 STATE OF CALIFORNIA

Sheet Information

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Drawn	Author
Checked	Checker
Approved	Designer
Scale	As indicated

Sheet Title

GROSS AREA

12/4/2025 11:27:55 AM

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1 South West Elevation - Burton Road View
Scale: 1/16" = 1'-0"



2 South East Elevation
Scale: 1/16" = 1'-0"

STUDIO
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LICENSED ARCHITECT
JEFFREY R. CURRENT
C 19444
REN. 1-31-2021
STATE OF CALIFORNIA

Sheet Information

Issue Date	12/03/25
Job Number	Project Number
Drawn	Author
Checked	Checker
Approved	Designer
Scale	1/16" = 1'-0"

Sheet Title

ELEVATIONS

12/4/2025 11:28:49 AM

E9 - 11

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ARTICLE VIII. OVERLAY ZONES AND HISTORIC PRESERVATION

DIVISION 1. GENERALLY

Sec. 29.80.010. Scope.

Overlay zones are the PD or planned development overlay zone, LHP or landmark and historic preservation overlay zone and PS or public school overlay zones. The zone with which an overlay zone is combined is called the underlying zone.

(Ord. No. 1316, § 4.80.010, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1344, 1-17-77; Ord. No. 1452, 12-17-79; Ord. No. 1571, 3-7-83)

Secs. 29.80.015—29.80.070. Reserved.

DIVISION 2. PLANNED DEVELOPMENT OVERLAY ZONE[1]

Sec. 29.80.075. Purpose and intent.

As more specifically provided in section 29.80.080(b), the purpose and intent of the planned development overlay zone (PD) is to preserve, enhance, and/or promote:

(1) The Town's natural and historic resources;

(2) The production of affordable housing;

(3) The maximization of open space; and/or

(4) A project that provides a public benefit to the citizens of the Town.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.080. Limitations on use of a planned development.

(a) The PD overlay is not intended for:

(1) Uses inconsistent with the general plan;

(2) Proposed development that is reasonably feasible under the existing Town Code; or

[1]Editor's note(s)—Ord. No. 2273, § I, adopted May 1, 2018, repealed the former div. 2 §§ 29.80.075—29.80.145, and enacted a new div. 2 as set out herein. The former div. 2 pertained to similar subject matter and derived from Ord. No. 1316, §§ 4.82.010—4.82.150, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1363, 8-1-77; Ord. No. 1500, 5-18-81; Ord. No. 1838, §§ III, IV, 11-5-90; Ord. No. 1942, § I, 5-17-93.

(3) A deviation of standards applicable to similar types of development.

(b) An application for a PD shall only be considered by the recommending and deciding bodies if it meets the purpose and intent of this division, and meets one (1) or more of the following criteria:

(1) A project that provides a public benefit to the citizens of the Town.

(2) Property that is designated within the Hillside Development Standards and Guidelines Area Map.

(3) Property that has a historical designation or is within a Landmark Historic Preservation (LHP) Overlay Zone.

(4) Property with a tree or "stand of trees" that is unique, historical, ecological, or of aesthetic value, as determined according to standards set forth in the Town's Tree Protection Ordinance.

(5) Property that contains a stream, channel, or creek that supports or has supported riparian vegetation, fish, and/or aquatic life as further defined in the guidelines and standards for land use near streams.

(6) A property with a geological hazard or within a fault zone.

(7) A property being considered for affordable housing as defined in the Town's adopted and certified housing element.

(8) A property being considered for a use or combination of uses not allowed in the Town's existing zoning districts.

(9) A property being considered for the creative use of the site consistent with the base zoning district.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.085. Relationship of planned developments to other adopted land use documents.

The planned development overlay shall not be used to deviate from general plan provisions, guidelines adopted by the Town Council, the standards contained in any existing land use regulation, or any other provision of the Town Code otherwise applicable to the property except as otherwise provided in section 29.80.095(4).

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.090. Requirements.

The PD application shall include text and plans or diagrams that clearly demonstrate and specify all of the following:

(1) Compliance with all sections of this division.

(2) Conformity of the PD to the goals, policies, applicable land use designation(s) and standards of the general plan.

(3) A plan or set of plans that identify characteristics existing on the property which warrant application of the PD overlay zone.

(4) Proposed distribution, location and extent of the land uses on the site, including open space.

(5) Proposed standards and criteria by which development will proceed, including standards for conservation, development and utilization of natural and/or historic resources.

(6) Proposed deviations from the land use regulations and development standards applicable to the underlying zoning district(s).

(7) Description of the public benefit of the proposal.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.095. Findings.

The deciding body, on the basis of the totality of the evidence and testimony submitted at the hearing, may adopt a PD if all of the following findings can be made:

(1) The proposed PD is in compliance with all sections of this division.

(2) The proposed PD is in conformance with the goals, policies, and applicable land use designation(s) and standards of the Town's general plan.

(3) The proposed PD is in conformance with all other applicable land use regulations, including but not limited to Town Council adopted guidelines, except as otherwise provided in section 29.80.095(4).

(4) Any proposed use or development standards that deviate from the underlying zoning district(s) result in innovative and creative site planning to develop:

a. Housing with a minimum of forty (40) percent of the units affordable to households of very low, low, or moderate income; or

b. Mixed commercial, or mixed residential, or mixed commercial and residential development; or

c. A development designed and sited to protect, preserve and enhance conservation and enrichment of hillsides, natural and/or historic resources, ridgelines, a tree or stand of trees, creek and riparian corridors, geologic hazard or fault zone, and open space; or

d. A project that maximizes open space; or

e. The proposed PD provides a public benefit to the citizens of the Town.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.100. Phased development.

Proposed phasing plans shall be reviewed and adopted by the Town Council only if each phase is self-sufficient and is not dependent on subsequent phases to fulfill infrastructure requirements and/or conditions of approval.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.105. Dedication prior to issuance of first building permit.

Development rights for required open spaces shall be dedicated in advance of the issuance of any building permits.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.110. Vested.

Failure to obtain building permits for the approved Planned Development within twenty-four (24) months from the date of approval will automatically void the PD ordinance, unless an extension of time has been granted by the Town Council for good cause shown.

(Ord. No. 2273, § I, 5-1-18)

Sec. 29.80.120. Amendments to previously approved planned development.

Amendments to a PD approved both prior to and after the adoption of this division may only be considered under this division and its provisions and must meet the requirements set forth herein.

(Ord. No. 2273, § I, 5-1-18)

Secs. 29.80.125—29.80.210. Reserved.

DIVISION 3. HISTORIC PRESERVATION AND LHP OR LANDMARK AND HISTORIC PRESERVATION OVERLAY ZONE

Sec. 29.80.215. Purposes.

It is hereby found that structures, sites and areas of special character or special historical, architectural or aesthetic interest or value have been and continue to be unnecessarily destroyed or impaired, despite the feasibility of preserving them. It is further found that the public health, safety and welfare require prevention of needless destruction and impairment, and promotion of the economic utilization and discouragement of the decay and desuetude of such structures, sites and areas. The purpose of historic preservation is to promote the health, safety and general welfare of the public through:

(1) The protection, enhancement, perpetuation and use of structures, sites and areas that are reminders of past eras, events and persons important in local, State, or National history, or which provide significant examples of architectural styles of the past or are landmarks in the history of architecture, or which are unique and irreplaceable assets to the Town and its neighborhoods, or which provide for this and future generations examples of the physical surroundings in which past generations lived.

(2) The development and maintenance of appropriate settings and environment for such structures.

(3) The enhancement of property values, the stabilization of neighborhood and areas of the Town, the increase of economic and financial benefits to the Town and its inhabitants, and the promotion of tourist trade and interest.

(4) The enrichment of human life in its educational and cultural dimensions by serving aesthetic as well as material needs and fostering knowledge of the living heritage of the past.

(Ord. No. 1316, § 4.86.010, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.220. Powers and duties of Planning Commission.

The Planning Commission:

(1) Shall recommend to the Town Council, after public hearing, concerning designation of landmarks and historic districts, as provided in Section 29.80.245.

(2) May establish and maintain a list of structures and other landmarks deserving official recognition although not designated as landmarks or historic districts, and take appropriate measures for recognition.

(3) Shall hear and determine architecture and site approval applications for demolition a designated landmark sites and principal buildings in historic districts, as provided in sections 29.80.270 through 29.80.290.

(4) May take steps to encourage or bring about preservation of structures or other features where the Planning Commission has decided to suspend action on a permit application, as provided in Section 29.80.285.

(5) Shall seek and consider a recommendation from the Historic Preservation Committee when undertaking the powers and duties set forth in subsections (1) and (3) above, and shall consult with or request assistance from the Historic Preservation Committee when undertaking the powers and duties set forth in subsections (2) and (4) above.

(Ord. No. 1316, § 4.86.020, 6-7-76; Ord. No. 1375, 11-21-77; Ord. No. 1831, § I, 7-16-90; Ord. No. 2041, § IV, 2-2-98; Ord. No. 2355, § V, 4-2-24)

Sec. 29.80.222. Powers and duties of the Planning Director.

The Planning Director:

(1) Upon recommendation by the Historic Preservation Committee, determines matters pertaining to historic preservation as provided in Section 29.80.227 that are not assigned to the Planning Commission.

(Ord. No. 2355, § VI, 4-2-24)

Sec. 29.80.225. Historic Preservation Committee.

(a) The Historic Preservation Committee acts as an advisory body to the Planning Commission and Planning Director on all matters pertaining to historic preservation. The Historic Preservation Committee shall consist of five (5) members, three (3) public members and two (2) Planning Commissioners. The public members shall be appointed by the Town Council, and the Planning Commission members shall be appointed by the Planning Commission Chair and affirmed by the Town Council.

(b) The Committee is composed of professional and lay members with demonstrated interest, competence, or knowledge in historic preservation. Committee members shall be appointed from among the disciplines of architecture, history, architectural history, planning, archeology, or other historic preservation-related disciplines such as urban planning, American studies, American civilization, cultural geography, or cultural anthropology to the extent that such professionals are available in the community.

(Ord. No. 1316, § 4.86.040, 6-7-76; Ord. No. 1375, 11-21-77; Ord. No. 1626, 8-6-84; Ord. No. 1762, § I, 9-19-88; Ord. No. 1831, § II, 7-16-90; Ord. No. 1856, § I, 6-3-91; Ord. No. 1915, § III, 10-19-92; Ord. No. 2041, § IV, 2-2-98; Ord. No. 2355, § VII, 4-2-24)

Sec. 29.80.227. Powers and duties of the Historic Preservation Committee.

The Historic Preservation Committee shall:

(1) Regularly review and make recommendations to the Planning Commission concerning the determination of all matters pertaining to historic preservation which comes before the Planning Commission.

(2) Review and make recommendations to the Planning Director concerning the determination of a minor residential development permit for properties with a LHP overlay zone or structures which were built prior to 1941.

(3) Review and make recommendations to the Planning Director concerning minor residential and commercial exterior alterations not covered under the architecture and site approval process or the minor residential development permit, for designated properties with a LHP overlay zone pursuant to subsection 29.20.485.

(4) Upon request of the Planning Director, review pending or proposed building permits dealing with historic structures when it is questionable that the work proposed meets the guidelines for pre-1941 structures.

(5) May, on request of the property owner, advise with respect to any proposed work requiring or not requiring a Town permit on any historic structure, a designated landmark site or in a designated historic district. Examples of the work referred to are additions, demolitions, painting and repainting of exterior surfaces, roofing, fencing, landscaping, glazing, and installation of lighting fixtures. In advising, the Historic Preservation Committee shall be guided by the purposes and standards specified in this division and other applicable ordinances and/or development standards. This subsection does not impose regulations or controls on any property.

(6) Review and make recommendations to the Planning Director on requests for removal of a pre-1941 property from the Historic Resources Inventory.

(Ord. No. 1915, § IV, 10-19-92; Ord. No. 2041, § IV, 2-2-98; Ord. No. 2169, § I, 10-20-08; Ord. No. 2355, § VIII, 4-2-24)

Sec. 29.80.230. Designation by ordinance.

(a) The Council may by ordinance designate:

(1) One (1) or more individual structures or other features, or integrated groups of structures and features on one (1) or more lots or sites, having a special character or special historical, architectural or aesthetic interest or value, as landmarks, and shall designate a landmark site for each landmark; and

(2) One (1) or more areas containing a number of structures having special character or special historical, architectural or aesthetic interest or value, and constituting distinct sections of the Town, as historic districts.

(b) Each designating ordinance shall include a description of the characteristics of the landmark or historic district which justify its designation, and a list of any particular features in addition to those features which would be affected by work described in section 29.80.260 that are to be preserved, and shall specify the location and boundaries of the landmark site or historic district.

(c) A lot zoned LHP may only be used in the manner provided in the underlying zone, however, the Town Council, on the basis of the evidence submitted at the hearing, may permit an existing use not otherwise permitted in the underlying zone to continue providing the Council makes the following findings:

(1) The use has been legal and continues to operate in a manner that is not detrimental to other uses in the general vicinity;

(2) There is no history of complaints about the use;

(3) Removal of the use to another location would effectively end the significance of the historical designation on the property; and

(4) The use has been legally and continuously operating for at least fifty (50) years.

The specific use and the findings to support its continuance shall be incorporated in the designating ordinance.

(d) If the use permitted by subsection (c) above is discontinued for one hundred eighty (180) consecutive days, the use shall not be resumed and the use of the property shall conform with the provisions of the underlying zone. Token use does not toll or interrupt a period of discontinuance.

(e) The property designated shall be subject to the controls and standards contained in this division. In addition, the property shall be subject to the following further controls and standards if imposed by the designating ordinance:

(1) For a publicly owned landmark, review of proposed changes in major interior architectural features.

(2) For a historic district, such further controls and standards as the Council finds necessary or desirable, including but not limited to facade, setback and height controls.

(f) The Council may amend or rescind a designation only by ordinance, after Planning Commission and Council hearings as required for original designations.

(Ord. No. 1316, § 4.86.050, 6-7-76; Ord. No. 1674, 2-18-86; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.235. Initiation of designation.

Initiation of designation proceedings shall be by resolution of the Council or Planning Commission. The date of initiation is the date the resolution is adopted.

(Ord. No. 1316, § 4.86.060, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.240. Procedure.

Except as provided by this division the proceedings for LHP or landmark and historic preservation overlay zone designation are the same as for any other zoning of land.

(Ord. No. 1316, § 4.86.070, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.245. Hearing by Planning Commission for proposed historic designation.

Notices required by sections 29.20.560 and 29.20.565, shall be mailed.

(1) *Action and time limit.* The Planning Commission shall consider the degree of conformity of the proposed designation with the purposes and standards of this division and the general plan. The Planning Commission shall determine the matter within one hundred twenty (120) days after the initiation of designation proceedings.

(2) *Notice of action.* The Planning Commission shall promptly notify the property owner of action taken. If the Planning Commission approves or modifies the proposed designation in whole or in part, it shall transmit the proposal, together with a copy of the resolution of approval, to the Council.

(Ord. No. 1316, § 4.86.080, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1626, 8-6-84; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.250. Notice of designation by Council.

When a landmark or historic district has been designated by the Council, the Town Clerk shall promptly notify the owners of the property included therein.

(Ord. No. 1316, § 4.86.100, 6-7-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.255. Conformity required.

Construction, alteration, demolition or removal work for which a Town permit is required is prohibited on a designated landmark site or in a designated historic district unless approval by the deciding body has been granted as provided in sections 29.80.260 through 29.80.300, or unless the work conforms with the provisions of section 29.80.310.

(Ord. No. 1316, § 4.86.110, 6-7-76; Ord. No. 1375, 11-21-77; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.260. Permit required.

No person shall do any work listed below without first obtaining the required planning approval:

(1) Exterior alteration to a designated landmark, property in an historic district or pre-1941 structure consisting of any construction, addition, demolition, restoration or rehabilitation.

(2) Interior alterations that would affect the exterior of a designated landmark, a structure in an historic district or a pre-1941 structure.

(3) Construction of any type on a landmark site or within a historic district unless excepted by the designating ordinance, or of a type which does not affect the exterior appearance of the site, district or any structure on the site or in the district.

(Ord. No. 1316, § 4.86.120, 6-7-76; Ord. No. 1375, 11-21-77; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.265. Application for permit.

Prior to issuance of a building permit, a Notice to Contractor form must be signed by the contractor and posted at the job site stating that the property is on the Historic Resources Inventory and no deviations from the approved plans are allowed without prior review and approval. This information shall be affixed on the approved building plans.

(Ord. No. 1316, § 4.86.130, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1375, 11-21-77; Ord. No. 2041, § IV, 2-2-98; Ord. No. 2083, § I, 5-7-01)

Sec. 29.80.270. Reserved.

Editor's note(s)—Ord. No. 1914, § I, adopted Oct. 19, 1992, deleted former § 29.80.270, relative to the procedure for architecture and site approval, which derived from Ord. No. 1316, § 4.86.140, adopted June 7, 1976 and Ord. No. 1375, adopted Nov. 21, 1977.

Sec. 29.80.275. Reserved.

Editor's note(s)—Ord. No. 2083, § II, adopted May 7, 2001, repealed former § 29.80.275 of the Code entitled Notice which derived from Ord. No. 2041, § IV, adopted Feb. 2, 1998.

Sec. 29.80.280. Decision.

The Planning Commission shall consider any report from the Historic Preservation Committee and shall ascertain whether the proposed work conforms to this chapter and to the provisions of the designating ordinance.

(Ord. No. 1316, § 4.86.160, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1375, 11-21-77; Ord. No. 1626, 8-6-84; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.285. Suspended action.

To obtain sufficient time for steps necessary to preserve the structure concerned, the Planning Commission may suspend action on an architecture and site approval application to permit construction, alteration, demolition or removal for a period not to exceed one hundred eighty (180) days. The Council may, by resolution, extend the suspension for an additional period not to exceed one hundred eighty (180) days, if the resolution is adopted not more than ninety (90) days and not less than thirty (30) days prior to the expiration of the original one-hundred eighty-day period. During the suspension period, the Planning Commission may consult with the Historic Preservation Committee, the Los Gatos Heritage Preservation Society and other civic groups, public agencies and interested citizens, make recommendations for acquisition of property by public or private bodies or agencies, explore the possibility of moving one (1) or more structures or other features, and take any other reasonable measures.

(Ord. No. 1316, § 4.86.170, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1375, 11-21-77; Ord. No. 1626, 8-6-84)

Sec. 29.80.290. Standards for review.

In evaluating applications, the deciding body shall consider the architectural style, design, arrangement, texture, materials and color, and any other pertinent factors. Applications shall not be granted unless:

(1) On landmark sites, the proposed work will neither adversely affect the exterior architectural characteristics or other features of the landmark (and, where specified in the designating ordinance for a publicly owned landmark, its major interior architectural features) nor adversely affect the character of historical, architectural or aesthetic interest or value of the landmark and its site.

(2) In historic districts, the proposed work will neither adversely affect the exterior architectural characteristics or other features of the property which is the subject of the application, nor adversely affect its relationship, in terms of harmony and appropriateness, with its surroundings, including neighboring structures, nor adversely affect the character, or the historical, architectural or aesthetic interest or value of the district.

(3) For pre-1941 structures, the proposed work will neither adversely affect the exterior architectural characteristics or other features of the property which is the subject of the application.

In any event applications shall not be granted for work which violates standards included in the designating ordinance or pre-1941 design guidelines.

(Ord. No. 1316, § 4.86.180, 6-7-76; Ord. No. 1375, 11-21-77; Ord. No. 1914, § II, 10-19-92; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.295. Exemptions for reconstruction.

Reconstruction of a designated structure shall be exempt from setback and height requirements if it is rebuilt as originally constructed, except for modifications approved in the permit.

(Ord. No. 1316, § 4.86.185, 6-7-76; Ord. No. 1546, 8-16-82; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.297. State Historical Building Code.

The California State Historical Building Code (SHBC) provides alternative building regulations for the rehabilitation, preservation, restoration or relocation of structures designated as cultural resources. As required by state law, the SHBC shall be used if the property owner requests its use for historic buildings in the Town's building permit procedure.

(Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.300. Showing of hardship in cases of proposed alterations, demolitions or construction.

If the applicant presents facts clearly demonstrating to the satisfaction of the Planning Commission that failure to approve the application will work immediate and substantial hardship because of conditions peculiar to the particular structure or other feature involved, the Planning Commission may approve the application even though it does not meet the standards set forth in either the enabling or designating ordinance.

(Ord. No. 1316, § 4.86.190, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 1375, 11-21-77; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.305. Applicability for proposed historic designation.

(a) No application for a permit to construct, alter, demolish or remove any structure or other feature on a proposed landmark site or in a proposed historic district, filed subsequent to the date of initiation of proceedings to designate the landmark site or historic district, shall be approved while the proceedings are pending; provided, however, that if final action on the designation has not been completed one hundred eighty (180) days after initiation of designation proceedings, the permit application may be approved.

(b) The regulations of this division do not apply to the construction, alteration, demolition or removal of any structure or other feature on a landmark site or in a historic district, where a permit for the performance of such work was validly issued and used before initiation of proceedings for designation of the landmark site or historic district. For the purpose of this subsection, a permit is used if substantial construction work specifically for the purpose for which the permit is issued is lawfully performed after the permit is issued, and in reliance on the permit. (The term "construction" includes grading.)

(Ord. No. 1316, § 4.86.200, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.310. Unsafe or dangerous conditions.

None of the provisions of this division shall prevent any measures of construction, alteration, or demolition necessary to correct the unsafe or dangerous condition of any structure, other feature, or part thereof, where such condition has been declared unsafe or dangerous by the Building Official or the Fire Marshal, and where the proposed measures have been declared necessary, by such official to correct the condition; provided, however, that only such work as is absolutely necessary to correct the unsafe or dangerous condition and as is done with due regard for preservation of the appearance of the structure involved may be performed pursuant to this section. If any structure or other feature is damaged by fire, or other calamity, or by act of God, to such an extent that in the opinion of the aforesaid officials it cannot be reasonably repaired and restored, it may be removed in conformity with normal permit procedures and applicable laws.

(Ord. No. 1316, § 4.86.210, 6-7-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.315. Duty to keep in good repair.

The owner, lessee, and any other person in actual charge or possession of a pre-1941 structure, designated landmark or structure in the LHP or landmark and historic preservation overlay zone shall keep all of the exterior portions in good repair as well as all of the interior portions which are subject to control by the terms of the designating ordinance, and all portions whose maintenance is necessary to prevent deterioration or decay of any exterior portion.

(Ord. No. 1316, § 4.86.220, 6-7-76; Ord. No. 1328, 8-2-76; Ord. No. 2041, § IV, 2-2-98)

Sec. 29.80.320. Reserved.

Editor's note(s)—Ord. No. 1981, § I, adopted July 5, 1994, repealed former § 29.80.320, relative to filing fees, which derived from Ord. No. 1610, § I(4.86.230), adopted March 5, 1984 and Ord. No. 1952, § IV, adopted Aug. 2, 1993.

Secs. 29.80.330—29.80.400. Reserved.

DIVISION 4. PS OR PUBLIC SCHOOL OVERLAY ZONE

Sec. 29.80.405. Application.

The provisions of this division apply in the PS (Public School Overlay) zone. Land in any zone, but only land owned by a public school district, may be zoned PS. The rules of the PS zone allow uses that are not necessarily allowed by the rules of the underlying zone. Only land owned by a public school district may be used according to the rules of the PS zone.

(Ord. No. 1316, § 4.88.010, 6-7-76; Ord. No. 1452, 12-17-79)

Sec. 29.80.410. Intent.

Where practical, the Town wants public school offices, buildings and grounds to remain in public ownership and to be available for present or future public use. The PS or public school overlay zone is intended to allow school buildings to be used, without extensive exterior modifications, in ways which will make it unnecessary to sell schools.

(Ord. No. 1316, § 4.88.020, 6-7-76; Ord. No. 1452, 12-17-79)

Sec. 29.80.415. Permitted uses.

In addition to activities allowed in the underlying zone the following activities are allowed in buildings in the PS or public school overlay zone. However, no activity shall be conducted in a manner which would unreasonably interfere with nearby residential uses.

(1) Public building, police, fire, community center.

(2) Library, art gallery, museum.

(3) Park, plaza, playground.

(4) School or college not otherwise specified.

(5) Nursery school.

(6) Vocational or trade school.

(7) Business or professional school or college.

(8) Art, craft, music, dancing school.

(Ord. No. 1316, § 4.88.030, 6-7-76; Ord. No. 1452, 12-17-79; Ord. No. 1511, 8-3-81)

Sec. 29.80.420. Uses permitted by conditional use permit.

The following uses are permitted in the PS or public school overlay zone by conditional use permit:

(1) All uses, not listed in section 29.80.415, specified as allowable with a conditional use permit by regulations of the underlying zone.

(2) Multiple-family dwellings.

(3) Activities involving controlled manufacturing, research and development, wholesaling and other light industrial uses.

(4) Warehousing.

(5) Offices, business, professional, or executive.

(Ord. No. 1316, § 4.88.040, 6-7-76; Ord. No. 1452, 12-17-79; Ord. No. 1511, 8-3-81)

Sec. 29.80.425. Other regulations.

All other regulations of the underlying zone and the general provisions applicable to all zones apply to a PS or public school overlay zone.

(Ord. No. 1316, § 4.88.050, 6-7-76; Ord. No. 1452, 12-17-79)

Sec. 29.80.430. Playgrounds and playing fields.

The extent of the school playground and playing fields to be reserved for public use shall be designated at the time the public school zoning is adopted.

(Ord. No. 1316, § 4.88.060, 6-7-76; Ord. No. 1452, 12-17-79; Ord. No. 1511, 8-3-81)

Secs. 29.80.435—29.80.500. Reserved.

DIVISION 5. HOUSING ELEMENT OVERLAY ZONE[2]

Sec. 29.80.505. Intent.

The Housing Element Overlay Zone (HEOZ) ordinance in this division is intended to increase the supply and the mix of housing types, tenure, and affordability within the Town of Los Gatos. Through appropriate densities, concessions, and fee deferrals or waivers, the HEOZ encourages the development of housing affordable to all income levels on sites within the Town that are deemed to be most appropriate for such uses. The Housing Element lists sites within the Town of Los Gatos as key housing opportunities. The designation of these sites will assist the Town in meeting its Regional Housing Needs Allocation (RHNA), as required by the State.

(Ord. No. 2353, § II, 3-5-24)

Sec. 29.80.510. HEOZ and underlying zoning.

(a) "By right" residential developments on sites with underlying zoning of RM, CH, or NF-SP (Table 1A below). Pursuant to Government Code Section 65583.2, subsections (h) and (i), in the HEOZ, residential developments with at least twenty (20) percent of the units proposed for "low income" households are subject to "by right approval." These developments are subject to the following:

(1) The developments must be developed within the density ranges specified in Table 1A below and in no event shall any residential development projects be developed below the minimum density of thirty (30) units per acre.

(2) The developments shall be subject to non-discretionary design review based on objective development standards in accordance with the procedures specified in Article II, "Administration and Enforcement," of Chapter 29, "Zoning Regulations," of the Town Code.

(3) No California Environmental Quality Act review shall be required.

(4) Any subdivision of sites in the HEOZ shall be subject to all laws, including, but not limited to, Chapter 24, "Subdivision Regulations," and sections 29.10.067—29.10-087 of the Town Code implementing the Subdivision Map Act.

(5) Residential units shall occupy at least fifty (50) percent of the floor area in all mixed-use projects.

(6) For residential developments and mixed-use projects, the standards set forth in Table 1A shall apply.

Table 1A HEOZ Development Standards for "By Right" Residential Development

General Plan Land Use Designation	Zoning	Minimum Yards	Maximum Lot Coverage	Maximum Floor Area	Maximum Height Limit (ft)	Density Units Per Acre

[2]Ord. No. 2353, § II, adopted March 5, 2024, repealed the former Div. 5, §§ 29.80.505—29.80.515, and enacted a new Div. 5 as set out herein. The former Div. 5 pertained to affordable housing overlay zone and derived from Ord. No. 2224, § I, 11-18-13; Ord. No. 2277, II, 8-21-18; Ord. No. 2347, § I, 11-21-23.

				Ratio (FAR)		
High Density Residential	R-M	As authorized by Section 29.40.645	75%	N/A	45 feet	30—40
Mixed-Use	CH	As authorized by Section 29.60.435	N/A	3.0	45 feet	30—40
North Forty Specific Plan	NF-SP	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan	As defined in Specific Plan	30—40

(b) For all other residential developments other than those described in subsection (a), the standards set forth in Table 1B below shall apply.

Table 1B HEOZ Development Standards for Other Residential Development

General Plan Land Use Designation	Zoning	Minimum Yards	Maximum Lot Coverage	Maximum Floor Area Ratio (FAR)	Maximum Height Limit (ft)	Density Units Per Acre
Low Density Residential	R-1	As authorized by Section 29.40.405	50%	N/A	30 feet	0—5
Medium Density Residential	R-1D, R-D, and R-M	As authorized by Section 29.40.405, 29.40.530, and 29.40.645	75%	N/A	35 feet	14—22 or 5—12 in Very High Fire Hazard Severity Zones
Neighborhood Commercial	C-1	As authorized by Section 29.60.225	N/A	1.0	35 feet	10—20
Central Business District	C-2	As authorized by Section 29.60.335	N/A	2.0	45 feet	20—30
Office Professional	O	As authorized by Section 29.60.100	N/A	1.0	35 feet	10—20

(c) The underlying zoning development standards will remain in effect for all other development without a residential component.

(d) Regardless of the underlying zoning designation, no residential use may be developed that does not meet the applicable HEOZ development standards.

(e) Where standards are not specified, the development standards provided in the underlying zoning district shall apply.

(Ord. No. 2353, § II, 3-5-24)

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TOWN OF LOS GATOS

CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE REPORT

MEETING DATE: 05/13/2026

ITEM NO: 1

DRAFT
MINUTES OF THE CONCEPTUAL DEVELOPMENT ADVISORY COMMITTEE MEETING
FEBRUARY 11, 2026

The Conceptual Development Advisory Committee of the Town of Los Gatos conducted a regular meeting on February 11, 2026, at 4:30 PM.

MEETING CALLED TO ORDER AT 4:30 PM

ROLL CALL

Present: Chair Jeffrey Barnett, Vice Mayor Maria Ristow, Councilmember Mary Badame, Commissioner Joe Sordi, Commissioner Rob Stump.

Absent: None.

VERBAL COMMUNICATIONS

Karen Yamamoto

Provided comments regarding the alarm permit letter she received.

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

1. **Approve the Draft Minutes of the March 12, 2025, Conceptual Development Advisory Committee Meeting.**

MOTION: **Motion** by **Vice Mayor Ristow** to approve this item. **Seconded** by **Committee Member Stump**.

VOTE: **Motion passed (4-1, Sordi abstained)**.

2. **Approve the Conceptual Development Advisory Committee 2026 Meeting Schedule.**

MOTION: **Motion** by **Committee Member Stump** to approve the consent calendar. **Seconded** by **Councilmember Badame**.

VOTE: **Motion passed unanimously (5-0)**.

PUBLIC HEARINGS

3. **16245 Burton Road**
   Conceptual Development Advisory Committee Application CD-26-001

   Consider a Request for Preliminary Review of an Amendment to the North Forty Specific Plan and a Proposal for Construction of a Senior Living Facility (176 Units) on Property Zoned North Forty Specific Plan:Housing Element Overlay Zone. APNs 424-06-115 and 424-06-116.
   Property Owner: Tama Holdings LLC
   Applicant: Jared Gamelin
   Project Planner: Jocelyn Shoopman

Project Planner presented the staff report.

Open Public Comment.

Jared Gamelin, Applicant

This project is at the north edge of the North Forty Specific Plan. We are seeking to amend the North Forty Specific Plan to include a senior living community use. It is in close proximity to Good Samaritan hospital and surrounding medical services. We are looking to discuss the plan and get feedback on it.

Michaelle Williams, Architect

This site is zoned to permit mixed-use and office development, and the senior living facility is in line with this. The walkability, public space, and amenities would be great with this project.

Lee Fagot

There are issues of safety and costs to the Town for infrastructure support that has to be considered. This site is not in what is considered North Forty Phase II. What guidelines should be in place based on when the application was received since it is not included in the North Forty Phase II application. The height being proposed is not within the character of the Town. The emergency exit that will be required for this site needs to be considered due to the impact of the freeways in the area.

Karen Yamamoto

The height should be considered, as well as the emergency routes. With the Eden Housing building adjacent to the property, the concern is the safety of those people who may be disabled to be able to safely evacuate from the proposed senior living facility, including the staff. This proposal is not a SB 330 or Builder's Remedy project, so why is a nine story building being considered. A hotel would be great. While senior housing is needed, we need more affordable senior living options.

Jared Gamelin, Applicant

We appreciate your time on this.

Closed Public Comment.

Committee members discussed the matter and provided the following questions and comments:

- Consider including independent living units along with assisted living and memory care.
- Concerned with the proposed height and its visibility along the freeway since nothing over four stories has typically been approved.
- Has there been any thought around a hotel or gym use instead?
- Concerned that the proposed architecture does not fit the character of the Town.
- Emergency access and evacuation routes need to be a consideration for this type of project.
- Senior living is a needed use in the Town, but the use on this corridor of Los Gatos Boulevard is concerning given traffic congestion.
- Parking for the use may be an issue depending on the number of employees and visitors.
- Setbacks of the building are important to understand the project's impact along Burton Road and the adjacent Eden Housing building.
- Would like to see kitchens in the assisted living units.
- The height of the building should step down to better blend with the North Forty Phase II buildings.
- Concern with the scale and character of the building given its height and proposed architecture.
- Is there enough recreation and open space for the seniors?

OTHER BUSINESS

4. Elect a Chair and Vice Chair

MOTION: **Motion** by **Councilmember Badame** to nominate Jeffrey Barnett as Chair. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously (5-0)**.

MOTION: **Motion** by **Chair Barnett** to nominate Rob Stump as Vice Chair. **Seconded** by **Vice Mayor Ristow**.

VOTE: **Motion passed unanimously (5-0)**.

ADJOURNMENT

The meeting adjourned at 5:55 p.m.
This is to certify that the foregoing is a true and correct copy of the minutes of the February 11, 2026, meeting as approved by the Conceptual Development Advisory Committee.

_____
Joel Paulson, Community Development Director

PROJECT DESCRIPTION

This application has been submitted to add senior living as an additional permitted use in the North 40 Plan. After completing a CDAC Project Review it was concluded that this use would be appropriate by the committee. We would like to proceed with this amendment.

EXHIBIT 5

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LETTER OF JUSTIFICATION

This application has been submitted to add senior living as an addition permitted use in the North 40 Plan. After completing a CDAC Project Review it was concluded that this use would be appropriate by the committee. We would like to proceed with this amendment.

The property currently has a vacant single-family residence, which constitutes a significant underutilization of the land. Documentation of the existing site will be provided as part of the application materials.

This project provides meaningful benefits to the Town of Los Gatos by contributing to the supply of much-needed senior housing. It directly supports local and state housing objectives by introducing a range of housing options tailored to an aging population. The inclusion of both independent and assisted living units will generate local employment opportunities while helping the Town meet city and state housing development requirements.

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Norman Y. Mineta Hwy
S Bascom Ave
Starbucks Coffee Company
The Starbucks Coffee Company
Andrew
Samaritan Dr
Los Gatos Oral and Facial Surgery
Los Gatos Creek Dental
Yuki Farms
De Flores Ln
Navdeep Dhatt - DPM , San Jose
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SITE


SITE


CONTEXT


(E) HOUSE ON PROPERTY


CONTEXT


CONTEXT

EXHIBIT 7

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RESOLUTION 2018-044

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS APPROVING AMENDMENTS TO THE NORTH 40 SPECIFIC PLAN.

APN 424-07-009, 010, 024 THROUGH 027, 031 THROUGH 037, 052 THROUGH 054, 060, 063 THROUGH 065, 070, 081 THROUGH 086, 090, 094 THROUGH 096, 099, 100, 102 THROUGH 112, 424-06-115, 116, AND 129.

PROPERTY OWNERS: YUKI FARMS, ETPH LP, GROSVENOR USA LIMITED, SUMMERHILL N40 LLC, DODSON, HIRSCHMAN, MATTES, VENTURA TRUSTEE, MOISENCO, LOS GATOS MEDICAL OFFICE CENTER LLC, LOS GATOS GATEWAY LLC, MBK ENTERPRISE, CONNELL, GIN, JOHN & ALLISON DIEP LLC, BERNAL, LG BOULEVARD HOLDINGS LLC, POLARIS NAVIGATION, EW REAL ESTATE LLC, LAZAAR ENTERPRISES LLC, KOTHARY, AND SWENSON TRUSTEE.

APPLICANT: TOWN OF LOS GATOS

WHEREAS, on June 17, 2015, the Town Council adopted the North 40 Specific Plan, providing detailed land use and development guidance for the area bounded by Highway 17 to the west, Los Gatos Boulevard to the east, Lark Avenue to the south and Highway 85 to the north.

WHEREAS, an Environmental Impact Report (EIR) was prepared and certified for the North 40 Specific Plan in compliance with the California Environmental Quality Act (CEQA).

WHEREAS, on September 27, 2016, the Town Council conducted a special meeting and provided suggestions for potential amendments to the North 40 Specific Plan; and

WHEREAS, Council direction was clear that potential amendments to the North 40 Specific Plan should not require changes to the Town's Housing Element or any additional environmental, economic, or other analysis; and

WHEREAS, the General Plan Committee met on October 27, 2016 and November 17, 2016 to discuss the Council's suggestions for potential amendments; and

WHEREAS, on November 17, 2016, specific potential amendments to the North 40 Specific Plan were forwarded by the General Plan Committee to the Planning Commission for their consideration; and

WHEREAS, the Planning Commission began its consideration of the potential North 40 Specific Plan amendments on December 15, 2016 and continued the matter to January 26, 2017; and

WHEREAS, on January 26, 2017, the Planning Commission completed its consideration of the potential amendments and forwarded their suggestions to the Town Council for consideration; and

WHEREAS, on October 3, 2017, the Town Council held a Study Session to discuss potential amendments to the North 40 Specific Plan, received public testimony, and requested additional information on a number of topics; and

WHEREAS, on November 14, 2017, the Town Council held a Special Meeting to discuss potential amendments to the North 40 Specific Plan, received public testimony, and provided staff direction for amendments to the North 40 Specific Plan; and

WHEREAS, on January 16, 2018, the Town Council held a noticed public hearing to consider amendments to the North 40 Specific Plan, received public testimony, and continued the matter to the February 6, 2018 Town Council meeting with requests for additional information from staff; and

WHEREAS, due to the length of time anticipated to consider other items on the February 6, 2018 Town Council agenda this item was continued to the March 6, 2018 meeting; and

WHEREAS, on March 6, 2018, the Town Council held a continued public hearing to consider amendments to the North 40 Specific Plan, received public testimony, and continued the matter to the April 17, 2018 Town Council meeting with requests for additional information from staff; and

WHEREAS, staff was not been able to complete the work associated with the Town Council's requests for additional information from the April 17, 2018 Town Council meeting and the item was continued to the Town Council meeting on June 5, 2018; and

WHEREAS, on June 5, 2018, the Town Council held a noticed public hearing to consider amendments to the North 40 Specific Plan, received public testimony, and continued the matter to the August 7, 2018 Town Council meeting with direction to staff.

WHEREAS, on August 7, 2018, the Town Council held a noticed public hearing to consider amendments to the North 40 Specific Plan, received public testimony, and continued the matter to the August 15, 2018 Town Council meeting with direction to staff.

WHEREAS, on August 15, 2018, the Town Council held a noticed public hearing to consider amendments to the North 40 Specific Plan and continued the matter to the September 4, 2018 Town Council meeting with direction to staff to prepare a Resolution and exhibit for the amendments agreed to and voted on by a majority of the Town Council.

WHEREAS, on September 4, 2018, the Town Council held a noticed public hearing to consider amendments to the North 40 Specific Plan and received public testimony.

NOW, THEREFORE, BE IT RESOLVED:

1. The amendments to the North 40 Specific Plan attached as Exhibit A are approved.
2. The Town Council hereby adopts the following findings:
    a. The Town Council certified an Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Program for the North 40 Specific Plan on January 20, 2015 (Resolution 2015-002) and no additional environmental review is necessary for the proposed amendments; and
    b. The proposed amendments to the North 40 Specific Plan are consistent with the goals and policies of the General Plan and its elements.
3. In addition to the above findings, the Town Council approves the amendments based on the entire administrative record.
4. The decision constitutes a final administrative decision pursuant to Code of Civil Procedure section 1094.6 as adopted by section 1.10.085 of the Town Code of the Town of Los Gatos. Any application for judicial relief from this decision must be sought within the time limits and pursuant to the procedures established by Code of Civil Procedure section 1094.6, or such shorter time as required by state and federal Law.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 4th day of September, 2018, by the following vote:

COUNCIL MEMBERS:

AYES: Marcia Jensen, Steve Leonardis, Mayor Rob Rennie

NAYS: Marico Sayoc, Barbara Spector

ABSENT: None.

ABSTAIN: None.

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 9/5/18

ATTEST:

TOWN CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 9/10/18

6.4 ADMINISTRATION

This section describes the authority of the Specific Plan, the process which will be used to consider development applications, and the administrative procedures required for amendments and/or modifications to the Specific Plan.

6.4.1 Specific Plan Administration

Proposed developments within the Specific Plan Area may request to enter into a Development Agreement and will be reviewed pursuant to the established Architecture and Site Review and approval process as defined within Division 3 of the Zoning Ordinance or the Planned Development Overlay process. In addition, proposed developments will be required to adhere to existing Zoning Ordinance regulations and processes for other types of discretionary review, such as those for conditional use permits, variances, and subdivisions.

Future Applications must be consistent with this specific plan standards or their intent and within the parameters studied in the EIR.

6.4.2 Relationship to Zoning Regulations

The land use and development requirements contained in this Specific Plan constitute the primary zoning and development regulations for the Specific Plan Area. These regulations are applied in addition to the Zoning Regulations provisions of the Zoning Ordinance (Chapter 29). If there is a difference or conflict between the requirements of the Town's Zoning Regulations and this Specific Plan, the provisions of this Specific Plan shall prevail.

6.4.3 General Plan Amendments

To be consistent with the Town's Vision Statement and Guiding Principles Developed in 2012, two General Plan guidelines and one policy that addresses the North 40 planning area will be amended. Refer to Section 1.4 of the Specific Plan for revised language.

6.4.4 Interpretation of Provisions and Uses

The Director of Community Development shall have the responsibility to interpret the provisions of this Specific Plan. If an issue or situation arises that is not sufficiently provided for or is not clearly understandable, those regulations of the Zoning Ordinance that are most applicable shall be used by the Director as guidelines to resolve the issue or situation. This provision shall not be used to permit uses or procedures not specifically authorized by this Specific Plan or the Zoning Ordinance.

If ambiguity arises concerning the appropriate classification of a particular land use, the Director shall have the authority to make an interpretation as to whether the use should be allowed because it is similar to other allowed uses in a particular Specific Plan District, or whether the use should not be allowed in any Specific Plan District.

The Director may refer any matter for interpretation to the Planning Commission for their consideration. The Planning Commission shall make the final decision on an interpretation. The Planning Commission's decision may be appealed to the Town Council.

2018
EXHIB

ITEM NO. 14.

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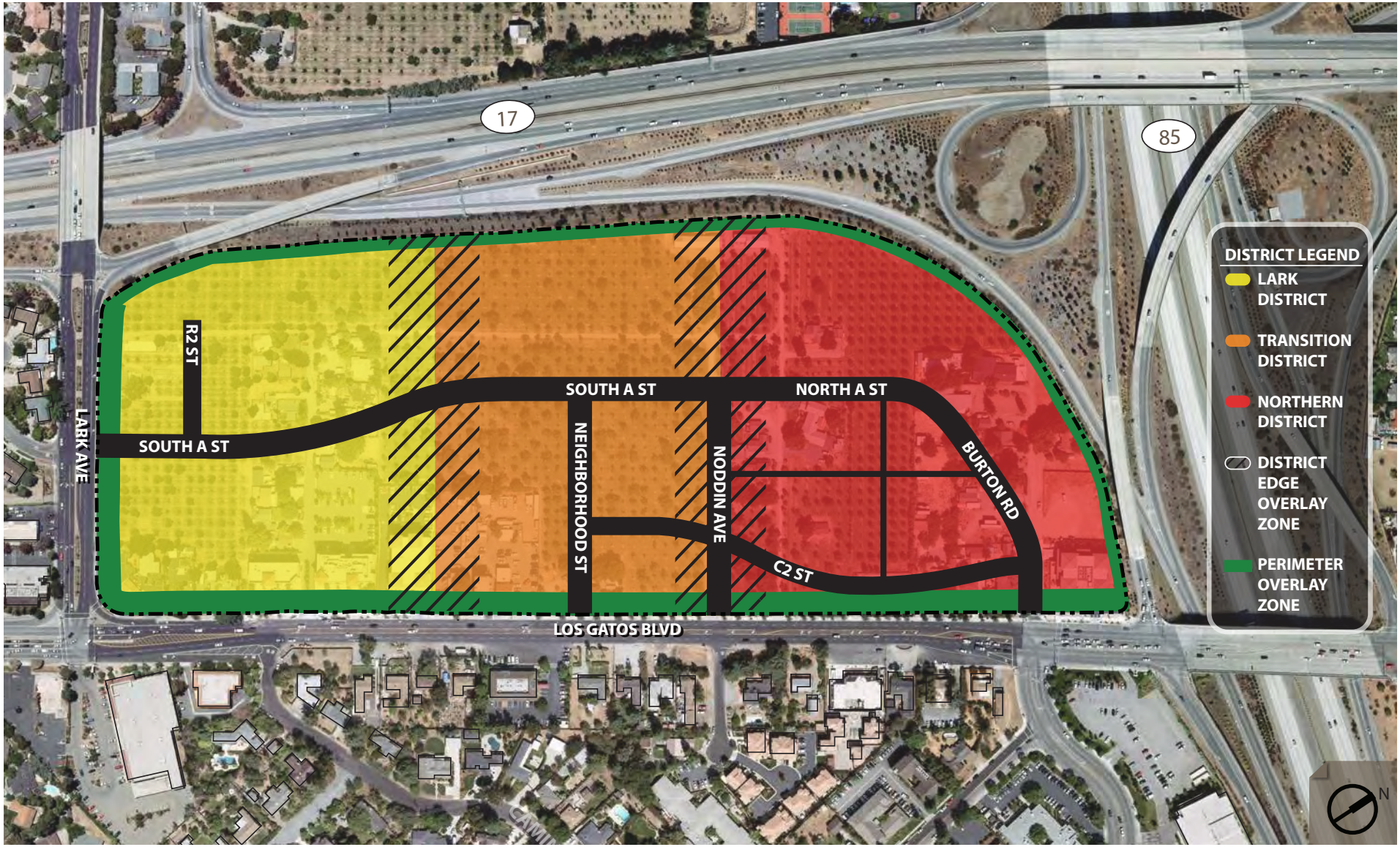


Figure 2-1 District Plan

2.4 PERMITTED LAND USES

The Specific Plan land uses help to create a pedestrian-oriented and interactive environment that is compatible with surrounding neighborhoods as well as provides for on-site uses that are compatible with each other. The Specific Plan specifies the desired mix, as well as the location of land uses. In general, lower intensity shops, offices, and residential land uses are envisioned in the southern portion of the Specific Plan Area. Moving northward, potential land uses transition to mixed-use residential and potential hospitality uses to provide a buffer between primarily residential uses in the southern portion of the Specific Plan Area and the entertainment, restaurant, and shopping uses envisioned in the northern portion of the Specific Plan Area. The Specific Plan establishes two primary land use categories to guide development within the Specific Plan Area. These land uses categories are: (1) non-residential – including retail, office, recreation, community services, restaurants, entertainment, and hotel, and (2) residential – including condominium, cottage cluster/garden cluster housing, live-work flats, multi-family flats, multiplexes, rowhouses and townhomes. Residential development is focused on multi-family housing types and shall be designed to attract the unmet housing needs of the community. Within the Transition District, the Specific Plan encourages the development of residential units over commercial development. It is important to provide an appropriate amount of residential development in the Specific Plan Area to create a sustainable and pedestrian-oriented mixed-use environment. Although residential uses will be an important component to the success of the Specific Plan Area, it will support the predominantly retail and neighborhood serving focus of the Transition and Northern Districts.

2.4.1 Permitted and Conditionally Permitted Uses

Primary uses for each of the three Districts are generally described in Section 2.3, while Table 2-1, below, provides specific direction on permitted (P) and conditionally permitted uses (CUP) for each district. Uses not listed in Table 2-1 are prohibited (refer to the Glossary for definition of uses.)

Conditional Use Permits shall meet the intent of the North 40 Goals, Policies, Vision Statement, and Guiding Principles.

2.4.2 Commercial Uses

Projects proposing new commercial square footage must present the proposal to the Conceptual Development Advisory Committee. The application submittal must include an Economic Impact Study to assess economic competitiveness.

Table 2-1 PERMITTED LAND USES

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
COMMERCIAL				
A.	RETAIL	P	P	P
B.	FORMULA RETAIL BUSINESS	--	P	P
C.	MARKET HALL/ SPECIALTY MARKET	--	P	P
D.	ESTABLISHMENT SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION OFF-PREMISES	CUP	CUP	CUP
E.	ESTABLISHMENT SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION ON PREMISES			
	• IN CONJUNCTION WITH A RESTAURANT	P	P	P
	• WITHOUT FOOD SERVICE (BAR)	--	CUP	CUP

Table 2-1 PERMITTED LAND USES

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
COMMERCIAL (CONTINUED)				
F.	DRIVE-UP WINDOW FOR ANY BUSINESS, EXCLUDING RESTAURANTS	--	--	CUP
G.	SUPER DRUGSTORE	--	--	P
H.	SUPERMARKET	--	--	P
I.	RESTAURANT	P	P	P
J.	PERSONAL SERVICE	P	P	P
K.	OFFICE [1]	P	P	P
L.	HOTEL	--	P	P
M.	FINANCIAL INSTITUTION	P	P	P
N.	SENIOR LIVING FACILITY	--	--	P
RESIDENTIAL				
A.	COTTAGE CLUSTER	CUP	--	--
B.	TOWNHOMES/GARDEN CLUSTER	P	P	--
C.	ROWHOUSES	P	P	--
D.	MULTI-FAMILY	P	P	P [2]
E.	CONDOMINIUMS	P	P	P [2]
F.	LIVE/WORK LOFTS	--	P	P [2]

Note:
1. *Medical Office is only permitted on Assessor Parcel Numbers 424-07-102 through -112, 424-07-099, and 424-06-129.*
2. *Residential only allowed in Northern District when located above commercial.*

Table 2-1 Permitted Land Uses

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
RECREATION/ENTERTAINMENT				
A.	OUTDOOR ENTERTAINMENT	--	CUP	P
B.	LIVE THEATER	--	--	CUP
C.	HEALTH CLUB	--	CUP	CUP
D.	COMMERCIAL RECREATION AND AMUSEMENT ESTABLISHMENT	--	--	CUP
COMMUNITY SERVICES				
A.	CLUB, LODGE HALL, FRATERNAL ORGANIZATION	CUP	CUP	CUP
B.	PARK, PLAZA, PLAYGROUND	P	P	P
C.	PUBLIC BUILDING	P	P	P
D.	PUBLIC TRANSPORTATION AND PARKING FACILITIES	P	P	P
E.	RELIGIOUS INSTITUTIONS	CUP	CUP	CUP

Table 2-1 Permitted Land Uses

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
SCHOOLS				
A.	PRIVATE AND PUBLIC SCHOOLS	CUP	CUP	CUP
B.	INSTITUTIONAL SCHOOLS/STUDIOS (ARTS/CRAFTS, MUSIC, YOGA, DANCE, KARATE, ETC.)	CUP	CUP	CUP
C.	DAY CARE CENTER	CUP	CUP	CUP
D.	SMALL FAMILY DAY CARE HOME	P	P	P
E.	LARGE FAMILY DAY CARE HOME	CUP	CUP	CUP
TRANSMISSION FACILITIES/UTILITIES				
A.	TRANSMISSION FACILITIES AND UTILITIES	CUP	CUP	CUP
B	RADIO/ BROADCAST STUDIOS	CUP	CUP	CUP

Table 2-1 Permitted Land Uses				
		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
AUTOMOTIVE (VEHICLE SALES, SERVICE, AND RELATED ACTIVITIES)				
A.	CAR WASH	--	--	CUP
B.	NEW VEHICLE SALES AND RENTAL	--	--	CUP
C.	ALTERNATING USE/SHARED PARKING OF OFF-STREET PARKING SPACES	P	P	P
AGRICULTURE AND ANIMAL SERVICES				
A.	BOTANICAL NURSERY	P	P	P
B.	VETERINARY HOSPITAL (WITHOUT KENNEL)	--	CUP	CUP
OTHER				
A.	24 BUSINESSES OR BUSINESSES OPEN BETWEEN THE HOURS OF 2:00 AND 6:00 AM	--	--	CUP

2.4.3 Non-Conforming Uses

Existing legal uses that are not permitted or listed in Table 2-1 are declared non-conforming uses. Refer to Division 5 of Article 1 of the Zoning Ordinance for definitions and regulations for managing non-conforming uses including:

- Continuation of an existing use.
- Repair, alteration, and maintenance.
- Expansion of legal non-conforming uses, buildings, or structures.

RESOLUTION 2026-xx

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE NORTH FORTY SPECIFIC PLAN TO ALLOW FOR A SENIOR LIVING FACILITY TO BE AUTHORIZED AS A PERMITTED USE IN THE NORTHERN DISTRICT.

PROJECT LOCATION: NORTH FORTY SPECIFIC PLAN AREA
NORTH FORTY SPECIFIC PLAN AMENDMENT APPLICATION: A-26-002
APPLICANT: TOWN OF LOS GATOS

WHEREAS, on June 17, 2015, the Town Council adopted the North Forty Specific Plan, providing detailed land use and development guidance for the area bounded by Highway 17 to the west, Los Gatos Boulevard to the east, Lark Avenue to the south and Highway 85 to the north; and

WHEREAS, an Environmental Impact Report was prepared and certified for the North Forty Specific Plan in compliance with the California Environmental Quality Act; and

WHEREAS, on September 4, 2018, the Town Council adopted Resolution 2018-044 approving amendments to the North Forty Specific Plan; and

WHEREAS, on September 23, 2026, the Planning Commission held a public hearing and received testimony from all interested persons who wished to testify or submit documents. The Planning Commission considered all testimony and materials submitted, including the packet of materials contained in the Planning Commission Agenda Report for their meeting on September 23, 2026, along with any and all subsequent reports and materials prepared concerning this application, and forwarded a recommendation of approval to the Town Council; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council on _____, 2026; and

WHEREAS, on _____, 2026, the Town Council held a public hearing all interested persons who wished to testify or submit documents. The Town Council considered all testimony and materials submitted, including the record of the Planning Commission proceedings and the packet of materials contained in the Council Agenda Report for their meeting on _____, 2026, along with any and all subsequent reports and materials prepared concerning this application; and

WHEREAS, the Town Council was able to make the findings required to approve the North Forty Specific Plan Amendment application; and

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos that the proposed amendments to the North Forty Specific Plan, which are attached hereto as Exhibit A and hereby incorporated herein, are adopted; and

EXHIBIT 11

BE IT FURTHER RESOLVED, that this Resolution shall be effective immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the _____, 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

DRAFT

2.4 PERMITTED LAND USES

The Specific Plan land uses help to create a pedestrian-oriented and interactive environment that is compatible with surrounding neighborhoods as well as provides for on-site uses that are compatible with each other. The Specific Plan specifies the desired mix, as well as the location of land uses. In general, lower intensity shops, offices, and residential land uses are envisioned in the southern portion of the Specific Plan Area. Moving northward, potential land uses transition to mixed-use residential and potential hospitality uses to provide a buffer between primarily residential uses in the southern portion of the Specific Plan Area and the entertainment, restaurant, and shopping uses envisioned in the northern portion of the Specific Plan Area. The Specific Plan establishes two primary land use categories to guide development within the Specific Plan Area. These land uses categories are: (1) non-residential – including retail, office, recreation, community services, restaurants, entertainment, and hotel, and (2) residential – including condominium, cottage cluster/garden cluster housing, live-work flats, multi-family flats, multiplexes, rowhouses and townhomes. Residential development is focused on multi-family housing types and shall be designed to attract the unmet housing needs of the community. Within the Transition District, the Specific Plan encourages the development of residential units over commercial development. It is important to provide an appropriate amount of residential development in the Specific Plan Area to create a sustainable and pedestrian-oriented mixed-use environment. Although residential uses will be an important component to the success of the Specific Plan Area, it will support the predominantly retail and neighborhood serving focus of the Transition and Northern Districts.

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Conditional Use Permits shall meet the intent of the North 40 Goals, Policies, Vision Statement, and Guiding Principles.

2.4.2 Commercial Uses

Projects proposing new commercial square footage must present the proposal to the Conceptual Development Advisory Committee. The application submittal must include an Economic Impact Study to assess economic competitiveness.

EXHIBIT A

Table 2-1 PERMITTED LAND USES

		LARK DISTRICT	TRANSITION DISTRICT	NORTHERN DISTRICT
COMMERCIAL				
A.	RETAIL	P	P	P
B.	FORMULA RETAIL BUSINESS	--	P	P
C.	MARKET HALL/ SPECIALTY MARKET	--	P	P
D.	ESTABLISHMENT SELLING ALCOHOLIC BEVERAGES FOR CONSUMPTION OFF-PREMISES	CUP	CUP	CUP
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H.	SUPERMARKET	--	--	P
I.	RESTAURANT	P	P	P
J.	PERSONAL SERVICE	P	P	P
K.	OFFICE [1]	P	P	P
L.	HOTEL	--	P	P
M.	FINANCIAL INSTITUTION	P	P	P
N.	SENIOR LIVING FACILITY	--	--	P
RESIDENTIAL				
A.	COTTAGE CLUSTER	CUP	--	--
B.	TOWNHOMES/GARDEN CLUSTER	P	P	--
C.	ROWHOUSES	P	P	--
D.	MULTI-FAMILY	P	P	P [2]
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COMMUNITY SERVICES				
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C.	PUBLIC BUILDING	P	P	P
D.	PUBLIC TRANSPORTATION AND PARKING FACILITIES	P	P	P
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C.	DAY CARE CENTER	CUP	CUP	CUP
D.	SMALL FAMILY DAY CARE HOME	P	P	P
E.	LARGE FAMILY DAY CARE HOME	CUP	CUP	CUP
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AGRICULTURE AND ANIMAL SERVICES				
A.	BOTANICAL NURSERY	P	P	P
B.	VETERINARY HOSPITAL (WITHOUT KENNEL)	--	CUP	CUP
OTHER				
A.	24 BUSINESSES OR BUSINESSES OPEN BETWEEN THE HOURS OF 2:00 AND 6:00 AM	--	--	CUP

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Existing legal uses that are not permitted or listed in Table 2-1 are declared non-conforming uses. Refer to Division 5 of Article 1 of the Zoning Ordinance for definitions and regulations for managing non-conforming uses including:

- Continuation of an existing use.
- Repair, alteration, and maintenance.
- Expansion of legal non-conforming uses, buildings, or structures.

A P P E A R A N C E S:

Los Gatos Planning Commissioners:	Jeffrey Barnett, Vice Chair Susan Burnett Adam Mayer Joseph Sordi Rob Stump Emily Thomas
Community Development Director:	Joel Paulson
Town Attorney:	Gabrielle Whelan
Transcribed by:	Vicki L. Blandin (619) 541-3405

ATTACHMENT 4

P R O C E E D I N G S:

VICE CHAIR BARNETT: Item 5 is to forward a recommendation to the Town Council on a request for approval to amend the North Forty Specific Plan to allow for a senior living facility to be authorized as a permitted use in the Northern District on properties zoned North Forty Specific Area and North Forty Specific Plan: Housing Element Overlay Zone. Project location: North Forty Specific Area. North Forty Specific Plan Amendment Application A-26-002. Not subject to CEQA pursuant to the Guidelines 15061(b)(3) because it can be seen with certainty that there is no possibility that that amendment to the Specific Plan would have a significant effect on the environment. All projects to which the Specific Plan applies will undergo separate CEQA review and approval. Property owner is Tama Holdings LLC, the Applicant is Jared Gamelin, and the project planner is Ms. Shoopman.

A show of hands for those who have visited the property, and any disclosures? Very good.

We can move on to the Staff Report, if Ms. Shoopman will accommodate us.

JOCELYN SHOOPMAN: Thank you. Before you this evening is a request to amend the North Forty Specific Plan

to allow for a senior living facility to be authorized as a permitted use in the Northern District. The subject properties requesting this amendment are located at 16245 Burton Road and Assessor Parcel Number 42406116 on the north side of Burton Road.

The Applicant proposes to amend Table 2-1, Permitted Land Uses, of the Specific Plan to add a senior living facility as a permitted use in the Northern District. The proposed amendments to the Specific Plan would apply throughout the Northern District and would not be limited to the subject properties. A map of the district boundaries for the Specific Plan was provided as Exhibit 9.

The Applicant's Letter of Justification states that the allowance of the senior living facility as a permitted use will provide benefits to the Town by contributing to the supply of senior housing and supporting local and State housing objectives by introducing a range of housing options to the aging population.

Any future development of a senior living facility would require an Architecture and Site Application and be subject to the development regulations of the Specific Plan.

To add further clarification on CEQA, the Town Council certified an Environmental Impact Report and

Mitigation Monitoring and Reporting Program for the North Forty Specific Plan on January 20, 2015. Therefore, no additional environmental review is necessary for the proposed amendment.

Lastly, the proposed amendment is both consistent with the General Plan and in the interest of the public in that it encourages a variety of housing types and sizes throughout the Town.

Should the Planning Commission find merit with the request, Staff recommends that the Planning Commission forward a recommendation for approval to the Town Council subject to the draft resolution included as Exhibit 11.

This concludes Staff's presentation, and we are available for any questions.

VICE CHAIR BARNETT: Thank you for that. Are there questions for Ms. Shoopman at this time? Go ahead, please.

COMMISSIONER SORDI: Just for the sake of clarification, I know that there was an action by the CDAC included and referenced in the Staff Report, but my understanding is that tonight we're just considering adding a use to the Use Table of the North Forty Specific Plan and not taking any action or making any recommendation of a specific project, right?

JOCELYN SHOOPMAN: That's correct.

COMMISSIONER SORDI: Okay, thank you.

VICE CHAIR BARNETT: Other questions? My understanding was that if this project was approved that there wouldn't be much left in the northern portion, although you said that it would apply to the entire portion. Let me just try to understand. Maybe this isn't a pertinent question, but do you understand what I'm asking?

JOCELYN SHOOPMAN: Sure. What the statement is saying is that by adding a senior living facility as a permitted use in the Northern District it could allow other undeveloped, or developed properties for that matter, in the future to also propose a senior living facility project.

VICE CHAIR BARNETT: In the northern section?

JOCELYN SHOOPMAN: Correct.

VICE CHAIR BARNETT: Okay. Seeing that there are no further questions of Staff, I will now open the public portion of the public hearing on Item 5 and give the Applicant an opportunity to address the Commission for up to five minutes, and I have a card from Mr. Alvarez, or Ms. Alvarez, excuse me. No, not either.

MICHAELLE WILLIAMS: No, I'm not either. I'm just here for the Applicant.

VICE CHAIR BARNETT: Please state your name and proceed.

MICHAELLE WILLIAMS: My name is Michaelle Williams and I'm the architect hired by the property owner to process this permit amendment. We've been working with the Town and Jocelyn Shoopman, the planner on this, and we just are excited about the North Forty plan for Los Gatos. We've seen the vision you guys have created and feel that adding senior living to this northern portion would be a great addition, and create a lot of opportunity for the Town and the residents in the area.

I'm going to keep it pretty simple. We're excited to potentially move to the next step, and if you guys have any other questions or feedback, we're here to answer those, and we just thank you for your time tonight. Thank you.

VICE CHAIR BARNETT: Thank you for that. Stand by for questions, please, Ms. Williams. Are there any questions for the speaker? I guess not. Thank you very much.

We'll now invite comments from members of the public, if any. I don't have any cards. Oh, I do have a card from Mr. Alvarez, excuse me. Now you can come forward,

and state your name, and you have five minutes. Three minutes. Yes, excuse me. Getting late.

DANIEL ALVAREZ: Thank you. Good evening, my name is Daniel Alvarez; I'm a field representative for the North Coast Carpenters Union representing members here in Santa Clara County.

I believe this project can be a great addition to our community, and it can help out towards the housing that we need, especially for older generations.

But as we talk about building housing for our community, we need to remember the hardworking people that also make this place happen. (Inaudible) have strong labor standards to make sure workers are treated fairly, are not taken advantage of, and are paid a livable wage. We all know how expensive it is to live here in the Bay Area, and workers should be able to support themselves and their families.

I would also like to encourage the developer to talk to us and have a conversation with us and try to work together, not just for the community, but also for the workers. Thank you.

VICE CHAIR BARNETT: Thank you, Mr. Alvarez. Questions? Commissioner Thomas.

COMMISSIONER THOMAS: I do just have one question for you about if there are any local municipalities that have passed any like labor ordinances or conditions of approval that recently…

DANIEL ALVAREZ: I do not have them with me, but there are also other cities that have some kind of language, and I can get that to you.

COMMISSIONER THOMAS: Okay. If you could share that maybe with us, that would be great.

DANIEL ALVAREZ: Absolutely. I will do that.

COMMISSIONER THOMAS: Thank you.

DANIEL ALVAREZ: Thank you.

VICE CHAIR BARNETT: Thank you, sir. Anyone on Zoom?

DIRECTOR PAULSON: There are no hands raised on Zoom.

VICE CHAIR BARNETT: Okay. If the Applicant wishes to make a three-minute presentation; you don't have to. I would guess not based on your initial presentation, so I'll now close the public portion of the public hearing on Item 5 and invite Commissioners to ask questions of Staff or propose a motion so we can have discussion under Rosenberg's Rules. I'll start with Commissioner Burnett.

COMMISSIONER BURNETT: Thank you. A question for Staff. This is the North Forty Specific Plan, the whole area there, Phase 1, Phase 2, and now we're talking about the Burton Road area, is that correct?

JOCELYN SHOOPMAN: We're talking about the Northern District of the Specific Plan, and so that does encompass portions of Burton Road. There are also portions in the Northern District that are within Phase 2, so the Northern District encompasses that last third of the Specific Plan area.

COMMISSIONER BURNETT: So, with this new project there would be other areas for development that would come before us?

JOCELYN SHOOPMAN: If the use were added to the Specific Plan area as being permitted, the Applicant could apply for an Architecture and Site Application proposing a senior living facility, and that would come before a public hearing.

COMMISSIONER BURNETT: Thank you.

VICE CHAIR BARNETT: Other questions? Commissioner Thomas, please.

COMMISSIONER THOMAS: I have a question for Staff just about if this was ever discussed as a use in the past when this plan was made? I don't think any of us on the

Commission were part of the original North Forty Specific Plan, but do you know anything about that, if it was discussed or not at that time?

DIRECTOR PAULSON: I'm happy to jump in here, and even though none of you were on the Planning Commission during the Specific Plan, to think that I'm going to remember 16 years ago when we first started discussing this is probably a stretch. That being said, I don't recall a specific conversation about senior living facilities at that time. These seem to arise as more of an opportunity people are exploring in the last half dozen years or so.

COMMISSIONER THOMAS: Great. Thank you. Just wanted to confirm that I hadn't missed anything, like there was a reason this was not in the original plan, but I'm happy to put a motion on the table.

VICE CHAIR BARNETT: Please do.

COMMISSIONER THOMAS: I move to forward the recommendation to Town Council about the request for approval to amend the North Forty Specific Plan to allow for a senior living facility to be authorized as a permitted use in the Northern District on property zoned in that area. I can make the findings that it is exempt from CEQA as outlined in Exhibit 2 of the Staff Report, and as a person that did sit on the General Plan Committee, I

believe that adding a senior living facility as a use, especially in this location where there is some access to transit, it is actually on a bus route, close to medical facilities, etc., very much aligns with our General Plan and many elements, so I do believe that this is an appropriate use in this region.

VICE CHAIR BARNETT: May I ask the Maker of the Motion to include that the recommendation for approval includes the amendments to the North Forty Specific Plan and the draft resolution in Exhibit 11?

COMMISSIONER THOMAS: Yes, it includes Exhibit 2 and the Exhibit 11, the changes in Exhibit 11, yes.

VICE CHAIR BARNETT: Okay, thank you. Second? Commissioner Stump.

COMMISSIONER STUMP: Second.

VICE CHAIR BARNETT: Discussion?

DIRECTOR PAULSON: Through the Chair. I would offer that the Maker and the Seconder also accept the additional information entered into the record by Ms. Shoopman related to CEQA and General Plan conformance, and that will be included in the resolution moving forward to Council.

COMMISSIONER THOMAS: Yes, Town Council adopted a CEQA document on January 20, 2015 that covers this also.

VICE CHAIR BARNETT: And the Seconder?

COMMISSIONER STUMP: Agreed.

VICE CHAIR BARNETT: Okay. Discussion? Commissioner Mayer.

COMMISSIONER MAYER: I'm inclined to support the motion, but before I support it I wanted to get a clarification from Staff on one item, on Housing Element Implementation Program D, and specifically reamend the Specific Plan to remove guest parking requirements and modify development standards.

ATTORNEY WHELAN: I think that might be the next item.

COMMISSIONER MAYER: Oh, is that the next item? Sorry about that. Okay, I got it.

VICE CHAIR BARNETT: I just want to comment that this did come before the Conceptual Development Advisory Committee and we had a number of points, but those are issues to be addressed downstream and not tonight; this was pointed out earlier.

I think I'll call the question. All in favor? And it passes unanimously. Thank you. Appeal rights?

SEAN MULLIN: Since this is a recommendation, there are no appeal rights.

VICE CHAIR BARNETT: Thank you.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 10/20/2026
ITEM NO: a

DATE: October 12, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Discuss Potential Future Council Consideration of Requests Associated with a Multi-Cultural Winter Celebration**

RECOMMENDATION: Discuss whether to place an item on a future Town Council agenda to consider a potential waiver of event related Town fees, Town sponsorship, and associated policy considerations for the proposed Multi Cultural Winter Celebration.

FISCAL IMPACT:

There is no direct fiscal impact associated with this discussion. The event organizers have requested a waiver of approximately $5,600 in Town fees. Any potential fee waiver would require further legal and policy review, including consideration of amendments to the adopted Fee Schedule Resolution, before Council could take action.

STRATEGIC PRIORITY:

Not applicable. This item is a Council requested discussion.

BACKGROUND:

At the October 6, 2026 Town Council meeting, Mayor Rob Moore requested that the Council agendize a discussion regarding Congregation Shir Hadash and the West Valley Muslim Association's request for a proposed Multi Cultural Winter Celebration in Plaza Park. Vice Mayor Maria Ristow supported the request.
Council Policy 2-01, Town Agenda Format and Rules, provides that a Council Member may request an item for a future agenda during Council Matters. With support from a second Council Member, the item is scheduled for discussion only on the next agenda under Council

PREPARED BY: Monica Renn
Economic Vitality Manager

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

Matters. The policy also provides that three or more Council Members may request action and, if the Town Manager determines an item requires significant staff effort, at least three Council Members must vote to place it on a future agenda for action.

Accordingly, the present item is before the Council for discussion and potential future agenda direction, not for consideration or approval of the underlying requests

DISCUSSION:

The Town received a special event permit application from Congregation Shir Hadash and the West Valley Muslim Association for a proposed Multi-Cultural Winter Celebration in Plaza Park. The proposal includes informational displays from December 1 through 8, 2026 and a community celebration on December 5, 2026. The permit application is being reviewed administratively under existing Town procedures.

The organizers have requested that the Town waive event related fees, estimated at approximately $5,600, and be identified as an event sponsor on promotional materials. Neither request is being presented for approval at this meeting.

Before Council could consider substantive action, staff and the Town Attorney would need to evaluate several policy and legal matters, including the authority to waive fees, potential amendments to the adopted Fee Schedule, policies governing multi-day displays in Town parks, and the legal implications of Town sponsorship of an event involving religious expression on public property. This review would include applicable First Amendment and Establishment Clause considerations. Additional analysis and potential policy amendments will be necessary before an action item could be brought forward and such effort would be significant for purposes of the Agenda Setting Policy 2-01.

Should three or more Council Members support further consideration consistent with Council Policy 2-01, staff would return at a future meeting with the necessary legal and policy analysis and potential options for Council consideration. Such direction would not constitute approval of the event organizers' requests or authorize a fee waiver, Town sponsorship, or changes to existing policies.

CONCLUSION:

Staff requests Council discussion regarding whether to place potential action concerning a fee waiver, Town sponsorship, or related policy amendments on a future Council agenda. No decision on these substantive matters is requested today.

COORDINATION:

This report was coordinated by the Town Manager's Office in consultation with the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

This agenda setting discussion is not a project under the California Environmental Quality Act (CEQA).

Attachments:
1. Multi-Cultural Winter Celebration Display Rendering provided by Permit Applicant

Rendering of Proposed Multi-Cultural Winter Celebration multi-day display provided by the event organizers:



ATTACHMENT 1